

27 September 2024

## IMPORTANT INFORMATION

**This document is important and requires your immediate attention.**

**If you are unsure as to the content of this document, please call our Fund Services Team on 0333 300 0356\* or consult your financial adviser.**

Dear unitholder,

**Amendments to the investment objective and ESG policy of certain sub-funds of BlackRock Authorised Contractual Scheme II (the “ACS”). ISINs are set out in the Schedule I to this letter.**

BlackRock continually reviews its fund ranges to ensure that the investment characteristics and positioning of our funds remain both relevant to and consistent with the current investment environment and expectations of our clients.

### Background

We are writing to notify you that a change will be made to the investment objective and ESG policy of the funds listed in the table below (each a “Fund” and together the “Funds”).

ACS LifePath 2022-2024  
ACS LifePath 2025-2027  
ACS LifePath 2028-2030  
ACS LifePath 2031-2033  
ACS LifePath 2034-2036  
ACS LifePath 2037-2039  
ACS LifePath 2040-2042  
ACS LifePath 2043-2045  
ACS LifePath 2046-2048  
ACS LifePath 2049-2051  
ACS LifePath 2052-2054  
ACS LifePath 2055-2057  
BlackRock Growth Allocation Fund  
BlackRock Retirement Allocation Fund  
BlackRock FutureWise Early Days Aggregator  
BlackRock FutureWise Retirement Aggregator  
BlackRock FutureWise 2023-27  
BlackRock FutureWise 2028-32  
BlackRock FutureWise 2033-37

Last November, the Financial Conduct Authority (FCA) issued its Policy Statement PS23/16, ‘Sustainability Disclosure Requirements (SDR) and investment labels’ (the “**Policy Statement**”) which, among other things, contained new rules and guidance applicable to fund managers in relation to the marketing of funds using sustainability-related terms, as well as the introduction of labels for funds seeking to achieve positive sustainability outcomes, if they meet the qualifying criteria. These regulatory changes were implemented by way of updated rules and guidance. The purpose of these new rules generally is to increase transparency on the sustainability goals and features of funds and firms.

In light of the Policy Statement and the FCA's requirements and expectations more generally, we, in consultation with the Investment Manager of the Funds (BlackRock Investment Management (UK) Limited), have determined to make a number of clarifications and additions to each Fund's investment objective and ESG policy.

## **Changes to the investment objective and ESG policy of the Funds**

The investment policy of each Fund is to invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). As part of its investment process, the Investment Manager applies ESG commitments at a portfolio level to its selection of collective investment schemes. We are making amendments to the ESG policy of each Fund set out in the prospectus to enhance the information we provide you regarding these ESG commitments. We are also amending the investment objective of each Fund to explicitly refer to the Fund's incorporation of these ESG commitments.

For each Fund, we will also include a statement in the prospectus to clarify that, whilst the Fund applies ESG commitments within its investment process and monitors the application of these commitments through ESG related metrics, it does not have a specific sustainability goal and will not use a sustainability label. This is primarily because each Fund follows a fund-of-funds strategy and the underlying funds in which the Funds invest may not meet the criteria of any sustainability label.

Details of the changes to be made to the investment objective and ESG policy of each Fund are available for your review in Schedule II.

As detailed above, these amendments are being made to reflect regulatory requirements and expectations and are not intended to reflect any change to the Funds or how they are managed.

The revised prospectus of the ACS reflecting these changes is expected to be published on or around 29 October 2024 (the "**Effective Date**").

## **Costs**

BlackRock will pay the costs of the unitholder notification. Legal costs as a result of the change in the investment objective and ESG policy of each Fund shall be borne by the Funds. For the avoidance of doubt, there are not expected to be any portfolio realignment costs or other transaction costs in connection with these changes.

## **Action to be taken by you**

You do not need take any action as a result of this communication.

If you would rather not remain invested in the Fund, you can redeem your units as normal, or alternatively, you can switch your holding into an equivalent unit class (or another unit class which you are eligible to hold) in another fund managed by BlackRock Fund Managers Limited (a "**BlackRock Fund**"). Information on switching can be obtained from our Fund Services Team who can be contacted on 0333 300 0356\*.

Please note that if you decide to switch your investment to another BlackRock Fund this will constitute a 'disposal of units' for capital gains tax purposes and depending on your individual circumstances, may give rise to a tax liability. If you are unsure how this may affect you then you should contact your financial adviser.

**IF YOU ARE UNSURE AS TO THE CONTENT OF THIS DOCUMENT, YOU SHOULD CONTACT YOUR FINANCIAL ADVISER.**

## Further information

A revised prospectus and Key Information Documents will be available from the BlackRock website [www.blackrock.com](http://www.blackrock.com) on or around the Effective Date.

If, after reading this letter, you would like any further information then please speak to your financial adviser, email our Fund Services Team at [ICM\\_Team\\_Shared@ntrs.com](mailto:ICM_Team_Shared@ntrs.com) or call 0333 300 0356\*. Telephone lines are open from 08:30am to 5:30pm, UK time, Monday to Friday.

Yours sincerely



BlackRock Fund Managers Limited

\*For your protection, telephone calls are usually recorded.

## SCHEDULE I

### Fund ISINs

Fund	ISINs
ACS LifePath 2022-2024 Class X1 Accumulating	GB00BZ1CSC70
ACS LifePath 2025-2027 Class X1 Accumulating	GB00BZ1CSD87
ACS LifePath 2028-2030 Class X1 Accumulating	GB00BG1TXD16
ACS LifePath 2031-2033 Class X1 Accumulating	GB00BG1TXF30
ACS LifePath 2034-2036 Class X1 Accumulating	GB00BG1TXG47
ACS LifePath 2037-2039 Class X1 Accumulating	GB00BG1TXH53
ACS LifePath 2040-2042 Class X1 Accumulating	GB00BG1TXJ77
ACS LifePath 2043-2045 Class X1 Accumulating	GB00BG1TXK82
ACS LifePath 2046-2048 Class X1 Accumulating	GB00BG1TXL99
ACS LifePath 2049-2051 Class X1 Accumulating	GB00BG1TXM07
ACS LifePath 2052-2054 Class X1 Accumulating	GB00BG1TXN14
ACS LifePath 2055-2057 Class X1 Accumulating	GB00BNYK8P77
BlackRock Growth Allocation Fund Class X1 Accumulating	GB00BMX3Y186
BlackRock Retirement Allocation Fund Class X1 Accumulating	GB00BMX3XZ51
BlackRock FutureWise Early Days Aggregator Class X1 Accumulating	GB00BN7DYS81
BlackRock FutureWise Retirement Aggregator Class X1 Accumulating	GB00BN7DYT98
BlackRock FutureWise 2023-27 Class X1 Accumulating	GB00BN7DYV11
BlackRock FutureWise 2028-32 Class X1 Accumulating	GB00BN7DYW28
BlackRock FutureWise 2033-37 Class X1 Accumulating	GB00BN7DYX35

## SCHEDULE II

Fund	Amended investment objective and investment policy (additions underlined and deletions in <del>strikeout</del> ):
<p><b>ACS LifePath 2022-2024</b></p> <p>The Fund was authorised by the FCA on 5 April 2018.</p> <p>The Fund's FCA product reference number is 805810.</p>	<p>This Fund does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The Fund does not use a sustainability label because whilst the Fund applies ESG commitments within its investment process and monitors the application of these commitments through ESG related metrics (in each case, as described below), the Fund does not have a specific sustainability goal. This is primarily because the Fund follows a fund-of-funds strategy and the underlying funds in which the Fund invests may not meet the criteria of any sustainability label.</p> <p><b>Investment objective</b></p> <p>The Fund is a target date retirement fund (which means that an investor should match the date in the name of the fund to his/her target retirement date). The Fund's investment objective is to provide a return on your investment (generated through an increase in the value of the assets held by the Fund and/or income received from those assets) with an asset allocation (i.e. mix of assets) that changes over time. <del>The Fund aims to invest in accordance with its environmental, social and governance ("ESG") policy (as, whilst incorporating the ESG commitments described in its investment policy below).</del></p> <p>Although the Fund aims to deliver a return on your investment in line with the target date of the Fund, there is no guarantee that this will be achieved over this time period, or any time period and the Fund may experience periods of no return. The Fund's capital is at risk meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.</p> <p><b>Investment policy</b></p> <p>In seeking to achieve its investment objective, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). These collective investment schemes (which are expected to be either index tracker funds, or funds which otherwise use an index for portfolio construction purposes, and will typically be Associated Funds) may gain exposure globally to: equity securities (i.e. shares), fixed income securities (i.e. both government and non-government bonds) and alternative asset classes (such as property and commodities).</p> <p>In seeking to achieve its investment objective and/or for liquidity purposes, the Fund may also invest in other asset classes. These other asset classes include direct investment (i.e. not through collective investment schemes) in equity securities and fixed income securities, money market instruments (i.e. debt securities with short-term maturities), cash or assets that can be turned into cash quickly. The fixed income securities in which the Fund invests (whether directly or indirectly) may be investment grade, have a relatively low credit rating or be unrated.</p> <p>Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to further the Fund's investment objective, to seek to reduce risk (relevant to the investment objective of the Fund) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM"). They will also be used with the specific aim of hedging foreign currency exposures back to Sterling.</p> <p>The maturity date of the fund is 30 June 2023. The Fund will adjust its investment strategy to be more conservative to risk as it progresses towards its maturity date, from a portfolio of units of collective investment schemes which gain exposure to approximately 80%</p>

equity securities (which are generally considered to be more risky compared to fixed income securities), towards a target portfolio composition on maturity of units of collective investment schemes which gain exposure to approximately 60% fixed income securities (which are generally considered to be less risky compared to equity securities) and 40% equity securities. It is intended that the Fund will remain invested in accordance with its target portfolio composition on maturity for at least 18 months after its maturity date, after which time unitholders will be informed of the intention to terminate the Fund. Upon termination, unitholders' units will be redeemed, however unitholders may have the opportunity to switch their holdings into other products. Other products in the BlackRock LifePath range exist which have investment objectives and policies that are similar to that of the Fund after the Fund's maturity date.

## **ESG Policy**

Through the application of the methodology set out in this ESG Policy, the Investment Manager expects to achieve for the Fund's portfolio:

- 1) a carbon emission intensity score, in respect only of the corporate issuers in which the Fund invests, that:
  - a) ~~by its maturity date represents such percentage reduction of its carbon emission intensity score as at 30 June 2019 as would be consistent with achieving a 50% reduction by 30 June 2029; and~~
  - b) ~~as calculated at the end of each calendar quarter, is less than a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "Reference Comparator") as further described below; and~~
- 2) ~~as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator.~~

~~There can be no guarantee that these expectations will be met and the carbon emission intensity score and the ESG score of the Fund's portfolio may vary.~~

~~Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their size. In measuring the size of issuers, for this purpose, the Investment Manager intends to use their reported sales, but it may use another measure instead if it considers it appropriate or necessary as a result of changes in regulation, market practice or available data. The carbon emission intensity score of the Fund's portfolio is calculated based on the carbon emission intensity scores attributed only to the corporate issuers in which the Fund invests either indirectly through collective investment schemes or directly. Securities issued by non-corporate issuers in which the Fund directly or indirectly invests, such as fixed income securities issued by governments and commodities (indirect exposure only), are not included. As the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it will increase its exposure to fixed income securities issued by governments and may, close to its maturity date, hold a majority of its assets in non-corporate issuers (which are not included for the purposes of calculating the carbon emission intensity score of the Fund's portfolio). The same exclusion of non-corporate issuers is applied to the carbon emission intensity score calculated for the Reference Comparator.~~

~~ESG scores are a measurement of issuers' ESG credentials. The ESG score of the Fund's portfolio is calculated based on the ESG scores attributed to the issuers in which the Fund invests either indirectly through collective investment schemes or directly (but excluding assets for which ESG scores are not available such as commodities (indirect exposure only)). The same exclusion is applied to the ESG score calculated for the Reference Comparator.~~

~~The Reference Comparator is a composite benchmark of underlying indices, one for each collective investment scheme in which the Fund invests (other than collective investment schemes in which the Fund invests for liquidity purposes only), where each~~

~~underlying index is intended to represent a portfolio of assets similar to those in which such collective investment scheme invests but in respect of which no specific ESG related criteria or requirements are applied (the “non ESG investment universe”). Each such index will be weighted within the Reference Comparator based on the weight given to the corresponding collective investment scheme within the Fund’s portfolio. Accordingly, the composition of the Reference Comparator will vary over time as the Fund’s allocation to different collective investment schemes varies, and as the Fund changes the collective investment schemes in which it invests.~~

~~For the purposes of forming the Reference Comparator, as outlined above, the index that is selected to represent the non ESG investment universe of a particular collective investment scheme will be:~~

- ~~1) where the collective investment scheme tracks an index the methodology of which incorporates ESG criteria or requirements (an “ESG Index”) or otherwise uses such an ESG Index to construct its portfolio, an index which adopts a methodology which incorporates no specific ESG criteria or requirements (a “Non ESG Index”) but which in all other material respects is the closest equivalent to the relevant ESG Index;~~
- ~~2) where the collective investment scheme tracks a Non ESG Index or otherwise use such a Non ESG Index to construct its portfolio, such Non ESG Index; or~~
- ~~3) where the Investment Manager considers that an index other than the Non ESG Index that would be selected pursuant to 1) or 2) above provides a reasonable representation of the non ESG investment universe of the collective investment scheme and its use is more practicable for the purposes of forming the Reference Comparator, such other index.~~

~~A list of the indices that form the Reference Comparator will be made available to unitholders in the quarterly reporting of the Fund.~~

~~As described in the Fund’s investment policy, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). Within this allocation, the Fund may invest in collective investment schemes which primarily invest in government bonds (“Government Bond Funds”). Of the assets that the Fund invests in Government Bond Funds, the Fund will invest at least 80% of the total value of such assets in Government Bond Funds which track benchmark indices primarily comprising government bond issuers with an ESG sovereign rating of BB or higher (as defined by MSCI or the comparable rating of another third party vendor).~~

~~Of the total assets that the Fund invests in collective investment schemes other than Government Bond Funds and collective investment schemes that invest primarily in commodities, the Fund will invest at least 80% of the total value of such assets in collective investment schemes which 1) track benchmark indices that apply screens and exclusionary criteria based on ESG related limits/thresholds, and/or 2) otherwise include/exclude and/or overweight/underweight (i.e. allocate a higher or lower proportion of their assets to) investments included in an underlying benchmark based on ESG related characteristics (together, “ESG Funds”).~~

~~In making an assessment of whether a collective investment scheme constitutes an ESG Fund for the purposes of this ESG Policy, the Investment Manager will analyse the investment policy of the collective investment scheme and the methodology of the relevant underlying index, including how the constituents of the relevant index are selected and weighted, and whether and to what extent the collective investment scheme:~~

- ~~1) excludes or underweights issuers or sectors which are involved in activities which the Investment Manager considers inconsistent with the principles of ESG investing (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact and the~~

extraction and generation of power from fossil fuels like thermal coal and tar sands) and/or excludes or underweights issuers or sectors to minimise exposure to characteristics that the Investment Manager considers are negative from an ESG investing perspective; and/or

2) includes or overweights issuers or sectors based on activities which the Investment Manager considers positive from an ESG investing perspective and/or includes or overweights issuers or sectors to maximise exposure to characteristics that the Investment Manager considers are positive from an ESG investing perspective.

The nature and extent of ESG characteristics will vary between the ESG Funds in which the Fund invests, and the criteria for what the Investment Manager considers inconsistent with the principles of ESG investing or positive from an ESG investing perspective may also change and develop over time. Where an ESG Fund applies screens and exclusionary criteria, the limits or thresholds will be derived from the relevant index provider's definition of what constitutes "involvement" in certain restricted activities. Involvement in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.

As part of its investment process, the Investment Manager will use data from one or more third party ESG research providers (for example MSCI) and data generated internally by the Investment Manager and/or its affiliates, as well as the Investment Manager's and/or its affiliates' proprietary data analysis tools, to identify the ESG and ESG related metrics (such as carbon emission intensity scores) of issuers and to compare such scores across a range of collective investment schemes in order to select schemes to be held as ESG Funds.

ESG Government Bond Funds will, at the time of purchase by the Fund, comply with the rating requirements described above. Where the Investment Manager is of the view that a collective investment scheme has ceased to be appropriate for characterisation as an ESG Fund (for example, due to a change or deterioration in its ESG characteristics in the opinion of the Investment Manager), or where an ESG Government Bond Fund ceases to comply with the rating requirements described above, the Fund may continue to hold such investment as an ESG Fund or an ESG Government Bond Fund (respectively) but will seek to divest within a reasonable period of time or the Fund may, at the discretion of the Investment Manager, continue to hold such investment other than as an ESG Fund or an ESG Government Bond Fund (respectively).

Quarterly reporting of the Fund's carbon emission intensity score and ESG score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.

The Fund may, for liquidity management and other purposes, gain indirect exposure (through, among other things, derivatives and shares or units in collective investment schemes) to securities and other assets that can be turned into cash quickly, but in respect of which no specific ESG criteria or requirements are applied.

## **Investment Process and ESG**

As part of its investment process, the Investment Manager applies ESG commitments at a portfolio level to its selection of collective investment schemes. These ESG commitments are identified in the table below, along with the asset classes within the Fund to which they are applied.

Portfolio breakdown		Are ESG commitments applied?
At least 70% of	(a) Collective investment	Yes, at least 80% of Government Bond Funds in which the Fund invests track benchmark indices



	<p>total assets in collective investment schemes, comprising (a) to (c) (see next column).</p>	<p>schemes that invest at least 50% in government bonds ("<b>Government Bond Funds</b>").</p>	<p>comprised of at least 50% of government bond issuers with an ESG government rating of BB or higher (as defined by MSCI or the comparable rating of another third-party vendor). MSCI's ESG government ratings are intended to identify and assign weights to the environmental, social, or governance-related issues that could impact the long term sustainability of economies. Further information regarding the MSCI ESG government ratings methodology is available via <a href="https://www.msci.com/esg-and-climate-methodologies">https://www.msci.com/esg-and-climate-methodologies</a>.</p> <p>In addition, the Investment Manager aims to achieve, as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator (each as detailed below).</p> <p>Although the Fund has made a binding ESG commitment to seek this outcome, there can be no guarantee that this outcome will be achieved and the actual ESG score of the Fund's portfolio may vary.</p>
		<p>(b) Collective investment schemes other than Government Bond Funds, commodity funds and collective investment schemes held for EPM purposes ("<b>Other CIS</b>").</p>	<p>Yes, at least 80% of Other CIS in which the Fund invests themselves apply ESG criteria within their investment processes (as further detailed below).</p> <p>In addition, in respect of corporate issuers (i.e. companies) invested in by the Other CIS held by the Fund, the Investment Manager aims to achieve:</p> <ul style="list-style-type: none"> <li>• a carbon emission intensity score that, by the Fund's maturity date, represents such percentage reduction of its carbon emission intensity score as at 30 June 2019 as would be consistent with achieving a 50% reduction by 30 June 2029; and</li> <li>• as calculated at the end of each calendar quarter, a carbon emission intensity score that is less than the Reference Comparator (each as detailed below).</li> </ul> <p>Although the Fund has made a binding ESG commitment to seek these outcomes, there can be no guarantee that these outcomes will be achieved and the actual carbon emission intensity score of the Fund's portfolio may vary.</p> <p>Investors should also note that as the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it will increase its exposure to fixed income securities issued by governments and may, close to its maturity date, hold a majority of its assets in non-corporate issuers (which are not included for the purposes of calculating the carbon emission intensity score of the Fund's portfolio).</p> <p>As set out above, the Investment Manager also aims to achieve, as calculated at the end of each calendar</p>

		<u>quarter, an ESG score that is higher than the Reference Comparator (each as detailed below).</u>
	<u>(c) Alternative asset classes (such as commodity funds).</u>	<u>No.</u>
	<u>Up to 30% of total assets in other assets (including direct investments and collective investment schemes in which the Fund invests for EPM purposes).</u>	<u>No.</u>
<p><u>In order to satisfy the ESG commitment with respect to Other CIS, the Investment Manager will, in respect of any Other CIS in which it is considering an investment for the Fund, analyse its investment objective and policy and how its investments are selected, including (where relevant) the methodology of any benchmark index that it uses, to identify the ESG criteria (if any) that it applies.</u></p> <p><u>The ESG criteria may be applied by the Other CIS tracking, or otherwise using for portfolio construction purposes, a benchmark index that itself applies ESG criteria, or they may be applied by the Other CIS separately. The ESG criteria will include:</u></p> <ol style="list-style-type: none"> <li><u>1) Following a similar approach to the application of the BlackRock EMEA Baseline Screens, the exclusion or underweighting of issuers or sectors which are "involved" in activities that the Investment Manager considers negative from an ESG investing perspective (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact principles and the extraction and generation of power from fossil fuels like thermal coal and tar sands). For these purposes, "involvement" in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.</u></li> <li><u>2) The inclusion or overweighting of issuers or sectors based on activities that the Investment Manager considers positive from an ESG investing perspective with a particular focus on improvement in 'ESG scores' and a reduction in 'carbon emission intensity scores', which the Investment Manager will monitor on an ongoing basis as set out below.</u></li> </ol> <p><u>In respect of each commitment, if the Fund ceases to meet the commitment at any time (for example, because a collective investment scheme in which it is invested no longer complies with the relevant rating requirements or applies ESG criteria as described above (as applicable)), the Fund will take steps to seek to rebalance its portfolio to meet the commitment within a reasonable period of time.</u></p> <p><u>Please see section 38(c) in the Prospectus for detail regarding the Investment Manager's use of data.</u></p> <p><b><u>ESG metrics</u></b></p> <p><u>ESG scores are a measurement of issuers' ability to manage financially relevant ESG risks and opportunities. Each rating takes into consideration an issuer's exposure to potentially material ESG risks, the quality of the issuer's management systems and governance structures relative to those potential ESG risks, and where applicable, how the issuer is positioning to meet market demand for the provision of products and services</u></p>		

that have a positive environmental or social contribution. The ESG score of the Fund's portfolio is calculated by aggregating the weighted ESG scores attributable to each issuer in which that Fund invests (whether directly or indirectly through collective investment schemes). The ESG scores of underlying commodity funds, and collective investment schemes held for EPM purposes, are not available and accordingly not included in this calculation.

Carbon emission intensity scores are a measurement of carbon emissions of an issuer relative to the issuer's size based on data from one or more third party ESG research providers.

For details on how the carbon emission intensity score of the Fund's portfolio is calculated, as well as further details on ESG scores, see the section titled ESG metrics in section 38(b) of the Prospectus.

Quarterly reporting of the Fund's carbon emission intensity score and ESG score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.

### **Fund benchmarks**

The Fund does not have a target, constraining or comparator benchmark. As described in the investment policy above, the Fund will adjust its investment strategy over time in order to seek to achieve its investment objective and therefore the Fund's asset allocation will vary over time. Unitholders may contact the Manager for details of how the Fund has performed against the asset allocation for any given period, in order to compare the performance of the Fund.

~~For the purposes of the~~ The Fund's ESG Policy above, the carbon emission intensity score and ESG score of the Fund's portfolio is measured against the a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "Reference Comparator"). Further detail regarding the Reference Comparator is included in section 38(d) of the Prospectus.

<p><b>ACS LifePath 2025-2027</b></p> <p>The Fund was authorised by the FCA on 5 April 2018.</p> <p>The Fund's FCA product reference number is 805813.</p>	<p><u>This Fund does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The Fund does not use a sustainability label because whilst the Fund applies ESG commitments within its investment process and monitors the application of these commitments through ESG related metrics (in each case, as described below), the Fund does not have a specific sustainability goal. This is primarily because the Fund follows a fund-of-funds strategy and the underlying funds in which the Fund invests may not meet the criteria of any sustainability label.</u></p> <p><b>Investment objective</b></p> <p>The Fund is a target date retirement fund (which means that an investor should match the date in the name of the fund to his/her target retirement date). The Fund's investment objective is to provide a return on your investment (generated through an increase in the value of the assets held by the Fund and/or income received from those assets) with an asset allocation (i.e. mix of assets) that changes over time. <del>The Fund aims to invest in accordance with its environmental, social and governance ("ESG") policy (as, whilst incorporating the ESG commitments described in its investment policy below).</del></p> <p>Although the Fund aims to deliver a return on your investment in line with the target date of the Fund, there is no guarantee that this will be achieved over this time period, or any time period and the Fund may experience periods of no return. The Fund's capital is at risk meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.</p> <p><b>Investment policy</b></p> <p>In seeking to achieve its investment objective, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). These collective investment schemes (which are expected to be either index tracker funds, or funds which otherwise use an index for portfolio construction purposes, and will typically be Associated Funds) may gain exposure globally to: equity securities (i.e. shares), fixed income securities (i.e. both government and non-government bonds) and alternative asset classes (such as property and commodities).</p> <p>In seeking to achieve its investment objective and/or for liquidity purposes, the Fund may also invest in other asset classes. These other asset classes include direct investment (i.e. not through collective investment schemes) in equity securities and fixed income securities, money market instruments (i.e. debt securities with short-term maturities), cash or assets that can be turned into cash quickly. The fixed income securities in which the Fund invests (whether directly or indirectly) may be investment grade, have a relatively low credit rating or be unrated.</p> <p>Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to further the Fund's investment objective, to seek to reduce risk (relevant to the investment objective of the Fund) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM"). They will also be used with the specific aim of hedging foreign currency exposures back to Sterling.</p> <p>The maturity date of the fund is 30 June 2026. The Fund will adjust its investment strategy to be more conservative to risk as it progresses towards its maturity date, from a portfolio of units of collective investment schemes which gain exposure to approximately 80% equity securities (which are generally considered to be more risky compared to fixed income securities), towards a target portfolio composition on maturity of units of collective investment schemes which gain exposure to approximately 60% fixed income securities (which are generally considered to be less risky compared to equity securities) and 40% equity securities. It is intended that the Fund will remain invested in accordance with its</p>
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target portfolio composition on maturity for at least 18 months after its maturity date, after which time unitholders will be informed of the intention to terminate the Fund. Upon termination, unitholders' units will be redeemed, however unitholders may have the opportunity to switch their holdings into other products. Other products in the BlackRock LifePath range exist which have investment objectives and policies that are similar to that of the Fund after the Fund's maturity date.

## **ESG Policy**

Through the application of the methodology set out in this ESG Policy, the Investment Manager expects to achieve for the Fund's portfolio:

- 1) a carbon emission intensity score, in respect only of the corporate issuers in which the Fund invests, that:
  - a) by its maturity date represents such percentage reduction of its carbon emission intensity score as at 30 June 2019 as would be consistent with achieving a 50% reduction by 30 June 2029; and
  - b) as calculated at the end of each calendar quarter, is less than a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "Reference Comparator") as further described below; and
- 2) as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator.

There can be no guarantee that these expectations will be met and the carbon emission intensity score and the ESG score of the Fund's portfolio may vary.

Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their size. In measuring the size of issuers, for this purpose, the Investment Manager intends to use their reported sales, but it may use another measure instead if it considers it appropriate or necessary as a result of changes in regulation, market practice or available data. The carbon emission intensity score of the Fund's portfolio is calculated based on the carbon emission intensity scores attributed only to the corporate issuers in which the Fund invests either indirectly through collective investment schemes or directly. Securities issued by non-corporate issuers in which the Fund directly or indirectly invests, such as fixed income securities issued by governments and commodities (indirect exposure only), are not included. As the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it will increase its exposure to fixed income securities issued by governments and may, close to its maturity date, hold a majority of its assets in non-corporate issuers (which are not included for the purposes of calculating the carbon emission intensity score of the Fund's portfolio). The same exclusion of non-corporate issuers is applied to the carbon emission intensity score calculated for the Reference Comparator.

ESG scores are a measurement of issuers' ESG credentials. The ESG score of the Fund's portfolio is calculated based on the ESG scores attributed to the issuers in which the Fund invests either indirectly through collective investment schemes or directly (but excluding assets for which ESG scores are not available such as commodities (indirect exposure only)). The same exclusion is applied to the ESG score calculated for the Reference Comparator.

The Reference Comparator is a composite benchmark of underlying indices, one for each collective investment scheme in which the Fund invests (other than collective investment schemes in which the Fund invests for liquidity purposes only), where each underlying index is intended to represent a portfolio of assets similar to those in which such collective investment scheme invests but in respect of which no specific ESG related criteria or requirements are applied (the "non-ESG investment universe"). Each such index will be weighted within the Reference Comparator based on the weight given to the corresponding collective investment scheme within the Fund's portfolio.

~~Accordingly, the composition of the Reference Comparator will vary over time as the Fund's allocation to different collective investment schemes varies, and as the Fund changes the collective investment schemes in which it invests.~~

~~For the purposes of forming the Reference Comparator, as outlined above, the index that is selected to represent the non-ESG investment universe of a particular collective investment scheme will be:~~

- ~~1) where the collective investment scheme tracks an index the methodology of which incorporates ESG criteria or requirements (an "ESG Index") or otherwise uses such an ESG Index to construct its portfolio, an index which adopts a methodology which incorporates no specific ESG criteria or requirements (a "Non-ESG Index") but which in all other material respects is the closest equivalent to the relevant ESG Index;~~
- ~~2) where the collective investment scheme tracks a Non-ESG Index or otherwise use such a Non-ESG Index to construct its portfolio, such Non-ESG Index; or~~
- ~~3) where the Investment Manager considers that an index other than the Non-ESG Index that would be selected pursuant to 1) or 2) above provides a reasonable representation of the non-ESG investment universe of the collective investment scheme and its use is more practicable for the purposes of forming the Reference Comparator, such other index.~~

~~A list of the indices that form the Reference Comparator will be made available to unitholders in the quarterly reporting of the Fund.~~

~~As described in the Fund's investment policy, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). Within this allocation, the Fund may invest in collective investment schemes which primarily invest in government bonds ("Government Bond Funds"). Of the assets that the Fund invests in Government Bond Funds, the Fund will invest at least 80% of the total value of such assets in Government Bond Funds which track benchmark indices primarily comprising government bond issuers with an ESG sovereign rating of BB or higher (as defined by MSCI or the comparable rating of another third party vendor).~~

~~Of the total assets that the Fund invests in collective investment schemes other than Government Bond Funds and collective investment schemes that invest primarily in commodities, the Fund will invest at least 80% of the total value of such assets in collective investment schemes which 1) track benchmark indices that apply screens and exclusionary criteria based on ESG-related limits/thresholds, and/or 2) otherwise include/exclude and/or overweight/underweight (i.e. allocate a higher or lower proportion of their assets to) investments included in an underlying benchmark based on ESG-related characteristics (together, "ESG Funds").~~

~~In making an assessment of whether a collective investment scheme constitutes an ESG Fund for the purposes of this ESG Policy, the Investment Manager will analyse the investment policy of the collective investment scheme and the methodology of the relevant underlying index, including how the constituents of the relevant index are selected and weighted, and whether and to what extent the collective investment scheme:~~

- ~~1) excludes or underweights issuers or sectors which are involved in activities which the Investment Manager considers inconsistent with the principles of ESG investing (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact and the extraction and generation of power from fossil fuels like thermal coal and tar sands) and/or excludes or underweights issuers or sectors to minimise exposure to characteristics that the Investment Manager considers are negative from an ESG investing perspective; and/or~~
- ~~2) includes or overweights issuers or sectors based on activities which the Investment Manager considers positive from an ESG investing perspective and/or includes or~~

~~overweights issuers or sectors to maximise exposure to characteristics that the Investment Manager considers are positive from an ESG investing perspective.~~

~~The nature and extent of ESG characteristics will vary between the ESG Funds in which the Fund invests, and the criteria for what the Investment Manager considers inconsistent with the principles of ESG investing or positive from an ESG investing perspective may also change and develop over time. Where an ESG Fund applies screens and exclusionary criteria, the limits or thresholds will be derived from the relevant index provider's definition of what constitutes "involvement" in certain restricted activities. Involvement in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.~~

~~As part of its investment process, the Investment Manager will use data from one or more third party ESG research providers (for example MSCI) and data generated internally by the Investment Manager and/or its affiliates, as well as the Investment Manager's and/or its affiliates' proprietary data analysis tools, to identify the ESG and ESG related metrics (such as carbon emission intensity scores) of issuers and to compare such scores across a range of collective investment schemes in order to select schemes to be held as ESG Funds.~~

~~ESG Government Bond Funds will, at the time of purchase by the Fund, comply with the rating requirements described above. Where the Investment Manager is of the view that a collective investment scheme has ceased to be appropriate for characterisation as an ESG Fund (for example, due to a change or deterioration in its ESG characteristics in the opinion of the Investment Manager), or where an ESG Government Bond Fund ceases to comply with the rating requirements described above, the Fund may continue to hold such investment as an ESG Fund or an ESG Government Bond Fund (respectively) but will seek to divest within a reasonable period of time or the Fund may, at the discretion of the Investment Manager, continue to hold such investment other than as an ESG Fund or an ESG Government Bond Fund (respectively).~~

~~Quarterly reporting of the Fund's carbon emission intensity score and ESG score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.~~

~~The Fund may, for liquidity management and other purposes, gain indirect exposure (through, among other things, derivatives and shares or units in collective investment schemes) to securities and other assets that can be turned into cash quickly, but in respect of which no specific ESG criteria or requirements are applied.~~

## **Investment Process and ESG**

As part of its investment process, the Investment Manager applies ESG commitments at a portfolio level to its selection of collective investment schemes. These ESG commitments are identified in the table below, along with the asset classes within the Fund to which they are applied.

