

21 November 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 name, investment objective and ESG criteria of certain sub-funds of BlackRock Authorised Contractual Scheme I (the “ACS”). ISINs are set out in 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 updates will be made to:

1. the investment objective and ESG criteria of the funds listed below:

ACS World ESG Insights Equity Fund  
ACS UK Equity Tracker Fund  
ACS US Equity Tracker Fund  
ACS World ex UK Equity Tracker Fund  
ACS Japan Equity Tracker Fund  
ACS Continental European Equity Tracker Fund  
ACS World Small Cap ESG Screened Equity Tracker Fund  
ACS World ESG Screened Equity Tracker Fund  
ACS Europe ex UK ESG Insights Equity Fund  
ACS Japan ESG Insights Equity Fund  
ACS North America ESG Insights Equity Fund  
ACS UK ESG Insights Equity Fund  
ACS US ESG Insights Equity Fund  
**(“IOP and ESG Criteria Change Funds”)**

2. The name, investment objective and ESG criteria of the funds listed below:

ACS Climate Transition World Equity Fund

ACS World Low Carbon Equity Tracker Fund  
ACS World Multifactor ESG Equity Tracker Fund  
ACS World ESG Equity Tracker Fund  
(“**Name, IOP and ESG Criteria Change Funds**”)

(each a “**Fund**”, together the “**Funds**”).

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 criteria.

## **Updates to the Funds**

### ***Investment Objective and ESG Criteria***

As part of its investment process, the Investment Manager applies ESG commitments at a portfolio level to its selection of assets. We are making amendments to the ESG criteria of each Fund set out in the prospectus to enhance the information we provide you regarding these ESG commitments. In connection with these updates, we are also making minor updates to the investment objective of each Fund.

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 does not have a specific sustainability goal and the investment strategy of the Fund means it is not able to meet the criteria of any sustainability label.

## **Names**

For those Funds listed below, in addition to the amendments to the investment objective and ESG criteria of each Fund as described above, we will also be updating the name of the Fund, as detailed in the table below. These updates are being made to provide you with more information regarding each Fund’s ESG criteria in the name of the Fund itself.

Current Name	New Name
ACS Climate Transition World Equity Fund	ACS Climate Transition Screened and Optimised World Equity Fund
ACS World Low Carbon Equity Tracker Fund	ACS World Low Carbon Screened and Optimised Equity Tracker Fund
ACS World Multifactor ESG Equity Tracker Fund	ACS World Multifactor ESG Screened and Optimised Equity Tracker Fund
ACS World ESG Equity Tracker Fund	ACS World ESG Screened and Optimised Equity Tracker Fund

## **Clarification to the carbon emission intensity objective of the ACS World ESG Insights Equity Fund**

In respect of the ACS World ESG Insights Equity Fund only (the “ESG Insights Fund”), we will also be updating the prospectus to provide additional detail regarding the carbon emission intensity reduction objective of the ESG Insights Fund. Prior to 15 December 2023 (the “repositioning date”), the ESG Insights Fund aimed to achieve a 50% emission intensity reduction against the score of the FTSE Developed Index (“Index”). Following the Repositioning Date, on which the ESG Insights Fund formally incorporated ESG investment considerations, the ESG Insights Fund’s aim was enhanced, to build in an additional 7% per annum decarbonisation objective against the Index, in accordance with the methodology set out in the prospectus. Based on the information available to the Investment Manager at the Repositioning Date, the Investment Manager had expected to achieve a reduction of 57% in the carbon emission intensity score of the Fund relative to the Index as at 15 December 2023. We will be including additional language in the prospectus to clarify that, based on data available following the Repositioning Date, the reduction in the carbon emission intensity score actually achieved by the ESG Insights Fund relative to the Index as at 15 December 2023 was 54%. Please note that this amendment is intended to provide additional information only and is not reflective of any change to the carbon emission intensity reduction objective of the ESG Insights Fund.

Details of the updates to be made to the investment objective and ESG criteria (and where applicable, the name) of each Fund are set out 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.

## **Effective Dates**

The revised prospectus of the ACS reflecting these updates is expected to be published in two stages. The prospectus reflecting the changes for the IOP and ESG Criteria Change Funds is expected to be published on or around 29 November 2024 and the prospectus reflecting the changes for the Name, IOP and ESG Criteria Change Funds is expected to be published on or around 17 December 2024 (the “**Effective Dates**”).

## **Costs**

BlackRock will pay the costs of the unitholder notification. Legal costs as a result of the updates to the name, investment objective and ESG criteria of each Fund (as applicable) 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 updates.

### **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 Dates.

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 or call 0333 300 0356\*. Telephone lines are open from 8.30am to 5.30pm, UK time, Monday to Friday.

Yours sincerely



Tom Hale  
Director

BlackRock Fund Managers Limited

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

## SCHEDULE I

### Fund ISINs

<b>Fund</b> (as currently named, where applicable)	<b>ISINs</b>
ACS World ESG Equity Tracker Fund	GB00BGRLQJ84 GB00BK6Z1728 GB00BJOC9V20 GB00BJOC9W37 GB00BJOC9X44 GB00BJOC9Y50 GB00BJOC9T08 GB00BJOC9H85 GB00BJOC9N46 GB00BJOC9P69 GB00BJOC9R83 GB00BJOC9Q76 GB00BJOC9S90 GB00BPW6CR17 GB00BMDXRZ38 GB00BGRLQK99 GB00BNKF6M97 GB00BNG5LV76 GB00BNG5LN92
ACS World Multifactor ESG Equity Tracker Fund	GB00BGRLQN21 GB00BK6Z1835 GB00BGRLQP45 GB00BMXR1P32
ACS UK Equity Tracker Fund	GB00BYX7SS90 GB00BD71Z125 GB00BD71Z232 GB00BD71Z349 GB00BNKF6R43 GB00BNG5M038
ACS US Equity Tracker Fund	GB00BDC3W343
ACS World ex UK Equity Tracker Fund	GB00BYV1TY67 GB00BD71Y607 GB00BD71Y714 GB00BD71Y821 GB00BNKF6Q36 GB00BNG5LZ15
ACS Japan Equity Tracker Fund	GB00BYQLSF51
ACS Continental European Equity Tracker Fund	GB00BYQLTD03
ACS World Small Cap ESG Screened Equity Tracker Fund	GB00BN33TJ89 GB00BMV7KQ99 GB00BMV7KR07

Northern Trust  
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	GB00BMV7KS14 GB00BMV7KT21 GB00BMV7KP82 GB00BMV7KG91 GB00BMV7KJ23 GB00BMV7KK38 GB00BMV7KM51 GB00BMV7KL45 GB00BMV7KN68 GB00BMFZN596 GB00BNG5LY08 GB00BNG5LX90
ACS World ESG Screened Equity Tracker Fund	GB00BMH1XM28 GB00BMZN1265 GB00BMZN1489 GB00BMZN2F60 GB00BMZN2L21 GB00BMZNOJ68 GB00BMZMTN03 GB00BMZMTQ34 GB00BMZMTV86 GB00BMZMTS57 GB00BMZMTX01 GB00BNKF6S59 GB00BNG5LW83 GB00BMZN2Z66 GB00BMZN3F36
ACS World Low Carbon Equity Tracker Fund	GB00BF09ND57 GB00BF09N803 GB00BK6Z1611
ACS Climate Transition World Equity Fund	GB00BMDWZJ05 GB00BN7DTW74 GB00BN7DTV67
ACS Europe ex UK ESG Insights Equity Fund	GB00BM9KLQ71 GB00BM9K7147 GB00BM9KLW32 GB00BM9KLR88 GB00BM9KLT03 GB00BM9KLS95 GB00BM9KLV25 GB00BM9KM979
ACS Japan ESG Insights Equity Fund	GB00BM9KN498 GB00BM9KMC01 GB00BM9KN944 GB00BM9KN506 GB00BM9KN720 GB00BM9KN613 GB00BM9KN837

	GB00BM9KNQ12
ACS North America ESG Insights Equity Fund	GB00BM9KP659 GB00BM9KNS36 GB00BM9KPC16 GB00BM9KP766 GB00BM9KP980 GB00BM9KP873 GB00BM9KPB09
ACS UK ESG Insights Equity Fund	GB00BM9KQ848 GB00BM9KPV05 GB00BM9KQF12 GB00BM9KQ954 GB00BM9KQC80 GB00BM9KQB73 GB00BM9KQD97 GB00BM9KQV79
ACS US ESG Insights Equity Fund	GB00BM9KRB49 GB00BM9KRC55 GB00BM9KRF86 GB00BM9KRD62 GB00BM9KRX68 GB00BM9KQX93
ACS World ESG Insights Equity Fund	GB00BSQND548 GB00BN33TH65

## SCHEDULE II

Fund	Amended investment objective and investment policy (additions underlined and deletions in <del>strikeout</del> ):
<b>ACS World ESG Screened and Optimised Equity Tracker Fund</b>	<p>The ACS World ESG <u>Screened and Optimised</u> Equity Tracker Fund is a Fund of BlackRock Authorised Contractual Scheme I, a Co-Ownership Scheme constituted as a UK UCITS scheme under the COLL Sourcebook. The Fund was authorised by the FCA on 11 December 2018. The Fund’s FCA product reference number is 846072.</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 tracks an index which applies ESG criteria (as described below), the Fund does not have a specific sustainability goal. This is because the Fund follows a passive strategy and the index which the Fund tracks may not meet the criteria of any sustainability label.</u></p> <p><b>Investment Objective</b>  The aim of the Fund is to provide a return on your investment (generated through an increase <del>to</del> <u>in</u> the value of the assets held by the Fund and/or income received from those assets) by tracking closely the performance of the MSCI World ESG Focus Low Carbon Screened Index (the “Benchmark Index”).</p> <p>Although the Fund aims to achieve its investment objective, there is no guarantee that this will be achieved. 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>  In <del>order to seek</del> <u>seeking</u> to achieve its investment objective, the Fund will invest directly into the equities (i.e. shares) of companies in the <u>Benchmark Index</u> and at times invest indirectly via other equity-related investments (i.e. other investments whose value is related to equities) giving exposure to such companies.  The Fund may also invest in other asset classes to seek to achieve its investment objective and/or for liquidity purposes. These other asset classes include money-market instruments (i.e. debt securities with short-term maturities), deposits (i.e. cash), and units in collective investment schemes (i.e. other investment funds which may be Associated Funds) or other assets that can be turned into cash quickly.</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. Derivatives may also be used to seek to reduce risk (relevant to the investment objective) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as “efficient portfolio management” or “EPM”).</p>

The ESG criteria described in the section below, which are applied by the index provider, may not apply to investments held by the Fund for EPM and liquidity purposes which are not included in the Benchmark Index (including derivatives, money market instruments, deposits and units in collective investment schemes). However, exposure to such assets will not exceed 20% of the Fund's total assets.

