

BPER International SICAV – Fixed Income Credit Strategies

Sustainability-related disclosures

Summary

The BPER International SICAV – Fixed Income Credit Strategies Sub-Fund (the “Sub-Fund”), will invest at least 85% of its assets in shares of BlackRock Strategic Funds – BlackRock Sustainable Fixed Income Credit Strategies Fund (the “Master Fund”), a Sub-Fund of BlackRock Strategic Funds, a Luxembourg SICAV registered under Part I of the 2010 Law, managed by BlackRock Investment Management (UK) Limited (“BlackRock”). The Master Fund is an Article 8 financial product for the purposes of Regulation (EU) 2019/2088 (“SFDR”). The Sub-Fund is an Article 8 financial product for the purposes of SFDR. Via its exposure to the Master Fund, the Sub-Fund’s assets are indirectly invested in assets that promote environmental and/or social characteristics. Therefore, the environmental and social characteristics of the Sub-Fund shall be read in conjunction with those of the Master Fund.

The Sub-Fund promotes environmental/Social (E/S) characteristics and although it does not have as its objective a sustainable investment it will have a minimum proportion of 17% of sustainable investments.

The Master Fund seeks to maximise total return in a manner consistent with the principles of environmental, social and governance “ESG” focused investing. The Master Fund seeks to reduce its carbon emissions profile by allocating to green bonds, lower carbon emitting issuers and issuers committed to decarbonisation. The Master Fund seeks to invest in Sustainable Investments, including, but not limited to, “green bonds”.

The Sub-Fund allocates at least 85% of its net assets in shares of the Master Fund which plans to invest at least 20% of its assets in Sustainable Investments with an environmental objective that may be but is not necessarily aligned with EU taxonomy or a social objective or a combination of both, and the exact composition may fluctuate. Given that the Sub-Fund will invest at least 85% of its net assets in shares of the Master Fund, the Sub-Fund will therefore, allocate at least 17% of its assets in with an Sustainable Investments with an environmental objective or a social objective or a combination of both, and the exact composition may fluctuate.

A highly automated compliance process has been designed by the Investment Manager to help ensure that the Master Fund and thus also the Sub-Fund. are managed in accordance with its stated investment guidelines and applicable regulatory requirements.

Sustainable Investments Methodology and Economic activity assessment are the main methodologies applied by the Investment Manager.

BlackRock Portfolio Managers have access to research, data, tools, and analytics to integrate ESG insights into their investment process using various sources to convene their analysis.

There are certain limitations to the ESG as further explained in section “Limitations to methodologies and data”.

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

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

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

No sustainable investment objective

To assess whether the Master Fund's investments do no significant harm, the investment manager applies the below indicators

The Master Fund considers PAIs on sustainability factors through the application of the BlackRock EMEA Baseline Screens, its exclusionary policy and its holdings in green bonds.

The Fund takes into account the following PAIs:

- GHG emissions
- GHG intensity of investee companies
- Exposure to companies active in the fossil fuel sector
- Energy consumption intensity per high impact climate sector
- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- Exposure to controversial weapons (anti personnel mines, cluster munitions, chemical weapons and biological weapons)

In addition, this Fund takes into account the PAIs through BlackRock's DNSH standard for Sustainable Investments. This Fund will provide information on the PAIs in its annual report.

Sustainable Investments, by the Master Fund, meet the DNSH requirements, as defined by applicable law and regulation. BlackRock has developed a set of criteria across all Sustainable Investments to assess whether an issuer or investment does significant harm. Investments considered to be causing significant harm do not qualify as Sustainable Investments. Further information on the above can be found by copying and pasting the following link into your web browser: <https://www.blackrock.com/corporate/literature/publication/blackrock-sfdr-sustainable-investmentmethodology.pdf>

Environmental or social characteristics promoted by the financial product

The Master Fund invests a minimum of 20% of its total assets in Sustainable Investments, across environmental and social objectives, thus the Sub-Fund a minimum of 17-%.

The Investment Manager will employ a proprietary methodology to assess investments based on the extent to which they are associated with positive or negative externalities, that is environmental and social benefits or costs as defined by the Investment Manager. The Investment Manager will seek to enhance exposure to investments that are deemed to have associated positive externalities (e.g. lower carbon emitting issuers and issuers with positive ESG credentials) and seek to limit exposure to investments that are deemed to have associated negative externalities (e.g. higher carbon emitters, issuers with certain controversial business practices, and issuers with negative ESG credentials).