<b>Portfolio breakdown</b>		<b>Are ESG commitments applied?</b>
At least 70% of total assets in collective investment schemes, comprising	(a) Collective investment schemes that invest at least 50% in government bonds	Yes, at least 80% of Government Bond Funds in which the Fund invests track benchmark indices comprised of at least 50% of government bond issuers with an ESG government rating of BB or higher (as defined by MSCI or the comparable rating of another third-party vendor). MSCI's ESG government ratings are intended to identify and assign weights to the environmental, social, or

	(a) to (c) (see next column).	<p><b><u>("Government Bond Funds")</u></b></p>	<p><u>governance-related issues that could impact the long term sustainability of economies. Further information regarding the MSCI ESG government ratings methodology is available via <a href="https://www.msci.com/esg-and-climate-methodologies">https://www.msci.com/esg-and-climate-methodologies</a>.</u></p> <p><u>In addition, the Investment Manager aims to achieve, as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator (each as detailed below).</u></p> <p><u>Although the Fund has made a binding ESG commitment to seek this outcome, there can be no guarantee that this outcome will be achieved and the actual ESG score of the Fund's portfolio may vary.</u></p>
	(b) Collective investment schemes other than Government Bond Funds, commodity funds and collective investment schemes held for EPM purposes ( <b><u>"Other CIS"</u></b> ).	<p><u>Yes, at least 80% of Other CIS in which the Fund invests themselves apply ESG criteria within their investment processes (as further detailed below).</u></p> <p><u>In addition, in respect of corporate issuers (i.e. companies) invested in by the Other CIS held by the Fund, the Investment Manager aims to achieve:</u></p> <ul style="list-style-type: none"> <li><u>a carbon emission intensity score that, by the Fund's maturity date, represents such percentage reduction of its carbon emission intensity score as at 30 June 2019 as would be consistent with achieving a 50% reduction by 30 June 2029; and</u></li> <li><u>as calculated at the end of each calendar quarter, a carbon emission intensity score that is less than the Reference Comparator (each as detailed below).</u></li> </ul> <p><u>Although the Fund has made a binding ESG commitment to seek these outcomes, there can be no guarantee that these outcomes will be achieved and the actual carbon emission intensity score of the Fund's portfolio may vary.</u></p> <p><u>Investors should also note that as the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it will increase its exposure to fixed income securities issued by governments and may, close to its maturity date, hold a majority of its assets in non-corporate issuers (which are not included for the purposes of calculating the carbon emission intensity score of the Fund's portfolio).</u></p> <p><u>As set out above, the Investment Manager also aims to achieve, as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator (each as detailed below).</u></p>	
	(c) Alternative asset classes (such as	<u>No.</u>	



	commodity funds).	
Up to 30% of total assets in other assets (including direct investments and collective investment schemes in which the Fund invests for EPM purposes).		No.
<p>In order to satisfy the ESG commitment with respect to Other CIS, the Investment Manager will, in respect of any Other CIS in which it is considering an investment for the Fund, analyse its investment objective and policy and how its investments are selected, including (where relevant) the methodology of any benchmark index that it uses, to identify the ESG criteria (if any) that it applies.</p>		
<p>The ESG criteria may be applied by the Other CIS tracking, or otherwise using for portfolio construction purposes, a benchmark index that itself applies ESG criteria, or they may be applied by the Other CIS separately. The ESG criteria will include:</p>		
<ol style="list-style-type: none"> <li>1) Following a similar approach to the application of the BlackRock EMEA Baseline Screens, the exclusion or underweighting of issuers or sectors which are "involved" in activities that the Investment Manager considers negative from an ESG investing perspective (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact principles and the extraction and generation of power from fossil fuels like thermal coal and tar sands). For these purposes, "involvement" in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.</li> <li>2) The inclusion or overweighting of issuers or sectors based on activities that the Investment Manager considers positive from an ESG investing perspective with a particular focus on improvement in 'ESG scores' and a reduction in 'carbon emission intensity scores', which the Investment Manager will monitor on an ongoing basis as set out below.</li> </ol>		
<p>In respect of each commitment, if the Fund ceases to meet the commitment at any time (for example, because a collective investment scheme in which it is invested no longer complies with the relevant rating requirements or applies ESG criteria as described above (as applicable)), the Fund will take steps to seek to rebalance its portfolio to meet the commitment within a reasonable period of time.</p>		
<p>Please see section 38(c) in the Prospectus for detail regarding the Investment Manager's use of data.</p>		
<p><b>ESG metrics</b></p>		
<p>ESG scores are a measurement of issuers' ability to manage financially relevant ESG risks and opportunities. Each rating takes into consideration an issuer's exposure to potentially material ESG risks, the quality of the issuer's management systems and governance structures relative to those potential ESG risks, and where applicable, how the issuer is positioning to meet market demand for the provision of products and services that have a positive environmental or social contribution. The ESG score of the Fund's portfolio is calculated by aggregating the weighted ESG scores attributable to each issuer in which that Fund invests (whether directly or indirectly through collective investment schemes). The ESG scores of underlying commodity funds, and collective investment schemes held for EPM purposes, are not available and accordingly not included in this calculation.</p>		

Carbon emission intensity scores are a measurement of carbon emissions of an issuer relative to the issuer's size based on data from one or more third party ESG research providers.

For details on how the carbon emission intensity score of the Fund's portfolio is calculated, as well as further details on ESG scores, see the section titled ESG metrics in section 38(b) of the Prospectus.

Quarterly reporting of the Fund's carbon emission intensity score and ESG score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.

### **Fund benchmarks**

The Fund does not have a target, constraining or comparator benchmark. As described in the investment policy above, the Fund will adjust its investment strategy over time in order to seek to achieve its investment objective and therefore the Fund's asset allocation will vary over time. Unitholders may contact the Manager for details of how the Fund has performed against the asset allocation for any given period, in order to compare the performance of the Fund.

~~For the purposes of the The Fund's ESG Policy above, the carbon emission intensity score and ESG score of the Fund's portfolio is measured against the a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "Reference Comparator").~~ Further detail regarding the Reference Comparator is included in section 38(d) of the Prospectus.

<p><b>ACS LifePath 2028-2030</b></p> <p>The Fund was authorised by the FCA on 5 April 2018.</p> <p>The Fund's FCA product reference number is 805821.</p>	<p><u>This Fund does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The Fund does not use a sustainability label because whilst the Fund applies ESG commitments within its investment process and monitors the application of these commitments through ESG related metrics (in each case, as described below), the Fund does not have a specific sustainability goal. This is primarily because the Fund follows a fund-of-funds strategy and the underlying funds in which the Fund invests may not meet the criteria of any sustainability label.</u></p> <p><b>Investment objective</b></p> <p>The Fund is a target date retirement fund (which means that an investor should match the date in the name of the fund to his/her target retirement date). The Fund's investment objective is to provide a return on your investment (generated through an increase in the value of the assets held by the Fund and/or income received from those assets) with an asset allocation (i.e. mix of assets) that changes over time. <del>The Fund aims to invest in accordance with its environmental, social and governance ("ESG") policy (as, whilst incorporating the ESG commitments described in its investment policy below).</del></p> <p>Although the Fund aims to deliver a return on your investment in line with the target date of the Fund, there is no guarantee that this will be achieved over this time period, or any time period and the Fund may experience periods of no return. The Fund's capital is at risk meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.</p> <p><b>Investment policy</b></p> <p>In seeking to achieve its investment objective, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). These collective investment schemes (which are expected to be either index tracker funds, or funds which otherwise use an index for portfolio construction purposes, and will typically be Associated Funds) may gain exposure globally to: equity securities (i.e. shares), fixed income securities (i.e. both government and non-government bonds) and alternative asset classes (such as property and commodities).</p> <p>In seeking to achieve its investment objective and/or for liquidity purposes, the Fund may also invest in other asset classes. These other asset classes include direct investment (i.e. not through collective investment schemes) in equity securities and fixed income securities, money market instruments (i.e. debt securities with short-term maturities), cash or assets that can be turned into cash quickly. The fixed income securities in which the Fund invests (whether directly or indirectly) may be investment grade, have a relatively low credit rating or be unrated.</p> <p>Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to further the Fund's investment objective, to seek to reduce risk (relevant to the investment objective of the Fund) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM"). They will also be used with the specific aim of hedging foreign currency exposures back to Sterling.</p> <p>The maturity date of the fund is 30 June 2029. The Fund will adjust its investment strategy to be more conservative to risk as it progresses towards its maturity date, from a portfolio of units of collective investment schemes which gain exposure to approximately 80% equity securities (which are generally considered to be more risky compared to fixed income securities), towards a target portfolio composition on maturity of units of collective investment schemes which gain exposure to approximately 60% fixed income securities (which are generally considered to be less risky compared to equity securities) and 40% equity securities. It is intended that the Fund will remain invested in accordance with its</p>
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target portfolio composition on maturity for at least 18 months after its maturity date, after which time unitholders will be informed of the intention to terminate the Fund. Upon termination, unitholders' units will be redeemed, however unitholders may have the opportunity to switch their holdings into other products. Other products in the BlackRock LifePath range exist which have investment objectives and policies that are similar to that of the Fund after the Fund's maturity date.

## **ESG policy**

Through the application of the methodology set out in this ESG Policy, the Investment Manager expects to achieve for the Fund's portfolio:

- 1) a carbon emission intensity score, in respect only of the corporate issuers in which the Fund invests, that:
  - a) by 30 June 2029, is 50% less than its carbon emission intensity score as at 30 June 2019; and
  - b) as calculated at the end of each calendar quarter, is less than a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "Reference Comparator") as further described below; and
- 2) as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator.

There can be no guarantee that these expectations will be met and the carbon emission intensity score and the ESG score of the Fund's portfolio may vary.

Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their size. In measuring the size of issuers, for this purpose, the Investment Manager intends to use their reported sales, but it may use another measure instead if it considers it appropriate or necessary as a result of changes in regulation, market practice or available data. The carbon emission intensity score of the Fund's portfolio is calculated based on the carbon emission intensity scores attributed only to the corporate issuers in which the Fund invests either indirectly through collective investment schemes or directly. Securities issued by non-corporate issuers in which the Fund directly or indirectly invests, such as fixed income securities issued by governments and commodities (indirect exposure only), are not included. As the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it will increase its exposure to fixed income securities issued by governments and may, close to its maturity date, hold a majority of its assets in non-corporate issuers (which are not included for the purposes of calculating the carbon emission intensity score of the Fund's portfolio). The same exclusion of non-corporate issuers is applied to the carbon emission intensity score calculated for the Reference Comparator.

ESG scores are a measurement of issuers' ESG credentials. The ESG score of the Fund's portfolio is calculated based on the ESG scores attributed to the issuers in which the Fund invests either indirectly through collective investment schemes or directly (but excluding assets for which ESG scores are not available such as commodities (indirect exposure only)). The same exclusion is applied to the ESG score calculated for the Reference Comparator.

The Reference Comparator is a composite benchmark of underlying indices, one for each collective investment scheme in which the Fund invests (other than collective investment schemes in which the Fund invests for liquidity purposes only), where each underlying index is intended to represent a portfolio of assets similar to those in which such collective investment scheme invests but in respect of which no specific ESG related criteria or requirements are applied (the "non ESG investment universe"). Each such index will be weighted within the Reference Comparator based on the weight given to the corresponding collective investment scheme within the Fund's portfolio. Accordingly, the composition of the Reference Comparator will vary over time as the

Fund's allocation to different collective investment schemes varies, and as the Fund changes the collective investment schemes in which it invests.

For the purposes of forming the Reference Comparator, as outlined above, the index that is selected to represent the non-ESG investment universe of a particular collective investment scheme will be:

- 1) where the collective investment scheme tracks an index the methodology of which incorporates ESG criteria or requirements (an "ESG Index") or otherwise uses such an ESG Index to construct its portfolio, an index which adopts a methodology which incorporates no specific ESG criteria or requirements (a "Non-ESG Index") but which in all other material respects is the closest equivalent to the relevant ESG Index;
- 2) where the collective investment scheme tracks a Non-ESG Index or otherwise use such a Non-ESG Index to construct its portfolio, such Non-ESG Index; or
- 3) where the Investment Manager considers that an index other than the Non-ESG Index that would be selected pursuant to 1) or 2) above provides a reasonable representation of the non-ESG investment universe of the collective investment scheme and its use is more practicable for the purposes of forming the Reference Comparator, such other index.

A list of the indices that form the Reference Comparator will be made available to unitholders in the quarterly reporting of the Fund.

As described in the Fund's investment policy, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). Within this allocation, the Fund may invest in collective investment schemes which primarily invest in government bonds ("Government Bond Funds"). Of the assets that the Fund invests in Government Bond Funds, the Fund will invest at least 80% of the total value of such assets in Government Bond Funds which track benchmark indices primarily comprising government bond issuers with an ESG sovereign rating of BB or higher (as defined by MSCI or the comparable rating of another third party vendor).

Of the total assets that the Fund invests in collective investment schemes other than Government Bond Funds and collective investment schemes that invest primarily in commodities, the Fund will invest at least 80% of the total value of such assets in collective investment schemes which 1) track benchmark indices that apply screens and exclusionary criteria based on ESG-related limits/thresholds, and/or 2) otherwise include/exclude and/or overweight/underweight (i.e. allocate a higher or lower proportion of their assets to) investments included in an underlying benchmark based on ESG-related characteristics (together, "ESG Funds").

In making an assessment of whether a collective investment scheme constitutes an ESG Fund for the purposes of this ESG Policy, the Investment Manager will analyse the investment policy of the collective investment scheme and the methodology of the relevant underlying index, including how the constituents of the relevant index are selected and weighted, and whether and to what extent the collective investment scheme:

- 1) excludes or underweights issuers or sectors which are involved in activities which the Investment Manager considers inconsistent with the principles of ESG investing (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact and the extraction and generation of power from fossil fuels like thermal coal and tar sands) and/or excludes or underweights issuers or sectors to minimise exposure to characteristics that the Investment Manager considers are negative from an ESG investing perspective; and/or
- 2) includes or overweights issuers or sectors based on activities which the Investment Manager considers positive from an ESG investing perspective and/or includes or

~~overweights issuers or sectors to maximise exposure to characteristics that the Investment Manager considers are positive from an ESG investing perspective.~~

~~The nature and extent of ESG characteristics will vary between the ESG Funds in which the Fund invests, and the criteria for what the Investment Manager considers inconsistent with the principles of ESG investing or positive from an ESG investing perspective may also change and develop over time. Where an ESG Fund applies screens and exclusionary criteria, the limits or thresholds will be derived from the relevant index provider's definition of what constitutes "involvement" in certain restricted activities. Involvement in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.~~

~~As part of its investment process, the Investment Manager will use data from one or more third party ESG research providers (for example MSCI) and data generated internally by the Investment Manager and/or its affiliates, as well as the Investment Manager's and/or its affiliates' proprietary data analysis tools, to identify the ESG and ESG related metrics (such as carbon emission intensity scores) of issuers and to compare such scores across a range of collective investment schemes in order to select schemes to be held as ESG Funds.~~

~~ESG Government Bond Funds will, at the time of purchase by the Fund, comply with the rating requirements described above. Where the Investment Manager is of the view that a collective investment scheme has ceased to be appropriate for characterisation as an ESG Fund (for example, due to a change or deterioration in its ESG characteristics in the opinion of the Investment Manager), or where an ESG Government Bond Fund ceases to comply with the rating requirements described above, the Fund may continue to hold such investment as an ESG Fund or an ESG Government Bond Fund (respectively) but will seek to divest within a reasonable period of time or the Fund may, at the discretion of the Investment Manager, continue to hold such investment other than as an ESG Fund or an ESG Government Bond Fund (respectively).~~

~~Quarterly reporting of the Fund's carbon emission intensity score and ESG score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.~~

~~The Fund may, for liquidity management and other purposes, gain indirect exposure (through, among other things, derivatives and shares or units in collective investment schemes) to securities and other assets that can be turned into cash quickly, but in respect of which no specific ESG criteria or requirements are applied.~~

## **Investment Process and ESG**

As part of its investment process, the Investment Manager applies ESG commitments at a portfolio level to its selection of collective investment schemes. These ESG commitments are identified in the table below, along with the asset classes within the Fund to which they are applied.

<b>Portfolio breakdown</b>		<b>Are ESG commitments applied?</b>
At least 70% of total assets in collective investment schemes, comprising (a) to (c)	(a) Collective investment schemes that invest at least 50% in government bonds (" <b>Government Bond Funds</b> ").	Yes, at least 80% of Government Bond Funds in which the Fund invests track benchmark indices comprised of at least 50% of government bond issuers with an ESG government rating of BB or higher (as defined by MSCI or the comparable rating of another third-party vendor). MSCI's ESG government ratings are intended to identify and assign weights to the environmental, social, or governance-related issues that could impact the

	(see next column).	<p>long term sustainability of economies. Further information regarding the MSCI ESG government ratings methodology is available via <a href="https://www.msci.com/esg-and-climate-methodologies">https://www.msci.com/esg-and-climate-methodologies</a>.</p> <p>In addition, the Investment Manager aims to achieve, as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator (each as detailed below).</p> <p>Although the Fund has made a binding ESG commitment to seek this outcome, there can be no guarantee that this outcome will be achieved and the actual ESG score of the Fund's portfolio may vary.</p>
	(b) Collective investment schemes other than Government Bond Funds, commodity funds and collective investment schemes held for EPM purposes ("Other CIS").	<p>Yes, at least 80% of Other CIS in which the Fund invests themselves apply ESG criteria within their investment processes (as further detailed below).</p> <p>In addition, in respect of corporate issuers (i.e. companies) invested in by the Other CIS held by the Fund, the Investment Manager aims to achieve:</p> <ul style="list-style-type: none"> <li>• a carbon emission intensity score that by 30 June 2029 is 50% less than its carbon emission intensity score as at 30 June 2019; and</li> <li>• as calculated at the end of each calendar quarter, a carbon emission intensity score that is less than the Reference Comparator (each as detailed below).</li> </ul> <p>Although the Fund has made a binding ESG commitment to seek these outcomes, there can be no guarantee that these outcomes will be achieved and the actual carbon emission intensity score of the Fund's portfolio may vary.</p> <p>Investors should also note that as the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it will increase its exposure to fixed income securities issued by governments and may, close to its maturity date, hold a majority of its assets in non-corporate issuers (which are not included for the purposes of calculating the carbon emission intensity score of the Fund's portfolio).</p> <p>As set out above, the Investment Manager also aims to achieve, as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator (each as detailed below).</p>
	(c) Alternative asset classes (such as commodity funds).	No.
	Up to 30% of total assets in other assets (including direct	No.

investments and collective investment schemes in which the Fund invests for EPM purposes).

In order to satisfy the ESG commitment with respect to Other CIS, the Investment Manager will, in respect of any Other CIS in which it is considering an investment for the Fund, analyse its investment objective and policy and how its investments are selected, including (where relevant) the methodology of any benchmark index that it uses, to identify the ESG criteria (if any) that it applies.

The ESG criteria may be applied by the Other CIS tracking, or otherwise using for portfolio construction purposes, a benchmark index that itself applies ESG criteria, or they may be applied by the Other CIS separately. The ESG criteria will include:

- 1) Following a similar approach to the application of the BlackRock EMEA Baseline Screens, the exclusion or underweighting of issuers or sectors which are "involved" in activities that the Investment Manager considers negative from an ESG investing perspective (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact principles and the extraction and generation of power from fossil fuels like thermal coal and tar sands). For these purposes, "involvement" in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.
- 2) The inclusion or overweighting of issuers or sectors based on activities that the Investment Manager considers positive from an ESG investing perspective with a particular focus on improvement in 'ESG scores' and a reduction in 'carbon emission intensity scores', which the Investment Manager will monitor on an ongoing basis as set out below.

In respect of each commitment, if the Fund ceases to meet the commitment at any time (for example, because a collective investment scheme in which it is invested no longer complies with the relevant rating requirements or applies ESG criteria as described above (as applicable)), the Fund will take steps to seek to rebalance its portfolio to meet the commitment within a reasonable period of time.

Please see section 38(c) in the Prospectus for detail regarding the Investment Manager's use of data.

### **ESG metrics**

ESG scores are a measurement of issuers' ability to manage financially relevant ESG risks and opportunities. Each rating takes into consideration an issuer's exposure to potentially material ESG risks, the quality of the issuer's management systems and governance structures relative to those potential ESG risks, and where applicable, how the issuer is positioning to meet market demand for the provision of products and services that have a positive environmental or social contribution. The ESG score of the Fund's portfolio is calculated by aggregating the weighted ESG scores attributable to each issuer in which that Fund invests (whether directly or indirectly through collective investment schemes). The ESG scores of underlying commodity funds, and collective investment schemes held for EPM purposes, are not available and accordingly not included in this calculation.

Carbon emission intensity scores are a measurement of carbon emissions of an issuer relative to the issuer's size based on data from one or more third party ESG research providers.



For details on how the carbon emission intensity score of the Fund's portfolio is calculated, as well as further details on ESG scores, see the section titled ESG metrics in section 38(b) of the Prospectus.

Quarterly reporting of the Fund's carbon emission intensity score and ESG score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.

### **Fund benchmarks**

The Fund does not have a target, constraining or comparator benchmark. As described in the investment policy above, the Fund will adjust its investment strategy over time in order to seek to achieve its investment objective and therefore the Fund's asset allocation will vary over time. Unitholders may contact the Manager for details of how the Fund has performed against the asset allocation for any given period, in order to compare the performance of the Fund.

~~For the purposes of the The Fund's ESG Policy above, the carbon emission intensity score and ESG score of the Fund's portfolio is measured against the a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "Reference Comparator").~~ Further detail regarding the Reference Comparator is included in section 38(d) of the Prospectus.

<p><b>ACS LifePath 2031-2033</b></p> <p>The Fund was authorised by the FCA on 5 April 2018.</p> <p>The Fund's FCA product reference number is 805822.</p>	<p><u>This Fund does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The Fund does not use a sustainability label because whilst the Fund applies ESG commitments within its investment process and monitors the application of these commitments through ESG related metrics (in each case, as described below), the Fund does not have a specific sustainability goal. This is primarily because the Fund follows a fund-of-funds strategy and the underlying funds in which the Fund invests may not meet the criteria of any sustainability label.</u></p> <p><b>Investment objective</b></p> <p>The Fund is a target date retirement fund (which means that an investor should match the date in the name of the fund to his/her target retirement date). The Fund's investment objective is to provide a return on your investment (generated through an increase in the value of the assets held by the Fund and/or income received from those assets) with an asset allocation (i.e. mix of assets) that changes over time. <del>The Fund aims to invest in accordance with its environmental, social and governance ("ESG") policy (as, whilst incorporating the ESG commitments described in its investment policy below).</del></p> <p>Although the Fund aims to deliver a return on your investment in line with the target date of the Fund, there is no guarantee that this will be achieved over this time period, or any time period and the Fund may experience periods of no return. The Fund's capital is at risk meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.</p> <p><b>Investment policy</b></p> <p>In seeking to achieve its investment objective, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). These collective investment schemes (which are expected to be either index tracker funds, or funds which otherwise use an index for portfolio construction purposes, and will typically be Associated Funds) may gain exposure globally to: equity securities (i.e. shares), fixed income securities (i.e. both government and non-government bonds) and alternative asset classes (such as property and commodities).</p> <p>In seeking to achieve its investment objective and/or for liquidity purposes, the Fund may also invest in other asset classes. These other asset classes include direct investment (i.e. not through collective investment schemes) in equity securities and fixed income securities, money market instruments (i.e. debt securities with short-term maturities), cash or assets that can be turned into cash quickly. The fixed income securities in which the Fund invests (whether directly or indirectly) may be investment grade, have a relatively low credit rating or be unrated.</p> <p>Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to further the Fund's investment objective, to seek to reduce risk (relevant to the investment objective of the Fund) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM"). They will also be used with the specific aim of hedging foreign currency exposures back to Sterling.</p> <p>The maturity date of the fund is 30 June 2032. The Fund will adjust its investment strategy to be more conservative to risk as it progresses towards its maturity date, from a portfolio of units of collective investment schemes which gain exposure to approximately 80% equity securities (which are generally considered to be more risky compared to fixed income securities), towards a target portfolio composition on maturity of units of collective investment schemes which gain exposure to approximately 60% fixed income securities (which are generally considered to be less risky compared to equity securities) and 40% equity securities. It is intended that the Fund will remain invested in accordance with its</p>
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target portfolio composition on maturity for at least 18 months after its maturity date, after which time unitholders will be informed of the intention to terminate the Fund. Upon termination, unitholders' units will be redeemed, however unitholders may have the opportunity to switch their holdings into other products. Other products in the BlackRock LifePath range exist which have investment objectives and policies that are similar to that of the Fund after the Fund's maturity date.

## **ESG policy**

Through the application of the methodology set out in this ESG Policy, the Investment Manager expects to achieve for the Fund's portfolio:

- 1) a carbon emission intensity score, in respect only of the corporate issuers in which the Fund invests, that:
  - a) by 30 June 2029, is 50% less than its carbon emission intensity score as at 30 June 2019; and
  - b) as calculated at the end of each calendar quarter, is less than a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "Reference Comparator") as further described below; and
- 2) as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator.

There can be no guarantee that these expectations will be met and the carbon emission intensity score and the ESG score of the Fund's portfolio may vary.

Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their size. In measuring the size of issuers, for this purpose, the Investment Manager intends to use their reported sales, but it may use another measure instead if it considers it appropriate or necessary as a result of changes in regulation, market practice or available data. The carbon emission intensity score of the Fund's portfolio is calculated based on the carbon emission intensity scores attributed only to the corporate issuers in which the Fund invests either indirectly through collective investment schemes or directly. Securities issued by non-corporate issuers in which the Fund directly or indirectly invests, such as fixed income securities issued by governments and commodities (indirect exposure only), are not included. As the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it will increase its exposure to fixed income securities issued by governments and may, close to its maturity date, hold a majority of its assets in non-corporate issuers (which are not included for the purposes of calculating the carbon emission intensity score of the Fund's portfolio). The same exclusion of non-corporate issuers is applied to the carbon emission intensity score calculated for the Reference Comparator.

ESG scores are a measurement of issuers' ESG credentials. The ESG score of the Fund's portfolio is calculated based on the ESG scores attributed to the issuers in which the Fund invests either indirectly through collective investment schemes or directly (but excluding assets for which ESG scores are not available such as commodities (indirect exposure only)). The same exclusion is applied to the ESG score calculated for the Reference Comparator.

The Reference Comparator is a composite benchmark of underlying indices, one for each collective investment scheme in which the Fund invests (other than collective investment schemes in which the Fund invests for liquidity purposes only), where each underlying index is intended to represent a portfolio of assets similar to those in which such collective investment scheme invests but in respect of which no specific ESG related criteria or requirements are applied (the "non ESG investment universe"). Each such index will be weighted within the Reference Comparator based on the weight given to the corresponding collective investment scheme within the Fund's portfolio. Accordingly, the composition of the Reference Comparator will vary over time as the

Fund's allocation to different collective investment schemes varies, and as the Fund changes the collective investment schemes in which it invests.

For the purposes of forming the Reference Comparator, as outlined above, the index that is selected to represent the non-ESG investment universe of a particular collective investment scheme will be:

- 1) where the collective investment scheme tracks an index the methodology of which incorporates ESG criteria or requirements (an "ESG Index") or otherwise uses such an ESG Index to construct its portfolio, an index which adopts a methodology which incorporates no specific ESG criteria or requirements (a "Non-ESG Index") but which in all other material respects is the closest equivalent to the relevant ESG Index;
- 2) where the collective investment scheme tracks a Non-ESG Index or otherwise use such a Non-ESG Index to construct its portfolio, such Non-ESG Index; or
- 3) where the Investment Manager considers that an index other than the Non-ESG Index that would be selected pursuant to 1) or 2) above provides a reasonable representation of the non-ESG investment universe of the collective investment scheme and its use is more practicable for the purposes of forming the Reference Comparator, such other index.

A list of the indices that form the Reference Comparator will be made available to unitholders in the quarterly reporting of the Fund.

As described in the Fund's investment policy, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). Within this allocation, the Fund may invest in collective investment schemes which primarily invest in government bonds ("Government Bond Funds"). Of the assets that the Fund invests in Government Bond Funds, the Fund will invest at least 80% of the total value of such assets in Government Bond Funds which track benchmark indices primarily comprising government bond issuers with an ESG sovereign rating of BB or higher (as defined by MSCI or the comparable rating of another third party vendor).

Of the total assets that the Fund invests in collective investment schemes other than Government Bond Funds and collective investment schemes that invest primarily in commodities, the Fund will invest at least 80% of the total value of such assets in collective investment schemes which 1) track benchmark indices that apply screens and exclusionary criteria based on ESG-related limits/thresholds, and/or 2) otherwise include/exclude and/or overweight/underweight (i.e. allocate a higher or lower proportion of their assets to) investments included in an underlying benchmark based on ESG-related characteristics (together, "ESG Funds").

In making an assessment of whether a collective investment scheme constitutes an ESG Fund for the purposes of this ESG Policy, the Investment Manager will analyse the investment policy of the collective investment scheme and the methodology of the relevant underlying index, including how the constituents of the relevant index are selected and weighted, and whether and to what extent the collective investment scheme:

- 1) excludes or underweights issuers or sectors which are involved in activities which the Investment Manager considers inconsistent with the principles of ESG investing (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact and the extraction and generation of power from fossil fuels like thermal coal and tar sands) and/or excludes or underweights issuers or sectors to minimise exposure to characteristics that the Investment Manager considers are negative from an ESG investing perspective; and/or
- 2) includes or overweights issuers or sectors based on activities which the Investment Manager considers positive from an ESG investing perspective and/or includes or

~~overweights issuers or sectors to maximise exposure to characteristics that the Investment Manager considers are positive from an ESG investing perspective.~~

~~The nature and extent of ESG characteristics will vary between the ESG Funds in which the Fund invests, and the criteria for what the Investment Manager considers inconsistent with the principles of ESG investing or positive from an ESG investing perspective may also change and develop over time. Where an ESG Fund applies screens and exclusionary criteria, the limits or thresholds will be derived from the relevant index provider's definition of what constitutes "involvement" in certain restricted activities. Involvement in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.~~

~~As part of its investment process, the Investment Manager will use data from one or more third party ESG research providers (for example MSCI) and data generated internally by the Investment Manager and/or its affiliates, as well as the Investment Manager's and/or its affiliates' proprietary data analysis tools, to identify the ESG and ESG related metrics (such as carbon emission intensity scores) of issuers and to compare such scores across a range of collective investment schemes in order to select schemes to be held as ESG Funds.~~

~~ESG Government Bond Funds will, at the time of purchase by the Fund, comply with the rating requirements described above. Where the Investment Manager is of the view that a collective investment scheme has ceased to be appropriate for characterisation as an ESG Fund (for example, due to a change or deterioration in its ESG characteristics in the opinion of the Investment Manager), or where an ESG Government Bond Fund ceases to comply with the rating requirements described above, the Fund may continue to hold such investment as an ESG Fund or an ESG Government Bond Fund (respectively) but will seek to divest within a reasonable period of time or the Fund may, at the discretion of the Investment Manager, continue to hold such investment other than as an ESG Fund or an ESG Government Bond Fund (respectively).~~

~~Quarterly reporting of the Fund's carbon emission intensity score and ESG score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.~~

~~The Fund may, for liquidity management and other purposes, gain indirect exposure (through, among other things, derivatives and shares or units in collective investment schemes) to securities and other assets that can be turned into cash quickly, but in respect of which no specific ESG criteria or requirements are applied.~~

## **Investment process and ESG**

As part of its investment process, the Investment Manager applies ESG commitments at a portfolio level to its selection of collective investment schemes. These ESG commitments are identified in the table below, along with the asset classes within the Fund to which they are applied.

<b>Portfolio breakdown</b>		<b>Are ESG commitments applied?</b>
At least 70% of total assets in collective investment schemes, comprising (a) to (c)	(a) Collective investment schemes that invest at least 50% in government bonds (" <b>Government Bond Funds</b> ").	Yes, at least 80% of Government Bond Funds in which the Fund invests track benchmark indices comprised of at least 50% of government bond issuers with an ESG government rating of BB or higher (as defined by MSCI or the comparable rating of another third-party vendor). MSCI's ESG government ratings are intended to identify and assign weights to the environmental, social, or governance-related issues that could impact the

	(see next column).	<p>long term sustainability of economies. Further information regarding the MSCI ESG government ratings methodology is available via <a href="https://www.msci.com/esg-and-climate-methodologies">https://www.msci.com/esg-and-climate-methodologies</a>.</p> <p>In addition, the Investment Manager aims to achieve, as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator (each as detailed below).</p> <p>Although the Fund has made a binding ESG commitment to seek this outcome, there can be no guarantee that this outcome will be achieved and the actual ESG score of the Fund's portfolio may vary.</p>
	(b) Collective investment schemes other than Government Bond Funds, commodity funds and collective investment schemes held for EPM purposes ("Other CIS").	<p>Yes, at least 80% of Other CIS in which the Fund invests themselves apply ESG criteria within their investment processes (as further detailed below).</p> <p>In addition, in respect of corporate issuers (i.e. companies) invested in by the Other CIS held by the Fund, the Investment Manager aims to achieve:</p> <ul style="list-style-type: none"> <li>• a carbon emission intensity score that by 30 June 2029 is 50% less than its carbon emission intensity score as at 30 June 2019; and</li> <li>• as calculated at the end of each calendar quarter, a carbon emission intensity score that is less than the Reference Comparator (each as detailed below).</li> </ul> <p>Although the Fund has made a binding ESG commitment to seek these outcomes, there can be no guarantee that these outcomes will be achieved and the actual carbon emission intensity score of the Fund's portfolio may vary.</p> <p>Investors should also note that as the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it will increase its exposure to fixed income securities issued by governments and may, close to its maturity date, hold a majority of its assets in non-corporate issuers (which are not included for the purposes of calculating the carbon emission intensity score of the Fund's portfolio).</p> <p>As set out above, the Investment Manager also aims to achieve, as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator (each as detailed below).</p>
	(c) Alternative asset classes (such as commodity funds).	No.
	Up to 30% of total assets in other assets (including direct	No.

investments and collective investment schemes in which the Fund invests for EPM purposes).

In order to satisfy the ESG commitment with respect to Other CIS, the Investment Manager will, in respect of any Other CIS in which it is considering an investment for the Fund, analyse its investment objective and policy and how its investments are selected, including (where relevant) the methodology of any benchmark index that it uses, to identify the ESG criteria (if any) that it applies.

The ESG criteria may be applied by the Other CIS tracking, or otherwise using for portfolio construction purposes, a benchmark index that itself applies ESG criteria, or they may be applied by the Other CIS separately. The ESG criteria will include:

- 1) Following a similar approach to the application of the BlackRock EMEA Baseline Screens, the exclusion or underweighting of issuers or sectors which are "involved" in activities that the Investment Manager considers negative from an ESG investing perspective (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact principles and the extraction and generation of power from fossil fuels like thermal coal and tar sands). For these purposes, "involvement" in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.
- 2) The inclusion or overweighting of issuers or sectors based on activities that the Investment Manager considers positive from an ESG investing perspective with a particular focus on improvement in 'ESG scores' and a reduction in 'carbon emission intensity scores', which the Investment Manager will monitor on an ongoing basis as set out below.

In respect of each commitment, if the Fund ceases to meet the commitment at any time (for example, because a collective investment scheme in which it is invested no longer complies with the relevant rating requirements or applies ESG criteria as described above (as applicable)), the Fund will take steps to seek to rebalance its portfolio to meet the commitment within a reasonable period of time.

Please see section 38(c) in the Prospectus for detail regarding the Investment Manager's use of data.

### **ESG metrics**

ESG scores are a measurement of issuers' ability to manage financially relevant ESG risks and opportunities. Each rating takes into consideration an issuer's exposure to potentially material ESG risks, the quality of the issuer's management systems and governance structures relative to those potential ESG risks, and where applicable, how the issuer is positioning to meet market demand for the provision of products and services that have a positive environmental or social contribution. The ESG score of the Fund's portfolio is calculated by aggregating the weighted ESG scores attributable to each issuer in which that Fund invests (whether directly or indirectly through collective investment schemes). The ESG scores of underlying commodity funds, and collective investment schemes held for EPM purposes, are not available and accordingly not included in this calculation.

Carbon emission intensity scores are a measurement of carbon emissions of an issuer relative to the issuer's size based on data from one or more third party ESG research providers.

For details on how the carbon emission intensity score of the Fund's portfolio is calculated, as well as further details on ESG scores, see the section titled ESG metrics in section 38(b) of the Prospectus.

Quarterly reporting of the Fund's carbon emission intensity score and ESG score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.

#### **Fund benchmarks**

The Fund does not have a target, constraining or comparator benchmark. As described in the investment policy above, the Fund will adjust its investment strategy over time in order to seek to achieve its investment objective and therefore the Fund's asset allocation will vary over time. Unitholders may contact the Manager for details of how the Fund has performed against the asset allocation for any given period, in order to compare the performance of the Fund.

~~For the purposes of the The Fund's ESG Policy above, the carbon emission intensity score and ESG score of the Fund's portfolio is measured against the a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "Reference Comparator").~~ Further detail regarding the Reference Comparator is included in section 38(d) of the Prospectus.