### **Fund Benchmark**

Target benchmark: ~~MSCI World ESG Focus Low Carbon Screened~~ the Benchmark Index is used by the Investment Manager to assess the performance of the Fund. The Fund's aim is to track the performance of ~~this index~~ the Benchmark Index but not to outperform it. This benchmark Benchmark Index has been chosen by the Investment Manager because it forms part of the investment objective of the Fund and should be used by unitholders to compare the performance of the Fund.

### **Benchmark Index Description**

~~The MSCI World ESG Focus Low Carbon Screened~~ Benchmark Index (the "Index") aims to reflect the performance characteristics of a ~~subset~~ subset of equity securities within the MSCI World Index (the "Parent Index") and ~~seeks to maximise exposure to positive~~ which remain after the index provider has excluded securities using pre-defined ESG screens and weighted securities using an optimisation process, as determined by the index provider and further described below.

The Benchmark Index excludes issuers based on their involvement in certain activities deemed by the index provider to have negative environmental, or social and governance (ESG) factors while minimising the carbon exposure outcomes. Issuers are excluded from the Benchmark Index based on their involvement in the following business lines/activities (or related activities):

~~The Index is constructed using the Barra Open Optimizer in combination with the relevant Barra Equity Model (the "Model"). The eligible universe for the~~

- a) tobacco;
- b) controversial weapons;
- c) nuclear weapons;
- d) civilian firearms;
- e) thermal coal.

The index provider defines what constitutes "involvement" in each restricted activity. This 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.

The Benchmark Index also excludes issuers which are classified as violating the United Nations Global Compact (UNGC) Principles.

	<p><del>The Benchmark Index is all the securities in also excludes issuers from the Parent Index that are not involved in which have a 'red' (i.e. very severe) MSCI ESG controversy score. An MSCI controversy score measures an issuer's involvement (or alleged involvement) in very serious controversies relating to their operations and/or products which are deemed to have a negative ESG impact ("MSCI ESG Controversy Score"). An MSCI ESG Controversy Score may consider involvement in adverse impact activities in relation to environmental issues such as biodiversity and land use, energy and climate change, water stress, toxic emissions and waste issues. An MSCI ESG Controversy Score may also consider involvement in adverse impact activities in relation to social issues such as human rights, labour management relations, discrimination and workforce diversity. controversies ("Red flags"), controversial weapons (such as but not limited to, all companies that are involved in the production of cluster bombs and munitions, anti-personnel landmines, anti-vehicle landmines, depleted uranium weapons and armor, chemical and biological weapons), nuclear weapons, tobacco (all producers excluded, retailers, licensors, distributors excluded if &gt;15% revenue), thermal coal (&gt;30% revenue) and civilian firearms (all producers excluded, retailers excluded if &gt;5% revenue). The Model is subject to certain risk diversification constraints, for example, minimum and maximum constituent, sector and country weights relative to the Parent Index and the anticipated volatility of the Index may not exceed 0.5% the anticipated volatility of the Parent Index. The Model is also subject to carbon and ESG constraints relative to the Parent Index, for example it targets a reduction in carbon emission intensity of at least 50% and a reduction in</del></p> <p><u>Once the exclusion screens are applied, the Benchmark Index is constructed using an optimisation process which aims to: (a) maximise exposure to issuers with higher MSCI ESG scores ("MSCI ESG Scores") relative to the Parent Index; and (b) create a portfolio with at least 50% lower carbon emissions intensity and at least 50% lower potential carbon emissions, relative to the Parent Index; subject to, in each case, a turnover budget (i.e. a limit on the trading activity), a tracking error budget and the other optimisation parameters applicable to the portfolio. Please refer to the Benchmark Index methodology set out below and the risk factor set out in section 20(B) (<i>Use of optimisers in Benchmark Indices</i>) for more information.</u></p> <p><u>MSCI ESG Scores are a measurement of issuers' ability to manage financially relevant ESG risks and opportunities. Each score takes into consideration an issuer's exposure to 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 weighted MSCI ESG Scores attributable to each issuer in which the Fund invests are aggregated to calculate the MSCI ESG Score of the Fund's portfolio. Where data is unavailable in respect of an issuer's controversy rating or MSCI ESG Score that issuer will also be excluded from the</u></p>
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Benchmark Index. Where data is unavailable in respect of an issuer's involvement in the restricted activities described above, that issuer is still eligible for inclusion in the Benchmark Index.

Carbon emissions intensity is a measurement of issuers' annual carbon emissions divided by sales in millions (USD). The calculation of carbon intensity includes Scope 1 GHG emissions and Scope 2 GHG emissions but excludes Scope 3 GHG emissions. This means that the calculation includes: (i) direct emissions from sources that the reporting company owns or controls; and (ii) indirect emissions that a reporting company causes from the generation of energy that it purchases or uses, but (iii) does not include any other emissions produced by other companies or parties involved in the reporting company's value chain, which can be complicated to calculate and estimate. Scope 3 emissions may represent a significant proportion of a company's carbon footprint and, as a result, the Fund's carbon emission intensity score may not be fully representative of the GHG emissions of the Fund's underlying issuers. Please refer to the risk factor set out in section 20(A) (Carbon emission intensity calculations and greenhouse gas (GHG) emissions data) for more information on GHG emissions. Where data is unavailable for an issuer, the average carbon reserves intensity of at least 50% all the issuers of the MSCI ACWI Index in the same Global Industry Classification Standard (GICS) industry group in which that issuer belongs is used. This means that the Fund may hold the equities of issuers with a higher carbon intensity than the average of all issuers in their GICS industry group

Potential carbon emissions are based on a company's fossil fuel reserves used for energy purposes, divided by that company's market capitalisation.

The Parent Index measures the performance of large and mid-capitalisation stocks across developed countries which comply with MSCI's size, liquidity and free-float criteria. ~~As at 31 May 2018, the Index included eligible constituents from the following countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, UK and the USA. The list of countries may be subject to change over time.~~ Companies are included in the Parent Index based on the proportion of their shares in issue that are available for purchase by international investors. Due to the Model screening and optimisation processes being applied to the Parent Index, the Benchmark Index will comprise a smaller number of securities with different weightings compared to the Parent Index and will therefore have a different performance and risk profile to the Parent Index, although the diversification constraints of the Benchmark Index relative to its Parent Index would limit to some extent the divergence of the Benchmark Index from the Parent Index.

The Benchmark Index is valued at midday and rebalances on a quarterly basis. Further details regarding the Benchmark Index and the Parent

	<p>Index (including <del>its</del> <u>their</u> constituents <u>and the ESG methodology for the Benchmark Index (including any specific revenue thresholds)</u>) <del>and the Model</del> are available on the index provider's website at <a href="https://www.msci.com/constituents">https://www.msci.com/constituents</a>.</p> <p><u>The equities of companies in the Benchmark Index in which the Fund invests will, at the time of purchase, comply with the ESG requirements of the Benchmark Index. The Fund may continue to hold securities which no longer comply with the ESG requirements of the Benchmark Index until such time as the relevant securities cease to form part of the Benchmark Index and it is possible and practicable (in the Investment Manager's view) to liquidate the position. Please refer to the risk factor set out in section 20(B) (ESG Benchmark Index Screening) for more information. The constituents, ESG requirements and selection methodology of the Benchmark Index, as described above, may change over time.</u></p>
<p><b>ACS World Multifactor ESG Screened and Optimised Equity Tracker Fund</b></p>	<p>The ACS World Multifactor ESG <u>Screened and Optimised</u> Equity Tracker Fund is a Fund of BlackRock Authorised Contractual Scheme I, a Co-Ownership Scheme constituted as a UK UCITS scheme under the COLL Sourcebook. The Fund was authorised by the FCA on 11 December 2018. The Fund's FCA product reference number is 846071.</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 tracks an index which applies ESG criteria (as described below), the Fund does not have a specific sustainability goal. This is because the Fund follows a passive strategy and the index which the Fund tracks may not meet the criteria of any sustainability label.</u></p> <p><b>Investment Objective</b>  The aim of the Fund is to provide a return on your investment (generated through an increase <del>to</del> <u>in</u> the value of the assets held by the Fund and/or income received from those assets) by tracking closely the performance of the MSCI World Select Multiple Factor ESG Low Carbon Target Index (<u>the "Benchmark Index"</u>).</p> <p>Although the Fund aims to achieve its investment objective, there is no guarantee that this will be achieved. 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>  In <del>order to seek</del> <u>seeking</u> to achieve its investment objective, the Fund will invest directly into the equities (i.e. shares) of companies in the <u>Benchmark Index</u> and at times invest indirectly via other equity-related investments (i.e. other investments whose value is related to equities) giving exposure to such companies.</p>

The Fund may also invest in other asset classes to seek to achieve its investment objective and/or for liquidity purposes. These other asset classes include money-market instruments (i.e. debt securities with short-term maturities), deposits (i.e. cash), and units in collective investment schemes (i.e. other investment funds which may be Associated Funds) or other assets that can be turned into cash quickly.

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. Derivatives may also be used to seek to reduce risk (relevant to the investment objective) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").

The ESG criteria described in the section below, which are applied by the index provider, may not apply to investments held by the Fund for EPM and liquidity purposes which are not included in the Benchmark Index (including derivatives, money market instruments, deposits and units in collective investment schemes). However, exposure to such assets will not exceed 20% of the Fund's total assets.

### **Fund Benchmark**

~~Target benchmark: MSCI World Select Multiple Factor ESG Low Carbon Target~~ The Benchmark Index is used by the Investment Manager to assess the performance of the Fund. The Fund's aim is to track the performance of ~~this index~~ the Benchmark Index but not to outperform it. This ~~benchmark~~ Benchmark Index has been chosen by the Investment Manager because it forms part of the investment objective of the Fund and should be used by unitholders to compare the performance of the Fund.

### **Benchmark Index Description**

~~The MSCI World Select Multiple Factor ESG Low Carbon Target Benchmark Index (the "Index") is designed~~ aims to represent reflect the performance characteristics of a factor investing strategy that seeks systematic integration of environmental, social and governance (ESG) signals and two dimensions of carbon exposure (carbon emissions and fossil fuel reserves), by seeking higher exposure to a combination of style factors along with improvement in the ESG profile and reduction in carbon exposure of the Index.

The Benchmark Index is constructed using individual stock exposures to the target factors along with specific ESG score and carbon exposure criteria. The Benchmark Index aims to ~~maximise~~ achieve relatively high exposure to the target style factors while improving the ESG profile and reducing the carbon exposure (carbon emissions relative to sales and potential carbon emissions per dollar of market capitalisation) relative to that of the MSCI World Index (the "Parent Index").

