

LUX IM – BLACKROCK CREDIT DEFENSIVE STRATEGIES FUND (“Sub-fund”)**Sustainability-related disclosures required for Article 8 financial products under the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (“SFDR”)**

Section	Disclosure
No sustainable investment objective	<p>The Sub-fund is a feeder structure following Art. 77 of the UCI Law. It invests at least 85% of its net assets in shares of BlackRock Strategic Funds – BlackRock Sustainable Fixed Income Strategies Fund (the "Master UCITS"). The Master UCITS is a sub-fund of BlackRock Strategic Funds, an open-ended investment company with variable capital set forth in a form of an umbrella fund, incorporated in Luxembourg, and authorized as an undertaking for collective investment in transferable securities pursuant to the part I of the UCI Law.</p> <p>The below information refers to environmental and social characteristics pursued by the Master UCITS.</p> <p>The Master UCITS promotes environmental and social characteristics, but does not have as its objective sustainable investment. It invests at least 20% of the net asset value in issuers that qualify as sustainable investment in accordance with Article 2 (17) of Regulation (EU) 2019/2088 (“SFDR”) supporting environmental and social objectives. BlackRock invests in sustainable investments which contribute to a range of environmental and / or social objectives which may include but are not limited to, alternative and renewable energy, energy efficiency, pollution prevention or mitigation, reuse and recycling, health, nutrition, sanitation and education and the UN Sustainable Development Goals (“Environmental and Social Objectives”). An investment will be assessed as contributing to an Environmental and/or Social Objective where: a) minimum proportion of the issuer’s business activity contributes to an Environmental and/or Social Objective; or b) the issuer’s business practices contribute to an Environmental and/or Social Objective; or c) the use of proceeds is assessed as contributing to an Environmental and/or Social Objective such as green bonds, social bonds, and sustainability bonds; or d) the fixed income securities are aligned with an Environmental and/or Social Objective. Sustainable Investments meet the DNSH requirements, as defined by applicable law and regulation.</p> <p>The Master UCITS is not considering the EU criteria for environmentally sustainable economic activities as defined under the EU Taxonomy Regulation to determine the attainment of the sustainable environmental or social characteristics that it promotes.</p>
Environmental or social characteristics of the financial product	<p>BlackRock 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 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.</p> <p>The Master UCITS applies the BlackRock EMEA Baseline Screens. This set of screens avoids exposures that have negative environmental outcomes by excluding direct investment in issuers that have material involvement in thermal coal and tar sands extraction, as well as thermal coal-based power generation. Negative social outcomes are also avoided by excluding direct investment in issuers involved in controversial weapons and nuclear weapons, and material involvement in production and distribution of civilian firearms and tobacco. This Master UCITS also excludes issuers deemed to have failed to comply with the 10 UN Global Compact Principles, which cover human rights, labour standards, the environment, and anti-corruption. Further information on the criteria for BlackRock EMEA Baseline Screens can be found by copying and pasting the following link into your web browser: https://www.blackrock.com/corporate/literature/publication/blackrock-baseline-screensin-europe-middleeast-and-africa.pdf</p>
Investment strategy	<p>The Master UCITS seeks to maximise total return in a manner consistent with the principles of environmental, social and governance “ESG” focused investing. The Master UCITS seeks to reduce its carbon emissions profile by allocating to green bonds, lower carbon emitting issuers and issuers committed to decarbonisation. The Master UCITS seeks to invest in Sustainable Investments, including, but not limited to, “green bonds” (as defined by its proprietary methodology which is guided by the International Capital Markets Association Green Bond Principles), and its total assets will be invested in accordance with the ESG Policy described below. The Master UCITS will apply the BlackRock EMEA Baseline Screens.</p> <p>The Investment Manager will also 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 (i.e. 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 including limiting direct investment in securities of issuers involved in the ownership or operation of gambling related activities and production of adult entertainment materials.</p> <p>The Investment Manager assesses good governance practices of the investee companies by combining proprietary insights and shareholder engagement, 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. Where issuers are identified as potentially having issues with regards to good governance, the issuers are reviewed to ensure that, where the Investment Manager agrees with this external assessment, the Investment Manager is satisfied that the issuer has either taken remediation actions or will take</p>