<p><b>ACS LifePath 2034-2036</b></p> <p>The Fund was authorised by the FCA on 5 April 2018.</p> <p>The Fund's FCA product reference number is 805823.</p>	<p><u>This Fund does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The Fund does not use a sustainability label because whilst the Fund applies ESG commitments within its investment process and monitors the application of these commitments through ESG related metrics (in each case, as described below), the Fund does not have a specific sustainability goal. This is primarily because the Fund follows a fund-of-funds strategy and the underlying funds in which the Fund invests may not meet the criteria of any sustainability label.</u></p> <p><b>Investment objective</b></p> <p>The Fund is a target date retirement fund (which means that an investor should match the date in the name of the fund to his/her target retirement date). The Fund's investment objective is to provide a return on your investment (generated through an increase in the value of the assets held by the Fund and/or income received from those assets) with an asset allocation (i.e. mix of assets) that changes over time. <del>The Fund aims to invest in accordance with its environmental, social and governance ("ESG") policy (as, whilst incorporating the ESG commitments described in its investment policy below).</del></p> <p>Although the Fund aims to deliver a return on your investment in line with the target date of the Fund, there is no guarantee that this will be achieved over this time period, or any time period and the Fund may experience periods of no return. The Fund's capital is at risk meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.</p> <p><b>Investment policy</b></p> <p>In seeking to achieve its investment objective, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). These collective investment schemes (which are expected to be either index tracker funds, or funds which otherwise use an index for portfolio construction purposes, and will typically be Associated Funds) may gain exposure globally to: equity securities (i.e. shares), fixed income securities (i.e. both government and non-government bonds) and alternative asset classes (such as property and commodities).</p> <p>In seeking to achieve its investment objective and/or for liquidity purposes, the Fund may also invest in other asset classes. These other asset classes include direct investment (i.e. not through collective investment schemes) in equity securities and fixed income securities, money market instruments (i.e. debt securities with short-term maturities), cash or assets that can be turned into cash quickly. The fixed income securities in which the Fund invests (whether directly or indirectly) may be investment grade, have a relatively low credit rating or be unrated.</p> <p>Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to further the Fund's investment objective, to seek to reduce risk (relevant to the investment objective of the Fund) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM"). They will also be used with the specific aim of hedging foreign currency exposures back to Sterling.</p> <p>The maturity date of the fund is 30 June 2035. The Fund will adjust its investment strategy to be more conservative to risk as it progresses towards its maturity date, from a portfolio of units of collective investment schemes which gain exposure to approximately 80% equity securities (which are generally considered to be more risky compared to fixed income securities), towards a target portfolio composition on maturity of units of collective investment schemes which gain exposure to approximately 60% fixed income securities (which are generally considered to be less risky compared to equity securities) and 40% equity securities. It is intended that the Fund will remain invested in accordance with its</p>
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target portfolio composition on maturity for at least 18 months after its maturity date, after which time unitholders will be informed of the intention to terminate the Fund. Upon termination, unitholders' units will be redeemed, however unitholders may have the opportunity to switch their holdings into other products. Other products in the BlackRock LifePath range exist which have investment objectives and policies that are similar to that of the Fund after the Fund's maturity date.

## **ESG policy**

Through the application of the methodology set out in this ESG Policy, the Investment Manager expects to achieve for the Fund's portfolio:

- 1) a carbon emission intensity score, in respect only of the corporate issuers in which the Fund invests, that:
  - a) by 30 June 2029, is 50% less than its carbon emission intensity score as at 30 June 2019; and
  - b) as calculated at the end of each calendar quarter, is less than a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "Reference Comparator") as further described below; and
- 2) as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator.

There can be no guarantee that these expectations will be met and the carbon emission intensity score and the ESG score of the Fund's portfolio may vary.

Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their size. In measuring the size of issuers, for this purpose, the Investment Manager intends to use their reported sales, but it may use another measure instead if it considers it appropriate or necessary as a result of changes in regulation, market practice or available data. The carbon emission intensity score of the Fund's portfolio is calculated based on the carbon emission intensity scores attributed only to the corporate issuers in which the Fund invests either indirectly through collective investment schemes or directly. Securities issued by non-corporate issuers in which the Fund directly or indirectly invests, such as fixed income securities issued by governments and commodities (indirect exposure only), are not included. As the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it will increase its exposure to fixed income securities issued by governments and may, close to its maturity date, hold a majority of its assets in non-corporate issuers (which are not included for the purposes of calculating the carbon emission intensity score of the Fund's portfolio). The same exclusion of non-corporate issuers is applied to the carbon emission intensity score calculated for the Reference Comparator.

ESG scores are a measurement of issuers' ESG credentials. The ESG score of the Fund's portfolio is calculated based on the ESG scores attributed to the issuers in which the Fund invests either indirectly through collective investment schemes or directly (but excluding assets for which ESG scores are not available such as commodities (indirect exposure only)). The same exclusion is applied to the ESG score calculated for the Reference Comparator.

The Reference Comparator is a composite benchmark of underlying indices, one for each collective investment scheme in which the Fund invests (other than collective investment schemes in which the Fund invests for liquidity purposes only), where each underlying index is intended to represent a portfolio of assets similar to those in which such collective investment scheme invests but in respect of which no specific ESG related criteria or requirements are applied (the "non ESG investment universe"). Each such index will be weighted within the Reference Comparator based on the weight given to the corresponding collective investment scheme within the Fund's portfolio. Accordingly, the composition of the Reference Comparator will vary over time as the

Fund's allocation to different collective investment schemes varies, and as the Fund changes the collective investment schemes in which it invests.

For the purposes of forming the Reference Comparator, as outlined above, the index that is selected to represent the non-ESG investment universe of a particular collective investment scheme will be:

- 1) where the collective investment scheme tracks an index the methodology of which incorporates ESG criteria or requirements (an "ESG Index") or otherwise uses such an ESG Index to construct its portfolio, an index which adopts a methodology which incorporates no specific ESG criteria or requirements (a "Non-ESG Index") but which in all other material respects is the closest equivalent to the relevant ESG Index;
- 2) where the collective investment scheme tracks a Non-ESG Index or otherwise use such a Non-ESG Index to construct its portfolio, such Non-ESG Index; or
- 3) where the Investment Manager considers that an index other than the Non-ESG Index that would be selected pursuant to 1) or 2) above provides a reasonable representation of the non-ESG investment universe of the collective investment scheme and its use is more practicable for the purposes of forming the Reference Comparator, such other index.

A list of the indices that form the Reference Comparator will be made available to unitholders in the quarterly reporting of the Fund.

As described in the Fund's investment policy, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). Within this allocation, the Fund may invest in collective investment schemes which primarily invest in government bonds ("Government Bond Funds"). Of the assets that the Fund invests in Government Bond Funds, the Fund will invest at least 80% of the total value of such assets in Government Bond Funds which track benchmark indices primarily comprising government bond issuers with an ESG sovereign rating of BB or higher (as defined by MSCI or the comparable rating of another third party vendor).

Of the total assets that the Fund invests in collective investment schemes other than Government Bond Funds and collective investment schemes that invest primarily in commodities, the Fund will invest at least 80% of the total value of such assets in collective investment schemes which 1) track benchmark indices that apply screens and exclusionary criteria based on ESG-related limits/thresholds, and/or 2) otherwise include/exclude and/or overweight/underweight (i.e. allocate a higher or lower proportion of their assets to) investments included in an underlying benchmark based on ESG-related characteristics (together, "ESG Funds").

In making an assessment of whether a collective investment scheme constitutes an ESG Fund for the purposes of this ESG Policy, the Investment Manager will analyse the investment policy of the collective investment scheme and the methodology of the relevant underlying index, including how the constituents of the relevant index are selected and weighted, and whether and to what extent the collective investment scheme:

- 1) excludes or underweights issuers or sectors which are involved in activities which the Investment Manager considers inconsistent with the principles of ESG investing (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact and the extraction and generation of power from fossil fuels like thermal coal and tar sands) and/or excludes or underweights issuers or sectors to minimise exposure to characteristics that the Investment Manager considers are negative from an ESG investing perspective; and/or
- 2) includes or overweights issuers or sectors based on activities which the Investment Manager considers positive from an ESG investing perspective and/or includes or

~~overweights issuers or sectors to maximise exposure to characteristics that the Investment Manager considers are positive from an ESG investing perspective.~~

~~The nature and extent of ESG characteristics will vary between the ESG Funds in which the Fund invests, and the criteria for what the Investment Manager considers inconsistent with the principles of ESG investing or positive from an ESG investing perspective may also change and develop over time. Where an ESG Fund applies screens and exclusionary criteria, the limits or thresholds will be derived from the relevant index provider's definition of what constitutes "involvement" in certain restricted activities. Involvement in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.~~

~~As part of its investment process, the Investment Manager will use data from one or more third party ESG research providers (for example MSCI) and data generated internally by the Investment Manager and/or its affiliates, as well as the Investment Manager's and/or its affiliates' proprietary data analysis tools, to identify the ESG and ESG related metrics (such as carbon emission intensity scores) of issuers and to compare such scores across a range of collective investment schemes in order to select schemes to be held as ESG Funds.~~

~~ESG Government Bond Funds will, at the time of purchase by the Fund, comply with the rating requirements described above. Where the Investment Manager is of the view that a collective investment scheme has ceased to be appropriate for characterisation as an ESG Fund (for example, due to a change or deterioration in its ESG characteristics in the opinion of the Investment Manager), or where an ESG Government Bond Fund ceases to comply with the rating requirements described above, the Fund may continue to hold such investment as an ESG Fund or an ESG Government Bond Fund (respectively) but will seek to divest within a reasonable period of time or the Fund may, at the discretion of the Investment Manager, continue to hold such investment other than as an ESG Fund or an ESG Government Bond Fund (respectively).~~

~~Quarterly reporting of the Fund's carbon emission intensity score and ESG score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.~~

~~The Fund may, for liquidity management and other purposes, gain indirect exposure (through, among other things, derivatives and shares or units in collective investment schemes) to securities and other assets that can be turned into cash quickly, but in respect of which no specific ESG criteria or requirements are applied.~~

## **Investment process and ESG**

As part of its investment process, the Investment Manager applies ESG commitments at a portfolio level to its selection of collective investment schemes. These ESG commitments are identified in the table below, along with the asset classes within the Fund to which they are applied.

<b>Portfolio breakdown</b>		<b>Are ESG commitments applied?</b>
At least 70% of total assets in collective investment schemes, comprising	(a) Collective investment schemes that invest at least 50% in government bonds	Yes, at least 80% of Government Bond Funds in which the Fund invests track benchmark indices comprised of at least 50% of government bond issuers with an ESG government rating of BB or higher (as defined by MSCI or the comparable rating of another third-party vendor). MSCI's ESG government ratings are intended to identify and assign weights to the environmental, social, or

	(a) to (c) (see next column).	<p><b><u>("Government Bond Funds")</u></b></p>	<p><u>governance-related issues that could impact the long term sustainability of economies. Further information regarding the MSCI ESG government ratings methodology is available via <a href="https://www.msci.com/esg-and-climate-methodologies">https://www.msci.com/esg-and-climate-methodologies</a>.</u></p> <p><u>In addition, the Investment Manager aims to achieve, as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator (each as detailed below).</u></p> <p><u>Although the Fund has made a binding ESG commitment to seek this outcome, there can be no guarantee that this outcome will be achieved and the actual ESG score of the Fund's portfolio may vary.</u></p>
	(b) Collective investment schemes other than Government Bond Funds, commodity funds and collective investment schemes held for EPM purposes (" <b><u>Other CIS</u></b> ").	<p><u>Yes, at least 80% of Other CIS in which the Fund invests themselves apply ESG criteria within their investment processes (as further detailed below).</u></p> <p><u>In addition, in respect of corporate issuers (i.e. companies) invested in by the Other CIS held by the Fund, the Investment Manager aims to achieve:</u></p> <ul style="list-style-type: none"> <li><u>• a carbon emission intensity score that by 30 June 2029 is 50% less than its carbon emission intensity score as at 30 June 2019; and</u></li> <li><u>• as calculated at the end of each calendar quarter, a carbon emission intensity score that is less than the Reference Comparator (each as detailed below).</u></li> </ul> <p><u>Although the Fund has made a binding ESG commitment to seek these outcomes, there can be no guarantee that these outcomes will be achieved and the actual carbon emission intensity score of the Fund's portfolio may vary.</u></p> <p><u>Investors should also note that as the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it will increase its exposure to fixed income securities issued by governments and may, close to its maturity date, hold a majority of its assets in non-corporate issuers (which are not included for the purposes of calculating the carbon emission intensity score of the Fund's portfolio).</u></p> <p><u>As set out above, the Investment Manager also aims to achieve, as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator (each as detailed below).</u></p>	
	(c) Alternative asset classes (such as commodity funds).	<p><u>No.</u></p>	

<p><u>Up to 30% of total assets in other assets (including direct investments and collective investment schemes in which the Fund invests for EPM purposes).</u></p>	<p><u>No.</u></p>
<p><u>In order to satisfy the ESG commitment with respect to Other CIS, the Investment Manager will, in respect of any Other CIS in which it is considering an investment for the Fund, analyse its investment objective and policy and how its investments are selected, including (where relevant) the methodology of any benchmark index that it uses, to identify the ESG criteria (if any) that it applies.</u></p> <p><u>The ESG criteria may be applied by the Other CIS tracking, or otherwise using for portfolio construction purposes, a benchmark index that itself applies ESG criteria, or they may be applied by the Other CIS separately. The ESG criteria will include:</u></p> <ol style="list-style-type: none"> <li><u>1) Following a similar approach to the application of the BlackRock EMEA Baseline Screens, the exclusion or underweighting of issuers or sectors which are "involved" in activities that the Investment Manager considers negative from an ESG investing perspective (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact principles and the extraction and generation of power from fossil fuels like thermal coal and tar sands). For these purposes, "involvement" in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.</u></li> <li><u>2) The inclusion or overweighting of issuers or sectors based on activities that the Investment Manager considers positive from an ESG investing perspective with a particular focus on improvement in 'ESG scores' and a reduction in 'carbon emission intensity scores', which the Investment Manager will monitor on an ongoing basis as set out below.</u></li> </ol> <p><u>In respect of each commitment, if the Fund ceases to meet the commitment at any time (for example, because a collective investment scheme in which it is invested no longer complies with the relevant rating requirements or applies ESG criteria as described above (as applicable)), the Fund will take steps to seek to rebalance its portfolio to meet the commitment within a reasonable period of time.</u></p> <p><u>Please see section 38(c) in the Prospectus for detail regarding the Investment Manager's use of data.</u></p> <p><b><u>ESG metrics</u></b></p> <p><u>ESG scores are a measurement of issuers' ability to manage financially relevant ESG risks and opportunities. Each rating takes into consideration an issuer's exposure to potentially material ESG risks, the quality of the issuer's management systems and governance structures relative to those potential ESG risks, and where applicable, how the issuer is positioning to meet market demand for the provision of products and services that have a positive environmental or social contribution. The ESG score of the Fund's portfolio is calculated by aggregating the weighted ESG scores attributable to each issuer in which that Fund invests (whether directly or indirectly through collective investment schemes). The ESG scores of underlying commodity funds, and collective investment schemes held for EPM purposes, are not available and accordingly not included in this calculation.</u></p>	

Carbon emission intensity scores are a measurement of carbon emissions of an issuer relative to the issuer's size based on data from one or more third party ESG research providers.

For details on how the carbon emission intensity score of the Fund's portfolio is calculated, as well as further details on ESG scores, see the section titled ESG metrics in section 38(b) of the Prospectus.

Quarterly reporting of the Fund's carbon emission intensity score and ESG score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.

### **Fund benchmarks**

The Fund does not have a target, constraining or comparator benchmark. As described in the investment policy above, the Fund will adjust its investment strategy over time in order to seek to achieve its investment objective and therefore the Fund's asset allocation will vary over time. Unitholders may contact the Manager for details of how the Fund has performed against the asset allocation for any given period, in order to compare the performance of the Fund.

~~For the purposes of the The Fund's ESG Policy above, the carbon emission intensity score and ESG score of the Fund's portfolio is measured against the a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "Reference Comparator").~~ Further detail regarding the Reference Comparator is included in section 38(d) of the Prospectus.

<p><b>ACS LifePath 2037-2039</b></p> <p>The Fund was authorised by the FCA on 5 April 2018.</p> <p>The Fund's FCA product reference number is 805824.</p>	<p><u>This Fund does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The Fund does not use a sustainability label because whilst the Fund applies ESG commitments within its investment process and monitors the application of these commitments through ESG related metrics (in each case, as described below), the Fund does not have a specific sustainability goal. This is primarily because the Fund follows a fund-of-funds strategy and the underlying funds in which the Fund invests may not meet the criteria of any sustainability label.</u></p> <p><b>Investment objective</b></p> <p>The Fund is a target date retirement fund (which means that an investor should match the date in the name of the fund to his/her target retirement date). The Fund's investment objective is to provide a return on your investment (generated through an increase in the value of the assets held by the Fund and/or income received from those assets) with an asset allocation (i.e. mix of assets) that changes over time. <del>The Fund aims to invest in accordance with its environmental, social and governance ("ESG") policy (as, whilst incorporating the ESG commitments described in its investment policy below).</del></p> <p>Although the Fund aims to deliver a return on your investment in line with the target date of the Fund, there is no guarantee that this will be achieved over this time period, or any time period and the Fund may experience periods of no return. The Fund's capital is at risk meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.</p> <p><b>Investment policy</b></p> <p>In seeking to achieve its investment objective, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). These collective investment schemes (which are expected to be either index tracker funds, or funds which otherwise use an index for portfolio construction purposes, and will typically be Associated Funds) may gain exposure globally to: equity securities (i.e. shares), fixed income securities (i.e. both government and non-government bonds) and alternative asset classes (such as property and commodities).</p> <p>In seeking to achieve its investment objective and/or for liquidity purposes, the Fund may also invest in other asset classes. These other asset classes include direct investment (i.e. not through collective investment schemes) in equity securities and fixed income securities, money market instruments (i.e. debt securities with short-term maturities), cash or assets that can be turned into cash quickly. The fixed income securities in which the Fund invests (whether directly or indirectly) may be investment grade, have a relatively low credit rating or be unrated.</p> <p>Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to further the Fund's investment objective, to seek to reduce risk (relevant to the investment objective of the Fund) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM"). They will also be used with the specific aim of hedging foreign currency exposures back to Sterling.</p> <p>The maturity date of the fund is 30 June 2038. The Fund will adjust its investment strategy to be more conservative to risk as it progresses towards its maturity date, from a portfolio of units of collective investment schemes which gain exposure to approximately 80% equity securities (which are generally considered to be more risky compared to fixed income securities), towards a target portfolio composition on maturity of units of collective investment schemes which gain exposure to approximately 60% fixed income securities (which are generally considered to be less risky compared to equity securities) and 40% equity securities. It is intended that the Fund will remain invested in accordance with its</p>
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target portfolio composition on maturity for at least 18 months after its maturity date, after which time unitholders will be informed of the intention to terminate the Fund. Upon termination, unitholders' units will be redeemed, however unitholders may have the opportunity to switch their holdings into other products. Other products in the BlackRock LifePath range exist which have investment objectives and policies that are similar to that of the Fund after the Fund's maturity date.

## **ESG policy**

Through the application of the methodology set out in this ESG Policy, the Investment Manager expects to achieve for the Fund's portfolio:

- 1) a carbon emission intensity score, in respect only of the corporate issuers in which the Fund invests, that:
  - a) by 30 June 2029, is 50% less than its carbon emission intensity score as at 30 June 2019; and
  - b) as calculated at the end of each calendar quarter, is less than a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "Reference Comparator") as further described below; and
- 2) as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator.

There can be no guarantee that these expectations will be met and the carbon emission intensity score and the ESG score of the Fund's portfolio may vary.

Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their size. In measuring the size of issuers, for this purpose, the Investment Manager intends to use their reported sales, but it may use another measure instead if it considers it appropriate or necessary as a result of changes in regulation, market practice or available data. The carbon emission intensity score of the Fund's portfolio is calculated based on the carbon emission intensity scores attributed only to the corporate issuers in which the Fund invests either indirectly through collective investment schemes or directly. Securities issued by non-corporate issuers in which the Fund directly or indirectly invests, such as fixed income securities issued by governments and commodities (indirect exposure only), are not included. As the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it will increase its exposure to fixed income securities issued by governments and may, close to its maturity date, hold a majority of its assets in non-corporate issuers (which are not included for the purposes of calculating the carbon emission intensity score of the Fund's portfolio). The same exclusion of non-corporate issuers is applied to the carbon emission intensity score calculated for the Reference Comparator.

ESG scores are a measurement of issuers' ESG credentials. The ESG score of the Fund's portfolio is calculated based on the ESG scores attributed to the issuers in which the Fund invests either indirectly through collective investment schemes or directly (but excluding assets for which ESG scores are not available such as commodities (indirect exposure only)). The same exclusion is applied to the ESG score calculated for the Reference Comparator.

The Reference Comparator is a composite benchmark of underlying indices, one for each collective investment scheme in which the Fund invests (other than collective investment schemes in which the Fund invests for liquidity purposes only), where each underlying index is intended to represent a portfolio of assets similar to those in which such collective investment scheme invests but in respect of which no specific ESG related criteria or requirements are applied (the "non ESG investment universe"). Each such index will be weighted within the Reference Comparator based on the weight given to the corresponding collective investment scheme within the Fund's portfolio. Accordingly, the composition of the Reference Comparator will vary over time as the

Fund's allocation to different collective investment schemes varies, and as the Fund changes the collective investment schemes in which it invests.

For the purposes of forming the Reference Comparator, as outlined above, the index that is selected to represent the non-ESG investment universe of a particular collective investment scheme will be:

- 1) where the collective investment scheme tracks an index the methodology of which incorporates ESG criteria or requirements (an "ESG Index") or otherwise uses such an ESG Index to construct its portfolio, an index which adopts a methodology which incorporates no specific ESG criteria or requirements (a "Non-ESG Index") but which in all other material respects is the closest equivalent to the relevant ESG Index;
- 2) where the collective investment scheme tracks a Non-ESG Index or otherwise use such a Non-ESG Index to construct its portfolio, such Non-ESG Index; or
- 3) where the Investment Manager considers that an index other than the Non-ESG Index that would be selected pursuant to 1) or 2) above provides a reasonable representation of the non-ESG investment universe of the collective investment scheme and its use is more practicable for the purposes of forming the Reference Comparator, such other index.

A list of the indices that form the Reference Comparator will be made available to unitholders in the quarterly reporting of the Fund.

As described in the Fund's investment policy, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). Within this allocation, the Fund may invest in collective investment schemes which primarily invest in government bonds ("Government Bond Funds"). Of the assets that the Fund invests in Government Bond Funds, the Fund will invest at least 80% of the total value of such assets in Government Bond Funds which track benchmark indices primarily comprising government bond issuers with an ESG sovereign rating of BB or higher (as defined by MSCI or the comparable rating of another third party vendor).

Of the total assets that the Fund invests in collective investment schemes other than Government Bond Funds and collective investment schemes that invest primarily in commodities, the Fund will invest at least 80% of the total value of such assets in collective investment schemes which 1) track benchmark indices that apply screens and exclusionary criteria based on ESG-related limits/thresholds, and/or 2) otherwise include/exclude and/or overweight/underweight (i.e. allocate a higher or lower proportion of their assets to) investments included in an underlying benchmark based on ESG-related characteristics (together, "ESG Funds").

In making an assessment of whether a collective investment scheme constitutes an ESG Fund for the purposes of this ESG Policy, the Investment Manager will analyse the investment policy of the collective investment scheme and the methodology of the relevant underlying index, including how the constituents of the relevant index are selected and weighted, and whether and to what extent the collective investment scheme:

- 1) excludes or underweights issuers or sectors which are involved in activities which the Investment Manager considers inconsistent with the principles of ESG investing (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact and the extraction and generation of power from fossil fuels like thermal coal and tar sands) and/or excludes or underweights issuers or sectors to minimise exposure to characteristics that the Investment Manager considers are negative from an ESG investing perspective; and/or
- 2) includes or overweights issuers or sectors based on activities which the Investment Manager considers positive from an ESG investing perspective and/or includes or

~~overweights issuers or sectors to maximise exposure to characteristics that the Investment Manager considers are positive from an ESG investing perspective.~~

~~The nature and extent of ESG characteristics will vary between the ESG Funds in which the Fund invests, and the criteria for what the Investment Manager considers inconsistent with the principles of ESG investing or positive from an ESG investing perspective may also change and develop over time. Where an ESG Fund applies screens and exclusionary criteria, the limits or thresholds will be derived from the relevant index provider's definition of what constitutes "involvement" in certain restricted activities. Involvement in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.~~

~~As part of its investment process, the Investment Manager will use data from one or more third party ESG research providers (for example MSCI) and data generated internally by the Investment Manager and/or its affiliates, as well as the Investment Manager's and/or its affiliates' proprietary data analysis tools, to identify the ESG and ESG related metrics (such as carbon emission intensity scores) of issuers and to compare such scores across a range of collective investment schemes in order to select schemes to be held as ESG Funds.~~

~~ESG Government Bond Funds will, at the time of purchase by the Fund, comply with the rating requirements described above. Where the Investment Manager is of the view that a collective investment scheme has ceased to be appropriate for characterisation as an ESG Fund (for example, due to a change or deterioration in its ESG characteristics in the opinion of the Investment Manager), or where an ESG Government Bond Fund ceases to comply with the rating requirements described above, the Fund may continue to hold such investment as an ESG Fund or an ESG Government Bond Fund (respectively) but will seek to divest within a reasonable period of time or the Fund may, at the discretion of the Investment Manager, continue to hold such investment other than as an ESG Fund or an ESG Government Bond Fund (respectively).~~

~~Quarterly reporting of the Fund's carbon emission intensity score and ESG score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.~~

~~The Fund may, for liquidity management and other purposes, gain indirect exposure (through, among other things, derivatives and shares or units in collective investment schemes) to securities and other assets that can be turned into cash quickly, but in respect of which no specific ESG criteria or requirements are applied.~~

## **Investment Process and ESG**

As part of its investment process, the Investment Manager applies ESG commitments at a portfolio level to its selection of collective investment schemes. These ESG commitments are identified in the table below, along with the asset classes within the Fund to which they are applied.

<b>Portfolio breakdown</b>		<b>Are ESG commitments applied?</b>
At least 70% of total assets in collective investment schemes, comprising (a) to (c)	(a) Collective investment schemes that invest at least 50% in government bonds (" <b>Government Bond Funds</b> ").	Yes, at least 80% of Government Bond Funds in which the Fund invests track benchmark indices comprised of at least 50% of government bond issuers with an ESG government rating of BB or higher (as defined by MSCI or the comparable rating of another third-party vendor). MSCI's ESG government ratings are intended to identify and assign weights to the environmental, social, or governance-related issues that could impact the

	(see next column).	<p>long term sustainability of economies. Further information regarding the MSCI ESG government ratings methodology is available via <a href="https://www.msci.com/esg-and-climate-methodologies">https://www.msci.com/esg-and-climate-methodologies</a>.</p> <p>In addition, the Investment Manager aims to achieve, as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator (each as detailed below).</p> <p>Although the Fund has made a binding ESG commitment to seek this outcome, there can be no guarantee that this outcome will be achieved and the actual ESG score of the Fund's portfolio may vary.</p>
	(b) Collective investment schemes other than Government Bond Funds, commodity funds and collective investment schemes held for EPM purposes ("Other CIS").	<p>Yes, at least 80% of Other CIS in which the Fund invests themselves apply ESG criteria within their investment processes (as further detailed below).</p> <p>In addition, in respect of corporate issuers (i.e. companies) invested in by the Other CIS held by the Fund, the Investment Manager aims to achieve:</p> <ul style="list-style-type: none"> <li>• a carbon emission intensity score that by 30 June 2029 is 50% less than its carbon emission intensity score as at 30 June 2019; and</li> <li>• as calculated at the end of each calendar quarter, a carbon emission intensity score that is less than the Reference Comparator (each as detailed below).</li> </ul> <p>Although the Fund has made a binding ESG commitment to seek these outcomes, there can be no guarantee that these outcomes will be achieved and the actual carbon emission intensity score of the Fund's portfolio may vary.</p> <p>Investors should also note that as the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it will increase its exposure to fixed income securities issued by governments and may, close to its maturity date, hold a majority of its assets in non-corporate issuers (which are not included for the purposes of calculating the carbon emission intensity score of the Fund's portfolio).</p> <p>As set out above, the Investment Manager also aims to achieve, as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator (each as detailed below).</p>
	(c) Alternative asset classes (such as commodity funds).	No.
	Up to 30% of total assets in other assets (including direct	No.

investments and collective investment schemes in which the Fund invests for EPM purposes).

In order to satisfy the ESG commitment with respect to Other CIS, the Investment Manager will, in respect of any Other CIS in which it is considering an investment for the Fund, analyse its investment objective and policy and how its investments are selected, including (where relevant) the methodology of any benchmark index that it uses, to identify the ESG criteria (if any) that it applies.

The ESG criteria may be applied by the Other CIS tracking, or otherwise using for portfolio construction purposes, a benchmark index that itself applies ESG criteria, or they may be applied by the Other CIS separately. The ESG criteria will include:

- 1) Following a similar approach to the application of the BlackRock EMEA Baseline Screens, the exclusion or underweighting of issuers or sectors which are "involved" in activities that the Investment Manager considers negative from an ESG investing perspective (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact principles and the extraction and generation of power from fossil fuels like thermal coal and tar sands). For these purposes, "involvement" in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.
- 2) The inclusion or overweighting of issuers or sectors based on activities that the Investment Manager considers positive from an ESG investing perspective with a particular focus on improvement in 'ESG scores' and a reduction in 'carbon emission intensity scores', which the Investment Manager will monitor on an ongoing basis as set out below.

In respect of each commitment, if the Fund ceases to meet the commitment at any time (for example, because a collective investment scheme in which it is invested no longer complies with the relevant rating requirements or applies ESG criteria as described above (as applicable)), the Fund will take steps to seek to rebalance its portfolio to meet the commitment within a reasonable period of time.

Please see section 38(c) in the Prospectus for detail regarding the Investment Manager's use of data.

### **ESG metrics**

ESG scores are a measurement of issuers' ability to manage financially relevant ESG risks and opportunities. Each rating takes into consideration an issuer's exposure to potentially material ESG risks, the quality of the issuer's management systems and governance structures relative to those potential ESG risks, and where applicable, how the issuer is positioning to meet market demand for the provision of products and services that have a positive environmental or social contribution. The ESG score of the Fund's portfolio is calculated by aggregating the weighted ESG scores attributable to each issuer in which that Fund invests (whether directly or indirectly through collective investment schemes). The ESG scores of underlying commodity funds, and collective investment schemes held for EPM purposes, are not available and accordingly not included in this calculation.

Carbon emission intensity scores are a measurement of carbon emissions of an issuer relative to the issuer's size based on data from one or more third party ESG research providers.

For details on how the carbon emission intensity score of the Fund's portfolio is calculated, as well as further details on ESG scores, see the section titled ESG metrics in section 38(b) of the Prospectus.

Quarterly reporting of the Fund's carbon emission intensity score and ESG score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.

#### **Fund benchmarks**

The Fund does not have a target, constraining or comparator benchmark. As described in the investment policy above, the Fund will adjust its investment strategy over time in order to seek to achieve its investment objective and therefore the Fund's asset allocation will vary over time. Unitholders may contact the Manager for details of how the Fund has performed against the asset allocation for any given period, in order to compare the performance of the Fund.

~~For the purposes of the~~ The Fund's ESG Policy above, the carbon emission intensity score and ESG score of the Fund's portfolio is measured against the a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "Reference Comparator"). Further detail regarding the Reference Comparator is included in section 38(d) of the Prospectus.

<p><b>ACS LifePath 2040-2042</b></p> <p>The Fund was authorised by the FCA on 5 April 2018.</p> <p>The Fund's FCA product reference number is 805825.</p>	<p><u>This Fund does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The Fund does not use a sustainability label because whilst the Fund applies ESG commitments within its investment process and monitors the application of these commitments through ESG related metrics (in each case, as described below), the Fund does not have a specific sustainability goal. This is primarily because the Fund follows a fund-of-funds strategy and the underlying funds in which the Fund invests may not meet the criteria of any sustainability label.</u></p> <p><b>Investment objective</b></p> <p>The Fund is a target date retirement fund (which means that an investor should match the date in the name of the fund to his/her target retirement date). The Fund's investment objective is to provide a return on your investment (generated through an increase in the value of the assets held by the Fund and/or income received from those assets) with an asset allocation (i.e. mix of assets) that changes over time. <del>The Fund aims to invest in accordance with its environmental, social and governance ("ESG") policy (as, whilst incorporating the ESG commitments described in its investment policy below).</del></p> <p>Although the Fund aims to deliver a return on your investment in line with the target date of the Fund, there is no guarantee that this will be achieved over this time period, or any time period and the Fund may experience periods of no return. The Fund's capital is at risk meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.</p> <p><b>Investment policy</b></p> <p>In seeking to achieve its investment objective, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). These collective investment schemes (which are expected to be either index tracker funds, or funds which otherwise use an index for portfolio construction purposes, and will typically be Associated Funds) may gain exposure globally to: equity securities (i.e. shares), fixed income securities (i.e. both government and non-government bonds) and alternative asset classes (such as property and commodities).</p> <p>In seeking to achieve its investment objective and/or for liquidity purposes, the Fund may also invest in other asset classes. These other asset classes include direct investment (i.e. not through collective investment schemes) in equity securities and fixed income securities, money market instruments (i.e. debt securities with short-term maturities), cash or assets that can be turned into cash quickly. The fixed income securities in which the Fund invests (whether directly or indirectly) may be investment grade, have a relatively low credit rating or be unrated.</p> <p>Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to further the Fund's investment objective, to seek to reduce risk (relevant to the investment objective of the Fund) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM"). They will also be used with the specific aim of hedging foreign currency exposures back to Sterling.</p> <p>The maturity date of the fund is 30 June 2041. The Fund will adjust its investment strategy to be more conservative to risk as it progresses towards its maturity date, from a portfolio of units of collective investment schemes which gain exposure to approximately 80% equity securities (which are generally considered to be more risky compared to fixed income securities), towards a target portfolio composition on maturity of units of collective investment schemes which gain exposure to approximately 60% fixed income securities (which are generally considered to be less risky compared to equity securities) and 40% equity securities. It is intended that the Fund will remain invested in accordance with its</p>
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target portfolio composition on maturity for at least 18 months after its maturity date, after which time unitholders will be informed of the intention to terminate the Fund. Upon termination, unitholders' units will be redeemed, however unitholders may have the opportunity to switch their holdings into other products. Other products in the BlackRock LifePath range exist which have investment objectives and policies that are similar to that of the Fund after the Fund's maturity date.

## **ESG policy**

Through the application of the methodology set out in this ESG Policy, the Investment Manager expects to achieve for the Fund's portfolio:

- 1) a carbon emission intensity score, in respect only of the corporate issuers in which the Fund invests, that:
  - a) by 30 June 2029, is 50% less than its carbon emission intensity score as at 30 June 2019; and
  - b) as calculated at the end of each calendar quarter, is less than a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "Reference Comparator") as further described below; and
- 2) as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator.

There can be no guarantee that these expectations will be met and the carbon emission intensity score and the ESG score of the Fund's portfolio may vary.

Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their size. In measuring the size of issuers, for this purpose, the Investment Manager intends to use their reported sales, but it may use another measure instead if it considers it appropriate or necessary as a result of changes in regulation, market practice or available data. The carbon emission intensity score of the Fund's portfolio is calculated based on the carbon emission intensity scores attributed only to the corporate issuers in which the Fund invests either indirectly through collective investment schemes or directly. Securities issued by non-corporate issuers in which the Fund directly or indirectly invests, such as fixed income securities issued by governments and commodities (indirect exposure only), are not included. As the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it will increase its exposure to fixed income securities issued by governments and may, close to its maturity date, hold a majority of its assets in non-corporate issuers (which are not included for the purposes of calculating the carbon emission intensity score of the Fund's portfolio). The same exclusion of non-corporate issuers is applied to the carbon emission intensity score calculated for the Reference Comparator.

ESG scores are a measurement of issuers' ESG credentials. The ESG score of the Fund's portfolio is calculated based on the ESG scores attributed to the issuers in which the Fund invests either indirectly through collective investment schemes or directly (but excluding assets for which ESG scores are not available such as commodities (indirect exposure only)). The same exclusion is applied to the ESG score calculated for the Reference Comparator.