The style factors targeted in the Index are the four factor families:

- Value: companies are scored based on a combination of the security-level exposures to two factors; book-to-price; the price

	<p>of an equity relative to the book value (i.e. the value of shareholder equity on the balance sheet) of the company and the earnings yield; the earnings per share divided by the current market price per share (i.e. the of each dollar invested in the stock that was earned by the company).</p> <ul style="list-style-type: none"><li>• Quality: companies are scored on the basis of five main equally weighted indicators of whether a company is demonstrating high quality characteristics which are high percentage of company earnings allocated to shareholders; profitability, investment quality, earnings quality, leverage and year earnings variability.</li><li>• Momentum: companies are given a higher momentum score if their share prices have outperformed the market</li><li>• Low Size: companies have a higher size score if they have lower market capitalisation than other companies based in the same country.</li></ul> <p><u>The Benchmark Index excludes issuers based on their involvement in certain activities deemed by the index provider to have negative environmental or social outcomes. Issuers are excluded from the Benchmark Index based on their involvement in the following business lines/activities (or related activities):</u></p> <p><del>constituents of the Index are selected from the Parent Index using the MSCI Barra Global Equity Model for Long Term Investors model (the "Model") to maximise the exposure to the four targeted style factors. The eligible universe is the universe of all the securities in the Parent Index that are not involved in very severe ESG controversies ("Red flags"), controversial weapons (such as but not limited to, all companies that are involved in the production of cluster bombs and munitions, landmines, depleted uranium weapons, chemical and biological weapons), nuclear weapons, tobacco (all producers excluded, retailers, licensors, and distributors excluded if &gt;15% revenue), thermal coal (if &gt;30% revenue), UN</del></p> <p><del>a) tobacco; b) controversial weapons; c) nuclear weapons; d) civilian firearms; e) thermal coal.</del></p> <p><u>The index provider defines what constitutes "involvement" in each restricted activity. This 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.</u></p> <p><u>The Benchmark Index also excludes issuers which are classified as violating the United Nations Global Compact ("UNGC") Principles violation, and civilian firearms (all producers excluded, retailers excluded if &gt;5% revenue).</u></p> <p><del>The Model is subject to certain risk diversification constraints, for example, minimum and maximum constituent, sector and country weights.</del></p>
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The Benchmark Index also excludes issuers from the Parent Index which have a 'red' (i.e. very severe) MSCI ESG controversy score. An MSCI controversy score measures an issuer's involvement (or alleged involvement) in very serious controversies relating to their operations and/or products which are deemed to have a negative ESG impact ("MSCI ESG Controversy Score"). An MSCI ESG Controversy Score may consider involvement in adverse impact activities in relation to environmental issues such as biodiversity and land use, energy and climate change, water stress, toxic emissions and waste issues. An MSCI ESG Controversy Score may also consider involvement in adverse impact activities in relation to social issues such as human rights, labour management relations, discrimination and workforce diversity.

Once the exclusion screens are applied, the Benchmark Index is constructed using an optimisation process which aims to: (a) improve the exposure of the Fund to issuers with higher MSCI ESG scores ("MSCI ESG Scores") by 20% relative to the Parent Index; and (b) create a portfolio with at least 50% lower carbon emissions intensity and at least 50% lower potential carbon emissions, relative to the Parent Index and the anticipated volatility of the Index may not exceed 3% of the anticipated volatility of the Parent Index. In addition, the Model ensures that the exposure to style factors other than the chosen four factors which are present in the Parent Index (e.g. volatility) is restricted in the Index. Turnover in the Index is also limited to 20% at each application of the Model to the Parent Index. The Model is also subject to carbon and ESG constraints relative to the Parent Index, for example it targets a reduction in carbon emission intensity of at least 50%, a reduction in carbon reserves intensity of at least 50% and an ESG score improvement of 20%; subject to, in each case, a turnover budget (i.e. a limit on the trading activity), a tracking error budget and the other optimisation parameters applicable to the portfolio. Please refer to the Benchmark Index methodology set out below and the risk factor set out in section 20(B) (*Use of optimisers in Benchmark Indices*) for more information.

MSCI ESG Scores are a measurement of issuers' ability to manage financially relevant ESG risks and opportunities. Each score takes into consideration an issuer's exposure to 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 weighted MSCI ESG Scores attributable to each issuer in which the Fund invests are aggregated to calculate the MSCI ESG Score of the Fund's portfolio.

Where data is unavailable in respect of an issuer's controversy rating or MSCI ESG Score that issuer will also be excluded from the Benchmark Index. Where data is unavailable in respect of an issuer's involvement in the restricted activities described above, that issuer is still eligible for inclusion in the Benchmark Index.

Carbon emissions intensity is a measurement of issuers' annual carbon emissions divided by sales in millions (USD). The calculation of carbon intensity includes Scope 1 GHG emissions and Scope 2 GHG emissions but excludes Scope 3 GHG emissions. This means that the calculation includes: (i) direct emissions from sources that the reporting company owns or controls; and (ii) indirect emissions that a reporting company causes from the generation of energy that it purchases or uses, but (iii) does not include any other emissions produced by other companies or parties involved in the reporting company's value chain, which can be complicated to calculate and estimate. Scope 3 emissions may represent a significant proportion of a company's carbon footprint and, as a result, the Fund's carbon emission intensity score may not be fully representative of the GHG emissions of the Fund's underlying issuers. Please refer to the risk factor set out in section 20(A) (Carbon emission intensity calculations and greenhouse gas (GHG) emissions data) for more information on GHG emissions. Where data is unavailable for an issuer, the average carbon intensity of all the issuers of the MSCI ACWI Index in the same Global Industry Classification Standard (GICS) industry group in which that issuer belongs is used. This means that the Fund may hold the equities of issuers with a higher carbon intensity than the average of all issuers in their GICS industry group.

Potential carbon emissions are based on a company's fossil fuel reserves used for energy purposes, divided by that company's market capitalisation.

The Parent Index measures the performance of large and mid-capitalisation stocks across developed countries which comply with MSCI's size, liquidity and free-float criteria. ~~As at 31 May 2018, the Index included eligible constituents from the following countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, UK and the USA. The list of countries may be subject to change over time.~~ Companies are included in the Parent Index based on the proportion of their shares in issue that are available for purchase by international investors. Due to the ~~Model~~ screening and optimisation processes being applied to the Parent Index, the Benchmark Index will comprise a smaller number of securities with different weightings compared to the Parent Index and will therefore have a different performance and risk profile to the Parent Index, although the diversification constraints of the Benchmark Index relative to its Parent Index would limit to some extent the divergence of the Benchmark Index from the Parent Index.

The Benchmark Index is valued at midday and rebalances on a semi-annual basis. Further details regarding the Benchmark Index and the Parent Index (including its ~~their~~ constituents) and the ~~Model~~ ESG methodology for the Benchmark Index (including any specific revenue thresholds) are available on the index provider's website at <https://www.msci.com/constituents>.

	<p><u>The equities of companies in the Benchmark Index in which the Fund invests will, at the time of purchase, comply with the ESG requirements of the Benchmark Index. The Fund may continue to hold securities which no longer comply with the ESG requirements of the Benchmark Index until such time as the relevant securities cease to form part of the Benchmark Index and it is possible and practicable (in the Investment Manager’s view) to liquidate the position. Please refer to the risk factor set out in section 20(B) (ESG Benchmark Index Screening) for more information. The constituents, ESG requirements and selection methodology of the Benchmark Index, as described above, may change over time.</u></p>
<p><b>ACS UK Equity Tracker Fund</b></p>	<p>The ACS UK Equity Tracker Fund is a Fund of BlackRock Authorised Contractual Scheme I, a Co-Ownership Scheme constituted as a UK UCITS scheme under the COLL Sourcebook. The Fund was authorised by the FCA on 14 February 2017 and launched on 7 June 2017. The Fund’s FCA product reference number is 786801.</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 tracks an index which applies ESG criteria (as described below), the Fund does not have a specific sustainability goal. This is because the Fund follows a passive strategy and the index which the Fund tracks may not meet the criteria of any sustainability label.</u></p> <p><b>Investment Objective</b> The aim of the Fund is to provide a return on your investment (generated through an increase <del>to</del> <u>in</u> the overall value of the assets held by the Fund and/or income received from assets held by the Fund) by tracking closely the performance of the FTSE <del>Custom</del> <u>Custom</u> ESG Screened Index (the “Benchmark Index”).</p> <p>Although the Fund aims to achieve its investment objective, there is no guarantee that this will be achieved. 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> In <del>order to seek</del> <u>seeking</u> to achieve its investment objective, the Fund will invest directly into the equities (i.e. shares) of companies in the <u>Benchmark Index</u> and at times invest indirectly via other equity-related investments (i.e. other investments whose value is related to equities) giving exposure to such companies.</p> <p>The Fund may also invest in other asset classes to seek to achieve its investment objective and/or for liquidity purposes. These other asset classes include money-market instruments (i.e. debt securities with short-term maturities), deposits (i.e. cash), and units in collective investment schemes (i.e. other investment funds which may be Associated Funds) or other assets that can <u>be</u> turned into cash quickly.</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. Derivatives may also be used to seek to reduce risk (relevant to the investment objective) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").

The ESG criteria described in the section below, which are applied by the index provider, may not apply to investments held by the Fund for EPM and liquidity purposes which are not included in the Benchmark Index (including derivatives, money market instruments, deposits and units in collective investment schemes). However, exposure to such assets will not exceed 20% of the Fund's total assets.

### **Fund Benchmark**

Target benchmark: ~~FTSE All-Share Custom ESG Screened the Benchmark Index~~ is used by the Investment Manager to assess the performance of the Fund. The Fund's aim is to track the performance of ~~this index~~ the Benchmark Index but not to outperform it. This ~~benchmark~~ Benchmark Index has been chosen by the Investment Manager because it forms part of the investment objective of the Fund (i.e. a target benchmark) and should be used by unitholders to compare the performance of the Fund.

### **Benchmark Index Description**

The ~~FTSE All-Share Custom ESG Screened~~ Benchmark Index aims to reflect the performance of a sub-set of equity securities within the FTSE All-Share Index (the "Parent Index") which comply with the index provider's ESG exclusionary criteria. The Parent Index represents the performance of all eligible companies listed on the London Stock Exchange's (LSE) main market, which pass screening for size and liquidity. The Parent Index is a free float-adjusted market capitalisation weighted index which captures approximately 98 per cent of the UK's market capitalisation.