The Master Fund applies the BlackRock EMEA Baseline Screens. Further information on the criteria for BlackRock EMEA Baseline Screens can be found here:<https://www.blackrock.com/corporate/literature/publication/blackrock-baseline-screensin-europe-middleeast-and-africa.pdf>

Investment strategy

The Master Fund seeks to maximise total return in a manner consistent with the principles of environmental, social and governance “ESG” focused investing. The Master Fund seeks to reduce its carbon emissions profile by allocating to green bonds, lower carbon emitting issuers and issuers committed to decarbonisation. The Master Fund seeks to invest in Sustainable Investments, including, but not limited to, “green bonds”.

The Master Fund will apply the BlackRock EMEA Baseline Screens.

The binding elements of the investment strategy are as follows:

1. Maintain that the Fund holds at least 20% in Sustainable Investments. In relation to such Sustainable Investments, at least 1% of the Fund’s total assets will be invested in Sustainable Investments with environmental objectives that are not aligned with the EU Taxonomy, and at least 1% of the Fund’s total assets will be invested in Sustainable Investments with a social objective.
2. Enhancing exposure to investments that are deemed to have associated positive externalities while limiting investments that are deemed to have associated negative externalities.
3. Apply the BlackRock EMEA Baseline Screens.

The Master Fund considers PAIs on sustainability factors through the application of the BlackRock EMEA Baseline Screens, its exclusionary policy and its holdings in green bonds.

In addition, this Master Fund takes into account the PAIs through BlackRock's DNSH standard for Sustainable Investments.

BlackRock assesses good governance practices of the investee companies by combining proprietary insights and shareholder engagement by the Investment Manager, with data from external ESG research providers. BlackRock uses data from external ESG research providers to initially identify issuers which may not have satisfactory governance practices in relation to key performance indicators (KPIs) related to sound management structure, employee relations, remuneration of staff and tax compliance.

Proportion of investments

The Sub-Fund allocates at least 85% of its net assets in shares of the Master Fund which plans to invest at least 20% of its assets in Sustainable Investments with an environmental objective that may be but is not necessarily aligned with EU taxonomy or a social objective or a combination of both, and the exact composition may fluctuate. Given that the Sub-Fund will invest at least 85% of its net assets in shares of the Master Fund, the Sub-Fund will therefore, allocate at least 17% of its assets in with an Sustainable Investments with an environmental objective or a social objective or a combination of both, and the exact composition may fluctuate.

As noted above, the Sustainable Investments will be a mix of Sustainable Investments with an environmental objective that is not aligned with the EU Taxonomy or a social objective or a combination of both, and the exact composition may fluctuate. The Master Fund invests in Sustainable Investments that are not aligned with the EU Taxonomy for the following reasons: (i) it is part of the investment strategy of the Fund; (ii) data to determine EU Taxonomy-alignment may be unavailable; and / or (iii) underlying economic activities may not be eligible under the EU Taxonomy's available technical screening criteria or may not comply with all requirements set out in such technical screening criteria.

The Master Fund may invest up to 30% of its total assets in other investments. The Master Fund does not currently commit to invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy, however, these investments may form part of the portfolio. The Master Fund does not commit to making investments in transitional and enabling activities, however, these investments may form part of the portfolio.

Monitoring of environmental or social characteristics

BlackRock has developed a highly automated compliance process to help ensure that the Master Fund is managed in accordance with its stated investment guidelines and applicable regulatory requirements. This includes monitoring of the environmental or social characteristics of the Fund in accordance with the relevant methodology as described in 'Section– Methodologies'.

Portfolio Managers have the primary responsibility for complying with the contractual terms of the Master prospectus and other governing documents for the Fund and are supported by Aladdin, BlackRock's portfolio and risk management software.

The Portfolio Compliance Group ("PCG"), a group within BlackRock's Business Operations, is responsible for the coding of the Fund's investment restrictions, that are capable of being coded, within BlackRock's pre and post trade compliance monitoring system in Aladdin. Where an investment restriction cannot be coded, a manual process is established for guidelines testing.

Methodologies

BlackRock has adopted the following methodologies in respect of this Fund: Sustainable Investments Methodology and Economic activity assessment.