The Reference Comparator is a composite benchmark of underlying indices, one for each collective investment scheme in which the Fund invests (other than collective investment schemes in which the Fund invests for liquidity purposes only), where each underlying index is intended to represent a portfolio of assets similar to those in which such collective investment scheme invests but in respect of which no specific ESG related criteria or requirements are applied (the "non ESG investment universe"). Each such index will be weighted within the Reference Comparator based on the weight given to the corresponding collective investment scheme within the Fund's portfolio. Accordingly, the composition of the Reference Comparator will vary over time as the



Fund's allocation to different collective investment schemes varies, and as the Fund changes the collective investment schemes in which it invests.

For the purposes of forming the Reference Comparator, as outlined above, the index that is selected to represent the non-ESG investment universe of a particular collective investment scheme will be:

- 1) where the collective investment scheme tracks an index the methodology of which incorporates ESG criteria or requirements (an "ESG Index") or otherwise uses such an ESG Index to construct its portfolio, an index which adopts a methodology which incorporates no specific ESG criteria or requirements (a "Non-ESG Index") but which in all other material respects is the closest equivalent to the relevant ESG Index;
- 2) where the collective investment scheme tracks a Non-ESG Index or otherwise use such a Non-ESG Index to construct its portfolio, such Non-ESG Index; or
- 3) where the Investment Manager considers that an index other than the Non-ESG Index that would be selected pursuant to 1) or 2) above provides a reasonable representation of the non-ESG investment universe of the collective investment scheme and its use is more practicable for the purposes of forming the Reference Comparator, such other index.

A list of the indices that form the Reference Comparator will be made available to unitholders in the quarterly reporting of the Fund.

As described in the Fund's investment policy, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). Within this allocation, the Fund may invest in collective investment schemes which primarily invest in government bonds ("Government Bond Funds"). Of the assets that the Fund invests in Government Bond Funds, the Fund will invest at least 80% of the total value of such assets in Government Bond Funds which track benchmark indices primarily comprising government bond issuers with an ESG sovereign rating of BB or higher (as defined by MSCI or the comparable rating of another third party vendor).

Of the total assets that the Fund invests in collective investment schemes other than Government Bond Funds and collective investment schemes that invest primarily in commodities, the Fund will invest at least 80% of the total value of such assets in collective investment schemes which 1) track benchmark indices that apply screens and exclusionary criteria based on ESG-related limits/thresholds, and/or 2) otherwise include/exclude and/or overweight/underweight (i.e. allocate a higher or lower proportion of their assets to) investments included in an underlying benchmark based on ESG-related characteristics (together, "ESG Funds").

In making an assessment of whether a collective investment scheme constitutes an ESG Fund for the purposes of this ESG Policy, the Investment Manager will analyse the investment policy of the collective investment scheme and the methodology of the relevant underlying index, including how the constituents of the relevant index are selected and weighted, and whether and to what extent the collective investment scheme:

- 1) excludes or underweights issuers or sectors which are involved in activities which the Investment Manager considers inconsistent with the principles of ESG investing (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact and the extraction and generation of power from fossil fuels like thermal coal and tar sands) and/or excludes or underweights issuers or sectors to minimise exposure to characteristics that the Investment Manager considers are negative from an ESG investing perspective; and/or
- 2) includes or overweights issuers or sectors based on activities which the Investment Manager considers positive from an ESG investing perspective and/or includes or

~~overweights issuers or sectors to maximise exposure to characteristics that the Investment Manager considers are positive from an ESG investing perspective.~~

~~The nature and extent of ESG characteristics will vary between the ESG Funds in which the Fund invests, and the criteria for what the Investment Manager considers inconsistent with the principles of ESG investing or positive from an ESG investing perspective may also change and develop over time. Where an ESG Fund applies screens and exclusionary criteria, the limits or thresholds will be derived from the relevant index provider's definition of what constitutes "involvement" in certain restricted activities. Involvement in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.~~

~~As part of its investment process, the Investment Manager will use data from one or more third party ESG research providers (for example MSCI) and data generated internally by the Investment Manager and/or its affiliates, as well as the Investment Manager's and/or its affiliates' proprietary data analysis tools, to identify the ESG and ESG related metrics (such as carbon emission intensity scores) of issuers and to compare such scores across a range of collective investment schemes in order to select schemes to be held as ESG Funds.~~

~~ESG Government Bond Funds will, at the time of purchase by the Fund, comply with the rating requirements described above. Where the Investment Manager is of the view that a collective investment scheme has ceased to be appropriate for characterisation as an ESG Fund (for example, due to a change or deterioration in its ESG characteristics in the opinion of the Investment Manager), or where an ESG Government Bond Fund ceases to comply with the rating requirements described above, the Fund may continue to hold such investment as an ESG Fund or an ESG Government Bond Fund (respectively) but will seek to divest within a reasonable period of time or the Fund may, at the discretion of the Investment Manager, continue to hold such investment other than as an ESG Fund or an ESG Government Bond Fund (respectively).~~

~~Quarterly reporting of the Fund's carbon emission intensity score and ESG score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.~~

~~The Fund may, for liquidity management and other purposes, gain indirect exposure (through, among other things, derivatives and shares or units in collective investment schemes) to securities and other assets that can be turned into cash quickly, but in respect of which no specific ESG criteria or requirements are applied.~~

## **Investment Process and ESG**

As part of its investment process, the Investment Manager applies ESG commitments at a portfolio level to its selection of collective investment schemes. These ESG commitments are identified in the table below, along with the asset classes within the Fund to which they are applied.

<b><u>Portfolio breakdown</u></b>		<b><u>Are ESG commitments applied?</u></b>
<u>At least 70% of total assets in collective investment schemes, comprising</u>	<u>(a) Collective investment schemes that invest at least 50% in government bonds</u>	<u>Yes, at least 80% of Government Bond Funds in which the Fund invests track benchmark indices comprised of at least 50% of government bond issuers with an ESG government rating of BB or higher (as defined by MSCI or the comparable rating of another third-party vendor). MSCI's ESG government ratings are intended to identify and assign weights to the environmental, social, or governance-related issues that could impact the</u>

(a) to (c) (see next column).	<b><u>("Government Bond Funds")</u></b>	<p>long term sustainability of economies. Further information regarding the MSCI ESG government ratings methodology is available via <a href="https://www.msci.com/esg-and-climate-methodologies">https://www.msci.com/esg-and-climate-methodologies</a>.</p> <p><u>In addition, the Investment Manager aims to achieve, as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator (each as detailed below).</u></p> <p><u>Although the Fund has made a binding ESG commitment to seek this outcome, there can be no guarantee that this outcome will be achieved and the actual ESG score of the Fund's portfolio may vary.</u></p>
	<b><u>(b) Collective investment schemes other than Government Bond Funds, commodity funds and collective investment schemes held for EPM purposes ("Other CIS")</u></b>	<p><u>Yes, at least 80% of Other CIS in which the Fund invests themselves apply ESG criteria within their investment processes (as further detailed below).</u></p> <p><u>In addition, in respect of corporate issuers (i.e. companies) invested in by the Other CIS held by the Fund, the Investment Manager aims to achieve:</u></p> <ul style="list-style-type: none"> <li>• <u>a carbon emission intensity score that by 30 June 2029 is 50% less than its carbon emission intensity score as at 30 June 2019; and</u></li> <li>• <u>as calculated at the end of each calendar quarter, a carbon emission intensity score that is less than the Reference Comparator (each as detailed below).</u></li> </ul> <p><u>Although the Fund has made a binding ESG commitment to seek these outcomes, there can be no guarantee that these outcomes will be achieved and the actual carbon emission intensity score of the Fund's portfolio may vary.</u></p> <p><u>Investors should also note that as the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it will increase its exposure to fixed income securities issued by governments and may, close to its maturity date, hold a majority of its assets in non-corporate issuers (which are not included for the purposes of calculating the carbon emission intensity score of the Fund's portfolio).</u></p> <p><u>As set out above, the Investment Manager also aims to achieve, as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator (each as detailed below).</u></p>
	<b><u>(c) Alternative asset classes (such as commodity funds)</u></b>	<u>No.</u>
	<u>Up to 30% of total assets in other assets (including direct</u>	<u>No.</u>

investments and collective investment schemes in which the Fund invests for EPM purposes).

In order to satisfy the ESG commitment with respect to Other CIS, the Investment Manager will, in respect of any Other CIS in which it is considering an investment for the Fund, analyse its investment objective and policy and how its investments are selected, including (where relevant) the methodology of any benchmark index that it uses, to identify the ESG criteria (if any) that it applies.

The ESG criteria may be applied by the Other CIS tracking, or otherwise using for portfolio construction purposes, a benchmark index that itself applies ESG criteria, or they may be applied by the Other CIS separately. The ESG criteria will include:

- 1) Following a similar approach to the application of the BlackRock EMEA Baseline Screens, the exclusion or underweighting of issuers or sectors which are "involved" in activities that the Investment Manager considers negative from an ESG investing perspective (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact principles and the extraction and generation of power from fossil fuels like thermal coal and tar sands). For these purposes, "involvement" in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.
- 2) The inclusion or overweighting of issuers or sectors based on activities that the Investment Manager considers positive from an ESG investing perspective with a particular focus on improvement in 'ESG scores' and a reduction in 'carbon emission intensity scores', which the Investment Manager will monitor on an ongoing basis as set out below.

In respect of each commitment, if the Fund ceases to meet the commitment at any time (for example, because a collective investment scheme in which it is invested no longer complies with the relevant rating requirements or applies ESG criteria as described above (as applicable)), the Fund will take steps to seek to rebalance its portfolio to meet the commitment within a reasonable period of time.

Please see section 38(c) in the Prospectus for detail regarding the Investment Manager's use of data.

### **ESG metrics**

ESG scores are a measurement of issuers' ability to manage financially relevant ESG risks and opportunities. Each rating takes into consideration an issuer's exposure to potentially material ESG risks, the quality of the issuer's management systems and governance structures relative to those potential ESG risks, and where applicable, how the issuer is positioning to meet market demand for the provision of products and services that have a positive environmental or social contribution. The ESG score of the Fund's portfolio is calculated by aggregating the weighted ESG scores attributable to each issuer in which that Fund invests (whether directly or indirectly through collective investment schemes). The ESG scores of underlying commodity funds, and collective investment schemes held for EPM purposes, are not available and accordingly not included in this calculation.

Carbon emission intensity scores are a measurement of carbon emissions of an issuer relative to the issuer's size based on data from one or more third party ESG research providers.

For details on how the carbon emission intensity score of the Fund's portfolio is calculated, as well as further details on ESG scores, see the section titled ESG metrics in section 38(b) of the Prospectus.

Quarterly reporting of the Fund's carbon emission intensity score and ESG score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.

### **Fund benchmarks**

The Fund does not have a target, constraining or comparator benchmark. As described in the investment policy above, the Fund will adjust its investment strategy over time in order to seek to achieve its investment objective and therefore the Fund's asset allocation will vary over time. Unitholders may contact the Manager for details of how the Fund has performed against the asset allocation for any given period, in order to compare the performance of the Fund.

~~For the purposes of the The Fund's ESG Policy above, the carbon emission intensity score and ESG score of the Fund's portfolio is measured against the a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "Reference Comparator").~~ Further detail regarding the Reference Comparator is included in section 38(d) of the Prospectus.

<p><b>ACS LifePath 2043-2045</b></p>	<p><u>This Fund does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The Fund does not use a sustainability label because whilst the Fund applies ESG commitments within its investment process and monitors the application of these commitments through ESG related metrics (in each case, as described below), the Fund does not have a specific sustainability goal. This is primarily because the Fund follows a fund-of-funds strategy and the underlying funds in which the Fund invests may not meet the criteria of any sustainability label.</u></p>
<p>The Fund was authorised by the FCA on 5 April 2018.</p>	<p><b>Investment objective</b></p>
<p>The Fund's FCA product reference number is 805826.</p>	<p>The Fund is a target date retirement fund (which means that an investor should match the date in the name of the fund to his/her target retirement date). The Fund's investment objective is to provide a return on your investment (generated through an increase in the value of the assets held by the Fund and/or income received from those assets) with an asset allocation (i.e. mix of assets) that changes over time. <del>The Fund aims to invest in accordance with its environmental, social and governance ("ESG") policy (as, whilst incorporating the ESG commitments described in its investment policy below).</del></p>
	<p>Although the Fund aims to deliver a return on your investment in line with the target date of the Fund, there is no guarantee that this will be achieved over this time period, or any time period and the Fund may experience periods of no return. The Fund's capital is at risk meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.</p>
	<p><b>Investment policy</b></p>
	<p>In seeking to achieve its investment objective, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). These collective investment schemes (which are expected to be either index tracker funds, or funds which otherwise use an index for portfolio construction purposes, and will typically be Associated Funds) may gain exposure globally to: equity securities (i.e. shares), fixed income securities (i.e. both government and non-government bonds) and alternative asset classes (such as property and commodities).</p>
	<p>In seeking to achieve its investment objective and/or for liquidity purposes, the Fund may also invest in other asset classes. These other asset classes include direct investment (i.e. not through collective investment schemes) in equity securities and fixed income securities, money market instruments (i.e. debt securities with short-term maturities), cash or assets that can be turned into cash quickly. The fixed income securities in which the Fund invests (whether directly or indirectly) may be investment grade, have a relatively low credit rating or be unrated.</p>
	<p>Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to further the Fund's investment objective, to seek to reduce risk (relevant to the investment objective of the Fund) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM"). They will also be used with the specific aim of hedging foreign currency exposures back to Sterling.</p>
	<p>The maturity date of the fund is 30 June 2044. The Fund will adjust its investment strategy to be more conservative to risk as it progresses towards its maturity date, from a portfolio of units of collective investment schemes which gain exposure to approximately 80% equity securities (which are generally considered to be more risky compared to fixed income securities), towards a target portfolio composition on maturity of units of collective investment schemes which gain exposure to approximately 60% fixed income securities (which are generally considered to be less risky compared to equity securities) and 40% equity securities. It is intended that the Fund will remain invested in accordance with its target portfolio composition on maturity for at least 18 months after its maturity date, after</p>

which time unitholders will be informed of the intention to terminate the Fund. Upon termination, unitholders' units will be redeemed, however unitholders may have the opportunity to switch their holdings into other products. Other products in the BlackRock LifePath range exist which have investment objectives and policies that are similar to that of the Fund after the Fund's maturity date.

## **ESG policy**

Through the application of the methodology set out in this ESG Policy, the Investment Manager expects to achieve for the Fund's portfolio:

- 1) a carbon emission intensity score, in respect only of the corporate issuers in which the Fund invests, that:
  - a) ~~by 30 June 2020, is 50% less than its carbon emission intensity score as at 30 June 2019; and~~
  - b) ~~as calculated at the end of each calendar quarter, is less than a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "Reference Comparator") as further described below; and~~
- 2) ~~as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator.~~

~~There can be no guarantee that these expectations will be met and the carbon emission intensity score and the ESG score of the Fund's portfolio may vary.~~

~~Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their size. In measuring the size of issuers, for this purpose, the Investment Manager intends to use their reported sales, but it may use another measure instead if it considers it appropriate or necessary as a result of changes in regulation, market practice or available data. The carbon emission intensity score of the Fund's portfolio is calculated based on the carbon emission intensity scores attributed only to the corporate issuers in which the Fund invests either indirectly through collective investment schemes or directly. Securities issued by non-corporate issuers in which the Fund directly or indirectly invests, such as fixed income securities issued by governments and commodities (indirect exposure only), are not included. As the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it will increase its exposure to fixed income securities issued by governments and may, close to its maturity date, hold a majority of its assets in non-corporate issuers (which are not included for the purposes of calculating the carbon emission intensity score of the Fund's portfolio). The same exclusion of non-corporate issuers is applied to the carbon emission intensity score calculated for the Reference Comparator.~~

~~ESG scores are a measurement of issuers' ESG credentials. The ESG score of the Fund's portfolio is calculated based on the ESG scores attributed to the issuers in which the Fund invests either indirectly through collective investment schemes or directly (but excluding assets for which ESG scores are not available such as commodities (indirect exposure only)). The same exclusion is applied to the ESG score calculated for the Reference Comparator.~~

~~The Reference Comparator is a composite benchmark of underlying indices, one for each collective investment scheme in which the Fund invests (other than collective investment schemes in which the Fund invests for liquidity purposes only), where each underlying index is intended to represent a portfolio of assets similar to those in which such collective investment scheme invests but in respect of which no specific ESG related criteria or requirements are applied (the "non ESG investment universe"). Each such index will be weighted within the Reference Comparator based on the weight given to the corresponding collective investment scheme within the Fund's portfolio. Accordingly, the composition of the Reference Comparator will vary over time as the~~

Fund's allocation to different collective investment schemes varies, and as the Fund changes the collective investment schemes in which it invests.

For the purposes of forming the Reference Comparator, as outlined above, the index that is selected to represent the non-ESG investment universe of a particular collective investment scheme will be:

- 1) where the collective investment scheme tracks an index the methodology of which incorporates ESG criteria or requirements (an "ESG Index") or otherwise uses such an ESG Index to construct its portfolio, an index which adopts a methodology which incorporates no specific ESG criteria or requirements (a "Non-ESG Index") but which in all other material respects is the closest equivalent to the relevant ESG Index;
- 2) where the collective investment scheme tracks a Non-ESG Index or otherwise use such a Non-ESG Index to construct its portfolio, such Non-ESG Index; or
- 3) where the Investment Manager considers that an index other than the Non-ESG Index that would be selected pursuant to 1) or 2) above provides a reasonable representation of the non-ESG investment universe of the collective investment scheme and its use is more practicable for the purposes of forming the Reference Comparator, such other index.

A list of the indices that form the Reference Comparator will be made available to unitholders in the quarterly reporting of the Fund.

As described in the Fund's investment policy, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). Within this allocation, the Fund may invest in collective investment schemes which primarily invest in government bonds ("Government Bond Funds"). Of the assets that the Fund invests in Government Bond Funds, the Fund will invest at least 80% of the total value of such assets in Government Bond Funds which track benchmark indices primarily comprising government bond issuers with an ESG sovereign rating of BB or higher (as defined by MSCI or the comparable rating of another third party vendor).

Of the total assets that the Fund invests in collective investment schemes other than Government Bond Funds and collective investment schemes that invest primarily in commodities, the Fund will invest at least 80% of the total value of such assets in collective investment schemes which 1) track benchmark indices that apply screens and exclusionary criteria based on ESG-related limits/thresholds, and/or 2) otherwise include/exclude and/or overweight/underweight (i.e. allocate a higher or lower proportion of their assets to) investments included in an underlying benchmark based on ESG-related characteristics (together, "ESG Funds").

In making an assessment of whether a collective investment scheme constitutes an ESG Fund for the purposes of this ESG Policy, the Investment Manager will analyse the investment policy of the collective investment scheme and the methodology of the relevant underlying index, including how the constituents of the relevant index are selected and weighted, and whether and to what extent the collective investment scheme:

- 1) excludes or underweights issuers or sectors which are involved in activities which the Investment Manager considers inconsistent with the principles of ESG investing (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact and the extraction and generation of power from fossil fuels like thermal coal and tar sands) and/or excludes or underweights issuers or sectors to minimise exposure to characteristics that the Investment Manager considers are negative from an ESG investing perspective; and/or
- 2) includes or overweights issuers or sectors based on activities which the Investment Manager considers positive from an ESG investing perspective and/or includes or



~~overweights issuers or sectors to maximise exposure to characteristics that the Investment Manager considers are positive from an ESG investing perspective.~~

~~The nature and extent of ESG characteristics will vary between the ESG Funds in which the Fund invests, and the criteria for what the Investment Manager considers inconsistent with the principles of ESG investing or positive from an ESG investing perspective may also change and develop over time. Where an ESG Fund applies screens and exclusionary criteria, the limits or thresholds will be derived from the relevant index provider's definition of what constitutes "involvement" in certain restricted activities. Involvement in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.~~

~~As part of its investment process, the Investment Manager will use data from one or more third party ESG research providers (for example MSCI) and data generated internally by the Investment Manager and/or its affiliates, as well as the Investment Manager's and/or its affiliates' proprietary data analysis tools, to identify the ESG and ESG related metrics (such as carbon emission intensity scores) of issuers and to compare such scores across a range of collective investment schemes in order to select schemes to be held as ESG Funds.~~

~~ESG Government Bond Funds will, at the time of purchase by the Fund, comply with the rating requirements described above. Where the Investment Manager is of the view that a collective investment scheme has ceased to be appropriate for characterisation as an ESG Fund (for example, due to a change or deterioration in its ESG characteristics in the opinion of the Investment Manager), or where an ESG Government Bond Fund ceases to comply with the rating requirements described above, the Fund may continue to hold such investment as an ESG Fund or an ESG Government Bond Fund (respectively) but will seek to divest within a reasonable period of time or the Fund may, at the discretion of the Investment Manager, continue to hold such investment other than as an ESG Fund or an ESG Government Bond Fund (respectively).~~

~~Quarterly reporting of the Fund's carbon emission intensity score and ESG score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.~~

~~The Fund may, for liquidity management and other purposes, gain indirect exposure (through, among other things, derivatives and shares or units in collective investment schemes) to securities and other assets that can be turned into cash quickly, but in respect of which no specific ESG criteria or requirements are applied.~~

## **Investment Process and ESG**

As part of its investment process, the Investment Manager applies ESG commitments at a portfolio level to its selection of collective investment schemes. These ESG commitments are identified in the table below, along with the asset classes within the Fund to which they are applied.

<b>Portfolio breakdown</b>		<b>Are ESG commitments applied?</b>
At least 70% of total assets in collective investment schemes, comprising	(a) Collective investment schemes that invest at least 50% in government bonds	Yes, at least 80% of Government Bond Funds in which the Fund invests track benchmark indices comprised of at least 50% of government bond issuers with an ESG government rating of BB or higher (as defined by MSCI or the comparable rating of another third-party vendor). MSCI's ESG government ratings are intended to identify and assign weights to the environmental, social, or

	(a) to (c) (see next column).	<p><b><u>("Government Bond Funds")</u></b></p>	<p><u>governance-related issues that could impact the long term sustainability of economies. Further information regarding the MSCI ESG government ratings methodology is available via <a href="https://www.msci.com/esg-and-climate-methodologies">https://www.msci.com/esg-and-climate-methodologies</a>.</u></p> <p><u>In addition, the Investment Manager aims to achieve, as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator (each as detailed below).</u></p> <p><u>Although the Fund has made a binding ESG commitment to seek this outcome, there can be no guarantee that this outcome will be achieved and the actual ESG score of the Fund's portfolio may vary.</u></p>
		<p><b><u>(b) Collective investment schemes other than Government Bond Funds, commodity funds and collective investment schemes held for EPM purposes ("Other CIS")</u></b></p>	<p><u>Yes, at least 80% of Other CIS in which the Fund invests themselves apply ESG criteria within their investment processes (as further detailed below).</u></p> <p><u>In addition, in respect of corporate issuers (i.e. companies) invested in by the Other CIS held by the Fund, the Investment Manager aims to achieve:</u></p> <ul style="list-style-type: none"> <li><u>• a carbon emission intensity score that by 30 June 2029 is 50% less than its carbon emission intensity score as at 30 June 2019; and</u></li> <li><u>• as calculated at the end of each calendar quarter, a carbon emission intensity score that is less than the Reference Comparator (each as detailed below).</u></li> </ul> <p><u>Although the Fund has made a binding ESG commitment to seek these outcomes, there can be no guarantee that these outcomes will be achieved and the actual carbon emission intensity score of the Fund's portfolio may vary.</u></p> <p><u>Investors should also note that as the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it will increase its exposure to fixed income securities issued by governments and may, close to its maturity date, hold a majority of its assets in non-corporate issuers (which are not included for the purposes of calculating the carbon emission intensity score of the Fund's portfolio).</u></p> <p><u>As set out above, the Investment Manager also aims to achieve, as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator (each as detailed below).</u></p>
		<p><b><u>(c) Alternative asset classes (such as commodity funds)</u></b></p>	<p><u>No.</u></p>

<p><u>Up to 30% of total assets in other assets (including direct investments and collective investment schemes in which the Fund invests for EPM purposes).</u></p>	<p><u>No.</u></p>
<p><u>In order to satisfy the ESG commitment with respect to Other CIS, the Investment Manager will, in respect of any Other CIS in which it is considering an investment for the Fund, analyse its investment objective and policy and how its investments are selected, including (where relevant) the methodology of any benchmark index that it uses, to identify the ESG criteria (if any) that it applies.</u></p> <p><u>The ESG criteria may be applied by the Other CIS tracking, or otherwise using for portfolio construction purposes, a benchmark index that itself applies ESG criteria, or they may be applied by the Other CIS separately. The ESG criteria will include:</u></p> <ol style="list-style-type: none"> <li><u>1) Following a similar approach to the application of the BlackRock EMEA Baseline Screens, the exclusion or underweighting of issuers or sectors which are "involved" in activities that the Investment Manager considers negative from an ESG investing perspective (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact principles and the extraction and generation of power from fossil fuels like thermal coal and tar sands). For these purposes, "involvement" in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.</u></li> <li><u>2) The inclusion or overweighting of issuers or sectors based on activities that the Investment Manager considers positive from an ESG investing perspective with a particular focus on improvement in 'ESG scores' and a reduction in 'carbon emission intensity scores', which the Investment Manager will monitor on an ongoing basis as set out below.</u></li> </ol> <p><u>In respect of each commitment, if the Fund ceases to meet the commitment at any time (for example, because a collective investment scheme in which it is invested no longer complies with the relevant rating requirements or applies ESG criteria as described above (as applicable)), the Fund will take steps to seek to rebalance its portfolio to meet the commitment within a reasonable period of time.</u></p> <p><u>Please see section 38(c) in the Prospectus for detail regarding the Investment Manager's use of data.</u></p> <p><b><u>ESG metrics</u></b></p> <p><u>ESG scores are a measurement of issuers' ability to manage financially relevant ESG risks and opportunities. Each rating takes into consideration an issuer's exposure to potentially material ESG risks, the quality of the issuer's management systems and governance structures relative to those potential ESG risks, and where applicable, how the issuer is positioning to meet market demand for the provision of products and services that have a positive environmental or social contribution. The ESG score of the Fund's portfolio is calculated by aggregating the weighted ESG scores attributable to each issuer in which that Fund invests (whether directly or indirectly through collective investment schemes). The ESG scores of underlying commodity funds, and collective investment schemes held for EPM purposes, are not available and accordingly not included in this calculation.</u></p> <p><u>Carbon emission intensity scores are a measurement of carbon emissions of an issuer relative to the issuer's size based on data from one or more third party ESG research providers.</u></p>	

For details on how the carbon emission intensity score of the Fund's portfolio is calculated, as well as further details on ESG scores, see the section titled ESG metrics in section 38(b) of the Prospectus.

Quarterly reporting of the Fund's carbon emission intensity score and ESG score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.

### **Fund benchmarks**

The Fund does not have a target, constraining or comparator benchmark. As described in the investment policy above, the Fund will adjust its investment strategy over time in order to seek to achieve its investment objective and therefore the Fund's asset allocation will vary over time. Unitholders may contact the Manager for details of how the Fund has performed against the asset allocation for any given period, in order to compare the performance of the Fund.

~~For the purposes of the The Fund's ESG Policy above, the carbon emission intensity score and ESG score of the Fund's portfolio is measured against the a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "Reference Comparator").~~ Further detail regarding the Reference Comparator is included in section 38(d) of the Prospectus.

<p><b>ACS LifePath 2046-2048</b></p> <p>The Fund was authorised by the FCA on 5 April 2018.</p> <p>The Fund's FCA product reference number is 805827.</p>	<p><u>This Fund does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The Fund does not use a sustainability label because whilst the Fund applies ESG commitments within its investment process and monitors the application of these commitments through ESG related metrics (in each case, as described below), the Fund does not have a specific sustainability goal. This is primarily because the Fund follows a fund-of-funds strategy and the underlying funds in which the Fund invests may not meet the criteria of any sustainability label.</u></p> <p><b>Investment objective</b></p> <p>The Fund is a target date retirement fund (which means that an investor should match the date in the name of the fund to his/her target retirement date). The Fund's investment objective is to provide a return on your investment (generated through an increase in the value of the assets held by the Fund and/or income received from those assets) with an asset allocation (i.e. mix of assets) that changes over time. <del>The Fund aims to invest in accordance with its environmental, social and governance ("ESG") policy (as, whilst incorporating the ESG commitments described in its investment policy below).</del></p> <p>Although the Fund aims to deliver a return on your investment in line with the target date of the Fund, there is no guarantee that this will be achieved over this time period, or any time period and the Fund may experience periods of no return. The Fund's capital is at risk meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.</p> <p><b>Investment policy</b></p> <p>In seeking to achieve its investment objective, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). These collective investment schemes (which are expected to be either index tracker funds, or funds which otherwise use an index for portfolio construction purposes, and will typically be Associated Funds) may gain exposure globally to: equity securities (i.e. shares), fixed income securities (i.e. both government and non-government bonds) and alternative asset classes (such as property and commodities).</p> <p>In seeking to achieve its investment objective and/or for liquidity purposes, the Fund may also invest in other asset classes. These other asset classes include direct investment (i.e. not through collective investment schemes) in equity securities and fixed income securities, money market instruments (i.e. debt securities with short-term maturities), cash or assets that can be turned into cash quickly. The fixed income securities in which the Fund invests (whether directly or indirectly) may be investment grade, have a relatively low credit rating or be unrated.</p> <p>Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to further the Fund's investment objective, to seek to reduce risk (relevant to the investment objective of the Fund) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM"). They will also be used with the specific aim of hedging foreign currency exposures back to Sterling.</p> <p>The maturity date of the fund is 30 June 2047. The Fund will adjust its investment strategy to be more conservative to risk as it progresses towards its maturity date, from a portfolio of units of collective investment schemes which gain exposure to approximately 80% equity securities (which are generally considered to be more risky compared to fixed income securities), towards a target portfolio composition on maturity of units of collective investment schemes which gain exposure to approximately 60% fixed income securities (which are generally considered to be less risky compared to equity securities) and 40% equity securities. It is intended that the Fund will remain invested in accordance with its</p>
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target portfolio composition on maturity for at least 18 months after its maturity date, after which time unitholders will be informed of the intention to terminate the Fund. Upon termination, unitholders' units will be redeemed, however unitholders may have the opportunity to switch their holdings into other products. Other products in the BlackRock LifePath range exist which have investment objectives and policies that are similar to that of the Fund after the Fund's maturity date.

## **ESG policy**

Through the application of the methodology set out in this ESG Policy, the Investment Manager expects to achieve for the Fund's portfolio:

- 1) a carbon emission intensity score, in respect only of the corporate issuers in which the Fund invests, that:
  - a) by 30 June 2029, is 50% less than its carbon emission intensity score as at 30 June 2019; and
  - b) as calculated at the end of each calendar quarter, is less than a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "Reference Comparator") as further described below; and
- 2) as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator.

There can be no guarantee that these expectations will be met and the carbon emission intensity score and the ESG score of the Fund's portfolio may vary.

Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their size. In measuring the size of issuers, for this purpose, the Investment Manager intends to use their reported sales, but it may use another measure instead if it considers it appropriate or necessary as a result of changes in regulation, market practice or available data. The carbon emission intensity score of the Fund's portfolio is calculated based on the carbon emission intensity scores attributed only to the corporate issuers in which the Fund invests either indirectly through collective investment schemes or directly. Securities issued by non-corporate issuers in which the Fund directly or indirectly invests, such as fixed income securities issued by governments and commodities (indirect exposure only), are not included. As the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it will increase its exposure to fixed income securities issued by governments and may, close to its maturity date, hold a majority of its assets in non-corporate issuers (which are not included for the purposes of calculating the carbon emission intensity score of the Fund's portfolio). The same exclusion of non-corporate issuers is applied to the carbon emission intensity score calculated for the Reference Comparator.

ESG scores are a measurement of issuers' ESG credentials. The ESG score of the Fund's portfolio is calculated based on the ESG scores attributed to the issuers in which the Fund invests either indirectly through collective investment schemes or directly (but excluding assets for which ESG scores are not available such as commodities (indirect exposure only)). The same exclusion is applied to the ESG score calculated for the Reference Comparator.

The Reference Comparator is a composite benchmark of underlying indices, one for each collective investment scheme in which the Fund invests (other than collective investment schemes in which the Fund invests for liquidity purposes only), where each underlying index is intended to represent a portfolio of assets similar to those in which such collective investment scheme invests but in respect of which no specific ESG related criteria or requirements are applied (the "non ESG investment universe"). Each such index will be weighted within the Reference Comparator based on the weight given to the corresponding collective investment scheme within the Fund's portfolio. Accordingly, the composition of the Reference Comparator will vary over time as the

Fund's allocation to different collective investment schemes varies, and as the Fund changes the collective investment schemes in which it invests.

For the purposes of forming the Reference Comparator, as outlined above, the index that is selected to represent the non-ESG investment universe of a particular collective investment scheme will be:

- 1) where the collective investment scheme tracks an index the methodology of which incorporates ESG criteria or requirements (an "ESG Index") or otherwise uses such an ESG Index to construct its portfolio, an index which adopts a methodology which incorporates no specific ESG criteria or requirements (a "Non-ESG Index") but which in all other material respects is the closest equivalent to the relevant ESG Index;
- 2) where the collective investment scheme tracks a Non-ESG Index or otherwise use such a Non-ESG Index to construct its portfolio, such Non-ESG Index; or
- 3) where the Investment Manager considers that an index other than the Non-ESG Index that would be selected pursuant to 1) or 2) above provides a reasonable representation of the non-ESG investment universe of the collective investment scheme and its use is more practicable for the purposes of forming the Reference Comparator, such other index.

A list of the indices that form the Reference Comparator will be made available to unitholders in the quarterly reporting of the Fund.

As described in the Fund's investment policy, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). Within this allocation, the Fund may invest in collective investment schemes which primarily invest in government bonds ("Government Bond Funds"). Of the assets that the Fund invests in Government Bond Funds, the Fund will invest at least 80% of the total value of such assets in Government Bond Funds which track benchmark indices primarily comprising government bond issuers with an ESG sovereign rating of BB or higher (as defined by MSCI or the comparable rating of another third party vendor).

Of the total assets that the Fund invests in collective investment schemes other than Government Bond Funds and collective investment schemes that invest primarily in commodities, the Fund will invest at least 80% of the total value of such assets in collective investment schemes which 1) track benchmark indices that apply screens and exclusionary criteria based on ESG-related limits/thresholds, and/or 2) otherwise include/exclude and/or overweight/underweight (i.e. allocate a higher or lower proportion of their assets to) investments included in an underlying benchmark based on ESG-related characteristics (together, "ESG Funds").