The Benchmark Index excludes issuers ~~from the Parent Index, which are determined based on their involvement in certain activities deemed by the index provider (often by reference to specific revenue thresholds or any connection to a restricted activity regardless of the amount of revenue received) as having exposure to, or other ties with, certain to have negative environmental or social outcomes. Issuers are excluded from the Benchmark Index based on their involvement in the following business lines/activities, including (or related activities):~~ (i)

a) weapons (including anti-personnel mines, nuclear weapons, cluster weapons, biological and chemical weapons, depleted uranium, and white phosphorus munitions); (ii) small arms; (iii) thermal coal; (iv) oil sands; (v) companies that are classified as severely violating the United Nations Global Compact principles (which are widely accepted corporate sustainability principles that meet fundamental responsibilities in areas such as anti-corruption, human rights, labour

	<p><del>and environmental); or (vi) the manufacture of tobacco products (including companies that grow or process raw tobacco leaves) and companies deriving 5 per cent or more revenue from tobacco related business activities.</del></p> <p><del>b) small arms;</del></p> <p><del>c) oil sands;</del></p> <p><del>d)thermal coal; and</del></p> <p><del>e) tobacco.</del></p> <p>The index provider defines what constitutes "involvement" in each restricted activity. This 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><u>The Benchmark Index also excludes issuers which are classified as violating the United Nations Global Compact (UNGC) Principles.</u></p> <p><u>Where data is unavailable in respect of an issuer's involvement in the restricted activities described above, that issuer will be excluded from the Benchmark Index.</u></p> <p>The remaining securities are then weighted in proportion of their free-float adjusted market capitalisation. Free float-adjusted means that only shares readily available in the market rather than all of a company's issued shares are used in calculating the <u>Benchmark Index</u>. Free float-adjusted market capitalisation is the share price of a company multiplied by the number of shares readily available in the market.</p> <p>The <u>Benchmark Index</u> is valued on a real time basis and daily at close of business and rebalances on a quarterly basis. Further details regarding the <u>Benchmark Index</u> and the <u>Parent Index</u> (including <del>its</del> <u>their</u> constituents <u>and the ESG screening methodology for the Benchmark Index (including any specific revenue thresholds)</u>) are available on the index provider's website at <a href="https://www.ftserussell.com/index">https://www.ftserussell.com/index</a>.</p> <p><u>The equities of companies in the Benchmark Index in which the Fund invests will, at the time of purchase, comply with the ESG requirements of the Benchmark Index. The Fund may continue to hold securities which no longer comply with the ESG requirements of the Benchmark Index until such time as the relevant securities cease to form part of the Benchmark Index and it is possible and practicable (in the Investment Manager's view) to liquidate the position. Please refer to the risk factor set out in section 20(B) (ESG Benchmark Index Screening) for more information. The constituents, ESG requirements and selection methodology of the Benchmark Index, as described above, may change over time.</u></p>
<p><b>ACS US Equity Tracker Fund</b></p>	<p>The ACS US Equity Tracker Fund is a Fund of BlackRock Authorised Contractual Scheme I, a Co-Ownership Scheme constituted as a UK UCITS scheme under the COLL Sourcebook. From the date of launch, 27 June 2014, until 20 July 2015, this Fund was known as the</p>

BlackRock ACS US Equity Tracker Fund. On 21 July 2015 the Fund's name changed to ACS US Equity Tracker Fund. The Fund was authorised by the FCA on 13 June 2014. The Fund's FCA product reference number is 633801.

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 tracks an index which applies ESG criteria (as described below), the Fund does not have a specific sustainability goal. This is because the Fund follows a passive strategy and the index which the Fund tracks may not meet the criteria of any sustainability label.

#### **Investment Objective**

The aim of the Fund is to provide a return on your investment (generated through an increase ~~to~~ in the value of the assets held by the Fund) by tracking closely the performance of the FTSE USA Custom USA ESG Screened Index (the "Benchmark Index").

Although the Fund aims to achieve its investment objective, there is no guarantee that this will be achieved. 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.

#### **Investment Policy**

~~In order to seek~~ seeking to achieve its investment objective, the Fund will invest directly into the equities (i.e. shares) of companies in the Benchmark Index and at times invest indirectly via other equity-related investments (i.e. other investments whose value is related to equities) giving exposure to such companies.

The Fund may also invest in other asset classes to seek to achieve its investment objective and/or for liquidity purposes. These other asset classes include money-market instruments (i.e. debt securities with short-term maturities), deposits (i.e. cash), and units in collective investment schemes (i.e. other investment funds which may be Associated Funds) or other assets that can be turned into cash quickly.

Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to seek to reduce risk (relevant to the investment objective) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").

The ESG criteria described in the section below, which are applied by the index provider, may not apply to investments held by the Fund for EPM and liquidity purposes which are not included in the Benchmark Index (including derivatives, money market instruments, deposits and units in collective investment schemes). However, exposure to such assets will not exceed 20% of the Fund's total assets.

#### **Fund Benchmark**

Target benchmark: ~~FTSE USA Custom ESG Screened~~ The Benchmark Index is used by the Investment Manager to assess the performance of the Fund. The Fund's aim is to track the performance of ~~this index~~ the Benchmark Index but not to outperform it. ~~This benchmark-The Benchmark Index~~ has been chosen by the Investment Manager because it forms part of the investment objective of the Fund (i.e. a target benchmark) and should be used by unitholders to compare the performance of the Fund.

### **Benchmark Index Description**

The ~~FTSE USA Custom ESG Screened~~ Benchmark Index (the "Index") aims to reflect the performance of a sub-set of equity securities within the FTSE USA Index (the "Parent Index") which comply with the index provider's ESG exclusionary criteria. The Parent Index is a free float-adjusted market capitalisation weighted index representing the performance of large and mid cap stocks listed in the US (though not necessarily incorporated in the US). The Parent Index is part of the FTSE Global Equity Index Series, which covers 98% of the investable market capitalisation.

The Benchmark Index excludes issuers ~~from the Parent Index, which are determined based on their involvement in certain activities deemed by the index provider (often by reference to specific revenue thresholds or any connection to a restricted activity regardless of the amount of revenue received) as having exposure to, or other ties with, certain to have negative environmental or social outcomes. Issuers are excluded from the Benchmark Index based on their involvement in the following business lines/activities, including (or related activities):~~ (i)

- ~~a) weapons (including anti-personnel mines, nuclear weapons, cluster weapons, biological and chemical weapons, depleted uranium, and white phosphorus munitions);~~ (i) a) weapons (including anti-personnel mines, nuclear weapons, cluster weapons, biological and chemical weapons, depleted uranium, and white phosphorus munitions);
- ~~(ii) small arms;~~ (ii) small arms;
- ~~(iii) thermal coal;~~ (iii) thermal coal;
- ~~(iv) oil sands;~~ (iv) oil sands;
- ~~(v) companies that are classified as severely violating the United Nations Global Compact principles (which are widely accepted corporate sustainability principles that meet fundamental responsibilities in areas such as anti-corruption, human rights, labour and environmental);~~ (v) companies that are classified as severely violating the United Nations Global Compact principles (which are widely accepted corporate sustainability principles that meet fundamental responsibilities in areas such as anti-corruption, human rights, labour and environmental);
- ~~or~~ (vi) the manufacture of tobacco products (including companies that grow or process raw tobacco leaves) and companies deriving 5 per cent or more revenue from tobacco-related business activities.
- b) small arms;
- c) oil sands;
- d) thermal coal; and
- e) tobacco.

The index provider defines what constitutes "involvement" in each restricted activity. This 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.

The Benchmark Index also excludes issuers which are classified as violating the United Nations Global Compact ("UNGC") Principles.

	<p><u>Where data is unavailable in respect of an issuer's involvement in the restricted activities described above, that issuer will be excluded from the Benchmark Index.</u></p> <p>The remaining securities are then weighted in proportion of their free-float adjusted market capitalisation. Free float-adjusted means that only shares readily available in the market rather than all of a company's issued shares are used in calculating the <u>Benchmark Index</u>. Free float-adjusted market capitalisation is the share price of a company multiplied by the number of shares readily available in the market.</p> <p>The <u>Benchmark Index</u> is valued on a real time basis and daily at close of business and rebalances on a quarterly basis. Further details regarding the <u>Benchmark Index</u> and the <u>Parent Index</u> (including <del>its</del> <u>their</u> constituents and the <u>ESG screening methodology</u> for the <u>Benchmark Index</u> (including any specific revenue thresholds)) are available on the index provider's website at <a href="https://www.ftserussell.com/index">https://www.ftserussell.com/index</a>.</p> <p><u>The equities of companies in the Benchmark Index in which the Fund invests will, at the time of purchase, comply with the ESG requirements of the Benchmark Index. The Fund may continue to hold securities which no longer comply with the ESG requirements of the Benchmark Index until such time as the relevant securities cease to form part of the Benchmark Index and it is possible and practicable (in the Investment Manager's view) to liquidate the position. Please refer to the risk factor set out in section 20(B) (ESG Benchmark Index Screening) for more information. The constituents, ESG requirements and selection methodology of the Benchmark Index, as described above, may change over time.</u></p>
<p><b>ACS World ex UK Equity Tracker Fund</b></p>	<p>The ACS World ex UK Equity Tracker Fund is a Fund of BlackRock Authorised Contractual Scheme I, a Co-Ownership Scheme constituted as a UK UCITS scheme under the COLL Sourcebook. The Fund was authorised by the FCA on 23 June 2016 and launched on 24 April 2017. The Fund's FCA product reference number is 758953.</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 tracks an index which applies ESG criteria (as described below), the Fund does not have a specific sustainability goal. This is because the Fund follows a passive strategy and the index which the Fund tracks may not meet the criteria of any sustainability label.</u></p> <p><b>Investment Objective</b>  The aim of the Fund is to provide a return on your investment (generated through an increase <del>to</del> <u>in</u> the value of the assets held by the Fund and/or income received from those assets) by tracking closely the performance of the FTSE <u>Custom</u> Developed ex UK <del>Custom</del> ESG Screened Index (<u>the "Benchmark Index"</u>).</p>

Although the Fund aims to achieve its investment objective, there is no guarantee that this will be achieved. 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.

### **Investment Policy**

In ~~order to seek~~ seeking to achieve its investment objective, the Fund will invest directly into the equities (i.e. shares) of companies in the Benchmark Index and at times invest indirectly via other equity-related investments (i.e. other investments whose value is related to equities) giving exposure to such companies.

The Fund may also invest in other asset classes to seek to achieve its investment objective and/or for liquidity purposes. These other asset classes include money-market instruments (i.e. debt securities with short-term maturities), deposits (i.e. cash), and units in collective investment schemes (i.e. other investment funds which may be Associated Funds) or other assets that can be turned into cash quickly.

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. Derivatives may also be used to seek to reduce risk (relevant to the investment objective) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").

The ESG criteria described in the section below, which are applied by the index provider, may not apply to investments held by the Fund for EPM and liquidity purposes which are not included in the Benchmark Index (including derivatives, money market instruments, deposits and units in collective investment schemes). However, exposure to such assets will not exceed 20% of the Fund's total assets.