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	<p>remedial actions within a reasonable time frame based on the Investment Manager’s direct engagement with the issuer. The Investment Manager may also decide to reduce exposure to such issuers.</p> <p>The Investment Manager integrates the proprietary ESG analysis within the investments’ selection process, in accordance with the following binding elements:</p> <ol style="list-style-type: none"> 1. Maintain that the Master UCITS holds at least 20% in Sustainable Investments. 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
Proportion of investments	<p>The Master UCITS will invest at least 70% of its net assets in investments that are aligned to the promoted environmental and social characteristics. A minimum of 20% of the Master UCITS’ net assets will be invested in Sustainable Investments, and the remainder will be invested in investments aligned with other environmental and/or social characteristics described above (#1B Other E/S characteristics). The Master UCITS may invest up to 30% of its total assets in other investments (#2 Other investments). The Sub-fund will invest at least 85% of its net assets in the Master UCITS. As a consequence, the minimum proportion of the Sub-fund’s net assets invested in assets aligned to the promoted environmental and social characteristics and in Sustainable Investments is 59.5% and 17%, respectively.</p> <p>The Sub-fund may invest up to 15% of its net assets in cash for liquidity purposes and derivatives for hedging purposes. The remaining investments of the Master UCITS (“#2 Other”) may be invested in in cash and cash equivalents for liquidity purposes, derivatives, shares of other UCITS and/or UCIs and fixed income transferable securities issued by governments and agencies worldwide. These investments may be used for investment purposes to pursue the Sub-fund’s investment objective; for the purpose of liquidity management and/or for hedging. No minimum environmental or social safeguards are applied to these investments.</p> <pre> graph LR Investments --> N1["#1 Aligned with E/S characteristics Min 59.5%"] Investments --> N2["#2 Other"] N1 --> N1A["#1A Sustainable Min. 17%"] N1 --> N1B["#1B Other E/S characteristics"] N1A --> N1A1["Other environmental"] N1A --> N1A2["Social"] </pre>
Monitoring of environmental or social characteristics	<p>BlackRock has developed a highly automated compliance process to help ensure that the Sub-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 Sub-fund in accordance with its relevant methodology. The Sub-fund’s Management Company will oversee the information provided by the Investment Manager and ensures that the ESG compliance of the Sub-fund is met.</p>
Methodologies for environmental or social characteristics	<p>The methodologies for assessing sustainable investments are defined in the above sections “No sustainable investment objective” and “Investment strategy”.</p> <p>In order to attain the promoted environmental and social characteristics, the eligibility of target issuers is assessed based on negative screening, positive screening procedures (the Master UCITS’ holdings in investments that are deemed to have associated positive externalities and avoidance of negative externalities), and consideration of principal adverse impacts.</p>
Data sources and processing	<p>The Investment Manager have access to research, data, tools, and analytics to integrate ESG insights into their investment process. ESG datasets are sourced from external third-party data providers. These datasets may include headline ESG scores, carbon emissions data, business involvement metrics or controversies and have been incorporated into tools that are available to portfolio managers and employed in investment strategies. Such tools support the full investment process, from research, to portfolio construction and modelling, to reporting. The Investment Manager applies a comprehensive due diligence process to evaluate provider offerings with highly targeted methodology reviews and coverage assessments based on the sustainable investment strategy (and the environmental and social characteristics or sustainable objective) of the product. The process entails both qualitative and quantitative analysis to assess the suitability of data products in line with regulatory standards as applicable.</p>
Limitations to methodologies and data	<p>The limitations to the attainment of the promoted environmental and social characteristics are deemed non-material, for the attainment of the environmental or social characteristics promoted by the Sub-fund.</p>
Due Diligence	<p>In order to qualify for initial investment, the investments must comply with the binding elements applied by the Sub-fund. This compliance has to be ensured by the Investment Manager through pre-trade compliance mechanism in place.</p>
Engagement Policies	<p>This section is not applicable, as the Sub-fund is not deploying an ESG engagement strategy for the attainment of the promoted environmental or social characteristics.</p>
Designated reference benchmark	<p>No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund.</p>