In making an assessment of whether a collective investment scheme constitutes an ESG Fund for the purposes of this ESG Policy, the Investment Manager will analyse the investment policy of the collective investment scheme and the methodology of the relevant underlying index, including how the constituents of the relevant index are selected and weighted, and whether and to what extent the collective investment scheme:

- 1) excludes or underweights issuers or sectors which are involved in activities which the Investment Manager considers inconsistent with the principles of ESG investing (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact and the extraction and generation of power from fossil fuels like thermal coal and tar sands) and/or excludes or underweights issuers or sectors to minimise exposure to characteristics that the Investment Manager considers are negative from an ESG investing perspective; and/or
- 2) includes or overweights issuers or sectors based on activities which the Investment Manager considers positive from an ESG investing perspective and/or includes or

~~overweights issuers or sectors to maximise exposure to characteristics that the Investment Manager considers are positive from an ESG investing perspective.~~

~~The nature and extent of ESG characteristics will vary between the ESG Funds in which the Fund invests, and the criteria for what the Investment Manager considers inconsistent with the principles of ESG investing or positive from an ESG investing perspective may also change and develop over time. Where an ESG Fund applies screens and exclusionary criteria, the limits or thresholds will be derived from the relevant index provider's definition of what constitutes "involvement" in certain restricted activities. Involvement in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.~~

~~As part of its investment process, the Investment Manager will use data from one or more third party ESG research providers (for example MSCI) and data generated internally by the Investment Manager and/or its affiliates, as well as the Investment Manager's and/or its affiliates' proprietary data analysis tools, to identify the ESG and ESG related metrics (such as carbon emission intensity scores) of issuers and to compare such scores across a range of collective investment schemes in order to select schemes to be held as ESG Funds.~~

~~ESG Government Bond Funds will, at the time of purchase by the Fund, comply with the rating requirements described above. Where the Investment Manager is of the view that a collective investment scheme has ceased to be appropriate for characterisation as an ESG Fund (for example, due to a change or deterioration in its ESG characteristics in the opinion of the Investment Manager), or where an ESG Government Bond Fund ceases to comply with the rating requirements described above, the Fund may continue to hold such investment as an ESG Fund or an ESG Government Bond Fund (respectively) but will seek to divest within a reasonable period of time or the Fund may, at the discretion of the Investment Manager, continue to hold such investment other than as an ESG Fund or an ESG Government Bond Fund (respectively).~~

~~Quarterly reporting of the Fund's carbon emission intensity score and ESG score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.~~

~~The Fund may, for liquidity management and other purposes, gain indirect exposure (through, among other things, derivatives and shares or units in collective investment schemes) to securities and other assets that can be turned into cash quickly, but in respect of which no specific ESG criteria or requirements are applied.~~

## **Investment Process and ESG**

As part of its investment process, the Investment Manager applies ESG commitments at a portfolio level to its selection of collective investment schemes. These ESG commitments are identified in the table below, along with the asset classes within the Fund to which they are applied.

<b>Portfolio breakdown</b>		<b>Are ESG commitments applied?</b>
At least 70% of total assets in collective investment schemes, comprising	(a) Collective investment schemes that invest at least 50% in government bonds	Yes, at least 80% of Government Bond Funds in which the Fund invests track benchmark indices comprised of at least 50% of government bond issuers with an ESG government rating of BB or higher (as defined by MSCI or the comparable rating of another third-party vendor). MSCI's ESG government ratings are intended to identify and assign weights to the environmental, social, or



	(a) to (c) (see next column).	<p><b><u>("Government Bond Funds")</u></b></p>	<p><u>governance-related issues that could impact the long term sustainability of economies. Further information regarding the MSCI ESG government ratings methodology is available via <a href="https://www.msci.com/esg-and-climate-methodologies">https://www.msci.com/esg-and-climate-methodologies</a>.</u></p> <p><u>In addition, the Investment Manager aims to achieve, as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator (each as detailed below).</u></p> <p><u>Although the Fund has made a binding ESG commitment to seek this outcome, there can be no guarantee that this outcome will be achieved and the actual ESG score of the Fund's portfolio may vary.</u></p>
	(b) Collective investment schemes other than Government Bond Funds, commodity funds and collective investment schemes held for EPM purposes (" <b><u>Other CIS</u></b> ").	<p><u>Yes, at least 80% of Other CIS in which the Fund invests themselves apply ESG criteria within their investment processes (as further detailed below).</u></p> <p><u>In addition, in respect of corporate issuers (i.e. companies) invested in by the Other CIS held by the Fund, the Investment Manager aims to achieve:</u></p> <ul style="list-style-type: none"> <li><u>a carbon emission intensity score that by 30 June 2029 is 50% less than its carbon emission intensity score as at 30 June 2019; and</u></li> <li><u>as calculated at the end of each calendar quarter, a carbon emission intensity score that is less than the Reference Comparator (each as detailed below).</u></li> </ul> <p><u>Although the Fund has made a binding ESG commitment to seek these outcomes, there can be no guarantee that these outcomes will be achieved and the actual carbon emission intensity score of the Fund's portfolio may vary.</u></p> <p><u>Investors should also note that as the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it will increase its exposure to fixed income securities issued by governments and may, close to its maturity date, hold a majority of its assets in non-corporate issuers (which are not included for the purposes of calculating the carbon emission intensity score of the Fund's portfolio).</u></p> <p><u>As set out above, the Investment Manager also aims to achieve, as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator (each as detailed below).</u></p>	
	(c) Alternative asset classes (such as commodity funds).	<p><u>No.</u></p>	

<p><u>Up to 30% of total assets in other assets (including direct investments and collective investment schemes in which the Fund invests for EPM purposes).</u></p>	<p><u>No.</u></p>
<p><u>In order to satisfy the ESG commitment with respect to Other CIS, the Investment Manager will, in respect of any Other CIS in which it is considering an investment for the Fund, analyse its investment objective and policy and how its investments are selected, including (where relevant) the methodology of any benchmark index that it uses, to identify the ESG criteria (if any) that it applies.</u></p> <p><u>The ESG criteria may be applied by the Other CIS tracking, or otherwise using for portfolio construction purposes, a benchmark index that itself applies ESG criteria, or they may be applied by the Other CIS separately. The ESG criteria will include:</u></p> <ol style="list-style-type: none"> <li><u>1) Following a similar approach to the application of the BlackRock EMEA Baseline Screens, the exclusion or underweighting of issuers or sectors which are "involved" in activities that the Investment Manager considers negative from an ESG investing perspective (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact principles and the extraction and generation of power from fossil fuels like thermal coal and tar sands). For these purposes, "involvement" in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.</u></li> <li><u>2) The inclusion or overweighting of issuers or sectors based on activities that the Investment Manager considers positive from an ESG investing perspective with a particular focus on improvement in 'ESG scores' and a reduction in 'carbon emission intensity scores', which the Investment Manager will monitor on an ongoing basis as set out below.</u></li> </ol> <p><u>In respect of each commitment, if the Fund ceases to meet the commitment at any time (for example, because a collective investment scheme in which it is invested no longer complies with the relevant rating requirements or applies ESG criteria as described above (as applicable)), the Fund will take steps to seek to rebalance its portfolio to meet the commitment within a reasonable period of time.</u></p> <p><u>Please see section 38(c) in the Prospectus for detail regarding the Investment Manager's use of data.</u></p> <p><b><u>ESG metrics</u></b></p> <p><u>ESG scores are a measurement of issuers' ability to manage financially relevant ESG risks and opportunities. Each rating takes into consideration an issuer's exposure to potentially material ESG risks, the quality of the issuer's management systems and governance structures relative to those potential ESG risks, and where applicable, how the issuer is positioning to meet market demand for the provision of products and services that have a positive environmental or social contribution. The ESG score of the Fund's portfolio is calculated by aggregating the weighted ESG scores attributable to each issuer in which that Fund invests (whether directly or indirectly through collective investment schemes). The ESG scores of underlying commodity funds, and collective investment schemes held for EPM purposes, are not available and accordingly not included in this calculation.</u></p>	

Carbon emission intensity scores are a measurement of carbon emissions of an issuer relative to the issuer's size based on data from one or more third party ESG research providers.

For details on how the carbon emission intensity score of the Fund's portfolio is calculated, as well as further details on ESG scores, see the section titled ESG metrics in section 38(b) of the Prospectus.

Quarterly reporting of the Fund's carbon emission intensity score and ESG score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.

### **Fund benchmarks**

The Fund does not have a target, constraining or comparator benchmark. As described in the investment policy above, the Fund will adjust its investment strategy over time in order to seek to achieve its investment objective and therefore the Fund's asset allocation will vary over time. Unitholders may contact the Manager for details of how the Fund has performed against the asset allocation for any given period, in order to compare the performance of the Fund.

~~For the purposes of the~~The Fund's ESG Policy above, the carbon emission intensity score and ESG score of the Fund's portfolio is measured against ~~the~~ a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "**Reference Comparator**"). Further detail regarding the Reference Comparator is included in section 38(d) of the Prospectus.

<p><b>ACS LifePath 2049-2051</b></p> <p>The Fund was authorised by the FCA on 5 April 2018.</p> <p>The Fund's FCA product reference number is 805828.</p>	<p><u>This Fund does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The Fund does not use a sustainability label because whilst the Fund applies ESG commitments within its investment process and monitors the application of these commitments through ESG related metrics (in each case, as described below), the Fund does not have a specific sustainability goal. This is primarily because the Fund follows a fund-of-funds strategy and the underlying funds in which the Fund invests may not meet the criteria of any sustainability label.</u></p> <p><b>Investment objective</b></p> <p>The Fund is a target date retirement fund (which means that an investor should match the date in the name of the fund to his/her target retirement date). The Fund's investment objective is to provide a return on your investment (generated through an increase in the value of the assets held by the Fund and/or income received from those assets) with an asset allocation (i.e. mix of assets) that changes over time. <del>The Fund aims to invest in accordance with its environmental, social and governance ("ESG") policy (as, whilst incorporating the ESG commitments described in its investment policy below).</del></p> <p>Although the Fund aims to deliver a return on your investment in line with the target date of the Fund, there is no guarantee that this will be achieved over this time period, or any time period and the Fund may experience periods of no return. The Fund's capital is at risk meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.</p> <p><b>Investment policy</b></p> <p>In seeking to achieve its investment objective, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). These collective investment schemes (which are expected to be either index tracker funds, or funds which otherwise use an index for portfolio construction purposes, and will typically be Associated Funds) may gain exposure globally to: equity securities (i.e. shares), fixed income securities (i.e. both government and non-government bonds) and alternative asset classes (such as property and commodities).</p> <p>In seeking to achieve its investment objective and/or for liquidity purposes, the Fund may also invest in other asset classes. These other asset classes include direct investment (i.e. not through collective investment schemes) in equity securities and fixed income securities, money market instruments (i.e. debt securities with short-term maturities), cash or assets that can be turned into cash quickly. The fixed income securities in which the Fund invests (whether directly or indirectly) may be investment grade, have a relatively low credit rating or be unrated.</p> <p>Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to further the Fund's investment objective, to seek to reduce risk (relevant to the investment objective of the Fund) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM"). They will also be used with the specific aim of hedging foreign currency exposures back to Sterling.</p> <p>The maturity date of the fund is 30 June 2050. The Fund will adjust its investment strategy to be more conservative to risk as it progresses towards its maturity date, from a portfolio of units of collective investment schemes which gain exposure to approximately 80% equity securities (which are generally considered to be more risky compared to fixed income securities), towards a target portfolio composition on maturity of units of collective investment schemes which gain exposure to approximately 60% fixed income securities (which are generally considered to be less risky compared to equity securities) and 40% equity securities. It is intended that the Fund will remain invested in accordance with its</p>
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target portfolio composition on maturity for at least 18 months after its maturity date, after which time unitholders will be informed of the intention to terminate the Fund. Upon termination, unitholders' units will be redeemed, however unitholders may have the opportunity to switch their holdings into other products. Other products in the BlackRock LifePath range exist which have investment objectives and policies that are similar to that of the Fund after the Fund's maturity date.

## **ESG policy**

Through the application of the methodology set out in this ESG Policy, the Investment Manager expects to achieve for the Fund's portfolio:

- 1) a carbon emission intensity score, in respect only of the corporate issuers in which the Fund invests, that:
  - a) by 30 June 2029, is 50% less than its carbon emission intensity score as at 30 June 2019; and
  - b) as calculated at the end of each calendar quarter, is less than a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "Reference Comparator") as further described below; and
- 2) as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator.

There can be no guarantee that these expectations will be met and the carbon emission intensity score and the ESG score of the Fund's portfolio may vary.

Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their size. In measuring the size of issuers, for this purpose, the Investment Manager intends to use their reported sales, but it may use another measure instead if it considers it appropriate or necessary as a result of changes in regulation, market practice or available data. The carbon emission intensity score of the Fund's portfolio is calculated based on the carbon emission intensity scores attributed only to the corporate issuers in which the Fund invests either indirectly through collective investment schemes or directly. Securities issued by non-corporate issuers in which the Fund directly or indirectly invests, such as fixed income securities issued by governments and commodities (indirect exposure only), are not included. As the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it will increase its exposure to fixed income securities issued by governments and may, close to its maturity date, hold a majority of its assets in non-corporate issuers (which are not included for the purposes of calculating the carbon emission intensity score of the Fund's portfolio). The same exclusion of non-corporate issuers is applied to the carbon emission intensity score calculated for the Reference Comparator.

ESG scores are a measurement of issuers' ESG credentials. The ESG score of the Fund's portfolio is calculated based on the ESG scores attributed to the issuers in which the Fund invests either indirectly through collective investment schemes or directly (but excluding assets for which ESG scores are not available such as commodities (indirect exposure only)). The same exclusion is applied to the ESG score calculated for the Reference Comparator.

The Reference Comparator is a composite benchmark of underlying indices, one for each collective investment scheme in which the Fund invests (other than collective investment schemes in which the Fund invests for liquidity purposes only), where each underlying index is intended to represent a portfolio of assets similar to those in which such collective investment scheme invests but in respect of which no specific ESG related criteria or requirements are applied (the "non ESG investment universe"). Each such index will be weighted within the Reference Comparator based on the weight given to the corresponding collective investment scheme within the Fund's portfolio. Accordingly, the composition of the Reference Comparator will vary over time as the

Fund's allocation to different collective investment schemes varies, and as the Fund changes the collective investment schemes in which it invests.

For the purposes of forming the Reference Comparator, as outlined above, the index that is selected to represent the non-ESG investment universe of a particular collective investment scheme will be:

- 1) where the collective investment scheme tracks an index the methodology of which incorporates ESG criteria or requirements (an "ESG Index") or otherwise uses such an ESG Index to construct its portfolio, an index which adopts a methodology which incorporates no specific ESG criteria or requirements (a "Non-ESG Index") but which in all other material respects is the closest equivalent to the relevant ESG Index;
- 2) where the collective investment scheme tracks a Non-ESG Index or otherwise use such a Non-ESG Index to construct its portfolio, such Non-ESG Index; or
- 3) where the Investment Manager considers that an index other than the Non-ESG Index that would be selected pursuant to 1) or 2) above provides a reasonable representation of the non-ESG investment universe of the collective investment scheme and its use is more practicable for the purposes of forming the Reference Comparator, such other index.

A list of the indices that form the Reference Comparator will be made available to unitholders in the quarterly reporting of the Fund.

As described in the Fund's investment policy, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). Within this allocation, the Fund may invest in collective investment schemes which primarily invest in government bonds ("Government Bond Funds"). Of the assets that the Fund invests in Government Bond Funds, the Fund will invest at least 80% of the total value of such assets in Government Bond Funds which track benchmark indices primarily comprising government bond issuers with an ESG sovereign rating of BB or higher (as defined by MSCI or the comparable rating of another third party vendor).

Of the total assets that the Fund invests in collective investment schemes other than Government Bond Funds and collective investment schemes that invest primarily in commodities, the Fund will invest at least 80% of the total value of such assets in collective investment schemes which 1) track benchmark indices that apply screens and exclusionary criteria based on ESG-related limits/thresholds, and/or 2) otherwise include/exclude and/or overweight/underweight (i.e. allocate a higher or lower proportion of their assets to) investments included in an underlying benchmark based on ESG-related characteristics (together, "ESG Funds").

In making an assessment of whether a collective investment scheme constitutes an ESG Fund for the purposes of this ESG Policy, the Investment Manager will analyse the investment policy of the collective investment scheme and the methodology of the relevant underlying index, including how the constituents of the relevant index are selected and weighted, and whether and to what extent the collective investment scheme:

- 1) excludes or underweights issuers or sectors which are involved in activities which the Investment Manager considers inconsistent with the principles of ESG investing (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact and the extraction and generation of power from fossil fuels like thermal coal and tar sands) and/or excludes or underweights issuers or sectors to minimise exposure to characteristics that the Investment Manager considers are negative from an ESG investing perspective; and/or
- 2) includes or overweights issuers or sectors based on activities which the Investment Manager considers positive from an ESG investing perspective and/or includes or

~~overweights issuers or sectors to maximise exposure to characteristics that the Investment Manager considers are positive from an ESG investing perspective.~~

~~The nature and extent of ESG characteristics will vary between the ESG Funds in which the Fund invests, and the criteria for what the Investment Manager considers inconsistent with the principles of ESG investing or positive from an ESG investing perspective may also change and develop over time. Where an ESG Fund applies screens and exclusionary criteria, the limits or thresholds will be derived from the relevant index provider's definition of what constitutes "involvement" in certain restricted activities. Involvement in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.~~

~~As part of its investment process, the Investment Manager will use data from one or more third party ESG research providers (for example MSCI) and data generated internally by the Investment Manager and/or its affiliates, as well as the Investment Manager's and/or its affiliates' proprietary data analysis tools, to identify the ESG and ESG related metrics (such as carbon emission intensity scores) of issuers and to compare such scores across a range of collective investment schemes in order to select schemes to be held as ESG Funds.~~

~~ESG Government Bond Funds will, at the time of purchase by the Fund, comply with the rating requirements described above. Where the Investment Manager is of the view that a collective investment scheme has ceased to be appropriate for characterisation as an ESG Fund (for example, due to a change or deterioration in its ESG characteristics in the opinion of the Investment Manager), or where an ESG Government Bond Fund ceases to comply with the rating requirements described above, the Fund may continue to hold such investment as an ESG Fund or an ESG Government Bond Fund (respectively) but will seek to divest within a reasonable period of time or the Fund may, at the discretion of the Investment Manager, continue to hold such investment other than as an ESG Fund or an ESG Government Bond Fund (respectively).~~

~~Quarterly reporting of the Fund's carbon emission intensity score and ESG score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.~~

~~The Fund may, for liquidity management and other purposes, gain indirect exposure (through, among other things, derivatives and shares or units in collective investment schemes) to securities and other assets that can be turned into cash quickly, but in respect of which no specific ESG criteria or requirements are applied.~~

## **Investment Process and ESG**

As part of its investment process, the Investment Manager applies ESG commitments at a portfolio level to its selection of collective investment schemes. These ESG commitments are identified in the table below, along with the asset classes within the Fund to which they are applied.

<b><u>Portfolio breakdown</u></b>		<b><u>Are ESG commitments applied?</u></b>
<u>At least 70% of total assets in collective investment schemes, comprising</u>	<u>(a) Collective investment schemes that invest at least 50% in government bonds</u>	<u>Yes, at least 80% of Government Bond Funds in which the Fund invests track benchmark indices comprised of at least 50% of government bond issuers with an ESG government rating of BB or higher (as defined by MSCI or the comparable rating of another third-party vendor). MSCI's ESG government ratings are intended to identify and assign weights to the environmental, social, or</u>

	(a) to (c) (see next column).	<p><b><u>("Government Bond Funds")</u></b></p>	<p><u>governance-related issues that could impact the long term sustainability of economies. Further information regarding the MSCI ESG government ratings methodology is available via <a href="https://www.msci.com/esg-and-climate-methodologies">https://www.msci.com/esg-and-climate-methodologies</a>.</u></p> <p><u>In addition, the Investment Manager aims to achieve, as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator (each as detailed below).</u></p> <p><u>Although the Fund has made a binding ESG commitment to seek this outcome, there can be no guarantee that this outcome will be achieved and the actual ESG score of the Fund's portfolio may vary.</u></p>
	(b) Collective investment schemes other than Government Bond Funds, commodity funds and collective investment schemes held for EPM purposes (" <b><u>Other CIS</u></b> ").	<p><u>Yes, at least 80% of Other CIS in which the Fund invests themselves apply ESG criteria within their investment processes (as further detailed below).</u></p> <p><u>In addition, in respect of corporate issuers (i.e. companies) invested in by the Other CIS held by the Fund, the Investment Manager aims to achieve:</u></p> <ul style="list-style-type: none"> <li><u>a carbon emission intensity score that by 30 June 2029 is 50% less than its carbon emission intensity score as at 30 June 2019; and</u></li> <li><u>as calculated at the end of each calendar quarter, a carbon emission intensity score that is less than the Reference Comparator (each as detailed below).</u></li> </ul> <p><u>Although the Fund has made a binding ESG commitment to seek these outcomes, there can be no guarantee that these outcomes will be achieved and the actual carbon emission intensity score of the Fund's portfolio may vary.</u></p> <p><u>Investors should also note that as the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it will increase its exposure to fixed income securities issued by governments and may, close to its maturity date, hold a majority of its assets in non-corporate issuers (which are not included for the purposes of calculating the carbon emission intensity score of the Fund's portfolio).</u></p> <p><u>As set out above, the Investment Manager also aims to achieve, as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator (each as detailed below).</u></p>	
	(c) Alternative asset classes (such as commodity funds).	<p><u>No.</u></p>	



<p><u>Up to 30% of total assets in other assets (including direct investments and collective investment schemes in which the Fund invests for EPM purposes).</u></p>	<p><u>No.</u></p>
<p><u>In order to satisfy the ESG commitment with respect to Other CIS, the Investment Manager will, in respect of any Other CIS in which it is considering an investment for the Fund, analyse its investment objective and policy and how its investments are selected, including (where relevant) the methodology of any benchmark index that it uses, to identify the ESG criteria (if any) that it applies.</u></p> <p><u>The ESG criteria may be applied by the Other CIS tracking, or otherwise using for portfolio construction purposes, a benchmark index that itself applies ESG criteria, or they may be applied by the Other CIS separately. The ESG criteria will include:</u></p> <ol style="list-style-type: none"> <li><u>1) Following a similar approach to the application of the BlackRock EMEA Baseline Screens, the exclusion or underweighting of issuers or sectors which are "involved" in activities that the Investment Manager considers negative from an ESG investing perspective (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact principles and the extraction and generation of power from fossil fuels like thermal coal and tar sands). For these purposes, "involvement" in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.</u></li> <li><u>2) The inclusion or overweighting of issuers or sectors based on activities that the Investment Manager considers positive from an ESG investing perspective with a particular focus on improvement in 'ESG scores' and a reduction in 'carbon emission intensity scores', which the Investment Manager will monitor on an ongoing basis as set out below.</u></li> </ol> <p><u>In respect of each commitment, if the Fund ceases to meet the commitment at any time (for example, because a collective investment scheme in which it is invested no longer complies with the relevant rating requirements or applies ESG criteria as described above (as applicable)), the Fund will take steps to seek to rebalance its portfolio to meet the commitment within a reasonable period of time.</u></p> <p><u>Please see section 38(c) in the Prospectus for detail regarding the Investment Manager's use of data.</u></p> <p><b><u>ESG metrics</u></b></p> <p><u>ESG scores are a measurement of issuers' ability to manage financially relevant ESG risks and opportunities. Each rating takes into consideration an issuer's exposure to potentially material ESG risks, the quality of the issuer's management systems and governance structures relative to those potential ESG risks, and where applicable, how the issuer is positioning to meet market demand for the provision of products and services that have a positive environmental or social contribution. The ESG score of the Fund's portfolio is calculated by aggregating the weighted ESG scores attributable to each issuer in which that Fund invests (whether directly or indirectly through collective investment schemes). The ESG scores of underlying commodity funds, and collective investment schemes held for EPM purposes, are not available and accordingly not included in this calculation.</u></p>	

Carbon emission intensity scores are a measurement of carbon emissions of an issuer relative to the issuer's size based on data from one or more third party ESG research providers.

For details on how the carbon emission intensity score of the Fund's portfolio is calculated, as well as further details on ESG scores, see the section titled ESG metrics in section 38(b) of the Prospectus.

Quarterly reporting of the Fund's carbon emission intensity score and ESG score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.

### **Fund benchmarks**

The Fund does not have a target, constraining or comparator benchmark. As described in the investment policy above, the Fund will adjust its investment strategy over time in order to seek to achieve its investment objective and therefore the Fund's asset allocation will vary over time. Unitholders may contact the Manager for details of how the Fund has performed against the asset allocation for any given period, in order to compare the performance of the Fund.

~~For the purposes of the~~The Fund's ESG Policy above, the carbon emission intensity score and ESG score ~~of the Fund's portfolio~~is measured against ~~the~~ portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "**Reference Comparator**"). Further detail regarding the Reference Comparator is included in section 38(d) of the Prospectus.

<p><b>ACS LifePath 2052-2054</b></p> <p>The Fund was authorised by the FCA on 5 April 2018.</p> <p>The Fund's FCA product reference number is 805829.</p>	<p><u>This Fund does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The Fund does not use a sustainability label because whilst the Fund applies ESG commitments within its investment process and monitors the application of these commitments through ESG related metrics (in each case, as described below), the Fund does not have a specific sustainability goal. This is primarily because the Fund follows a fund-of-funds strategy and the underlying funds in which the Fund invests may not meet the criteria of any sustainability label.</u></p> <p><b>Investment objective</b></p> <p>The Fund is a target date retirement fund (which means that an investor should match the date in the name of the fund to his/her target retirement date). The Fund's investment objective is to provide a return on your investment (generated through an increase in the value of the assets held by the Fund and/or income received from those assets) with an asset allocation (i.e. mix of assets) that changes over time. <del>The Fund aims to invest in accordance with its environmental, social and governance ("ESG") policy (as, whilst incorporating the ESG commitments described in its investment policy below).</del></p> <p>Although the Fund aims to deliver a return on your investment in line with the target date of the Fund, there is no guarantee that this will be achieved over this time period, or any time period and the Fund may experience periods of no return. The Fund's capital is at risk meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.</p> <p><b>Investment policy</b></p> <p>In seeking to achieve its investment objective, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). These collective investment schemes (which are expected to be either index tracker funds, or funds which otherwise use an index for portfolio construction purposes, and will typically be Associated Funds) may gain exposure globally to: equity securities (i.e. shares), fixed income securities (i.e. both government and non-government bonds) and alternative asset classes (such as property and commodities).</p> <p>In seeking to achieve its investment objective and/or for liquidity purposes, the Fund may also invest in other asset classes. These other asset classes include direct investment (i.e. not through collective investment schemes) in equity securities and fixed income securities, money market instruments (i.e. debt securities with short-term maturities), cash or assets that can be turned into cash quickly. The fixed income securities in which the Fund invests (whether directly or indirectly) may be investment grade, have a relatively low credit rating or be unrated.</p> <p>Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to further the Fund's investment objective, to seek to reduce risk (relevant to the investment objective of the Fund) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM"). They will also be used with the specific aim of hedging foreign currency exposures back to Sterling.</p> <p>The maturity date of the fund is 30 June 2053. The Fund will adjust its investment strategy to be more conservative to risk as it progresses towards its maturity date, from a portfolio of units of collective investment schemes which gain exposure to approximately 80% equity securities (which are generally considered to be more risky compared to fixed income securities), towards a target portfolio composition on maturity of units of collective investment schemes which gain exposure to approximately 60% fixed income securities (which are generally considered to be less risky compared to equity securities) and 40% equity securities. It is intended that the Fund will remain invested in accordance with its</p>
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target portfolio composition on maturity for at least 18 months after its maturity date, after which time unitholders will be informed of the intention to terminate the Fund. Upon termination, unitholders' units will be redeemed, however unitholders may have the opportunity to switch their holdings into other products. Other products in the BlackRock LifePath range exist which have investment objectives and policies that are similar to that of the Fund after the Fund's maturity date.

## **ESG policy**

Through the application of the methodology set out in this ESG Policy, the Investment Manager expects to achieve for the Fund's portfolio:

- 1) a carbon emission intensity score, in respect only of the corporate issuers in which the Fund invests, that:
  - a) by 30 June 2029, is 50% less than its carbon emission intensity score as at 30 June 2019; and
  - b) as calculated at the end of each calendar quarter, is less than a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "Reference Comparator") as further described below; and
- 2) as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator.

There can be no guarantee that these expectations will be met and the carbon emission intensity score and the ESG score of the Fund's portfolio may vary.

Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their size. In measuring the size of issuers, for this purpose, the Investment Manager intends to use their reported sales, but it may use another measure instead if it considers it appropriate or necessary as a result of changes in regulation, market practice or available data. The carbon emission intensity score of the Fund's portfolio is calculated based on the carbon emission intensity scores attributed only to the corporate issuers in which the Fund invests either indirectly through collective investment schemes or directly. Securities issued by non-corporate issuers in which the Fund directly or indirectly invests, such as fixed income securities issued by governments and commodities (indirect exposure only), are not included. As the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it will increase its exposure to fixed income securities issued by governments and may, close to its maturity date, hold a majority of its assets in non-corporate issuers (which are not included for the purposes of calculating the carbon emission intensity score of the Fund's portfolio). The same exclusion of non-corporate issuers is applied to the carbon emission intensity score calculated for the Reference Comparator.

ESG scores are a measurement of issuers' ESG credentials. The ESG score of the Fund's portfolio is calculated based on the ESG scores attributed to the issuers in which the Fund invests either indirectly through collective investment schemes or directly (but excluding assets for which ESG scores are not available such as commodities (indirect exposure only)). The same exclusion is applied to the ESG score calculated for the Reference Comparator.

The Reference Comparator is a composite benchmark of underlying indices, one for each collective investment scheme in which the Fund invests (other than collective investment schemes in which the Fund invests for liquidity purposes only), where each underlying index is intended to represent a portfolio of assets similar to those in which such collective investment scheme invests but in respect of which no specific ESG related criteria or requirements are applied (the "non ESG investment universe"). Each such index will be weighted within the Reference Comparator based on the weight given to the corresponding collective investment scheme within the Fund's portfolio. Accordingly, the composition of the Reference Comparator will vary over time as the

Fund's allocation to different collective investment schemes varies, and as the Fund changes the collective investment schemes in which it invests.

For the purposes of forming the Reference Comparator, as outlined above, the index that is selected to represent the non-ESG investment universe of a particular collective investment scheme will be:

- 1) where the collective investment scheme tracks an index the methodology of which incorporates ESG criteria or requirements (an "ESG Index") or otherwise uses such an ESG Index to construct its portfolio, an index which adopts a methodology which incorporates no specific ESG criteria or requirements (a "Non-ESG Index") but which in all other material respects is the closest equivalent to the relevant ESG Index;
- 2) where the collective investment scheme tracks a Non-ESG Index or otherwise use such a Non-ESG Index to construct its portfolio, such Non-ESG Index; or
- 3) where the Investment Manager considers that an index other than the Non-ESG Index that would be selected pursuant to 1) or 2) above provides a reasonable representation of the non-ESG investment universe of the collective investment scheme and its use is more practicable for the purposes of forming the Reference Comparator, such other index.

A list of the indices that form the Reference Comparator will be made available to unitholders in the quarterly reporting of the Fund.

As described in the Fund's investment policy, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). Within this allocation, the Fund may invest in collective investment schemes which primarily invest in government bonds ("Government Bond Funds"). Of the assets that the Fund invests in Government Bond Funds, the Fund will invest at least 80% of the total value of such assets in Government Bond Funds which track benchmark indices primarily comprising government bond issuers with an ESG sovereign rating of BB or higher (as defined by MSCI or the comparable rating of another third party vendor).

Of the total assets that the Fund invests in collective investment schemes other than Government Bond Funds and collective investment schemes that invest primarily in commodities, the Fund will invest at least 80% of the total value of such assets in collective investment schemes which 1) track benchmark indices that apply screens and exclusionary criteria based on ESG-related limits/thresholds, and/or 2) otherwise include/exclude and/or overweight/underweight (i.e. allocate a higher or lower proportion of their assets to) investments included in an underlying benchmark based on ESG-related characteristics (together, "ESG Funds").

In making an assessment of whether a collective investment scheme constitutes an ESG Fund for the purposes of this ESG Policy, the Investment Manager will analyse the investment policy of the collective investment scheme and the methodology of the relevant underlying index, including how the constituents of the relevant index are selected and weighted, and whether and to what extent the collective investment scheme:

- 1) excludes or underweights issuers or sectors which are involved in activities which the Investment Manager considers inconsistent with the principles of ESG investing (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact and the extraction and generation of power from fossil fuels like thermal coal and tar sands) and/or excludes or underweights issuers or sectors to minimise exposure to characteristics that the Investment Manager considers are negative from an ESG investing perspective; and/or
- 2) includes or overweights issuers or sectors based on activities which the Investment Manager considers positive from an ESG investing perspective and/or includes or

~~overweights issuers or sectors to maximise exposure to characteristics that the Investment Manager considers are positive from an ESG investing perspective.~~

~~The nature and extent of ESG characteristics will vary between the ESG Funds in which the Fund invests, and the criteria for what the Investment Manager considers inconsistent with the principles of ESG investing or positive from an ESG investing perspective may also change and develop over time. Where an ESG Fund applies screens and exclusionary criteria, the limits or thresholds will be derived from the relevant index provider's definition of what constitutes "involvement" in certain restricted activities. Involvement in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.~~

~~As part of its investment process, the Investment Manager will use data from one or more third party ESG research providers (for example MSCI) and data generated internally by the Investment Manager and/or its affiliates, as well as the Investment Manager's and/or its affiliates' proprietary data analysis tools, to identify the ESG and ESG related metrics (such as carbon emission intensity scores) of issuers and to compare such scores across a range of collective investment schemes in order to select schemes to be held as ESG Funds.~~

~~ESG Government Bond Funds will, at the time of purchase by the Fund, comply with the rating requirements described above. Where the Investment Manager is of the view that a collective investment scheme has ceased to be appropriate for characterisation as an ESG Fund (for example, due to a change or deterioration in its ESG characteristics in the opinion of the Investment Manager), or where an ESG Government Bond Fund ceases to comply with the rating requirements described above, the Fund may continue to hold such investment as an ESG Fund or an ESG Government Bond Fund (respectively) but will seek to divest within a reasonable period of time or the Fund may, at the discretion of the Investment Manager, continue to hold such investment other than as an ESG Fund or an ESG Government Bond Fund (respectively).~~

~~Quarterly reporting of the Fund's carbon emission intensity score and ESG score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.~~

~~The Fund may, for liquidity management and other purposes, gain indirect exposure (through, among other things, derivatives and shares or units in collective investment schemes) to securities and other assets that can be turned into cash quickly, but in respect of which no specific ESG criteria or requirements are applied.~~

## **Investment Process and ESG**

As part of its investment process, the Investment Manager applies ESG commitments at a portfolio level to its selection of collective investment schemes. These ESG commitments are identified in the table below, along with the asset classes within the Fund to which they are applied.

<b>Portfolio breakdown</b>		<b>Are ESG commitments applied?</b>
At least 70% of total assets in collective investment schemes, comprising (a) to (c)	(a) Collective investment schemes that invest at least 50% in government bonds (" <b>Government Bond Funds</b> ").	Yes, at least 80% of Government Bond Funds in which the Fund invests track benchmark indices comprised of at least 50% of government bond issuers with an ESG government rating of BB or higher (as defined by MSCI or the comparable rating of another third-party vendor). MSCI's ESG government ratings are intended to identify and assign weights to the environmental, social, or governance-related issues that could impact the

	(see next column).	<p>long term sustainability of economies. Further information regarding the MSCI ESG government ratings methodology is available via <a href="https://www.msci.com/esg-and-climate-methodologies">https://www.msci.com/esg-and-climate-methodologies</a>.</p> <p>In addition, the Investment Manager aims to achieve, as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator (each as detailed below).</p> <p>Although the Fund has made a binding ESG commitment to seek this outcome, there can be no guarantee that this outcome will be achieved and the actual ESG score of the Fund's portfolio may vary.</p>
	(b) Collective investment schemes other than Government Bond Funds, commodity funds and collective investment schemes held for EPM purposes ("Other CIS").	<p>Yes, at least 80% of Other CIS in which the Fund invests themselves apply ESG criteria within their investment processes (as further detailed below).</p> <p>In addition, in respect of corporate issuers (i.e. companies) invested in by the Other CIS held by the Fund, the Investment Manager aims to achieve:</p> <ul style="list-style-type: none"> <li>• a carbon emission intensity score that by 30 June 2029 is 50% less than its carbon emission intensity score as at 30 June 2019; and</li> <li>• as calculated at the end of each calendar quarter, a carbon emission intensity score that is less than the Reference Comparator (each as detailed below).</li> </ul> <p>Although the Fund has made a binding ESG commitment to seek these outcomes, there can be no guarantee that these outcomes will be achieved and the actual carbon emission intensity score of the Fund's portfolio may vary.</p> <p>Investors should also note that as the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it will increase its exposure to fixed income securities issued by governments and may, close to its maturity date, hold a majority of its assets in non-corporate issuers (which are not included for the purposes of calculating the carbon emission intensity score of the Fund's portfolio).</p> <p>As set out above, the Investment Manager also aims to achieve, as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator (each as detailed below).</p>
	(c) Alternative asset classes (such as commodity funds).	No.
	Up to 30% of total assets in other assets (including direct	No.

investments and collective investment schemes in which the Fund invests for EPM purposes).