### **Fund Benchmark**

Target benchmark: ~~FTSE Developed ex UK Custom ESG Screened The Benchmark Index~~ is used by the Investment Manager to assess the performance of the Fund. The Fund's aim is to track the performance of ~~this index~~ the Benchmark Index but not to outperform it. This ~~benchmark~~ Benchmark Index has been chosen by the Investment Manager because it forms part of the investment objective of the Fund (i.e. a target benchmark) and should be used by unitholders to compare the performance of the Fund.

### **Benchmark Index Description**

The ~~FTSE Developed ex UK Custom ESG Screened Benchmark Index~~ (the "Index") aims to reflect the performance of a sub-set of equity securities within the FTSE Developed ex UK Index (the "Parent Index") which comply with the index provider's ESG exclusionary criteria. The Parent Index is a free float-adjusted market capitalisation weighted index representing the performance of large and mid-cap stocks listed in developed markets globally, excluding the UK. The Parent Index is

	<p>part of the FTSE Global Equity Index Series, which covers 98% of the investable market capitalisation.</p> <p>The <u>Benchmark</u> Index excludes issuers <del>from the Parent Index, which are determined based on their involvement in certain activities deemed by the index provider (often by reference to specific revenue thresholds or any connection to a restricted activity regardless of the amount of revenue received) as having exposure to, or other ties with, certain to have negative environmental or social outcomes. Issuers are excluded from the Benchmark Index based on their involvement in the following business lines/activities, including (or related activities):</del> (i)</p> <p>a) weapons (including anti-personnel mines, nuclear weapons, cluster weapons, biological and chemical weapons, depleted uranium, and white phosphorus munitions); (ii) <del>small arms;</del> (iii) <del>thermal coal;</del> (iv) <del>oil sands;</del> (v) <del>companies that are classified as severely violating the United Nations Global Compact principles (which are widely accepted corporate sustainability principles that meet fundamental responsibilities in areas such as anti-corruption, human rights, labour and environmental); or</del> (vi) <del>the manufacture of tobacco products (including companies that grow or process raw tobacco leaves) and companies deriving 5 per cent or more revenue from tobacco related business activities.</del></p> <p><u>b) small arms;</u> <u>c) oil sands;</u> <u>d) thermal coal; and</u> <u>e) tobacco.</u></p> <p>The index provider defines what constitutes "involvement" in each restricted activity. This 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><u>The Benchmark Index also excludes issuers which are classified as violating the United Nations Global Compact ("UNGC") Principles.</u></p> <p><u>Where data is unavailable in respect of an issuer's involvement in the restricted activities described above, that issuer will be excluded from the Benchmark Index.</u></p> <p>The remaining securities are then weighted in proportion of their free-float adjusted market capitalisation. Free float-adjusted means that only shares readily available in the market rather than all of a company's issued shares are used in calculating the <u>Benchmark</u> Index. Free float-adjusted market capitalisation is the share price of a company multiplied by the number of shares readily available in the market.</p> <p>The <u>Benchmark</u> Index is valued on a real time basis and daily at close of business and rebalances on a quarterly basis. Further details regarding the <u>Benchmark</u> Index <u>and the Parent Index</u> (including <u>its</u> <u>their</u> constituents and the ESG screening methodology for the <u>Benchmark</u></p>
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	<p><u>Index (including any specific revenue thresholds)) are available on the index provider's website at <a href="https://www.ftserussell.com/index">https://www.ftserussell.com/index</a>.</u></p> <p><u>The equities of companies in the Benchmark Index in which the Fund invests will, at the time of purchase, comply with the ESG requirements of the Benchmark Index. The Fund may continue to hold securities which no longer comply with the ESG requirements of the Benchmark Index until such time as the relevant securities cease to form part of the Benchmark Index and it is possible and practicable (in the Investment Manager's view) to liquidate the position. Please refer to the risk factor set out in section 20(B) (ESG Benchmark Index Screening) for more information. The constituents, ESG requirements and selection methodology of the Benchmark Index, as described above, may change over time.</u></p>
<p><b>ACS Japan Equity Tracker Fund</b></p>	<p>The ACS Japan Equity Tracker Fund is a Fund of BlackRock Authorised Contractual Scheme I, a Co-Ownership Scheme constituted as a UK UCITS scheme under the COLL Sourcebook. The Fund was authorised by the FCA on 23 June 2016 and launched on 15 May 2017. The Fund's FCA product reference number is 758954.</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 tracks an index which applies ESG criteria (as described below), the Fund does not have a specific sustainability goal. This is because the Fund follows a passive strategy and the index which the Fund tracks may not meet the criteria of any sustainability label.</u></p> <p><b>Investment Objective</b> The aim of the Fund is to provide a return on your investment (generated through an increase <del>to</del> <u>in</u> the value of the assets held by the Fund and/or income received from those assets) by tracking closely the performance of the FTSE <u>Custom</u> Japan <del>Custom</del> ESG Screened Index (the "Benchmark Index").</p> <p>Although the Fund aims to achieve its investment objective, there is no guarantee that this will be achieved. 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> In <del>order to seek</del> <u>seeking</u> to achieve its investment objective, the Fund will invest directly into the equities (i.e. shares) of companies in the <u>Benchmark Index</u> and at times invest indirectly via other equity-related investments (i.e. other investments whose value is related to equities) giving exposure to such companies.</p> <p>The Fund may also invest in other asset classes to seek to achieve its investment objective and/or for liquidity purposes. These other asset classes include money-market instruments (i.e. debt securities with short-term maturities), deposits (i.e cash), and units in collective</p>

investment schemes (i.e. other investment funds which may be Associated Funds) or other assets that can be turned into cash quickly. 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. Derivatives may also be used to seek to reduce risk (relevant to the investment objective) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").

The ESG criteria described in the section below, which are applied by the index provider, may not apply to investments held by the Fund for EPM and liquidity purposes which are not included in the Benchmark Index (including derivatives, money market instruments, deposits and units in collective investment schemes). However, exposure to such assets will not exceed 20% of the Fund's total assets.

#### **Fund Benchmark**

~~Target benchmark: FTSE Japan Custom ESG Screened~~ The Benchmark Index is used by the Investment Manager to assess the performance of the Fund. The Fund's aim is to track the performance of ~~this index~~ the Benchmark Index but not to outperform it. This ~~benchmark~~ Benchmark Index has been chosen by the Investment Manager because it forms part of the investment objective of the Fund (i.e. a target benchmark) and should be used by unitholders to compare the performance of the Fund.

#### **Benchmark Index Description**

The ~~FTSE Japan Custom ESG Screened~~ Benchmark Index (the "Index") aims to reflect the performance of a sub-set of equity securities within the FTSE Japan Index (the "Parent Index") which comply with the index provider's ESG exclusionary criteria. The Parent Index is a free float-adjusted market capitalisation index representing the performance of large and mid cap Japanese companies that are constituents of the FTSE All-World Index. The FTSE All-World Index is part of the FTSE Global Equity Index Series, which covers 98% of the investable market capitalisation.

The Benchmark Index excludes issuers ~~from the Parent Index, which are determined based on their involvement in certain activities deemed by the index provider (often by reference to specific revenue thresholds or any connection to a restricted activity regardless of the amount of revenue received) as having exposure to, or other ties with, certain to have negative environmental or social outcomes. Issuers are excluded from the Benchmark Index based on their involvement in the following business lines/activities, including (or related activities):~~ (i)

- a) weapons (including anti-personnel mines, nuclear weapons, cluster weapons, biological and chemical weapons, depleted uranium, and white phosphorus munitions); (ii)
- b) small arms; (iii)
- c) oil sands;

~~d) thermal coal; (iv) oil sands; (v) companies that are classified as severely violating the United Nations Global Compact principles (which are widely accepted corporate sustainability principles that meet fundamental responsibilities in areas such as anti-corruption, human rights, labour and environmental); or (vi) the manufacture of tobacco products (including companies that grow or process raw tobacco leaves) and companies deriving 5 per cent or more revenue from tobacco-related business activities. The index provider defines what constitutes "involvement" in each restricted activity. This 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. and~~  
e) tobacco.

The index provider defines what constitutes "involvement" in each restricted activity. This 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.

The Benchmark Index also excludes issuers which are classified as violating the United Nations Global Compact ("UNGC") Principles.

Where data is unavailable in respect of an issuer's involvement in the restricted activities described above, that issuer will be excluded from the Benchmark Index.

The remaining securities are then weighted in proportion of their free-float adjusted market capitalisation. Free float-adjusted means that only shares readily available in the market rather than all of a company's issued shares are used in calculating the Benchmark Index. Free float-adjusted market capitalisation is the share price of a company multiplied by the number of shares readily available in the market.

The Benchmark Index is valued on a real time basis and daily at close of business and rebalances on a quarterly basis. Further details regarding the Benchmark Index and the Parent Index (including its their constituents and the ESG screening methodology for the Benchmark Index (including any specific revenue thresholds)) are available on the index provider's website at <https://www.ftserussell.com/index>.

The equities of companies in the Benchmark Index in which the Fund invests will, at the time of purchase, comply with the ESG requirements of the Benchmark Index. The Fund may continue to hold securities which no longer comply with the ESG requirements of the Benchmark Index until such time as the relevant securities cease to form part of the Benchmark Index and it is possible and practicable (in the Investment Manager's view) to liquidate the position. Please refer to the risk factor set out in section 20(B) (ESG Benchmark Index Screening) for more information. The constituents, ESG requirements and selection methodology of the Benchmark Index, as described above, may change over time.

<b>ACS Continental European Equity Tracker Fund</b>	<p>The ACS Continental European Equity Tracker Fund is a Fund of BlackRock Authorised Contractual Scheme I, a Co-Ownership Scheme constituted as a UK UCITS scheme under the COLL Sourcebook. The Fund was authorised by the FCA on 23 June 2016 and launched on 15 May 2017. The Fund’s FCA product reference number is 758955.</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 tracks an index which applies ESG criteria (as described below), the Fund does not have a specific sustainability goal. This is because the Fund follows a passive strategy and the index which the Fund tracks may not meet the criteria of any sustainability label.</u></p> <p><b>Investment Objective</b></p> <p>The aim of the Fund is to provide a return on your investment (generated through an increase <del>to</del> <u>in</u> the value of the assets held by the Fund and/or income received from those assets) by tracking closely the performance of the FTSE <u>Custom</u> Developed Europe ex UK <del>Custom</del> ESG Screened Index (the “<u>Benchmark Index</u>”).</p> <p>Although the Fund aims to achieve its investment objective, there is no guarantee that this will be achieved. 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><del>In order to seek</del> <u>seeking</u> to achieve its investment objective, the Fund will invest directly into the equities (i.e. shares) of companies in the <u>Benchmark Index</u> and at times invest indirectly via other equity-related investments (i.e. other investments whose value is related to equities) giving exposure to such companies.</p> <p>The Fund may also invest in other asset classes to seek to achieve its investment objective and/or for liquidity purposes. These other asset classes include money-market instruments (i.e. debt securities with short-term maturities), deposits (i.e cash), and units in collective investment schemes (i.e. other investment funds which may be Associated Funds) or other assets that can be turned into cash quickly.</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. Derivatives may also be used to seek to reduce risk (relevant to the investment objective) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as “efficient portfolio management” or “EPM”).</p> <p><u>The ESG criteria described in the section below, which are applied by the index provider, may not apply to investments held by the Fund for EPM and liquidity purposes which are not included in the Benchmark Index (including derivatives, money market instruments, deposits</u></p>
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and units in collective investment schemes). However, exposure to such assets will not exceed 20% of the Fund's total assets.