In addition, the following methodologies are used to measure how the social or environmental characteristics promoted by the Master Fund are met:

1. The Master Fund employs a proprietary methodology to assess investments based on the extent to which they are associated with positive or negative externalities. Further details on this proprietary methodology are available at: <https://www.blackrock.com/us/individual/insights/blackrock-investment-institute/esg-fixed-income>.
2. The Master Fund applies the BlackRock EMEA Baseline Screens. Further details on the BlackRock EMEA Baseline Screens methodology are available at: <https://www.blackrock.com/corporate/literature/publication/blackrock-baseline-screens-in-europe-middleeast-and-africa.pdf>

Data sources & processing

BlackRock Portfolio Managers have access to research, data, tools, and analytics to integrate ESG insights into their investment process. Aladdin is the operating system that connects the data, people, and technology necessary to manage portfolios in real time, as well as the engine behind BlackRock's ESG analytics and reporting capabilities. BlackRock's Portfolio Managers use Aladdin to make investment decisions, monitor portfolios and to access material ESG insights that can inform the investment process to

attain ESG characteristics of the Fund. ESG datasets are sourced from external third-party data providers, including but not limited to MSCI, Sustainalytics, Refinitiv, S&P and Clarity AI. These datasets may include headline ESG scores, carbon emissions data, business involvement metrics or controversies and have been incorporated into Aladdin tools that are available to Portfolio Managers and employed in BlackRock investment strategies. Such tools support the full investment process, from research, to portfolio construction and modelling, to reporting.

At BlackRock, internal processes are focused on delivering high-quality standardized and consistent data to be used by investment professionals and for transparency and reporting purposes. Data, including ESG data, received through our existing interfaces, and then processed through a series of quality control and completeness checks which seeks to ensure that data is of a high-quality before being made available for use downstream within BlackRock systems and applications, such as Aladdin. BlackRock's integrated technology enables us to compile data about issuers and investments across a variety of environmental, social and governance metrics and a variety of data providers and make those available to investment teams and other support and control functions such as risk management.

Limitations to methodologies and data

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

- Lack of availability of certain ESG metrics due to differing reporting and disclosure standards impacting issuers, geographies or sectors
- Nascent statutory corporate reporting standards regarding sustainability leading to differences in the extent to which companies themselves can report against regulatory criteria and therefore some metric coverage levels may be low
- Inconsistent use and levels of reported vs estimated ESG data across different data providers, taken at varied time periods which makes comparability a challenge.
- Estimated data by its nature may vary from realized figures due to the assumptions or hypothesis employed by data providers.
- Differing views or assessments of issuers due to differing provider methodologies or use of subjective criteria
- Most corporate ESG reporting and disclosure takes place on an annual basis and takes significant time to produce meaning that this data is produced on a lag relative to financial data. There may also inconsistent data refresh frequencies across different data providers incorporating such data into their data sets.
- Coverage and applicability of data across asset classes and indicators may vary
- Forward looking data, such as climate related targets may vary significantly from historic and current point in time metrics.

Due diligence

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

The Investment Adviser will employ a proprietary methodology to assess investments based on the extent to which they are associated with positive or negative externalities, that is environmental and social benefits or costs as defined by the Investment Adviser. The Investment Adviser will seek to enhance exposure to investments that are deemed to have associated positive externalities (e.g. lower carbon emitting issuers and issuers with positive ESG credentials) and seek to limit exposure to investments that are deemed to have associated negative externalities (e.g. higher carbon emitters, issuers with certain controversial business practices, and issuers with negative ESG credentials). The assessment of the level of involvement in each activity may be based on percentage of revenue, a defined total revenue threshold, or any connection to a restricted activity regardless of the amount of revenue received.

Engagement policies

The Master Fund does not use engagement as a means of meeting its binding commitments to environmental or social characteristics or sustainable investment objectives. Engagement may form part of the Due Diligence carried out by the portfolio management team for funds pursuing Fixed Income investment strategies in order to assess how companies manage ESG risks and opportunities and how these impact companies financials. BlackRock's overall approach to investment stewardship and engagement can be found at: <https://www.blackrock.com/uk/professionals/solutions/shareholder-rights-directive> and <https://www.blackrock.com/corporate/about-us/investment-stewardship#>

Designated reference benchmark

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