In order to satisfy the ESG commitment with respect to Other CIS, the Investment Manager will, in respect of any Other CIS in which it is considering an investment for the Fund, analyse its investment objective and policy and how its investments are selected, including (where relevant) the methodology of any benchmark index that it uses, to identify the ESG criteria (if any) that it applies.

The ESG criteria may be applied by the Other CIS tracking, or otherwise using for portfolio construction purposes, a benchmark index that itself applies ESG criteria, or they may be applied by the Other CIS separately. The ESG criteria will include:

- 1) Following a similar approach to the application of the BlackRock EMEA Baseline Screens, the exclusion or underweighting of issuers or sectors which are "involved" in activities that the Investment Manager considers negative from an ESG investing perspective (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact principles and the extraction and generation of power from fossil fuels like thermal coal and tar sands). For these purposes, "involvement" in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.
- 2) The inclusion or overweighting of issuers or sectors based on activities that the Investment Manager considers positive from an ESG investing perspective with a particular focus on improvement in 'ESG scores' and a reduction in 'carbon emission intensity scores', which the Investment Manager will monitor on an ongoing basis as set out below.

In respect of each commitment, if the Fund ceases to meet the commitment at any time (for example, because a collective investment scheme in which it is invested no longer complies with the relevant rating requirements or applies ESG criteria as described above (as applicable)), the Fund will take steps to seek to rebalance its portfolio to meet the commitment within a reasonable period of time.

Please see section 38(c) in the Prospectus for detail regarding the Investment Manager's use of data.

### **ESG metrics**

ESG scores are a measurement of issuers' ability to manage financially relevant ESG risks and opportunities. Each rating takes into consideration an issuer's exposure to potentially material ESG risks, the quality of the issuer's management systems and governance structures relative to those potential ESG risks, and where applicable, how the issuer is positioning to meet market demand for the provision of products and services that have a positive environmental or social contribution. The ESG score of the Fund's portfolio is calculated by aggregating the weighted ESG scores attributable to each issuer in which that Fund invests (whether directly or indirectly through collective investment schemes). The ESG scores of underlying commodity funds, and collective investment schemes held for EPM purposes, are not available and accordingly not included in this calculation.

Carbon emission intensity scores are a measurement of carbon emissions of an issuer relative to the issuer's size based on data from one or more third party ESG research providers.



For details on how the carbon emission intensity score of the Fund's portfolio is calculated, as well as further details on ESG scores, see the section titled ESG metrics in section 38(b) of the Prospectus.

Quarterly reporting of the Fund's carbon emission intensity score and ESG score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.

#### **Fund benchmarks**

The Fund does not have a target, constraining or comparator benchmark. As described in the investment policy above, the Fund will adjust its investment strategy over time in order to seek to achieve its investment objective and therefore the Fund's asset allocation will vary over time. Unitholders may contact the Manager for details of how the Fund has performed against the asset allocation for any given period, in order to compare the performance of the Fund.

~~For the purposes of the The Fund's ESG Policy above, the carbon emission intensity score and ESG score of the Fund's portfolio is measured against the a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "Reference Comparator").~~ Further detail regarding the Reference Comparator is included in section 38(d) of the Prospectus.

<p><b>ACS LifePath 2055-2057</b></p> <p>The Fund was authorised by the FCA on 10 June 2021.</p> <p>The Fund's FCA product reference number is 953803</p>	<p><u>This Fund does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The Fund does not use a sustainability label because whilst the Fund applies ESG commitments within its investment process and monitors the application of these commitments through ESG related metrics (in each case, as described below), the Fund does not have a specific sustainability goal. This is primarily because the Fund follows a fund-of-funds strategy and the underlying funds in which the Fund invests may not meet the criteria of any sustainability label.</u></p> <p><b>Investment objective</b></p> <p>The Fund is a target date retirement fund (which means that an investor should match the date in the name of the fund to his/her target retirement date). The Fund's investment objective is to provide a return on your investment (generated through an increase in the value of the assets held by the Fund and/or income received from those assets) with an asset allocation (i.e. mix of assets) that changes over time. <del>The Fund aims to invest in accordance with its environmental, social and governance ("ESG") policy (as, whilst incorporating the ESG commitments described in its investment policy below).</del></p> <p>Although the Fund aims to deliver a return on your investment in line with the target date of the Fund, there is no guarantee that this will be achieved over this time period, or any time period and the Fund may experience periods of no return. The Fund's capital is at risk meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.</p> <p><b>Investment policy</b></p> <p>In seeking to achieve its investment objective, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). These collective investment schemes (which are expected to be either index tracker funds, or funds which otherwise use an index for portfolio construction purposes, and will typically be Associated Funds) may gain exposure globally to: equity securities (i.e. shares), fixed income securities (i.e. both government and non-government bonds) and alternative asset classes (such as property and commodities).</p> <p>In seeking to achieve its investment objective and/or for liquidity purposes, the Fund may also invest in other asset classes. These other asset classes include direct investment (i.e. not through collective investment schemes) in equity securities and fixed income securities, money market instruments (i.e. debt securities with short-term maturities), cash or assets that can be turned into cash quickly. The fixed income securities in which the Fund invests (whether directly or indirectly) may be investment grade, have a relatively low credit rating or be unrated.</p> <p>Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to further the Fund's investment objective, to seek to reduce risk (relevant to the investment objective of the Fund) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM"). They will also be used with the specific aim of hedging foreign currency exposures back to Sterling.</p> <p>The maturity date of the fund is 30 June 2056. The Fund will adjust its investment strategy to be more conservative to risk as it progresses towards its maturity date, from a portfolio of units of collective investment schemes which gain exposure to approximately 90% equity securities (which are generally considered to be more risky compared to fixed income securities), towards a target portfolio composition on maturity of units of collective investment schemes which gain exposure to approximately 60% fixed income securities (which are generally considered to be less risky compared to equity securities) and 40% equity securities. It is intended that the Fund will remain invested in accordance with its</p>
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target portfolio composition on maturity for at least 18 months after its maturity date, after which time unitholders will be informed of the intention to terminate the Fund. Upon termination, unitholders' units will be redeemed, however unitholders may have the opportunity to switch their holdings into other products. Other products in the BlackRock LifePath range exist which have investment objectives and policies that are similar to that of the Fund after the Fund's maturity date.

## **ESG policy**

Through the application of the methodology set out in this ESG Policy, the Investment Manager expects to achieve for the Fund's portfolio:

- 1) a carbon emission intensity score, in respect only of the corporate issuers in which the Fund invests, that:
  - a) by 30 June 2029, is 50% less than the carbon emission intensity score of BlackRock Life LifePath 2055-2057 (the "2055-2057 Life Fund") as at 30 June 2019; the 2055-2057 Life Fund, being the predecessor fund of the Fund, having transferred its assets to the Fund on 28 June 2021 (the Fund's launch date). It is estimated that the Fund's carbon emission intensity score as of its launch date was a reduction of approximately 31% in comparison to the carbon emission intensity score of the 2055-2057 Life Fund as at 30 June 2019; and
  - b) as calculated at the end of each calendar quarter, is less than a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "Reference Comparator") as further described below; and
- 2) as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator.

There can be no guarantee that these expectations will be met and the carbon emission intensity score and the ESG score of the Fund's portfolio may vary.

Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their size. In measuring the size of issuers, for this purpose, the Investment Manager intends to use their reported sales, but it may use another measure instead if it considers it appropriate or necessary as a result of changes in regulation, market practice or available data. The carbon emission intensity score of the Fund's portfolio is calculated based on the carbon emission intensity scores attributed only to the corporate issuers in which the Fund invests either indirectly through collective investment schemes or directly. Securities issued by non-corporate issuers in which the Fund directly or indirectly invests, such as fixed income securities issued by governments and commodities (indirect exposure only), are not included. As the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it will increase its exposure to fixed income securities issued by governments and may, close to its maturity date, hold a majority of its assets in non-corporate issuers (which are not included for the purposes of calculating the carbon emission intensity score of the Fund's portfolio). The same exclusion of non-corporate issuers is applied to the carbon emission intensity score calculated for the Reference Comparator.

ESG scores are a measurement of issuers' ESG credentials. The ESG score of the Fund's portfolio is calculated based on the ESG scores attributed to the issuers in which the Fund invests either indirectly through collective investment schemes or directly (but excluding assets for which ESG scores are not available such as commodities (indirect exposure only)). The same exclusion is applied to the ESG score calculated for the Reference Comparator.

The Reference Comparator is a composite benchmark of underlying indices, one for each collective investment scheme in which the Fund invests (other than collective investment schemes in which the Fund invests for liquidity purposes only), where each underlying index is intended to represent a portfolio of assets similar to those in which

~~such collective investment scheme invests but in respect of which no specific ESG related criteria or requirements are applied (the “non ESG investment universe”). Each such index will be weighted within the Reference Comparator based on the weight given to the corresponding collective investment scheme within the Fund’s portfolio. Accordingly, the composition of the Reference Comparator will vary over time as the Fund’s allocation to different collective investment schemes varies, and as the Fund changes the collective investment schemes in which it invests.~~

~~For the purposes of forming the Reference Comparator, as outlined above, the index that is selected to represent the non ESG investment universe of a particular collective investment scheme will be:~~

- ~~1) where the collective investment scheme tracks an index the methodology of which incorporates ESG criteria or requirements (an “ESG Index”) or otherwise uses such an ESG Index to construct its portfolio, an index which adopts a methodology which incorporates no specific ESG criteria or requirements (a “Non ESG Index”) but which in all other material respects is the closest equivalent to the relevant ESG Index;~~
- ~~2) where the collective investment scheme tracks a Non ESG Index or otherwise use such a Non ESG Index to construct its portfolio, such Non ESG Index; or~~
- ~~3) where the Investment Manager considers that an index other than the Non ESG Index that would be selected pursuant to 1) or 2) above provides a reasonable representation of the non ESG investment universe of the collective investment scheme and its use is more practicable for the purposes of forming the Reference Comparator, such other index.~~

~~A list of the indices that form the Reference Comparator will be made available to unitholders in the quarterly reporting of the Fund.~~

~~As described in the Fund’s investment policy, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). Within this allocation, the Fund may invest in collective investment schemes which primarily invest in government bonds (“Government Bond Funds”). Of the assets that the Fund invests in Government Bond Funds, the Fund will invest at least 80% of the total value of such assets in Government Bond Funds which track benchmark indices primarily comprising government bond issuers with an ESG sovereign rating of BB or higher (as defined by MSCI or the comparable rating of another third party vendor).~~

~~Of the total assets that the Fund invests in collective investment schemes other than Government Bond Funds and collective investment schemes that invest primarily in commodities, the Fund will invest at least 80% of the total value of such assets in collective investment schemes which 1) track benchmark indices that apply screens and exclusionary criteria based on ESG related limits/thresholds, and/or 2) otherwise include/exclude and/or overweight/underweight (i.e. allocate a higher or lower proportion of their assets to) investments included in an underlying benchmark based on ESG related characteristics (together, “ESG Funds”).~~

~~In making an assessment of whether a collective investment scheme constitutes an ESG Fund for the purposes of this ESG Policy, the Investment Manager will analyse the investment policy of the collective investment scheme and the methodology of the relevant underlying index, including how the constituents of the relevant index are selected and weighted, and whether and to what extent the collective investment scheme:~~

- ~~1) excludes or underweights issuers or sectors which are involved in activities which the Investment Manager considers inconsistent with the principles of ESG investing (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact and the extraction and generation of power from fossil fuels like thermal coal and tar sands) and/or excludes or underweights issuers or sectors to minimise exposure to~~

characteristics that the Investment Manager considers are negative from an ESG investing perspective; and/or

2) includes or overweights issuers or sectors based on activities which the Investment Manager considers positive from an ESG investing perspective and/or includes or overweights issuers or sectors to maximise exposure to characteristics that the Investment Manager considers are positive from an ESG investing perspective.

The nature and extent of ESG characteristics will vary between the ESG Funds in which the Fund invests, and the criteria for what the Investment Manager considers inconsistent with the principles of ESG investing or positive from an ESG investing perspective may also change and develop over time. Where an ESG Fund applies screens and exclusionary criteria, the limits or thresholds will be derived from the relevant index provider's definition of what constitutes "involvement" in certain restricted activities. Involvement in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.

As part of its investment process, the Investment Manager will use data from one or more third party ESG research providers (for example MSCI) and data generated internally by the Investment Manager and/or its affiliates, as well as the Investment Manager's and/or its affiliates' proprietary data analysis tools, to identify the ESG and ESG related metrics (such as carbon emission intensity scores) of issuers and to compare such scores across a range of collective investment schemes in order to select schemes to be held as ESG Funds.

ESG Government Bond Funds will, at the time of purchase by the Fund, comply with the rating requirements described above. Where the Investment Manager is of the view that a collective investment scheme has ceased to be appropriate for characterisation as an ESG Fund (for example, due to a change or deterioration in its ESG characteristics in the opinion of the Investment Manager), or where an ESG Government Bond Fund ceases to comply with the rating requirements described above, the Fund may continue to hold such investment as an ESG Fund or an ESG Government Bond Fund (respectively) but will seek to divest within a reasonable period of time or the Fund may, at the discretion of the Investment Manager, continue to hold such investment other than as an ESG Fund or an ESG Government Bond Fund (respectively).

Quarterly reporting of the Fund's carbon emission intensity score and ESG score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.

The Fund may, for liquidity management and other purposes, gain indirect exposure (through, among other things, derivatives and shares or units in collective investment schemes) to securities and other assets that can be turned into cash quickly, but in respect of which no specific ESG criteria or requirements are applied.

## **Investment Process and ESG**

As part of its investment process, the Investment Manager applies ESG commitments at a portfolio level to its selection of collective investment schemes. These ESG commitments are identified in the table below, along with the asset classes within the Fund to which they are applied.

Portfolio breakdown		Are ESG commitments applied?
At least 70% of total	(a) Collective investment schemes that	Yes, at least 80% of Government Bond Funds in which the Fund invests track benchmark indices comprised of at least 50% of government bond

	<p>assets in collective investment schemes, comprising (a) to (c) (see next column).</p>	<p>invest at least 50% in government bonds ("<b>Government Bond Funds</b>").</p>	<p>issuers with an ESG government rating of BB or higher (as defined by MSCI or the comparable rating of another third-party vendor). MSCI's ESG government ratings are intended to identify and assign weights to the environmental, social, or governance-related issues that could impact the long term sustainability of economies. Further information regarding the MSCI ESG government ratings methodology is available via <a href="https://www.msci.com/esg-and-climate-methodologies">https://www.msci.com/esg-and-climate-methodologies</a>.</p> <p>In addition, the Investment Manager aims to achieve, as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator (each as detailed below).</p> <p>Although the Fund has made a binding ESG commitment to seek this outcome, there can be no guarantee that this outcome will be achieved and the actual ESG score of the Fund's portfolio may vary.</p>
		<p>(b) Collective investment schemes other than Government Bond Funds, commodity funds and collective investment schemes held for EPM purposes ("<b>Other CIS</b>").</p>	<p>Yes, at least 80% of Other CIS in which the Fund invests themselves apply ESG criteria within their investment processes (as further detailed below).</p> <p>In addition, in respect of corporate issuers (i.e. companies) invested in by the Other CIS held by the Fund, the Investment Manager aims to achieve:</p> <ul style="list-style-type: none"> <li>• a carbon emission intensity score that, by 30 June 2029 is 50% less than the carbon emission intensity score of BlackRock Life LifePath 2055-2057 (the "2055-2057 Life Fund") as at 30 June 2019 (the 2055-2057 Life Fund being the predecessor fund of the Fund, having transferred its assets to the Fund on 28 June 2021 (the Fund's launch date). It is estimated that the Fund's carbon emission intensity score as of its launch date was a reduction of approximately 31% in comparison to the carbon emission intensity score of the 2055-2057 Life Fund as at 30 June 2019); and</li> <li>• as calculated at the end of each calendar quarter, a carbon emission intensity score that is less than the Reference Comparator (each as detailed below).</li> </ul> <p>Although the Fund has made a binding ESG commitment to seek these outcomes, there can be no guarantee that these outcomes will be achieved and the actual carbon emission intensity score of the Fund's portfolio may vary.</p> <p>Investors should also note that as the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it will increase its exposure to fixed income securities issued by governments and may, close to its maturity date, hold a majority of its assets in non-corporate issuers</p>

		<p><u>(which are not included for the purposes of calculating the carbon emission intensity score of the Fund's portfolio).</u></p> <p><u>As set out above, the Investment Manager also aims to achieve, as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator (each as detailed below).</u></p>
	<p><u>(c) Alternative asset classes (such as commodity funds).</u></p>	<p><u>No.</u></p>
	<p><u>Up to 30% of total assets in other assets (including direct investments and collective investment schemes in which the Fund invests for EPM purposes).</u></p>	<p><u>No.</u></p>
<p><u>In order to satisfy the ESG commitment with respect to Other CIS, the Investment Manager will, in respect of any Other CIS in which it is considering an investment for the Fund, analyse its investment objective and policy and how its investments are selected, including (where relevant) the methodology of any benchmark index that it uses, to identify the ESG criteria (if any) that it applies.</u></p> <p><u>The ESG criteria may be applied by the Other CIS tracking, or otherwise using for portfolio construction purposes, a benchmark index that itself applies ESG criteria, or they may be applied by the Other CIS separately. The ESG criteria will include:</u></p> <ol style="list-style-type: none"> <li><u>1) Following a similar approach to the application of the BlackRock EMEA Baseline Screens, the exclusion or underweighting of issuers or sectors which are "involved" in activities that the Investment Manager considers negative from an ESG investing perspective (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact principles and the extraction and generation of power from fossil fuels like thermal coal and tar sands). For these purposes, "involvement" in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.</u></li> <li><u>2) The inclusion or overweighting of issuers or sectors based on activities that the Investment Manager considers positive from an ESG investing perspective with a particular focus on improvement in 'ESG scores' and a reduction in 'carbon emission intensity scores', which the Investment Manager will monitor on an ongoing basis as set out below.</u></li> </ol> <p><u>In respect of each commitment, if the Fund ceases to meet the commitment at any time (for example, because a collective investment scheme in which it is invested no longer complies with the relevant rating requirements or applies ESG criteria as described above (as applicable)), the Fund will take steps to seek to rebalance its portfolio to meet the commitment within a reasonable period of time.</u></p> <p><u>Please see section 38(c) in the Prospectus for detail regarding the Investment Manager's use of data.</u></p> <p><b><u>ESG metrics</u></b></p>		

ESG scores are a measurement of issuers' ability to manage financially relevant ESG risks and opportunities. Each rating takes into consideration an issuer's exposure to potentially material ESG risks, the quality of the issuer's management systems and governance structures relative to those potential ESG risks, and where applicable, how the issuer is positioning to meet market demand for the provision of products and services that have a positive environmental or social contribution. The ESG score of the Fund's portfolio is calculated by aggregating the weighted ESG scores attributable to each issuer in which that Fund invests (whether directly or indirectly through collective investment schemes). The ESG scores of underlying commodity funds, and collective investment schemes held for EPM purposes, are not available and accordingly not included in this calculation.

Carbon emission intensity scores are a measurement of carbon emissions of an issuer relative to the issuer's size based on data from one or more third party ESG research providers.

For details on how the carbon emission intensity score of the Fund's portfolio is calculated, as well as further details on ESG scores, see the section titled ESG metrics in section 38(b) of the Prospectus.

Quarterly reporting of the Fund's carbon emission intensity score and ESG score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.

#### **Fund benchmarks**

The Fund does not have a target, constraining or comparator benchmark. As described in the investment policy above, the Fund will adjust its investment strategy over time in order to seek to achieve its investment objective and therefore the Fund's asset allocation will vary over time. Unitholders may contact the Manager for details of how the Fund has performed against the asset allocation for any given period, in order to compare the performance of the Fund.

~~For the purposes of the The Fund's ESG Policy above, the carbon emission intensity score and ESG score of the Fund's portfolio is measured against the a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "Reference Comparator"). Further detail regarding the Reference Comparator is included in section 38(d) of the Prospectus.~~



<p><b>BlackRock Growth Allocation Fund</b></p> <p>The Fund was authorised by the FCA on 27 April 2023</p>	<p><u>This Fund does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The Fund does not use a sustainability label because whilst the Fund applies ESG commitments within its investment process and monitors the application of these commitments through ESG related metrics (in each case, as described below), the Fund does not have a specific sustainability goal. This is primarily because the Fund follows a fund-of-funds strategy and the underlying funds in which the Fund invests may not meet the criteria of any sustainability label.</u></p> <p><b>Investment objective</b></p> <p>The Fund's investment objective is to provide a return on your investment (generated through an increase in the value of the assets held by the Fund and/or income received from those assets) over the long term (5 or more consecutive years), whilst incorporating the ESG commitments described below, whilst incorporating the ESG commitments described below.</p> <p>Although the Fund aims to deliver a return on your investment, there is no guarantee that this will be achieved and the Fund may experience periods of no return. The Fund's capital is at risk meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.</p> <p><b>Investment policy</b></p> <p>In seeking to achieve its investment objective, the Fund will seek to maintain a portfolio of investments providing exposure to at least 90% equity securities (provided that any investments held for liquidity or EPM purposes and the limited indirect exposure to commodities, as described below, shall not be counted when calculating the maximum 10% exposure to non-equity securities).</p> <p>The Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). These collective investment schemes (which are expected to be either index tracker funds, or funds which otherwise use an index for portfolio construction purposes, and will typically be Associated Funds) may gain exposure globally to equity securities (i.e. shares) and, on a limited basis to commodities. Any such exposure to commodities will be achieved by the Fund investing in commodity funds (i.e. collective investment funds that either invest in commodities themselves or use one or more derivatives to gain exposure to commodities) and the aggregate investment in such commodity funds is not expected to exceed 10% of the Fund's total assets.</p> <p>In seeking to achieve its investment objective and/or for liquidity purposes, the Fund may also invest in other asset classes. These other asset classes include direct investment (i.e. not through collective investment schemes) in equity securities and fixed income securities, money market instruments (i.e. debt securities with short-term maturities), and cash or assets that can be turned into cash quickly. The Fund will invest in fixed income securities for liquidity purposes only and such securities may be investment grade, be sub-investment grade or be unrated.</p> <p>Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to further the Fund's investment objective, and to seek to reduce risk within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM"). They may also be used with the specific aim of hedging foreign currency exposures back to Sterling.</p> <p><b>Typical Investor</b></p> <p>The Fund is intended to be used as part of a broader investment portfolio for pension savers who are further away from retirement, with a focus on growing their retirement</p>
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savings. The Fund's portfolio composition (i.e. the exposure across different asset classes) is expected to remain broadly stable over time as described in the Fund's investment policy above.

For details on the eligibility requirements for an investment in the Fund, please see section 13(a) of the Prospectus (*Eligible Investors*).

## Investment Process and ESG

As part of its investment process, the Investment Manager applies an ESG commitment commitments at a portfolio level to its selection of collective investment schemes. ~~Of the total value of the assets at any time that the Fund invests in collective investment schemes other than commodity funds ("CIS"), the Fund will invest at least 80% of the total value of such assets at any time in CIS which themselves apply ESG criteria (as detailed below) within their investment processes. These ESG commitments are identified in the table below, along with the asset classes within the Fund to which they are applied.~~  
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<u>Portfolio breakdown</u>	<u>Are ESG commitments applied?</u>
<u>At least 70% of total assets in collective investment schemes, comprising (a) to (b) (see next column).</u>	<u>(a) Collective investment schemes other than collective investment schemes held for EPM purposes ("CIS").</u> <u>Yes, at least 80% of CIS in which the Fund invests themselves apply ESG criteria within their investment processes (as further detailed below).</u>
<u>(b) Up to 10% of total assets in commodity funds.</u>	<u>No.</u>
<u>Up to 30% of total assets in other assets (including direct investments and collective investment schemes in which the Fund invests for EPM purposes).</u>	<u>No.</u>

In order to satisfy ~~this~~ the ESG commitment with respect to CIS, the Investment Manager will, in respect of any CIS in which it is considering an investment for the Fund, analyse its investment objective and policy and how its investments are selected, including (where relevant) the methodology of any benchmark index that it uses, to identify the ESG criteria (if any) that it applies.

The ESG criteria may be applied by the CIS tracking, or otherwise using for portfolio construction purposes, a benchmark index that itself applies ESG criteria, or they may be applied by the CIS separately. The ESG criteria will include ~~(i)~~:

- 1) Following a similar approach to the application of the BlackRock EMEA Baseline Screens, the exclusion or underweighting of issuers or sectors which are "involved" (which may be up to a certain threshold) in activities that the Investment Manager considers negative from an ESG investing perspective (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact principles and the extraction and generation of power from fossil fuels like thermal coal and tar sands) and/or (ii) the. For these purposes, "involvement" in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.
- 2) The inclusion or overweighting of issuers or sectors based on activities that the Investment Manager considers positive from an ESG investing perspective with

	<p><u>a particular focus on improvement in 'ESG scores' and a reduction in 'carbon emission intensity scores', which the Investment Manager will monitor on an ongoing basis as set out below.</u></p> <p><u>If In respect of each commitment, if the Fund ceases to meet the commitment at any time (for example, because a collective investment scheme in which it is invested no longer complies with the relevant rating requirements or applies ESG criteria as described above (as applicable)), the Fund will take steps to seek to rebalance its portfolio to meet the commitment within a reasonable period of time.</u></p> <p><u>Investors should note that the ESG commitments above will not be applied to collective investment schemes in which the Fund invests for BPM purposes.</u></p> <p><u>The Investment Manager will monitor the application of the ESG commitment commitments described above by measuring the following metrics:</u></p> <ul style="list-style-type: none"> <li><u>(i) the 'ESG score' of the Fund's portfolio (as defined excluding commodity funds and collective investment schemes held for EPM purposes). ESG scores are a measurement of issuers' ability to manage financially relevant ESG risks and opportunities. Each rating takes into consideration an issuer's exposure to potentially material ESG risks, the quality of the issuer's management systems and governance structures relative to those potential ESG risks, and where applicable, how the issuer is positioning to meet market demand for the provision of products and services that have a positive environmental or social contribution (as further described in section 38(b) of the Prospectus); and</u></li> <li><u>(ii) the 'carbon emission intensity score' of the Fund's portfolio (as defined excluding non-corporate issuers). Carbon emission intensity scores are a measurement of carbon emissions of an issuer relative to the issuer's size based on data from one or more third party ESG research providers (as further described in section 38(b) of the Prospectus), including.</u></li> </ul> <p><u>The Investment Manager will also consider the metrics by reference to a "Reference Comparator" (namely a notional portfolio that represents the investment universe of the Fund but which does not apply any ESG commitments, as further described in section 38(e)(d) of the Prospectus). These metrics are purely part of the Manager's ongoing monitoring methodology with respect to the ESG commitments described above and the Manager does not commit to improving the 'ESG score' or 'carbon emission intensity score' of the Fund's portfolio over time.</u></p> <p><u>Further information regarding the ongoing monitoring of the Fund's ESG commitment commitments will be made available to unitholders on request in the form of a quarterly report.</u></p> <p><b>Initial Transition Period</b></p> <p><u>Within an initial period from the date of the launch of the Fund of at most one month and for the purposes of accepting subscriptions in specie for the purposes of seeding the Fund only, the Fund may hold a portfolio of assets, including collective investment schemes, that does not otherwise meet the requirements of its investment policy (including the application of ESG commitments and the achievement of the ESG-related outcomes described above).</u></p> <p><b>Fund benchmarks</b></p>
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	<p>The Fund does not have a target, constraining or comparator benchmark. Unitholders may contact the Manager for details of how the Fund has performed against the asset allocation for any given period, in order to compare the performance of the Fund.</p> <p>For the purposes of the Fund's <del>ESG-related outcomes</del> <u>commitments</u> (as described above), the carbon emission intensity score and ESG score of the Fund's portfolio are measured against the Reference Comparator. <u>Further detail regarding the Reference Comparator is included in section 38(d) of the Prospectus.</u></p>
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<p><b>BlackRock Retirement Allocation Fund</b></p> <p>The Fund was authorised by the FCA on 27 April 2023</p>	<p><u>This Fund does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The Fund does not use a sustainability label because whilst the Fund applies ESG commitments within its investment process and monitors the application of these commitments through ESG related metrics (in each case, as described below), the Fund does not have a specific sustainability goal. This is primarily because the Fund follows a fund-of-funds strategy and the underlying funds in which the Fund invests may not meet the criteria of any sustainability label.</u></p> <p><b>Investment objective</b></p> <p>The Fund's investment objective is to provide a return on your investment (generated through an increase in the value of the assets held by the Fund and/or income received from those assets) over the long term (five or more consecutive years), whilst incorporating the ESG commitments described below, whilst incorporating the ESG commitments described below.</p> <p>Although the Fund aims to deliver a return on your investment, there is no guarantee that this will be achieved and the Fund may experience periods of no return. The Fund's capital is at risk meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.</p> <p><b>Investment policy</b></p> <p>In seeking to achieve its investment objective, the Fund will seek to maintain a portfolio of investments providing exposure (save for any investments held for liquidity or EPM purposes and limited indirect exposure to commodities as described below) to approximately 50% to 70% in fixed income securities with the balance in equity securities.</p> <p>The Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). These collective investment schemes (which are expected to be either index tracker funds, or funds which otherwise use an index for portfolio construction purposes, and will typically be Associated Funds) may gain exposure globally to: equity securities (i.e. shares), fixed income securities (i.e. both government and non-government bonds) and, on a limited basis, to commodities. Any such exposure to commodities will be achieved by the Fund investing in commodity funds (i.e. collective investment funds that either invest in commodities themselves or use one or more derivatives to gain exposure to commodities) and the aggregate investment in such commodity funds is not expected to exceed 10% of the Fund's total assets.</p> <p>In seeking to achieve its investment objective and/or for liquidity purposes, the Fund may also invest in other asset classes. These other asset classes include direct investment (i.e. not through collective investment schemes) in equity securities and fixed income securities, money market instruments (i.e. debt securities with short-term maturities), and cash or assets that can be turned into cash quickly. The fixed income securities in which the Fund invests (whether directly or indirectly) may be investment grade, be sub-investment grade or be unrated.</p> <p>Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to further the Fund's investment objective, and to seek to reduce risk within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM"). They may also be used with the specific aim of hedging foreign currency exposures back to Sterling.</p> <p><b>Typical Investor</b></p> <p>The Fund is intended to be used as part of a broader investment portfolio for pension savers as they get closer to retirement. The Fund's portfolio composition (i.e. the</p>
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exposure across different asset classes) is expected to remain broadly stable over time as described in the Fund's investment policy above.

For details on the eligibility requirements for an investment in the Fund, please see section 13(a) of the Prospectus (Eligible Investors).

## Investment Process and ESG

As part of its investment process, the Investment Manager applies ESG commitments at a portfolio level to its selection of collective investment schemes as follows:

1) ~~Of the total value of the assets at any time that the Fund invests in collective investment schemes that primarily invest in government bonds ("Government Bond Funds"), the Fund will invest at least 80% of the total value of such assets in Government Bond Funds that track benchmark indices primarily comprising government bond issuers with an ESG sovereign rating of BB or higher (as defined by MSCI or the comparable rating of another third-party vendor). These ESG commitments are identified in the table below, along with the asset classes within the Fund to which they are applied.~~

2) ~~Of the assets that the Fund invests in collective investment schemes other than Government Bond Funds and commodity funds ("CIS"), the Fund will invest at least 80% of the total value of such assets at any time in CIS which themselves apply ESG criteria (as detailed below) within their investment processes.~~

Portfolio breakdown		Are ESG commitments applied?
At least 70% of total assets in collective investment schemes, comprising (a) to (c) (see next column).	(a) Collective investment schemes that invest at least 50% in government bonds (" <b>Government Bond Funds</b> ").	Yes, at least 80% of Government Bond Funds in which the Fund invests track benchmark indices comprised of at least 50% of government bond issuers with an ESG government rating of BB or higher (as defined by MSCI or the comparable rating of another third-party vendor). MSCI's ESG government ratings are intended to identify and assign weights to the environmental, social, or governance-related issues that could impact the long term sustainability of economies. Further information regarding the MSCI ESG government ratings methodology is available via <a href="https://www.msci.com/esg-and-climate-methodologies">https://www.msci.com/esg-and-climate-methodologies</a> .
	(b) Collective investment schemes other than Government Bond Funds, commodity funds and collective investment schemes held for EPM purposes (" <b>Other CIS</b> ").	Yes, at least 80% of Other CIS in which the Fund invests themselves apply ESG criteria within their investment processes (as further detailed below).
	(c) Up to 10% of total assets in commodity funds.	No.
Up to 30% of total assets in other assets (including direct investments and collective investment schemes in which the Fund invests for EPM purposes).		No.

~~In order to~~ To satisfy this the ESG commitment with respect to CIS, the Investment Manager will, in respect of any Other CIS in which it is considering an investment for the

Fund, analyse its investment objective and policy and how its investments are selected, including (where relevant) the methodology of any benchmark index that it uses, to identify the ESG criteria (if any) that it applies.

The ESG criteria may be applied by the Other CIS tracking, or otherwise using for portfolio construction purposes, a benchmark index that itself applies ESG criteria, or they may be applied by the Other CIS separately. The ESG criteria will include ~~(i)~~:

- 1) Following a similar approach to the application of the BlackRock EMEA Baseline Screens, the exclusion or underweighting of issuers or sectors which are "involved" (which may be up to a certain threshold) in activities that the Investment Manager considers negative from an ESG investing perspective (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact principles and the extraction and generation of power from fossil fuels like thermal coal and tar sands) ~~and/or (ii) the~~. For these purposes, "involvement" in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.
- 2) The inclusion or overweighting of issuers or sectors based on activities that the Investment Manager considers positive from an ESG investing perspective with a particular focus on improvement in 'ESG scores' and a reduction in 'carbon emission intensity scores', which the Investment Manager will monitor on an ongoing basis as set out below.

In respect of each commitment, if the Fund ceases to meet the commitment at any time (for example, because a collective investment scheme in which it is invested no longer complies with the relevant rating requirements or applies ESG criteria as described above (as applicable)), the Fund will take steps to seek to rebalance its portfolio to meet the commitment within a reasonable period of time.

~~Investor should note that the ESG commitments above will not be applied to collective investment schemes in which the Fund invests for EPM purposes.~~

The Investment Manager will monitor the application of the ESG commitments described above by measuring the following metrics:

- (i) the 'ESG score' of the Fund's portfolio (as defined excluding commodity funds and collective investment schemes held for EPM purposes). ESG scores are a measurement of issuers' ability to manage financially relevant ESG risks and opportunities. Each rating takes into consideration an issuer's exposure to potentially material ESG risks, the quality of the issuer's management systems and governance structures relative to those potential ESG risks, and where applicable, how the issuer is positioning to meet market demand for the provision of products and services that have a positive environmental or social contribution (as further described in section 38(a**b**) of the Prospectus); and
- (ii) the 'carbon emission intensity score' of the Fund's portfolio (as defined excluding non-corporate issuers). Carbon emission intensity scores are a measurement of carbon emissions of an issuer relative to the issuer's size based on data from one or more third party ESG research providers (as further described in section 38(b) of the Prospectus), including.