### **Fund Benchmark**

Target benchmark: ~~FTSE Developed Europe ex UK Custom ESG Screened~~ The Benchmark Index is used by the Investment Manager to assess the performance of the Fund. The Fund's aim is to track the performance of ~~this index~~ the Benchmark Index but not to outperform it. This benchmark Benchmark Index has been chosen by the Investment Manager because it forms part of the investment objective of the Fund (i.e. a target benchmark) and should be used by unitholders to compare the performance of the Fund.

### **Benchmark Index Description**

The ~~FTSE Developed Europe ex UK Custom ESG Screened~~ Benchmark Index (the "Index") aims to reflect the performance of a sub-set of equity securities within the FTSE Developed Europe ex UK Index (the "Parent Index") which comply with the index provider's ESG exclusionary criteria. The Parent Index is a free float-adjusted market capitalisation index representing the performance of large and mid-cap stocks in the developed Continental European markets. The Parent Index is part of the FTSE Global Equity Index Series, which covers 98% of the investable market capitalisation.

The Benchmark Index excludes issuers ~~from the Parent Index, which are determined based on their involvement in certain activities deemed by the index provider (often by reference to specific revenue thresholds or any connection to a restricted activity regardless of the amount of revenue received) as having exposure to, or other ties with, certain to have negative environmental or social outcomes. Issuers are excluded from the Benchmark Index based on their involvement in the following business lines/activities, including (or related activities):~~ (i)

a) weapons (including anti-personnel mines, nuclear weapons, cluster weapons, biological and chemical weapons, depleted uranium, and white phosphorus munitions); (ii)

b) small arms; (iii) thermal coal; (iv) oil sands; (v) companies that are classified as severely violating the United Nations Global Compact principles (which are widely accepted corporate sustainability principles that meet fundamental responsibilities in areas such as anti-corruption, human rights, labour and environmental); or (vi) the manufacture of tobacco products (including companies that grow or process raw tobacco leaves) and companies deriving 5 per cent or more revenue from tobacco-related business activities.

c) oil sands;

d) thermal coal; and

e) tobacco.

The index provider defines what constitutes "involvement" in each restricted activity. This 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><u>The Benchmark Index also excludes issuers which are classified as violating the United Nations Global Compact ("UNGC") Principles.</u></p> <p><u>Where data is unavailable in respect of an issuer's involvement in the restricted activities described above, that issuer will be excluded from the Benchmark Index.</u></p> <p>The remaining securities are then weighted in proportion of their free-float adjusted market capitalisation. Free float-adjusted means that only shares readily available in the market rather than all of a company's issued shares are used in calculating the <u>Benchmark Index</u>. Free float-adjusted market capitalisation is the share price of a company multiplied by the number of shares readily available in the market.</p> <p>The <u>Benchmark Index</u> is valued on a real time basis and daily at close of business and rebalances on a quarterly basis. Further details regarding the <u>Benchmark Index</u> and the <u>Parent Index</u> (including its constituents and the <u>ESG screening methodology for the Benchmark Index</u> (including any specific revenue thresholds)) are available on the index provider's website at <a href="https://www.ftserussell.com/index">https://www.ftserussell.com/index</a>.</p> <p><u>The equities of companies in the Benchmark Index in which the Fund invests will, at the time of purchase, comply with the ESG requirements of the Benchmark Index. The Fund may continue to hold securities which no longer comply with the ESG requirements of the Benchmark Index until such time as the relevant securities cease to form part of the Benchmark Index and it is possible and practicable (in the Investment Manager's view) to liquidate the position. Please refer to the risk factor set out in section 20(B) (ESG Benchmark Index Screening) for more information. The constituents, ESG requirements and selection methodology of the Benchmark Index, as described above, may change over time.</u></p>
<p><b>ACS World Small Cap ESG Screened Equity Tracker Fund</b></p>	<p>The ACS World Small Cap ESG Screened Equity Tracker Fund is a Fund of BlackRock Authorised Contractual Scheme I, a Co-Ownership Scheme constituted as a UK UCITS scheme under the COLL Sourcebook. The Fund was authorised by the FCA on 18 March 2021. The Fund's FCA product reference number is 948269.</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 tracks an index which applies ESG criteria (as described below), the Fund does not have a specific sustainability goal. This is because the Fund follows a passive strategy and the index which the Fund tracks may not meet the criteria of any sustainability label.</u></p> <p><b>Investment Objective</b>  The aim of the Fund is to provide a return (gross of charges) on your investment (generated through an increase to the value of the assets</p>

held by the Fund and/or income received from those assets) by tracking closely the performance of the MSCI World Small Cap ESG Screened Index (the "Benchmark Index").

Although the Fund aims to achieve its investment objective, there is no guarantee that this will be achieved. 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.

### **Investment Policy**

In ~~order to seek~~ seeking to achieve its investment objective, the Fund will invest directly into the equities (i.e. shares) of companies in the Benchmark Index and at times invest indirectly via other equity-related investments (i.e. other investments whose value is related to equities) giving exposure to such companies, or in other equities not in the Benchmark Index. The Fund uses techniques to achieve a similar return to the Benchmark Index and it is therefore not expected that the Fund will hold each and every underlying constituent of the Benchmark Index at all times or hold them in the same proportion as their weightings in the Benchmark Index.

The Fund may also invest in other asset classes to seek to achieve its investment objective and/or for liquidity purposes. These other asset classes include money-market instruments (i.e. debt securities with short-term maturities), deposits (i.e. cash), and units in collective investment schemes (i.e. other investment funds which may be Associated Funds) or other assets that can be turned into cash quickly.

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. Derivatives may also be used to seek to reduce risk (relevant to the investment objective) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").

The ESG criteria described in the section below, which are applied by the index provider, may not apply to investments held by the Fund for EPM and liquidity purposes which are not included in the Benchmark Index (including derivatives, money market instruments, deposits and units in collective investment schemes). However, exposure to such assets will not exceed 20% of the Fund's total assets.

### **Fund Benchmark(s)**

Target benchmark: ~~MSCI World Small Cap ESG Screened the Benchmark Index~~ is used by the Investment Manager to assess the performance of the Fund. The Fund's aim is to track the performance of ~~this index~~ the Benchmark Index but not to outperform it. This ~~benchmark~~ Benchmark Index has been chosen by the Investment Manager because it forms part of the investment objective of the Fund ~~and~~. The Benchmark Index should be used by unitholders to compare the performance of the Fund.

### **Benchmark Index Description**

The ~~MSCI World Small Cap ESG Screened~~ Benchmark Index (the "Index") aims to reflect the performance characteristics of a subset of equity securities within the MSCI World Small Cap Index (the "Parent Index") which ~~comply with MSCI's ESG exclusionary criteria~~ remain after the index provider has excluded securities using pre-defined ESG screens, as determined by the index provider and further described below. The Parent Index measures the performance of small capitalisation stocks across developed countries which comply with MSCI's size, liquidity and free-float criteria.

The Benchmark Index ~~excludes issuers from the Parent Index, which are defined based on their involvement in certain activities deemed by the index provider as (A) having specific associations, ties, classifications to have negative environmental or social outcomes. Issuers are excluded from the Benchmark Index based on their involvement in the following business lines/activities (as applicable) relating to: (i) or related activities):~~

- a) controversial weapons and ;
- b) nuclear weapons, (ii) tobacco or certain civilian firearms (in each case where classified as a "producer"); or (B) deriving their revenues (above a threshold specified by the index provider) from (i) thermal coal based power generation, (ii) the production, distribution, retail, supply and licensing of tobacco related products, (iii) the production and distribution of certain civilian firearms, (iv) the extraction of certain fossil fuels, (v) the production of palm oil, and (vi) the extraction of arctic oil and gas. In addition, companies that are classified as violating United Nations Global Compact principles (which are widely accepted corporate sustainability principles that meet fundamental responsibilities in areas such as anti-corruption, human rights, labour and environmental) are also excluded.;
- c) civilian firearms;
- d) tobacco;
- e) fossil fuel extraction;
- f) thermal coal power
- g) arctic oil & gas; and
- h) palm oil.

The index provider defines what constitutes "involvement" in each restricted activity. This 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.

The Benchmark Index also excludes issuers which are classified as violating the United Nations Global Compact (UNGC) Principles.

The Benchmark Index also excludes companies which are identified by the index provider as being involved issuers from the Parent Index which have a 'red' (i.e. very severe) MSCI ESG controversy score. An MSCI controversy score measures an issuer's involvement (or alleged

involvement) in very serious controversies that have a negative ESG impact on relating to their operations and/or products and services based on the application of an evaluation framework and an MSCI which are deemed to have a negative ESG controversy score impact ("MSCI ESG Controversy Score") or are missing a. An MSCI ESG Controversy Score (i.e. companies not assessed by MSCI for these purposes). The relevant minimum MSCI ESG Controversy scores set by the index provider to determine eligibility may consider involvement in adverse impact activities in relation to environmental issues such as biodiversity and land use, energy and climate change, water stress, toxic emissions and waste issues. An MSCI ESG Controversy Score may also consider involvement in adverse impact activities in relation to social issues such as human rights, labour management relations, discrimination and workforce diversity. Companies that are involved in an 'orange' (i.e. 'severe') MSCI land use and biodiversity controversy or supply chain management controversy are also excluded from the Benchmark Index.

Where data is unavailable in respect of an issuer's controversy rating that issuer will be excluded from the Benchmark Index. Where data is unavailable in respect of an issuer's involvement in the restricted activities described above, that issuer is still eligible for inclusion in the Benchmark Index are detailed in the MSCI ESG Screened Indexes Methodology which can be found at the index provider's website: <https://www.msci.com/index-methodology>.

Following the application of the above exclusionary criteria, companies may, where necessary, be further excluded on the basis of their level of carbon emission intensity in order for the Benchmark Index to reach the level set by the index provider for the reduction of carbon emission achieve its target of 30% lower carbon intensity relative to the Parent Index.