The Investment Manager will also consider the metrics by reference to a “Reference Comparator” (namely a notional portfolio that represents the investment universe of the Fund but which does not apply any ESG commitments, as further described in section 38(d) of the Prospectus). These metrics are purely part of the Manager’s ongoing monitoring methodology with respect to the ESG commitments described above and the Manager does not commit to improving the ‘ESG score’ or ‘carbon emission intensity score’ of the Fund’s portfolio over time.

Further information regarding the ongoing monitoring of the Fund’s ESG commitments will be made available to unitholders on request in the form of a quarterly report.

#### **Initial Transition Period**

~~Within an initial period from the date of the launch of the Fund of at most one month and for the purposes of accepting subscriptions in specie for the purposes of seeding the Fund only, the Fund may hold a portfolio of assets, including collective investment schemes, that does not otherwise meet the requirements of its investment policy (including the application of ESG commitments and the achievement of the ESG-related outcomes described above).~~

#### **Fund benchmarks**

The Fund does not have a target, constraining or comparator benchmark. Unitholders may contact the Manager for details of how the Fund has performed against the asset allocation for any given period, in order to compare the performance of the Fund.

For the purposes of the Fund’s ESG-related outcomes commitments (as described above), the carbon emission intensity score and ESG score of the Fund’s portfolio are measured against the Reference Comparator. Further detail regarding the Reference Comparator is included in section 38(d) of the Prospectus.



<p><b>BlackRock FutureWise Early Days Aggregator</b></p>	<p><u>This Fund does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The Fund does not use a sustainability label because whilst the Fund applies ESG commitments within its investment process and monitors the application of these commitments through ESG related metrics (in each case, as described below), the Fund does not have a specific sustainability goal. This is primarily because the Fund follows a fund-of-funds strategy and the underlying funds in which the Fund invests may not meet the criteria of any sustainability label.</u></p>
<p>The Fund was authorised by the FCA on 17 August 2022</p>	<p><b>Investment Objective</b></p>
<p>The Fund's FCA product reference number is 988109</p>	<p>The Fund's investment objective is to provide a return on your investment (generated through an increase in the value of the assets held by the Fund and/or income received from those assets) with a portfolio composition (i.e. the exposure across different asset classes) that remains stable over time as described in the Fund's investment policy below, <u>whilst incorporating the ESG commitments described below.</u> <del>The Fund aims to invest in accordance with its environmental, social and governance ("ESG") policy (as described below).</del></p>
	<p>Although the Fund aims to deliver a return on your investment, there is no guarantee that this will be achieved and the Fund (and you) may experience periods of no return. The Fund's capital is at risk meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.</p>
	<p><b>Investment policy</b></p>
	<p>In seeking to achieve its investment objective, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). These collective investment schemes (which will substantially comprise Associated Funds and/or Fidelity Funds) may provide the Fund exposure globally to equity securities (i.e. shares) and , on a limited basis, to commodities.</p>
	<p>In seeking to achieve its investment objective and/or for liquidity purposes, the Fund may invest in asset classes other than collective investment schemes. These other asset classes include direct investment in equity securities and fixed income securities, money market instruments (i.e. debt securities with short-term maturities), cash or assets that can be turned into cash quickly. The fixed income securities to which the Fund has exposure (whether directly or indirectly) may be investment grade, have a relatively low credit rating or be unrated .</p>
	<p>Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to achieve the Fund's investment objective, to seek to reduce risk within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").</p>
	<p>The Fund will seek to maintain an asset allocation (i.e. mix of assets at any time) that provides exposure to approximately 100% equity securities (save for any investments for liquidity or EPM purposes and limited exposure to commodities).</p>
	<p><b>ESG Policy</b></p>
	<p><del>Through the application of this ESG Policy, the Fund expects to achieve in its portfolio (in respect of only the underlying corporate issuers (i.e. companies) to which the Fund has exposure) a carbon emission intensity score that as calculated at the end of each calendar quarter, is less than a portfolio that holds equivalent proportions (weighting) of equity securities as the Fund but that does not apply any ESG criteria (such comparable portfolio being represented by a reference benchmark (the "Reference Comparator") as further described below).</del></p>

However, there can be no guarantee that this expectation will be met and the carbon emission intensity score of the Fund's portfolio may vary.

Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their size. In measuring the size of issuers, for this purpose, it is intended that the Fund will use the issuers' enterprise value including cash (EVIC) but it may use another measure instead if it is considered appropriate or necessary as a result of changes in regulation, market practice or available data.

The carbon emission intensity score of the Fund's portfolio is calculated based on carbon emission intensity scores attributed only to the corporate issuers of the securities in which the Fund invests either indirectly through collective investment schemes or directly. Securities issued by non-corporate issuers in which the Fund directly or indirectly invests, such as fixed income securities issued by governments and commodities (indirect exposure only), are not included.

The Reference Comparator is a composite benchmark of underlying indices, one for each collective investment scheme in which the Fund invests (other than collective investment schemes in which the Fund invests for liquidity purposes only), where each underlying index is intended to represent a portfolio of assets similar to those in which such collective investment scheme invests but in respect of which no specific ESG related criteria or requirements are applied (the "non-ESG investment universe"). Each such index will be weighted within the Reference Comparator based on the weight given to the corresponding collective investment scheme within the Fund's portfolio. Accordingly, the composition of the Reference Comparator will vary over time as the Fund's allocation to different collective investment schemes varies, and as the Fund changes the collective investment schemes in which it invests.

For the purposes of forming the Reference Comparator, as outlined above, the index that is selected to represent the non-ESG investment universe of a particular collective investment scheme will be:

- 1) where the collective investment scheme tracks an index the methodology of which incorporates ESG criteria or requirements (an "ESG Index") or otherwise uses such an ESG Index to construct its portfolio, an index which adopts a methodology which incorporates no specific ESG criteria or requirements (a "Non-ESG Index") but which in all other material respects is the closest equivalent to the relevant ESG Index;
- 2) where the collective investment scheme tracks a Non-ESG Index or otherwise use such a Non-ESG Index to construct its portfolio, such Non-ESG Index; or
- 3) where it is considered that an index other than the Non-ESG Index that would be selected pursuant to 1) or 2) above provides a reasonable representation of the non-ESG investment universe of the collective investment scheme and its use is more practicable for the purposes of forming the Reference Comparator, such other index.

A list of the indices that form the Reference Comparator will be made available to unitholders in the quarterly reporting of the Fund.

As described in the Fund's investment policy, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). Within this allocation, other than collective investment schemes which invest primarily in commodities, the Fund will invest at least 80% of the total value of such assets in collective investment schemes which 1) track benchmark indices that apply screens and exclusionary criteria based on ESG-related limits/thresholds, and/or 2) otherwise include/exclude and/or overweight/underweight (i.e. allocate a higher or lower proportion of their assets to) investments included in an underlying benchmark based on ESG-related characteristics (together, "ESG Funds").

In making an assessment of whether a collective investment scheme constitutes an ESG Fund for the purposes of this ESG Policy, the investment policy of the collective investment scheme and the methodology of any relevant underlying index will be analysed, including how the constituents of the relevant index are selected and weighted, and whether and to what extent the collective investment scheme:

1) excludes or underweights issuers or sectors which are involved in activities which are considered to be inconsistent with the principles of ESG investing (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, tobacco, nuclear weapons, violations of the United Nations Global Compact and the extraction and generation of power from fossil fuels like thermal coal and tar sands) and/or excludes or underweights issuers or sectors to minimise exposure to characteristics that are considered to be negative from an ESG investing perspective; and/or

2) includes or overweights issuers or sectors based on activities which are considered to be positive from an ESG investing perspective (such as, but not limited to, activities relating to transition readiness, sustainable energy and the future of transport) and/or includes or overweights issuers or sectors to maximise exposure to characteristics that are considered to be positive from an ESG investing perspective.

The nature and extent of ESG characteristics will vary between the ESG Funds in which the Fund invests, and the criteria for what is considered to be inconsistent with the principles of ESG investing or positive from an ESG investing perspective may also change and develop over time. Where an ESG Fund applies screens and exclusionary criteria, the limits or thresholds will be derived from the relevant index provider's definition of what constitutes "involvement" in certain restricted activities. Involvement in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.

As part of its investment process, the data from one or more third party ESG research providers (for example MSCI) and data generated internally by the Investment Manager, the Investment Adviser and/or their respective associates will be used, as well as their proprietary data analysis tools, to identify the ESG and ESG related scores of issuers (such as their carbon emission intensity) and to compare such scores across a range of collective investment schemes in order to select schemes to be held as ESG Funds.

Where it is considered that a collective investment scheme has ceased to be appropriate for characterisation as an ESG Fund (for example, due to a change or deterioration in its ESG characteristics), the Fund may continue to hold such investment as an ESG Fund but will seek to divest within a reasonable period of time (not expected to exceed 90 days) or the Fund may continue to hold such investment other than as an ESG Fund.

Quarterly reporting of the Fund's carbon emission intensity score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request.

The Fund may, for liquidity management and other purposes, have direct or indirect exposure (through, among other things, derivatives and shares or units in collective investment schemes) to securities and other assets that can be turned into cash quickly, but in respect of which no specific ESG criteria or requirements are applied.

## **Investment Process and ESG**

As part of its investment process, the Investment Manager applies ESG commitments at a portfolio level to its selection of collective investment schemes. These ESG commitments are identified in the table below, along with the asset classes within the Fund to which they are applied.

<b>Portfolio breakdown</b>		<b>Are ESG commitments applied?</b>
<p><u>At least 70% of total assets in collective investment schemes, comprising (a) to (b) (see next column).</u></p>	<p><u>(a) Collective investment schemes other than commodity funds and collective investment schemes held for EPM purposes ("CIS").</u></p>	<p><u>Yes, at least 80% of CIS in which the Fund invests themselves apply ESG criteria within their investment processes (as further detailed below).</u></p> <p><u>In addition, in respect of corporate issuers (i.e. companies) invested in by the CIS held by the Fund, the Investment Manager aims to achieve as calculated at the end of each calendar quarter, a carbon emission intensity score that is less than the Reference Comparator (as defined below).</u></p> <p><u>Carbon emission intensity scores are a measurement of carbon emissions of an issuer relative to the issuer's size based on data from one or more third party ESG research providers.</u></p> <p><u>For details on how the carbon emission intensity score of the Fund's portfolio is calculated, see the section titled 'carbon emission intensity scores' in section 38(b) of the Prospectus.</u></p> <p><u>There can be no guarantee that this outcome will be achieved and the actual carbon emission intensity score of the Fund's portfolio may vary.</u></p>
	<p><u>(b) Alternative asset classes (such as commodity funds).</u></p>	<p><u>No.</u></p>
<p><u>Up to 30% of total assets in other assets (including direct investments and collective investment schemes in which the Fund invests for EPM purposes).</u></p>		<p><u>No.</u></p>
<p><u>In order to satisfy the ESG commitment with respect to CIS, the Investment Manager will, in respect of any CIS in which it is considering an investment for the Fund, analyse its investment objective and policy and how its investments are selected, including (where relevant) the methodology of any benchmark index that it uses, to identify the ESG criteria (if any) that it applies.</u></p> <p><u>The ESG criteria may be applied by the CIS tracking, or otherwise using for portfolio construction purposes, a benchmark index that itself applies ESG criteria, or they may be applied by the CIS separately. The ESG criteria will include:</u></p> <p>1) <u>Following a similar approach to the application of the BlackRock EMEA Baseline Screens<sup>1</sup>, the exclusion or underweighting of issuers or sectors which are "involved" in activities that the Investment Manager considers negative from an ESG investing perspective (such as, but not limited to, activities relating to</u></p>		

<sup>1</sup> Further information on the BlackRock EMEA Baseline Screens is available at <https://www.blackrock.com/corporate/literature/publication/blackrock-baseline-screens-in-europe-middleeast-and-africa.pdf>.

	<p><u>controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact principles and the extraction and generation of power from fossil fuels like thermal coal and tar sands). For these purposes, "involvement" in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.</u></p> <p>2) <u>The inclusion or overweighting of issuers or sectors based on activities that the Investment Manager considers positive from an ESG investing perspective with a particular focus on a reduction in 'carbon emission intensity scores', which the Investment Manager will monitor on an ongoing basis as set out below.</u></p> <p><u>In respect of each commitment, if the Fund ceases to meet the commitment at any time (for example, because a collective investment scheme in which it is invested no longer complies with the relevant rating requirements or applies ESG criteria as described above (as applicable)), the Fund will take steps to seek to rebalance its portfolio to meet the commitment within a reasonable period of time.</u></p> <p><u>Please see section 38(c) in the Prospectus for detail regarding the Investment Manager's use of data.</u></p> <p><u>Quarterly reporting of the Fund's carbon emission intensity score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.</u></p> <p><b>Fund benchmarks</b></p> <p>The Fund does not have a target, constraining or comparator benchmark. Unitholders may contact the Investment Manager for details of how the Fund has performed.</p> <p><u>For the purposes of the The Fund's ESG Policy above, the carbon emission intensity score of the Fund's portfolio is measured against a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "Reference Comparator"). Further detail regarding the Reference Comparator is included in section 38(d) of the Prospectus.</u></p>
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<p><b>BlackRock FutureWise Retirement Aggregator</b></p> <p>The Fund was authorised by the FCA on 17 August 2022</p> <p>The Fund's FCA product reference number is 988110</p>	<p><u>This Fund does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The Fund does not use a sustainability label because whilst the Fund applies ESG commitments within its investment process and monitors the application of these commitments through ESG related metrics (in each case, as described below), the Fund does not have a specific sustainability goal. This is primarily because the Fund follows a fund-of-funds strategy and the underlying funds in which the Fund invests may not meet the criteria of any sustainability label.</u></p> <p><b>Investment Objective</b></p> <p>The Fund's investment objective is to provide a return on your investment (generated through an increase in the value of the assets held by the Fund and/or income received from those assets) and support a regular draw down with a portfolio composition (i.e. the exposure across different asset classes) that remains broadly consistent with the range described in the Fund's investment policy below. <del>The Fund aims to invest in accordance with its environmental, social and governance ("ESG") policy (as, whilst incorporating the ESG commitments described in its investment policy below).</del></p> <p>Although the Fund aims to deliver a return on your investment, there is no guarantee that this will be achieved and the Fund (and you) may experience periods of no return. Furthermore, there is no guarantee that the Fund will be able to support a regular, or any, drawdown. The Fund's capital is at risk meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.</p> <p><b>Investment policy</b></p> <p>In seeking to achieve its investment objective, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). These collective investment schemes (which will substantially comprise Associated Funds and/or Fidelity Funds) may provide the Fund exposure globally to equity securities (i.e. shares), fixed income securities (i.e. both government and non-government bonds) and, on a limited basis, to commodities.</p> <p>In seeking to achieve its investment objective and/or for liquidity purposes, the Fund may invest in asset classes other than collective investment schemes. These other asset classes include direct investment in equity securities and fixed income securities, money market instruments (i.e. debt securities with short-term maturities), cash or assets that can be turned into cash quickly. The fixed income securities to which the Fund has exposure (whether directly or indirectly) may be investment grade, have a relatively low credit rating or be unrated .</p> <p>Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to achieve the Fund's investment objective, to seek to reduce risk within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").</p> <p>The Fund will seek to maintain a portfolio of investments providing exposure (save for any investments for liquidity or EPM purposes and, potentially, limited exposure to commodities) to approximately 60% to 80% in fixed income securities with the balance in equity securities. The Investment Manager will also change its asset allocations (i.e. mix of assets at any time) dynamically with the aim of managing risk and supporting a regular drawdown while maintaining the portfolio composition as described in the previous sentence.</p> <p><b>ESG Policy</b></p>
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Through the application of this ESG Policy, the Fund expects to achieve in its portfolio (in respect of only the underlying corporate issuers (i.e. companies) to which the Fund has exposure) a carbon emission intensity score that as calculated at the end of each calendar quarter, is less than a portfolio that holds equivalent proportions (weighting) of equity securities and fixed income securities as the Fund but that does not apply any ESG criteria (such comparable portfolio being represented by a reference benchmark (the "Reference Comparator") as further described below).

However, there can be no guarantee that this expectation will be met and the carbon emission intensity score of the Fund's portfolio may vary.

Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their size. In measuring the size of issuers, for this purpose, it is intended that the Fund will use the issuers' enterprise value including cash (EVIC) but it may use another measure instead if it is considered appropriate or necessary as a result of changes in regulation, market practice or available data.

The carbon emission intensity score of the Fund's portfolio is calculated based on carbon emission intensity scores attributed only to the corporate issuers of the securities in which the Fund invests either indirectly through collective investment schemes or directly. Securities issued by non-corporate issuers in which the Fund directly or indirectly invests, such as fixed income securities issued by governments and commodities (indirect exposure only), are not included. The Fund's exposure to fixed income securities issued by governments may, at times, represent a material portion of its assets. The same exclusion of non-corporate issuers applies to the carbon emission intensity score calculated for the Reference Comparator.

The Reference Comparator is a composite benchmark of underlying indices, one for each collective investment scheme in which the Fund invests (other than collective investment schemes in which the Fund invests for liquidity purposes only), where each underlying index is intended to represent a portfolio of assets similar to those in which such collective investment scheme invests but in respect of which no specific ESG related criteria or requirements are applied (the "non-ESG investment universe"). Each such index will be weighted within the Reference Comparator based on the weight given to the corresponding collective investment scheme within the Fund's portfolio. Accordingly, the composition of the Reference Comparator will vary over time as the Fund's allocation to different collective investment schemes varies, and as the Fund changes the collective investment schemes in which it invests.

For the purposes of forming the Reference Comparator, as outlined above, the index that is selected to represent the non-ESG investment universe of a particular collective investment scheme will be:

- 1) where the collective investment scheme tracks an index the methodology of which incorporates ESG criteria or requirements (an "ESG Index") or otherwise uses such an ESG Index to construct its portfolio, an index which adopts a methodology which incorporates no specific ESG criteria or requirements (a "Non-ESG Index") but which in all other material respects is the closest equivalent to the relevant ESG Index;
- 2) where the collective investment scheme tracks a Non-ESG Index or otherwise use such a Non-ESG Index to construct its portfolio, such Non-ESG Index; or
- 3) where it is considered that an index other than the Non-ESG Index that would be selected pursuant to 1) or 2) above provides a reasonable representation of the non-ESG investment universe of the collective investment scheme and its use is more practicable for the purposes of forming the Reference Comparator, such other index.

A list of the indices that form the Reference Comparator will be made available to unitholders in the quarterly reporting of the Fund.

As described in the Fund's investment policy, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). Within this allocation, the Fund may invest in collective investment schemes which primarily invest in government bonds ("Government Bond Funds"). Of the assets that the Fund invests in Government Bond Funds, the Fund will invest at least 80% of the total value of such assets in Government Bond Funds which track benchmark indices primarily comprising government bond issuers with an ESG sovereign rating of BB or higher (as defined by MSCI or the comparable rating of another third party vendor) ("ESG Government Bond Funds").

Of the total assets that the Fund invests in collective investment schemes other than Government Bond Funds and collective investment schemes which invest primarily in commodities, the Fund will invest at least 80% of the total value of such assets in collective investment schemes which 1) track benchmark indices that apply screens and exclusionary criteria based on ESG-related limits/thresholds, and/or 2) otherwise include/exclude and/or overweight/underweight (i.e. allocate a higher or lower proportion of their assets to) investments included in an underlying benchmark based on ESG-related characteristics (together, "ESG Funds").

In making an assessment of whether a collective investment scheme constitutes an ESG Fund for the purposes of this ESG Policy, the investment policy of the collective investment scheme and the methodology of any relevant underlying index will be analysed, including how the constituents of the relevant index are selected and weighted, and whether and to what extent the collective investment scheme:

- 1) excludes or underweights issuers or sectors which are involved in activities which are considered to be inconsistent with the principles of ESG investing (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, tobacco, nuclear weapons, violations of the United Nations Global Compact and the extraction and generation of power from fossil fuels like thermal coal and tar sands) and/or excludes or underweights issuers or sectors to minimise exposure to characteristics that are considered to be negative from an ESG investing perspective; and/or
- 2) includes or overweights issuers or sectors based on activities which are considered to be positive from an ESG investing perspective (such as, but not limited to, activities relating to transition readiness, sustainable energy and the future of transport) and/or includes or overweights issuers or sectors to maximise exposure to characteristics that are considered to be positive from an ESG investing perspective.

The nature and extent of ESG characteristics will vary between the ESG Funds in which the Fund invests, and the criteria for what is considered to be inconsistent with the principles of ESG investing or positive from an ESG investing perspective may also change and develop over time. Where an ESG Fund applies screens and exclusionary criteria, the limits or thresholds will be derived from the relevant index provider's definition of what constitutes "involvement" in certain restricted activities. Involvement in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.

As part of its investment process, the data from one or more third party ESG research providers (for example MSCI) and data generated internally by the Investment Manager, the Investment Adviser and/or their respective associates will be used, as well as their proprietary data analysis tools, to identify the ESG and ESG related scores of issuers (such as their carbon emission intensity) and to compare such scores across a range of collective investment schemes in order to select schemes to be held as ESG Funds.

ESG Government Bond Funds will, at the time of purchase by the Fund, comply with the rating requirements described above. Where it is considered that a collective investment scheme has ceased to be appropriate for characterisation as an ESG Fund (for example, due to a change or deterioration in its ESG characteristics), or where an ESG



Government Bond Fund ceases to comply with the rating requirements described above, the Fund may continue to hold such investment as an ESG Fund or an ESG Government Bond Fund (respectively) but will seek to divest within a reasonable period of time (not expected to exceed 90 days) or the Fund may continue to hold such investment other than as an ESG Fund or an ESG Government Bond Fund (respectively).

Quarterly reporting of the Fund's carbon emission intensity score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request.

The Fund may, for liquidity management and other purposes, have direct or indirect exposure (through, among other things, derivatives and shares or units in collective investment schemes) to securities and other assets that can be turned into cash quickly, but in respect of which no specific ESG criteria or requirements are applied.

## **Investment Process and ESG**

As part of its investment process, the Investment Manager applies ESG commitments at a portfolio level to its selection of collective investment schemes. These ESG commitments are identified in the table below, along with the asset classes within the Fund to which they are applied.

<b>Portfolio breakdown</b>		<b>Are ESG commitments applied?</b>
At least 70% of total assets in collective investment schemes, comprising (a) to (c) (see next column).	(a) Collective investment schemes that invest at least 50% in government bonds (" <b>Government Bond Funds</b> ").	Yes, at least 80% of Government Bond Funds in which the Fund invests track benchmark indices comprised of at least 50% of government bond issuers with an ESG government rating of BB or higher (as defined by MSCI or the comparable rating of another third-party vendor). MSCI's ESG government ratings are intended to identify and assign weights to the environmental, social, or governance-related issues that could impact the long term sustainability of economies. Further information regarding the MSCI ESG government ratings methodology is available via <a href="https://www.msci.com/esg-and-climate-methodologies">https://www.msci.com/esg-and-climate-methodologies</a> .
	(b) Collective investment schemes other than Government Bond Funds, commodity funds and collective investment schemes held for EPM purposes (" <b>Other CIS</b> ").	Yes, at least 80% of Other CIS in which the Fund invests themselves apply ESG criteria within their investment processes (as further detailed below).  In addition, in respect of corporate issuers (i.e. companies) invested in by the Other CIS held by the Fund, the Investment Manager aims to achieve as calculated at the end of each calendar quarter, a carbon emission intensity score that is less than the Reference Comparator (as defined below).  Carbon emission intensity scores are a measurement of carbon emissions of an issuer relative to the issuer's size based on data from one or more third party ESG research providers.  For details on how the carbon emission intensity score of the Fund's portfolio is calculated, see the section titled 'carbon emission intensity scores' in section 38(b) of the Prospectus.

		<p><u>There can be no guarantee that this outcome will be achieved and the actual carbon emission intensity score of the Fund's portfolio may vary.</u></p>
	<p>(c) <u>Alternative asset classes (such as commodity funds).</u></p>	<p><u>No.</u></p>
	<p><u>Up to 30% of total assets in other assets (including direct investments and collective investment schemes in which the Fund invests for EPM purposes).</u></p>	<p><u>No.</u></p>
<p><u>In order to satisfy the ESG commitment with respect to Other CIS, the Investment Manager will, in respect of any Other CIS in which it is considering an investment for the Fund, analyse its investment objective and policy and how its investments are selected, including (where relevant) the methodology of any benchmark index that it uses, to identify the ESG criteria (if any) that it applies.</u></p>		
<p><u>The ESG criteria may be applied by the Other CIS tracking, or otherwise using for portfolio construction purposes, a benchmark index that itself applies ESG criteria, or they may be applied by the Other CIS separately. The ESG criteria will include:</u></p>		
<ol style="list-style-type: none"> <li>1) <u>Following a similar approach to the application of the BlackRock EMEA Baseline Screens, the exclusion or underweighting of issuers or sectors which are "involved" in activities that the Investment Manager considers negative from an ESG investing perspective (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact principles and the extraction and generation of power from fossil fuels like thermal coal and tar sands). For these purposes, "involvement" in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.</u></li> <li>2) <u>The inclusion or overweighting of issuers or sectors based on activities that the Investment Manager considers positive from an ESG investing perspective with a particular focus on a reduction in 'carbon emission intensity scores', which the Investment Manager will monitor on an ongoing basis as set out below.</u></li> </ol>		
<p><u>In respect of each commitment, if the Fund ceases to meet the commitment at any time (for example, because a collective investment scheme in which it is invested no longer complies with the relevant rating requirements or applies ESG criteria as described above (as applicable)), the Fund will take steps to seek to rebalance its portfolio to meet the commitment within a reasonable period of time.</u></p>		
<p><u>Please see section 38(c) in the Prospectus for detail regarding the Investment Manager's use of data.</u></p>		
<p><u>Quarterly reporting of the Fund's carbon emission intensity score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.</u></p>		
<p><b>Fund benchmarks</b></p>		
<p><u>The Fund does not have a target, constraining or comparator benchmark. As described in the investment policy above, the Fund's portfolio composition will vary over time.</u></p>		

	<p>Unitholders may contact the Investment Manager for details of how the Fund has performed.</p> <p><del>For the purpose of the The Fund's ESG Policy above, the carbon emission intensity score of the Fund's portfolio is measured against the a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "Reference Comparator"). Further details regarding the Reference Comparator is included in section 38(d) of the Prospectus.</del></p>
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<p><b>BlackRock FutureWise 2023-27</b></p> <p>The Fund was authorised by the FCA on 17 August 2022</p> <p>The Fund's FCA product reference number is 988111</p>	<p><u>This Fund does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The Fund does not use a sustainability label because whilst the Fund applies ESG commitments within its investment process and monitors the application of these commitments through ESG related metrics (in each case, as described below), the Fund does not have a specific sustainability goal. This is primarily because the Fund follows a fund-of-funds strategy and the underlying funds in which the Fund invests may not meet the criteria of any sustainability label.</u></p> <p><b>Investment Objective</b></p> <p>The Fund is a target date retirement fund (which means that it is intended for investors whose target retirement year corresponds to that specified in the Fund's name). The Fund's investment objective, up to its maturity date of 30 June 2025, is to provide a return on your investment (generated through an increase in the value of the assets held by the Fund and/or income received from those assets) with a portfolio composition (i.e. the exposure across different asset classes) that changes gradually over time towards a more conservative risk profile (compared to the risk profile at launch) as the Fund approaches the maturity date, whilst incorporating the ESG commitments described below. The change in portfolio composition over time is described further in the investment policy below. Following the maturity date, the Fund's investment objective will be to continue to provide a return on your investment and support a regular draw down whilst maintaining the Fund's target portfolio composition at maturity (as described in the Fund's investment policy below). The target portfolio composition will remain broadly consistent with the range described in the Fund's investment policy below after the maturity date until the termination of the Fund. <del>The Fund aims to invest in accordance with its environmental, social and governance ("ESG") policy (as described below).</del></p> <p>Although the Fund aims to deliver a return on your investment, there is no guarantee that this will be achieved and the Fund (and you) may experience periods of no return. Furthermore, there is no guarantee that the Fund will be able to support a regular, or any, drawdown after the Fund's maturity date. The Fund's capital is at risk meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.</p> <p><b>Investment policy</b></p> <p>In seeking to achieve its investment objective, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). These collective investment schemes (which will substantially comprise Associated Funds and/or Fidelity Funds) may provide the Fund exposure globally to equity securities (i.e. shares), fixed income securities (i.e. both government and non-government bonds) and, on a limited basis, to commodities..</p> <p>In seeking to achieve its investment objective and/or for liquidity purposes, the Fund may invest in asset classes other than collective investment schemes. These other asset classes include direct investment in equity securities and fixed income securities, money market instruments (i.e. debt securities with short-term maturities), cash or assets that can be turned into cash quickly. The fixed income securities to which the Fund has exposure (whether directly or indirectly) may be investment grade, have a relatively low credit rating or be unrated .</p> <p>Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to achieve the Fund's investment objective, to seek to reduce risk within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").</p>
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The Fund will shift its portfolio composition towards a more conservative risk profile as it progresses towards its maturity date, from a portfolio of investments providing exposure to approximately 55% equity securities and 45% fixed income securities (save for any investments for liquidity or EPM purposes and limited exposure to commodities), to a target portfolio composition on the maturity date of a portfolio of investments providing exposure (save for any investments for liquidity or EPM purposes and, potentially, limited exposure to commodities) to approximately 60% to 80% in fixed income securities with the balance in equity securities. As the Fund approaches its maturity date and rebalances its portfolio composition as described in the previous sentence, the Investment Manager will also change its asset allocations (i.e. mix of assets at any time) more dynamically with the aim of managing risk and supporting a regular draw down. It is intended that the Fund will remain invested in accordance with its target portfolio composition on the maturity date for at least 30 months after its maturity date (although specific asset allocations may change and the precise portfolio composition at any given time may vary generally within the ranges set out in the target portfolio composition), after which time unitholders will be informed of the intention to terminate the Fund.

## **ESG Policy**

~~Through the application of this ESG Policy, the Fund expects to achieve in its portfolio (in respect of only the underlying corporate issuers (i.e. companies) to which the Fund has exposure) a carbon emission intensity score that as calculated at the end of each calendar quarter, is less than a portfolio that holds equivalent proportions (weighting) of equity securities and fixed income securities as the Fund but that does not apply any ESG criteria (such comparable portfolio being represented by a reference benchmark (the "Reference Comparator") as further described below).~~

~~However, there can be no guarantee that this expectation will be met and the carbon emission intensity score of the Fund's portfolio may vary.~~

~~Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their size. In measuring the size of issuers, for this purpose, it is intended that the Fund will use the issuers' enterprise value including cash (EVIC) but it may use another measure instead if it is considered appropriate or necessary as a result of changes in regulation, market practice or available data.~~

~~The carbon emission intensity score of the Fund's portfolio is calculated based on carbon emission intensity scores attributed only to the corporate issuers of the securities in which the Fund invests either indirectly through collective investment schemes or directly. Securities issued by non-corporate issuers in which the Fund directly or indirectly invests, such as fixed income securities issued by governments and commodities (indirect exposure only), are not included. As the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it may increase its exposure to fixed income securities issued by governments and these may, at times, represent a material portion of its assets. The same exclusion of non-corporate issuers applies to the carbon emission intensity score calculated for the Reference Comparator.~~

~~The Reference Comparator is a composite benchmark of underlying indices, one for each collective investment scheme in which the Fund invests (other than collective investment schemes in which the Fund invests for liquidity purposes only), where each underlying index is intended to represent a portfolio of assets similar to those in which such collective investment scheme invests but in respect of which no specific ESG related criteria or requirements are applied (the "non ESG investment universe"). Each such index will be weighted within the Reference Comparator based on the weight given to the corresponding collective investment scheme within the Fund's portfolio. Accordingly, the composition of the Reference Comparator will vary over time as the Fund's allocation to different collective investment schemes varies, and as the Fund changes the collective investment schemes in which it invests.~~

For the purposes of forming the Reference Comparator, as outlined above, the index that is selected to represent the non-ESG investment universe of a particular collective investment scheme will be:

- 1) where the collective investment scheme tracks an index the methodology of which incorporates ESG criteria or requirements (an "ESG Index") or otherwise uses such an ESG Index to construct its portfolio, an index which adopts a methodology which incorporates no specific ESG criteria or requirements (a "Non-ESG Index") but which in all other material respects is the closest equivalent to the relevant ESG Index;
- 2) where the collective investment scheme tracks a Non-ESG Index or otherwise use such a Non-ESG Index to construct its portfolio, such Non-ESG Index; or
- 3) where it is considered that an index other than the Non-ESG Index that would be selected pursuant to 1) or 2) above provides a reasonable representation of the non-ESG investment universe of the collective investment scheme and its use is more practicable for the purposes of forming the Reference Comparator, such other index.

A list of the indices that form the Reference Comparator will be made available to unitholders in the quarterly reporting of the Fund.

As described in the Fund's investment policy, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). Within this allocation, the Fund may invest in collective investment schemes which primarily invest in government bonds ("Government Bond Funds"). Of the assets that the Fund invests in Government Bond Funds, the Fund will invest at least 80% of the total value of such assets in Government Bond Funds which track benchmark indices primarily comprising government bond issuers with an ESG sovereign rating of BB or higher (as defined by MSCI or the comparable rating of another third party vendor) ("ESG Government Bond Funds").

Of the total assets that the Fund invests in collective investment schemes, other than Government Bond Funds and collective investment schemes which invest primarily in commodities, the Fund will invest at least 80% of the total value of such assets in collective investment schemes which 1) track benchmark indices that apply screens and exclusionary criteria based on ESG-related limits/thresholds, and/or 2) otherwise include/exclude and/or overweight/underweight (i.e. allocate a higher or lower proportion of their assets to) investments included in an underlying benchmark based on ESG-related characteristics (together, "ESG Funds").

In making an assessment of whether a collective investment scheme constitutes an ESG Fund for the purposes of this ESG Policy, the investment policy of the collective investment scheme and the methodology of any relevant underlying index will be analysed, including how the constituents of the relevant index are selected and weighted, and whether and to what extent the collective investment scheme:

- 1) excludes or underweights issuers or sectors which are involved in activities which are considered to be inconsistent with the principles of ESG investing (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, tobacco, nuclear weapons, violations of the United Nations Global Compact and the extraction and generation of power from fossil fuels like thermal coal and tar sands) and/or excludes or underweights issuers or sectors to minimise exposure to characteristics that are considered to be negative from an ESG investing perspective; and/or
- 2) includes or overweights issuers or sectors based on activities which are considered to be positive from an ESG investing perspective (such as, but not limited to, activities relating to transition readiness, sustainable energy and the future of transport) and/or includes or overweights issuers or sectors to maximise exposure to characteristics that are considered to be positive from an ESG investing perspective.

The nature and extent of ESG characteristics will vary between the ESG Funds in which the Fund invests, and the criteria for what is considered to be inconsistent with the principles of ESG investing or positive from an ESG investing perspective may also change and develop over time. Where an ESG Fund applies screens and exclusionary criteria, the limits or thresholds will be derived from the relevant index provider's definition of what constitutes "involvement" in certain restricted activities. Involvement in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.

As part of its investment process, the data from one or more third party ESG research providers (for example MSCI) and data generated internally by the Investment Manager, the Investment Adviser and/or their respective associates will be used, as well as their proprietary data analysis tools, to identify the ESG and ESG related scores of issuers (such as their carbon emission intensity) and to compare such scores across a range of collective investment schemes in order to select schemes to be held as ESG Funds.