Carbon intensity is a measurement of issuers' carbon emissions, in tonnes of greenhouse gases equivalent, divided by enterprise value and cash in millions (USD). The calculation of carbon intensity includes Scope 1 GHG emissions, Scope 2 GHG emissions and Scope 3 GHG emissions. Please refer to the risk factor set out in section 20(A) (Carbon emission intensity calculations and greenhouse gas (GHG) emissions data) for more information on GHG emissions and the limitations in calculating and estimating Scope 3 emissions data. Where data is unavailable on an issuer's carbon intensity, that issuer will not be excluded from the Benchmark Index. This means that the Fund may hold the equities of issuers with a high carbon intensity.

Companies violating United Nations Global Compact principles or below with a minimum 'red' MSCI ESG Controversy Score set by the index provider will be excluded from the Benchmark Index on a monthly basis. The remaining securities are then weighted in proportion of their free-float adjusted market capitalisation. Free float-adjusted means that only shares readily available in the market rather than all of a company's issued shares are used in calculating the Benchmark Index. Free float-

	<p>adjusted market capitalisation is the share price of a company multiplied by the number of shares readily available in the market.</p> <p>New securities will only be added to the <u>Benchmark</u> Index if they are added to the Parent Index and meet the index provider’s ESG exclusionary criteria.</p> <p>The <u>Benchmark</u> Index is valued at midday and (subject to the monthly exclusions referred to above) rebalances on a quarterly basis. Further details regarding the <u>Benchmark Index and the Parent Index (including its constituents and the ESG methodology for the Benchmark Index (including any specific revenue thresholds))</u> are available on the index provider’s website at <a href="https://www.msci.com/constituents">https://www.msci.com/constituents</a>.</p> <p><del>The methodology of the Index was updated with effect from 28 February 2023.</del></p> <p><u>The equities of companies in the Benchmark Index in which the Fund invests will, at the time of purchase, comply with the ESG requirements of the Benchmark Index. The Fund may continue to hold securities which no longer comply with the ESG requirements of the Benchmark Index until such time as the relevant securities cease to form part of the Benchmark Index and it is possible and practicable (in the Investment Manager’s view) to liquidate the position. Please refer to the risk factor set out in section 20(B) (ESG Benchmark Index Screening) for more information. The constituents, ESG requirements and selection methodology of the Benchmark Index, as described above, may change over time.</u></p>
<p><b>ACS World ESG Screened Equity Tracker Fund</b></p>	<p>The ACS World ESG Screened Equity Tracker Fund is a Fund of BlackRock Authorised Contractual Scheme I, a Co-Ownership Scheme constituted as a UK UCITS scheme under the COLL Sourcebook. The Fund was authorised by the FCA on 1 December 2020. The Fund’s FCA product reference number is 947197.</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 tracks an index which applies ESG criteria (as described below), the Fund does not have a specific sustainability goal. This is because the Fund follows a passive strategy and the index which the Fund tracks may not meet the criteria of any sustainability label.</u></p> <p><b>Investment Objective</b></p> <p>The aim of the Fund is to provide a return (gross of charges) on your investment (generated through an increase to the value of the assets held by the Fund and/or income received from those assets) by tracking closely the performance of the MSCI World ESG Screened Index (<u>the “Benchmark Index”</u>).</p> <p>Although the Fund aims to achieve its investment objective, there is no guarantee that this will be achieved. The Fund’s capital is at risk</p>

meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.

### **Investment Policy**

In order to seek seeking to achieve its investment objective, the Fund will invest directly into the equities (i.e. shares) of companies in the Benchmark Index and at times invest indirectly via other equity-related investments (i.e. other investments whose value is related to equities) giving exposure to such companies.

The Fund may also invest in other asset classes to seek to achieve its investment objective and/or for liquidity purposes. These other asset classes include money-market instruments (i.e. debt securities with short-term maturities), deposits (i.e. cash), and units in collective investment schemes (i.e. other investment funds which may be Associated Funds) or other assets that can be turned into cash quickly.

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. Derivatives may also be used to seek to reduce risk (relevant to the investment objective) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").

The ESG criteria described in the section below, which are applied by the index provider, may not apply to investments held by the Fund for EPM and liquidity purposes which are not included in the Benchmark Index (including derivatives, money market instruments, deposits and units in collective investment schemes). However, exposure to such assets will not exceed 20% of the Fund's total assets.

### **Fund Benchmark(s)**

Target benchmark: ~~MSCI World ESG Screened~~ The Benchmark Index is used by the Investment Manager to assess the performance of the Fund. The Fund's aim is to track the performance of ~~this index~~ the Benchmark Index but not to outperform it. This ~~benchmark~~ Benchmark Index has been chosen by the Investment Manager because it forms part of the investment objective of the Fund ~~and~~. The Benchmark Index should be used by unitholders to compare the performance of the Fund.

### **Benchmark Index Description**

~~The MSCI World ESG Screened~~ Benchmark Index (the "Index") aims to reflect the performance characteristics of a subset of equity securities within the MSCI World Index (the "Parent Index") which ~~comply with MSCI's ESG exclusionary criteria~~ remain after the index provider has excluded securities using pre-defined ESG screens, as determined by the index provider and further described below. The Parent Index measures the performance of large and mid-capitalisation stocks across developed countries which comply with MSCI's size, liquidity and free-float criteria.

	<p>The <u>Benchmark Index</u> excludes issuers from the <u>Parent Index</u>, which are defined based on their involvement in certain activities deemed by the index provider as <u>(A) having specific associations, ties, classifications to have negative environmental or social outcomes. Issuers are excluded from the Benchmark Index based on their involvement in the following business lines/activities (as applicable) relating to: (i) or related activities):</u></p> <ul style="list-style-type: none"><li><u>a) controversial weapons and;</u></li><li><u>b) nuclear weapons, (ii) tobacco or certain civilian firearms (in each case where classified as a "producer"); or (B) deriving their revenues (above a threshold specified by the index provider) from (i) thermal coal based power generation, (ii) the production, distribution, retail, supply and licensing of tobacco related products, (iii) the production and distribution of certain civilian firearms, (iv) the extraction of certain fossil fuels, (v) the production of palm oil, and (vi) the extraction of arctic oil and gas. In addition, companies that are classified as violating United Nations Global Compact principles (which are widely accepted corporate sustainability principles that meet fundamental responsibilities in areas such as anti-corruption, human rights, labour and environmental) are also excluded.;</u></li><li><u>c) civilian firearms;</u></li><li><u>d) tobacco;</u></li><li><u>e) fossil fuel extraction;</u></li><li><u>f) thermal coal power;</u></li><li><u>g) arctic oil &amp; gas; and</u></li><li><u>h) palm oil.</u></li></ul> <p><u>The index provider defines what constitutes "involvement" in each restricted activity. This 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.</u></p> <p><u>The Benchmark Index also excludes companies issuers which are identified by the index provider as being involved in classified as violating the United Nations Global Compact ("UNGC") Principles.</u></p> <p><u>The Benchmark Index also excludes issuers from the Parent Index which have a 'red' (i.e. very severe) MSCI ESG controversy score. An MSCI controversy score measures an issuer's involvement (or alleged involvement) in very serious controversies that have a negative ESG impact on relating to their operations and/or products and services based on the application of an evaluation framework and an MSCI ESG controversy score which are deemed to have a negative ESG impact ("MSCI ESG Controversy Score") or are missing a. An MSCI ESG Controversy Score (i.e. companies not assessed by MSCI for these purposes). The relevant minimum MSCI ESG Controversy scores set by the index provider to determine eligibility may consider involvement in adverse impact activities in relation to environmental issues such as biodiversity and land use, energy and climate change, water stress, toxic emissions and waste issues. An MSCI ESG Controversy Score may also consider involvement in adverse impact activities in relation to</u></p>
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social issues such as human rights, labour management relations, discrimination and workforce diversity. Companies that are involved in an 'orange' (i.e. 'severe') MSCI land use and biodiversity controversy or supply chain management controversy are also excluded from the Benchmark Index.

Where data is unavailable in respect of an issuer's controversy rating that issuer will be excluded from the Benchmark Index. Where data is unavailable in respect of an issuer's involvement in the restricted activities described above, that issuer is still eligible for inclusion in the Benchmark Index are detailed in the MSCI ESG Screened Indexes Methodology which can be found at the index provider's website: <https://www.msci.com/index-methodology>.

Following the application of the above exclusionary criteria, companies may, where necessary, be further excluded on the basis of their level of carbon emission intensity in order for the Benchmark Index to reach the level set by the index provider for the reduction of carbon emission achieve its target of 30% lower carbon intensity relative to the Parent Index.

Carbon intensity is a measurement of issuers' carbon emissions, in tonnes of greenhouse gases equivalent, divided by enterprise value and cash in millions (USD). The calculation of carbon intensity includes Scope 1 GHG emissions, Scope 2 GHG emissions and Scope 3 GHG emissions. Please refer to the risk factor set out in section 20(A) (Carbon emission intensity calculations and greenhouse gas (GHG) emissions data) for more information on GHG emissions and the limitations in calculating and estimating Scope 3 emissions data. Where data is unavailable on an issuer's carbon intensity, that issuer will not be excluded from the Benchmark Index. This means that the Fund may hold the equities of issuers with a high carbon intensity.

Companies violating United Nations Global Compact principles or below with a minimum 'red' MSCI ESG Controversy Score set by the index provider will be excluded from the Benchmark Index on a monthly basis. The remaining securities are then weighted in proportion of their free-float adjusted market capitalisation. Free float-adjusted means that only shares readily available in the market rather than all of a company's issued shares are used in calculating the Benchmark Index. Free float-adjusted market capitalisation is the share price of a company multiplied by the number of shares readily available in the market.

New securities will only be added to the Benchmark Index if they are added to the Parent Index and meet the index provider's ESG exclusionary criteria.