ESG Government Bond Funds will, at the time of purchase by the Fund, comply with the rating requirements described above. Where it is considered that a collective investment scheme has ceased to be appropriate for characterisation as an ESG Fund (for example, due to a change or deterioration in its ESG characteristics), or where an ESG Government Bond Fund ceases to comply with the rating requirements described above, the Fund may continue to hold such investment as an ESG Fund or an ESG Government Bond Fund (respectively) but will seek to divest within a reasonable period of time (not expected to exceed 90 days) or the Fund may continue to hold such investment other than as an ESG Fund or an ESG Government Bond Fund (respectively).

Quarterly reporting of the Fund's carbon emission intensity score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request

The Fund may, for liquidity management and other purposes, have direct or indirect exposure (through, among other things, derivatives and shares or units in collective investment schemes) to securities and other assets that can be turned into cash quickly, but in respect of which no specific ESG criteria or requirements are applied.

### **Investment Process and ESG**

As part of its investment process, the Investment Manager applies ESG commitments at a portfolio level to its selection of collective investment schemes. These ESG commitments are identified in the table below, along with the asset classes within the Fund to which they are applied.

<b>Portfolio breakdown</b>		<b>Are ESG commitments applied?</b>
At least 70% of total assets in collective investment schemes, comprising (a) to (c) (see next column).	(a) Collective investment schemes that invest at least 50% in government bonds (" <b>Government Bond Funds</b> ").	Yes, at least 80% of Government Bond Funds in which the Fund invests track benchmark indices comprised of at least 50% of government bond issuers with an ESG government rating of BB or higher (as defined by MSCI or the comparable rating of another third-party vendor). MSCI's ESG government ratings are intended to identify and assign weights to the environmental, social, or governance-related issues that could impact the long term sustainability of economies. Further information regarding the MSCI ESG government ratings methodology is available via <a href="https://www.msci.com/esg-and-climate-methodologies">https://www.msci.com/esg-and-climate-methodologies</a> .

		<p>(b) <u>Collective investment schemes other than Government Bond Funds, commodity funds and collective investment schemes held for EPM purposes ("Other CIS").</u></p>	<p><u>Yes, at least 80% of Other CIS in which the Fund invests themselves apply ESG criteria within their investment processes (as further detailed below).</u></p> <p><u>In addition, in respect of corporate issuers (i.e. companies) invested in by the Other CIS held by the Fund, the Investment Manager aims to achieve as calculated at the end of each calendar quarter, a carbon emission intensity score that is less than the Reference Comparator (as defined below).</u></p> <p><u>Carbon emission intensity scores are a measurement of carbon emissions of an issuer relative to the issuer's size based on data from one or more third party ESG research providers.</u></p> <p><u>For details on how the carbon emission intensity score of the Fund's portfolio is calculated, see the section titled 'carbon emission intensity scores' in section 38(b) of the Prospectus.</u></p> <p><u>There can be no guarantee that this outcome will be achieved and the actual carbon emission intensity score of the Fund's portfolio may vary.</u></p> <p><u>Investors should also note that as the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it will increase its exposure to fixed income securities issued by governments and may, close to its maturity date, hold a majority of its assets in non-corporate issuers (which are not included for the purposes of calculating the carbon emission intensity score of the Fund's portfolio, as set out in section 38(b) of the Prospectus).</u></p>
		<p>(c) <u>Alternative asset classes (such as commodity funds).</u></p>	<p><u>No.</u></p>
		<p><u>Up to 30% of total assets in other assets (including direct investments and collective investment schemes in which the Fund invests for EPM purposes).</u></p>	<p><u>No.</u></p>
<p><u>In order to satisfy the ESG commitment with respect to Other CIS, the Investment Manager will, in respect of any Other CIS in which it is considering an investment for the Fund, analyse its investment objective and policy and how its investments are selected, including (where relevant) the methodology of any benchmark index that it uses, to identify the ESG criteria (if any) that it applies.</u></p> <p><u>The ESG criteria may be applied by the Other CIS tracking, or otherwise using for portfolio construction purposes, a benchmark index that itself applies ESG criteria, or they may be applied by the Other CIS separately. The ESG criteria will include:</u></p> <p>1) <u>Following a similar approach to the application of the BlackRock EMEA Baseline Screens, the exclusion or underweighting of issuers or sectors which are</u></p>			



"involved" in activities that the Investment Manager considers negative from an ESG investing perspective (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact principles and the extraction and generation of power from fossil fuels like thermal coal and tar sands). For these purposes, "involvement" in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.

- 2) The inclusion or overweighting of issuers or sectors based on activities that the Investment Manager considers positive from an ESG investing perspective with a particular focus on a reduction in 'carbon emission intensity scores', which the Investment Manager will monitor on an ongoing basis as set out below.

In respect of each commitment, if the Fund ceases to meet the commitment at any time (for example, because a collective investment scheme in which it is invested no longer complies with the relevant rating requirements or applies ESG criteria as described above (as applicable)), the Fund will take steps to seek to rebalance its portfolio to meet the commitment within a reasonable period of time.

Please see section 38(c) in the Prospectus for detail regarding the Investment Manager's use of data.

Quarterly reporting of the Fund's carbon emission intensity score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.

#### **Fund benchmarks**

The Fund does not have a target, constraining or comparator benchmark. As described in the investment policy above, the Fund will adjust its investment strategy over time in order to seek to achieve its investment objective and therefore the Fund's portfolio composition will vary over time. Unitholders may contact the Investment Manager for details of how the Fund has performed.

For the purpose of the The Fund's ESG Policy above, the carbon emission intensity score of the Fund's portfolio is measured against the a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "Reference Comparator"). Further details regarding the Reference Comparator is included in section 38(d) of the Prospectus.

<p><b>BlackRock FutureWise 2028-32</b></p> <p>The Fund was authorised by the FCA on 17 August 2022</p> <p>The Fund's FCA product reference number is 988112</p>	<p><u>This Fund does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The Fund does not use a sustainability label because whilst the Fund applies ESG commitments within its investment process and monitors the application of these commitments through ESG related metrics (in each case, as described below), the Fund does not have a specific sustainability goal. This is primarily because the Fund follows a fund-of-funds strategy and the underlying funds in which the Fund invests may not meet the criteria of any sustainability label.</u></p> <p><b>Investment Objective</b></p> <p>The Fund is a target date retirement fund (which means that it is intended for investors whose target retirement year corresponds to that specified in the Fund's name). The Fund's investment objective, up to its maturity date of 30 June 2030, is to provide a return on your investment (generated through an increase in the value of the assets held by the Fund and/or income received from those assets) with a portfolio composition (i.e. the exposure across different asset classes) that changes gradually over time towards a more conservative risk profile (compared to the risk profile at launch) as the Fund approaches the maturity date, <u>whilst incorporating the ESG commitments described below</u>. The change in portfolio composition over time is described further in the investment policy below. Following the maturity date, the Fund's investment objective will be to continue to provide a return on your investment and support a regular draw down whilst maintaining the Fund's target portfolio composition at maturity (as described in the Fund's investment policy below). The target portfolio composition will remain broadly consistent with the range described in the Fund's investment policy below after the maturity date until the termination of the Fund. <del>The Fund aims to invest in accordance with its environmental, social and governance ("ESG") policy (as described below).</del></p> <p>Although the Fund aims to deliver a return on your investment, there is no guarantee that this will be achieved and the Fund (and you) may experience periods of no return. Furthermore, there is no guarantee that the Fund will be able to support a regular, or any, drawdown after the Fund's maturity date. The Fund's capital is at risk meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.</p> <p><b>Investment policy</b></p> <p>In seeking to achieve its investment objective, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). These collective investment schemes (which will substantially comprise Associated Funds and/or Fidelity Funds) may provide the Fund exposure globally to equity securities (i.e. shares), fixed income securities (i.e. both government and non-government bonds) and, on a limited basis, to commodities.</p> <p>In seeking to achieve its investment objective and/or for liquidity purposes, the Fund may invest in asset classes other than collective investment schemes. These other asset classes include direct investment in equity securities and fixed income securities, money market instruments (i.e. debt securities with short-term maturities), cash or assets that can be turned into cash quickly. The fixed income securities to which the Fund has exposure (whether directly or indirectly) may be investment grade, have a relatively low credit rating or be unrated .</p> <p>Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to achieve the Fund's investment objective, to seek to reduce risk within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").</p>
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The Fund will shift its portfolio composition towards a more conservative risk profile as it progresses towards its maturity date, from a portfolio of investments providing exposure to approximately 90% equity securities and 10% fixed income securities (save for any investments for liquidity or EPM purposes and limited exposure to commodities), to a target portfolio composition on the maturity date of a portfolio of investments providing exposure (save for any investments for liquidity or EPM purposes and, potentially, limited exposure to commodities) to approximately 60% to 80% in fixed income securities with the balance in equity securities. As the Fund approaches its maturity date and rebalances its portfolio composition as described in the previous sentence, the Investment Manager will also change its asset allocations (i.e. mix of assets at any time) more dynamically with the aim of managing risk and supporting a regular draw down. It is intended that the Fund will remain invested in accordance with its target portfolio composition on the maturity date for at least 30 months after its maturity date (although specific asset allocations may change and the precise portfolio composition at any given time may vary generally within the ranges set out in the target portfolio composition), after which time unitholders will be informed of the intention to terminate the Fund.

## **ESG Policy**

~~Through the application of this ESG Policy, the Fund expects to achieve in its portfolio (in respect of only the underlying corporate issuers (i.e. companies) to which the Fund has exposure) a carbon emission intensity score that as calculated at the end of each calendar quarter, is less than a portfolio that holds equivalent proportions (weighting) of equity securities and fixed income securities as the Fund but that does not apply any ESG criteria (such comparable portfolio being represented by a reference benchmark (the "Reference Comparator") as further described below).~~

~~However, there can be no guarantee that this expectation will be met and the carbon emission intensity score of the Fund's portfolio may vary.~~

~~Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their size. In measuring the size of issuers, for this purpose, it is intended that the Fund will use the issuers' enterprise value including cash (EVIC) but it may use another measure instead if it is considered appropriate or necessary as a result of changes in regulation, market practice or available data.~~

~~The carbon emission intensity score of the Fund's portfolio is calculated based on carbon emission intensity scores attributed only to the corporate issuers of the securities in which the Fund invests either indirectly through collective investment schemes or directly. Securities issued by non-corporate issuers in which the Fund directly or indirectly invests, such as fixed income securities issued by governments and commodities (indirect exposure only), are not included. As the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it may increase its exposure to fixed income securities issued by governments and these may, at times, represent a material portion of its assets. The same exclusion of non-corporate issuers applies to the carbon emission intensity score calculated for the Reference Comparator.~~

~~The Reference Comparator is a composite benchmark of underlying indices, one for each collective investment scheme in which the Fund invests (other than collective investment schemes in which the Fund invests for liquidity purposes only), where each underlying index is intended to represent a portfolio of assets similar to those in which such collective investment scheme invests but in respect of which no specific ESG related criteria or requirements are applied (the "non ESG investment universe"). Each such index will be weighted within the Reference Comparator based on the weight given to the corresponding collective investment scheme within the Fund's portfolio. Accordingly, the composition of the Reference Comparator will vary over time as the Fund's allocation to different collective investment schemes varies, and as the Fund changes the collective investment schemes in which it invests.~~

For the purposes of forming the Reference Comparator, as outlined above, the index that is selected to represent the non-ESG investment universe of a particular collective investment scheme will be:

- 1) where the collective investment scheme tracks an index the methodology of which incorporates ESG criteria or requirements (an "ESG Index") or otherwise uses such an ESG Index to construct its portfolio, an index which adopts a methodology which incorporates no specific ESG criteria or requirements (a "Non-ESG Index") but which in all other material respects is the closest equivalent to the relevant ESG Index;
- 2) where the collective investment scheme tracks a Non-ESG Index or otherwise use such a Non-ESG Index to construct its portfolio, such Non-ESG Index; or
- 3) where it is considered that an index other than the Non-ESG Index that would be selected pursuant to 1) or 2) above provides a reasonable representation of the non-ESG investment universe of the collective investment scheme and its use is more practicable for the purposes of forming the Reference Comparator, such other index.

A list of the indices that form the Reference Comparator will be made available to unitholders in the quarterly reporting of the Fund.

As described in the Fund's investment policy, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). Within this allocation, the Fund may invest in collective investment schemes which primarily invest in government bonds ("Government Bond Funds"). Of the assets that the Fund invests in Government Bond Funds, the Fund will invest at least 80% of the total value of such assets in Government Bond Funds which track benchmark indices primarily comprising government bond issuers with an ESG sovereign rating of BB or higher (as defined by MSCI or the comparable rating of another third party vendor) ("ESG Government Bond Funds").

Of the total assets that the Fund invests in collective investment schemes, other than Government Bond Funds and collective investment schemes which invest primarily in commodities, the Fund will invest at least 80% of the total value of such assets in collective investment schemes which 1) track benchmark indices that apply screens and exclusionary criteria based on ESG-related limits/thresholds, and/or 2) otherwise include/exclude and/or overweight/underweight (i.e. allocate a higher or lower proportion of their assets to) investments included in an underlying benchmark based on ESG-related characteristics (together, "ESG Funds").

In making an assessment of whether a collective investment scheme constitutes an ESG Fund for the purposes of this ESG Policy, the investment policy of the collective investment scheme and the methodology of any relevant underlying index will be analysed, including how the constituents of the relevant index are selected and weighted, and whether and to what extent the collective investment scheme:

- 1) excludes or underweights issuers or sectors which are involved in activities which are considered to be inconsistent with the principles of ESG investing (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, tobacco, nuclear weapons, violations of the United Nations Global Compact and the extraction and generation of power from fossil fuels like thermal coal and tar sands) and/or excludes or underweights issuers or sectors to minimise exposure to characteristics that are considered to be negative from an ESG investing perspective; and/or
- 2) includes or overweights issuers or sectors based on activities which are considered to be positive from an ESG investing perspective (such as, but not limited to, activities relating to transition readiness, sustainable energy and the future of transport) and/or includes or overweights issuers or sectors to maximise exposure to characteristics that are considered to be positive from an ESG investing perspective.

The nature and extent of ESG characteristics will vary between the ESG Funds in which the Fund invests, and the criteria for what is considered to be inconsistent with the principles of ESG investing or positive from an ESG investing perspective may also change and develop over time. Where an ESG Fund applies screens and exclusionary criteria, the limits or thresholds will be derived from the relevant index provider's definition of what constitutes "involvement" in certain restricted activities. Involvement in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.

As part of its investment process, the data from one or more third party ESG research providers (for example MSCI) and data generated internally by the Investment Manager, the Investment Adviser and/or their respective associates will be used, as well as their proprietary data analysis tools, to identify the ESG and ESG related scores of issuers (such as their carbon emission intensity) and to compare such scores across a range of collective investment schemes in order to select schemes to be held as ESG Funds.

ESG Government Bond Funds will, at the time of purchase by the Fund, comply with the rating requirements described above. Where it is considered that a collective investment scheme has ceased to be appropriate for characterisation as an ESG Fund (for example, due to a change or deterioration in its ESG characteristics), or where an ESG Government Bond Fund ceases to comply with the rating requirements described above, the Fund may continue to hold such investment as an ESG Fund or an ESG Government Bond Fund (respectively) but will seek to divest within a reasonable period of time (not expected to exceed 90 days) or the Fund may continue to hold such investment other than as an ESG Fund or an ESG Government Bond Fund (respectively).

Quarterly reporting of the Fund's carbon emission intensity score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request

The Fund may, for liquidity management and other purposes, have direct or indirect exposure (through, among other things, derivatives and shares or units in collective investment schemes) to securities and other assets that can be turned into cash quickly, but in respect of which no specific ESG criteria or requirements are applied.

### **Investment Process and ESG**

As part of its investment process, the Investment Manager applies ESG commitments at a portfolio level to its selection of collective investment schemes. These ESG commitments are identified in the table below, along with the asset classes within the Fund to which they are applied.

<b>Portfolio breakdown</b>		<b>Are ESG commitments applied?</b>
At least 70% of total assets in collective investment schemes, comprising (a) to (c) (see next column).	(a) Collective investment schemes that invest at least 50% in government bonds (" <b>Government Bond Funds</b> ").	Yes, at least 80% of Government Bond Funds in which the Fund invests track benchmark indices comprised of at least 50% of government bond issuers with an ESG government rating of BB or higher (as defined by MSCI or the comparable rating of another third-party vendor). MSCI's ESG government ratings are intended to identify and assign weights to the environmental, social, or governance-related issues that could impact the long term sustainability of economies. Further information regarding the MSCI ESG government ratings methodology is available via <a href="https://www.msci.com/esg-and-climate-methodologies">https://www.msci.com/esg-and-climate-methodologies</a> .

		<p>(b) <u>Collective investment schemes other than Government Bond Funds, commodity funds and collective investment schemes held for EPM purposes ("Other CIS").</u></p>	<p><u>Yes, at least 80% of Other CIS in which the Fund invests themselves apply ESG criteria within their investment processes (as further detailed below).</u></p> <p><u>In addition, in respect of corporate issuers (i.e. companies) invested in by the Other CIS held by the Fund, the Investment Manager aims to achieve as calculated at the end of each calendar quarter, a carbon emission intensity score that is less than the Reference Comparator (as defined below).</u></p> <p><u>Carbon emission intensity scores are a measurement of carbon emissions of an issuer relative to the issuer's size based on data from one or more third party ESG research providers.</u></p> <p><u>For details on how the carbon emission intensity score of the Fund's portfolio is calculated, see the section titled 'carbon emission intensity scores' in section 38(b) of the Prospectus.</u></p> <p><u>There can be no guarantee that this outcome will be achieved and the actual carbon emission intensity score of the Fund's portfolio may vary.</u></p> <p><u>Investors should also note that as the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it will increase its exposure to fixed income securities issued by governments and may, close to its maturity date, hold a majority of its assets in non-corporate issuers (which are not included for the purposes of calculating the carbon emission intensity score of the Fund's portfolio, as set out in section 38(b) of the Prospectus).</u></p>
		<p>(c) <u>Alternative asset classes (such as commodity funds).</u></p>	<p><u>No.</u></p>
		<p><u>Up to 30% of total assets in other assets (including direct investments and collective investment schemes in which the Fund invests for EPM purposes).</u></p>	<p><u>No.</u></p>
<p><u>In order to satisfy the ESG commitment with respect to Other CIS, the Investment Manager will, in respect of any Other CIS in which it is considering an investment for the Fund, analyse its investment objective and policy and how its investments are selected, including (where relevant) the methodology of any benchmark index that it uses, to identify the ESG criteria (if any) that it applies.</u></p> <p><u>The ESG criteria may be applied by the Other CIS tracking, or otherwise using for portfolio construction purposes, a benchmark index that itself applies ESG criteria, or they may be applied by the Other CIS separately. The ESG criteria will include:</u></p> <ol style="list-style-type: none"> <li><u>1) Following a similar approach to the application of the BlackRock EMEA Baseline Screens, the exclusion or underweighting of issuers or sectors which are "involved" in activities that the Investment Manager considers negative from an</u></li> </ol>			

	<p><u>ESG investing perspective (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact principles and the extraction and generation of power from fossil fuels like thermal coal and tar sands). For these purposes, "involvement" in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.</u></p> <p>2) <u>The inclusion or overweighting of issuers or sectors based on activities that the Investment Manager considers positive from an ESG investing perspective with a particular focus on a reduction in 'carbon emission intensity scores', which the Investment Manager will monitor on an ongoing basis as set out below.</u></p> <p><u>In respect of each commitment, if the Fund ceases to meet the commitment at any time (for example, because a collective investment scheme in which it is invested no longer complies with the relevant rating requirements or applies ESG criteria as described above (as applicable)), the Fund will take steps to seek to rebalance its portfolio to meet the commitment within a reasonable period of time.</u></p> <p><u>Please see section 38(c) in the Prospectus for detail regarding the Investment Manager's use of data.</u></p> <p><u>Quarterly reporting of the Fund's carbon emission intensity score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.</u></p> <p><b>Fund benchmarks</b></p> <p>The Fund does not have a target, constraining or comparator benchmark. As described in the investment policy above, the Fund will adjust its investment strategy over time in order to seek to achieve its investment objective and therefore the Fund's portfolio composition will vary over time. Unitholders may contact the Investment Manager for details of how the Fund has performed.</p> <p><u>For the purpose of the The Fund's ESG Policy above, the carbon emission intensity score of the Fund's portfolio is measured against the a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "<b>Reference Comparator</b>").</u></p> <p><u>Further details regarding the Reference Comparator is included in section 38(d) of the Prospectus.</u></p>
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<p><b>BlackRock FutureWise 2033-37</b></p> <p>The Fund was authorised by the FCA on 17 August 2022</p> <p>The Fund's FCA product reference number is 988113</p>	<p><u>This Fund does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The Fund does not use a sustainability label because whilst the Fund applies ESG commitments within its investment process and monitors the application of these commitments through ESG related metrics (in each case, as described below), the Fund does not have a specific sustainability goal. This is primarily because the Fund follows a fund-of-funds strategy and the underlying funds in which the Fund invests may not meet the criteria of any sustainability label.</u></p> <p><b>Investment Objective</b></p> <p>The Fund is a target date retirement fund (which means that it is intended for investors whose target retirement year corresponds to that specified in the Fund's name). The Fund's investment objective, up to its maturity date of 30 June 2035, is to provide a return on your investment (generated through an increase in the value of the assets held by the Fund and/or income received from those assets) with a portfolio composition (i.e. the exposure across different asset classes) that changes gradually over time towards a more conservative risk profile (compared to the risk profile at launch) as the Fund approaches the maturity date, <u>whilst incorporating the ESG commitments described below</u>. The change in portfolio composition over time is described further in the investment policy below. Following the maturity date, the Fund's investment objective will be to continue to provide a return on your investment and support a regular draw down whilst maintaining the Fund's target portfolio composition at maturity (as described in the Fund's investment policy below). The target portfolio composition will remain broadly consistent with the range described in the Fund's investment policy below after the maturity date until the termination of the Fund. <del>The Fund aims to invest in accordance with its environmental, social and governance ("ESG") policy (as described below).</del></p> <p>Although the Fund aims to deliver a return on your investment, there is no guarantee that this will be achieved and the Fund (and you) may experience periods of no return. Furthermore, there is no guarantee that the Fund will be able to support a regular, or any, drawdown after the Fund's maturity date. The Fund's capital is at risk meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.</p> <p><b>Investment policy</b></p> <p>In seeking to achieve its investment objective, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). These collective investment schemes (which will substantially comprise Associated Funds and/or Fidelity Funds) may provide the Fund exposure globally to equity securities (i.e. shares), fixed income securities (i.e. both government and non-government bonds) and, on a limited basis, to commodities.</p> <p>In seeking to achieve its investment objective and/or for liquidity purposes, the Fund may invest in asset classes other than collective investment schemes. These other asset classes include direct investment in equity securities and fixed income securities, money market instruments (i.e. debt securities with short-term maturities), cash or assets that can be turned into cash quickly. The fixed income securities to which the Fund has exposure (whether directly or indirectly) may be investment grade, have a relatively low credit rating or be unrated.</p> <p>Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to achieve the Fund's investment objective, to seek to reduce risk within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").</p>
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The Fund will shift its portfolio composition towards a more conservative risk profile as it progresses towards its maturity date, from a portfolio of investments providing exposure to approximately 100% equity securities (save for any investments for liquidity or EPM purposes and limited exposure to commodities), to a target portfolio composition on the maturity date of a portfolio of investments providing exposure (save for any investments for liquidity or EPM purposes and, potentially, limited exposure to commodities) to approximately 60% to 80% in fixed income securities with the balance in equity securities. As the Fund approaches its maturity date and rebalances its portfolio composition as described in the previous sentence, the Investment Manager will also change its asset allocations (i.e. mix of assets at any time) more dynamically with the aim of managing risk and supporting a regular draw down. It is intended that the Fund will remain invested in accordance with its target portfolio composition on the maturity date for at least 30 months after its maturity date (although specific asset allocations may change and the precise portfolio composition at any given time may vary generally within the ranges set out in the target portfolio composition), after which time unitholders will be informed of the intention to terminate the Fund.

## **ESG Policy**

~~Through the application of this ESG Policy, the Fund expects to achieve in its portfolio (in respect of only the underlying corporate issuers (i.e. companies) to which the Fund has exposure) a carbon emission intensity score that as calculated at the end of each calendar quarter, is less than a portfolio that holds equivalent proportions (weighting) of equity securities and fixed income securities as the Fund but that does not apply any ESG criteria (such comparable portfolio being represented by a reference benchmark (the "Reference Comparator") as further described below).~~

~~However, there can be no guarantee that this expectation will be met and the carbon emission intensity score of the Fund's portfolio may vary.~~

~~Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their size. In measuring the size of issuers, for this purpose, it is intended that the Fund will use the issuers' enterprise value including cash (EVIC) but it may use another measure instead if it is considered appropriate or necessary as a result of changes in regulation, market practice or available data.~~

~~The carbon emission intensity score of the Fund's is calculated based on carbon emission intensity scores attributed only to the corporate issuers of the securities in which the Fund invests either indirectly through collective investment schemes or directly. Securities issued by non-corporate issuers in which the Fund directly or indirectly invests, such as fixed income securities issued by governments and commodities (indirect exposure only), are not included. As the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it may increase its exposure to fixed income securities issued by governments and these may, at times, represent a material portion of its assets. The same exclusion of non-corporate issuers applies to the carbon emission intensity score calculated for the Reference Comparator.~~

~~The Reference Comparator is a composite benchmark of underlying indices, one for each collective investment scheme in which the Fund invests (other than collective investment schemes in which the Fund invests for liquidity purposes only), where each underlying index is intended to represent a portfolio of assets similar to those in which such collective investment scheme invests but in respect of which no specific ESG related criteria or requirements are applied (the "non ESG investment universe"). Each such index will be weighted within the Reference Comparator based on the weight given to the corresponding collective investment scheme within the Fund's portfolio. Accordingly, the composition of the Reference Comparator will vary over time as the Fund's allocation to different collective investment schemes varies, and as the Fund changes the collective investment schemes in which it invests.~~

For the purposes of forming the Reference Comparator, as outlined above, the index that is selected to represent the non-ESG investment universe of a particular collective investment scheme will be:

- 1) where the collective investment scheme tracks an index the methodology of which incorporates ESG criteria or requirements (an "ESG Index") or otherwise uses such an ESG Index to construct its portfolio, an index which adopts a methodology which incorporates no specific ESG criteria or requirements (a "Non-ESG Index") but which in all other material respects is the closest equivalent to the relevant ESG Index;
- 2) where the collective investment scheme tracks a Non-ESG Index or otherwise use such a Non-ESG Index to construct its portfolio, such Non-ESG Index; or
- 3) where it is considered that an index other than the Non-ESG Index that would be selected pursuant to 1) or 2) above provides a reasonable representation of the non-ESG investment universe of the collective investment scheme and its use is more practicable for the purposes of forming the Reference Comparator, such other index.

A list of the indices that form the Reference Comparator will be made available to unitholders in the quarterly reporting of the Fund.

As described in the Fund's investment policy, the Fund will invest at least 70% of its total assets in units of collective investment schemes (i.e. other investment funds). Within this allocation, the Fund may invest in collective investment schemes which primarily invest in government bonds ("Government Bond Funds"). Of the assets that the Fund invests in Government Bond Funds, the Fund will invest at least 80% of the total value of such assets in Government Bond Funds which track benchmark indices primarily comprising government bond issuers with an ESG sovereign rating of BB or higher (as defined by MSCI or the comparable rating of another third party vendor) ("ESG Government Bond Funds").

Of the total assets that the Fund invests in collective investment schemes, other than Government Bond Funds and collective investment schemes which invest primarily in commodities, the Fund will invest at least 80% of the total value of such assets in collective investment schemes which 1) track benchmark indices that apply screens and exclusionary criteria based on ESG-related limits/thresholds, and/or 2) otherwise include/exclude and/or overweight/underweight (i.e. allocate a higher or lower proportion of their assets to) investments included in an underlying benchmark based on ESG-related characteristics (together, "ESG Funds").

In making an assessment of whether a collective investment scheme constitutes an ESG Fund for the purposes of this ESG Policy, the investment policy of the collective investment scheme and the methodology of any relevant underlying index will be analysed, including how the constituents of the relevant index are selected and weighted, and whether and to what extent the collective investment scheme:

- 1) excludes or underweights issuers or sectors which are involved in activities which are considered to be inconsistent with the principles of ESG investing (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, tobacco, nuclear weapons, violations of the United Nations Global Compact and the extraction and generation of power from fossil fuels like thermal coal and tar sands) and/or excludes or underweights issuers or sectors to minimise exposure to characteristics that are considered to be negative from an ESG investing perspective; and/or
- 2) includes or overweights issuers or sectors based on activities which are considered to be positive from an ESG investing perspective (such as, but not limited to, activities relating to transition readiness, sustainable energy and the future of transport) and/or includes or overweights issuers or sectors to maximise exposure to characteristics that are considered to be positive from an ESG investing perspective.

The nature and extent of ESG characteristics will vary between the ESG Funds in which the Fund invests, and the criteria for what is considered to be inconsistent with the principles of ESG investing or positive from an ESG investing perspective may also change and develop over time. Where an ESG Fund applies screens and exclusionary criteria, the limits or thresholds will be derived from the relevant index provider's definition of what constitutes "involvement" in certain restricted activities. Involvement in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.

As part of its investment process, the data from one or more third party ESG research providers (for example MSCI) and data generated internally by the Investment Manager, the Investment Adviser and/or their respective associates will be used, as well as their proprietary data analysis tools, to identify the ESG and ESG related scores of issuers (such as their carbon emission intensity) and to compare such scores across a range of collective investment schemes in order to select schemes to be held as ESG Funds.

ESG Government Bond Funds will, at the time of purchase by the Fund, comply with the rating requirements described above. Where it is considered that a collective investment scheme has ceased to be appropriate for characterisation as an ESG Fund (for example, due to a change or deterioration in its ESG characteristics), or where an ESG Government Bond Fund ceases to comply with the rating requirements described above, the Fund may continue to hold such investment as an ESG Fund or an ESG Government Bond Fund (respectively) but will seek to divest within a reasonable period of time (not expected to exceed 90 days) or the Fund may continue to hold such investment other than as an ESG Fund or an ESG Government Bond Fund (respectively).

Quarterly reporting of the Fund's carbon emission intensity score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request

The Fund may, for liquidity management and other purposes, have direct or indirect exposure (through, among other things, derivatives and shares or units in collective investment schemes) to securities and other assets that can be turned into cash quickly, but in respect of which no specific ESG criteria or requirements are applied.

### **Investment Process and ESG**

As part of its investment process, the Investment Manager applies ESG commitments at a portfolio level to its selection of collective investment schemes. These ESG commitments are identified in the table below, along with the asset classes within the Fund to which they are applied.

<b>Portfolio breakdown</b>		<b>Are ESG commitments applied?</b>
At least 70% of total assets in collective investment schemes, comprising (a) to (c) (see next column).	(a) Collective investment schemes that invest at least 50% in government bonds (" <b>Government Bond Funds</b> ").	Yes, at least 80% of Government Bond Funds in which the Fund invests track benchmark indices comprised of at least 50% of government bond issuers with an ESG government rating of BB or higher (as defined by MSCI or the comparable rating of another third-party vendor). MSCI's ESG government ratings are intended to identify and assign weights to the environmental, social, or governance-related issues that could impact the long term sustainability of economies. Further information regarding the MSCI ESG government ratings methodology is available via <a href="https://www.msci.com/esg-and-climate-methodologies">https://www.msci.com/esg-and-climate-methodologies</a> .

		<p>(b) <u>Collective investment schemes other than Government Bond Funds, commodity funds and collective investment schemes held for EPM purposes ("Other CIS").</u></p>	<p><u>Yes, at least 80% of Other CIS in which the Fund invests themselves apply ESG criteria within their investment processes (as further detailed below).</u></p> <p><u>In addition, in respect of corporate issuers (i.e. companies) invested in by the Other CIS held by the Fund, the Investment Manager aims to achieve as calculated at the end of each calendar quarter, a carbon emission intensity score that is less than the Reference Comparator (as defined below).</u></p> <p><u>Carbon emission intensity scores are a measurement of carbon emissions of an issuer relative to the issuer's size based on data from one or more third party ESG research providers.</u></p> <p><u>For details on how the carbon emission intensity score of the Fund's portfolio is calculated, see the section titled 'carbon emission intensity scores' in section 38(b) of the Prospectus.</u></p> <p><u>There can be no guarantee that this outcome will be achieved and the actual carbon emission intensity score of the Fund's portfolio may vary.</u></p> <p><u>Investors should also note that as the Fund adjusts its investment strategy as it progresses towards its maturity date (as described above), it will increase its exposure to fixed income securities issued by governments and may, close to its maturity date, hold a majority of its assets in non-corporate issuers (which are not included for the purposes of calculating the carbon emission intensity score of the Fund's portfolio, as set out in section 38(b) of the Prospectus).</u></p>
		<p>(c) <u>Alternative asset classes (such as commodity funds).</u></p>	<p><u>No.</u></p>
		<p><u>Up to 30% of total assets in other assets (including direct investments and collective investment schemes in which the Fund invests for EPM purposes).</u></p>	<p><u>No.</u></p>
<p><u>In order to satisfy the ESG commitment with respect to Other CIS, the Investment Manager will, in respect of any Other CIS in which it is considering an investment for the Fund, analyse its investment objective and policy and how its investments are selected, including (where relevant) the methodology of any benchmark index that it uses, to identify the ESG criteria (if any) that it applies.</u></p> <p><u>The ESG criteria may be applied by the Other CIS tracking, or otherwise using for portfolio construction purposes, a benchmark index that itself applies ESG criteria, or they may be applied by the Other CIS separately. The ESG criteria will include:</u></p> <p>1) <u>Following a similar approach to the application of the BlackRock EMEA Baseline Screens, the exclusion or underweighting of issuers or sectors which are</u></p>			

"involved" in activities that the Investment Manager considers negative from an ESG investing perspective (such as, but not limited to, activities relating to controversial weapons, civilian firearms and ammunition, nuclear weapons, violations of the United Nations Global Compact principles and the extraction and generation of power from fossil fuels like thermal coal and tar sands). For these purposes, "involvement" in such activities may be defined by reference to, for example, a percentage of revenue derived from the activity, a defined total revenue threshold, or may be triggered by any connection to a restricted activity regardless of the amount of revenue derived.

- 2) The inclusion or overweighting of issuers or sectors based on activities that the Investment Manager considers positive from an ESG investing perspective with a particular focus on a reduction in 'carbon emission intensity scores', which the Investment Manager will monitor on an ongoing basis as set out below.

In respect of each commitment, if the Fund ceases to meet the commitment at any time (for example, because a collective investment scheme in which it is invested no longer complies with the relevant rating requirements or applies ESG criteria as described above (as applicable)), the Fund will take steps to seek to rebalance its portfolio to meet the commitment within a reasonable period of time.

Please see section 38(c) in the Prospectus for detail regarding the Investment Manager's use of data.

Quarterly reporting of the Fund's carbon emission intensity score, including by reference to the Reference Comparator, is available to unitholders on an ongoing basis by request to the Investment Manager.

#### **Fund benchmarks**

The Fund does not have a target, constraining or comparator benchmark. As described in the investment policy above, the Fund will adjust its investment strategy over time in order to seek to achieve its investment objective and therefore the Fund's portfolio composition will vary over time. Unitholders may contact the Investment Manager for details of how the Fund has performed.

~~For the purpose of the The Fund's ESG Policy above, the carbon emission intensity score of the Fund's portfolio is measured against the a portfolio that represents the investment universe of the Fund but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the "Reference Comparator").~~

Further details regarding the Reference Comparator is included in section 38(d) of the Prospectus.