The Benchmark Index is valued at midday and (subject to the monthly exclusions referred to above) rebalances on a quarterly basis. Further details regarding the Benchmark index and the Parent Index (including its constituents and the ESG methodology for the Benchmark Index

	<p>(including any specific revenue thresholds)) are available on the index provider’s website at <a href="https://www.msci.com/constituents">https://www.msci.com/constituents</a>.</p> <p>The methodology of the Index was updated with effect from 28 February 2023.</p> <p><u>The equities of companies in the Benchmark Index in which the Fund invests will, at the time of purchase, comply with the ESG requirements of the Benchmark Index. The Fund may continue to hold securities which no longer comply with the ESG requirements of the Benchmark Index until such time as the relevant securities cease to form part of the Benchmark Index and it is possible and practicable (in the Investment Manager’s view) to liquidate the position. Please refer to the risk factor set out in section 20(B) (ESG Benchmark Index Screening) for more information. The constituents, ESG requirements and selection methodology of the Benchmark Index, as described above, may change over time.</u></p>
<p><b>ACS World Low Carbon Screened and Optimised Equity Tracker Fund</b></p>	<p>The ACS World Low Carbon <u>Screened and Optimised Equity Tracker</u> Fund is a Fund of BlackRock Authorised Contractual Scheme I, a Co-Ownership Scheme constituted as a UK UCITS scheme under the COLL Sourcebook. The Fund was authorised by the FCA on 19 September 2017 and launched on 5 December 2017. The Fund’s FCA product reference number is 796804.</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 tracks an index which applies ESG criteria (as described below), the Fund does not have a specific sustainability goal. This is because the Fund follows a passive strategy and the index which the Fund tracks may not meet the criteria of any sustainability label.</u></p> <p><b>Investment Objective</b>  The aim of the Fund is to provide a return (gross of charges) on your investment (generated through an increase to the value of the assets held by the Fund and/or income received from those assets) by tracking closely the performance of the MSCI World Low Carbon Target Reduced Fossil Fuel Select Index (<u>the “Benchmark Index”</u>).</p> <p>Although the Fund aims to achieve its investment objective, there is no guarantee that this will be achieved. 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>  In <del>order to seek</del> <u>seeking</u> to achieve its investment objective, the Fund will invest directly into the equities (i.e. shares) of companies in the <u>Benchmark Index</u> and at times invest indirectly via other equity-related investments (i.e. other investments whose value is related to equities) giving exposure to such companies.</p>

The Fund may also invest in other asset classes to seek to achieve its investment objective and/or for liquidity purposes. These other asset classes include money-market instruments (i.e. debt securities with short-term maturities), deposits (i.e. cash), and units in collective investment schemes (i.e. other investment funds which may be Associated Funds) or other assets that can be turned into cash quickly.

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. Derivatives may also be used to seek to reduce risk (relevant to the investment objective) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").

The ESG criteria described in the section below, which are applied by the index provider, may not apply to investments held by the Fund for EPM and liquidity purposes which are not included in the Benchmark Index (including derivatives, money market instruments, deposits and units in collective investment schemes). However, exposure to such assets will not exceed 20% of the Fund's total assets.

#### **Fund Benchmark(s)**

Target benchmark: ~~MSCI World Low Carbon Target Reduced Fossil Fuel Select the Benchmark~~ Index is used by the Investment Manager to assess the performance of the Fund. The Fund's aim is to track the performance of ~~this index~~ the Benchmark Index but not to outperform it. This ~~benchmark~~ Benchmark Index has been chosen by the Investment Manager because it forms part of the investment objective of the Fund (i.e. a target benchmark) and should be used by unitholders to compare the performance of the Fund.

#### **Benchmark Index Description**

~~The MSCI World Low Carbon Target Reduced Fossil Fuel Select Benchmark Index aims to reflect the performance characteristics of a sub-set of equity securities within the MSCI World Index (the "Parent Index") which comply with certain exclusionary criteria and are then selected and weighted to minimise carbon emission intensity and potential emission intensity compared to the Parent Index. Carbon emission intensity is a measurement of issuers' carbon emissions relative to their enterprise value including cash (EVIC), and includes Scope 1, 2 and 3 GHG Emissions. remain after the index provider has excluded securities using pre-defined ESG screens and weighted securities using an optimisation process, as determined by the index provider and further described below.~~

The Benchmark Index excludes issuers based on their involvement in certain activities deemed by the index provider to have negative environmental or social outcomes. Issuers are excluded from the Benchmark Index based on their involvement in the following business lines/activities (or related activities).

- a) thermal coal mining;
- b) thermal coal based power generation;

<p><u>c) unconventional oil and gas extraction;</u> <u>d) conventional oil and gas extraction;</u> <u>e) oil and gas based power generation;</u> <del>The pre-defined screening criteria applied by the index provider seek to limit and/or exclude companies from the Parent Index which are determined by the index provider (often by reference to specific revenue thresholds or to any connection to an activity regardless of any revenue received) as having exposure to, or other ties with, thermal coal extraction and/or thermal coal based power generation, unconventional oil and gas extraction, oil sands extraction, conventional oil and gas extraction, oil and gas based power generation, any companies</del> <u>f) oil sands extraction; and</u> <u>g) fossil fuel reserves (i.e. issuers that have coal and/or oil and natural gas reserves used for energy purposes and any company with "Very Severe ESG Controversies" as defined by the index provider (and which takes into account the OECD Guidelines for Multinational Enterprises and the United Nations Global Compact principles). The model employed by the index provider is subject to certain risk diversification constraints, for example, minimum and maximum constituent, sector and country weights relative to the Parent).</u></p> <p><u>The index provider defines what constitutes "involvement" in each restricted activity. This 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.</u></p> <p><u>The Benchmark Index also excludes issuers from the Parent Index which have a 'red' (i.e. very severe) MSCI ESG controversy score. An MSCI controversy score measures an issuer's involvement (or alleged involvement) in very serious controversies relating to their operations and/or products which are deemed to have a negative ESG impact ("MSCI ESG Controversy Score"). An MSCI ESG Controversy Score may consider involvement in adverse impact activities in relation to environmental issues such as biodiversity and land use, energy and climate change, water stress, toxic emissions and waste issues. An MSCI ESG Controversy Score may also consider involvement in adverse impact activities in relation to social issues such as human rights, labour management relations, discrimination and workforce diversity.</u></p> <p><u>Where data is unavailable in respect of an issuer's controversy rating that issuer will be excluded from the Benchmark Index. Where data is unavailable in respect of an issuer's involvement in the restricted activities described above, that issuer is still eligible for inclusion in the Benchmark Index.</u></p> <p>Once the exclusion screens are applied, the <u>Benchmark Index</u> is constructed using an optimisation process which <u>seeks aims to:</u> (a) minimise the carbon emission intensity and potential emission intensity of the constituents of the <u>Benchmark Index</u> relative to the <del>carbon emission intensity and potential emission intensity of the constituents of the Parent Index</del> <u>Parent Index;</u> and (b) create a portfolio with at least a 10% increase in the aggregate weight of issuers which set carbon</p>
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emission reduction targets; subject to a tracking error, in each case, a turnover budget of 0.60% and (b) ensure that (i) the maximum weight of a constituent will be restricted to 20 times its weight in the Parent Index, (ii) the country weights in the Index will not deviate more than 2% (upwards or downwards) from the country weights in the Parent Index and (iii) the sector weights in the Index will not deviate more than 2% (upwards or downwards) from the sector weights in the Parent Index (with the exception of the energy sector, where no sector weight constraint is applied). In the event that there is no optimal solution that satisfies all the optimisation constraints described above, the tracking error budget will be relaxed in steps (i.e. a limit on trading activity), a tracking error budget and the other optimisation parameters applicable to the portfolio. Please refer to the Benchmark Index methodology set out below and the risk factor set out in section 20(B) (Use of 0.1% optimisers in order to find a feasible solution, up to an aggregate tracking error budget of 1.00% Benchmark Indices) for more information.

Carbon intensity is a measurement of issuers' carbon emissions, in tonnes of greenhouse gases equivalent, divided by enterprise value including cash. The calculation of carbon intensity includes Scope 1 GHG emissions, Scope 2 GHG and Scope 3 GHG emissions. Please refer to the risk factor set out in section 20(A) (Carbon emission intensity calculations and greenhouse gas (GHG) emissions data) for more information on GHG emissions and the limitations in calculating and estimating Scope 3 emissions data. Where data is unavailable for an issuer, the average carbon intensity of all the issuers of the MSCI ACWI Index in the same Global Industry Classification Standard (GICS) industry group in which that issuer belongs is used. This means that the Fund may hold the equities of issuers with a higher carbon intensity than the average of all issuers in their GICS industry group.

Potential carbon emissions are based on a company's fossil fuel reserves used for energy purposes and the potential emission intensity of an issuer is derived by dividing the potential carbon emissions of that issuer by its enterprise value including cash.

The Parent Index measures the performance of large and mid-capitalisation stocks across developed countries which comply with the index provider's size, liquidity and free-float criteria. Companies are included in the Parent Index based on the proportion of their shares in issue that are available for purchase by international investors. Due to the exclusionary methodology and optimisation process set out above being applied to the Parent Index, the Benchmark Index will comprise a smaller number of securities with different weightings compared to the Parent Index and will therefore have a different performance and risk profile to the Parent Index, although the diversification constraints of the Benchmark Index relative to its Parent Index would limit to some extent the divergence of the Benchmark Index from the Parent Index.

The Benchmark Index is valued at midday and rebalances on a semi-annual basis. Further details regarding the Benchmark Index and the

	<p><u>Parent Index (including its their constituents and the ESG methodology for the Benchmark Index (including any specific revenue thresholds)) are available on the index provider’s website at <a href="https://www.msci.com/constituents">https://www.msci.com/constituents</a>.</u></p> <p><u>The equities of companies in the Benchmark Index in which the Fund invests will, at the time of purchase, comply with the ESG requirements of the Benchmark Index. The Fund may continue to hold securities which no longer comply with the ESG requirements of the Benchmark Index until such time as the relevant securities cease to form part of the Benchmark Index and it is possible and practicable (in the Investment Manager’s view) to liquidate the position. Please refer to the risk factor set out in section 20(B) (ESG Benchmark Index Screening) for more information. The constituents, ESG requirements and selection methodology of the Benchmark Index was updated with effect from 1 December 2023, as described above, may change over time.</u></p>
<p><b>ACS Climate Transition Screened and Optimised World Equity Fund</b></p>	<p>The ACS Climate Transition <u>Screened and Optimised World Equity Fund</u> is a Fund of BlackRock Authorised Contractual Scheme I, a Co-Ownership Scheme constituted as a UK UCITS scheme under the COLL Sourcebook. The Fund was authorised by the FCA on 16 July 2020. The Fund’s FCA product reference number is 932205.</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 (as described below), the Fund does not have a specific sustainability goal and the investment strategy of the Fund means it is not able to meet the criteria of any sustainability label.</u></p> <p><b>Investment Objective</b></p> <p>The aim of the Fund is to provide, through active management, exposure to companies within the MSCI World Index (the “Index”) that are well-positioned to maximise the opportunities and minimise the potential risks associated with a transition to a low carbon economy, relative to other companies within that <del>index</del> <u>Index</u>. It aims to achieve this whilst also seeking to provide a return on your investment (generated through an increase to the value of the assets held by the Fund and/or income received from those assets) and maintaining a risk profile for the Fund (i.e. an evaluation of the risks (e.g. risk of losses) associated with the portfolio) which generally reflects the return and risk profile of the <del>MSCI World</del> <u>Index</u>.</p> <p><u>The (save where the application of the Fund’s ESG criteria is expected to result in an ex ante tracking error versus the MSCI World Index that is set out in Part B of Section 19 of this Prospectus. There may be an increase in the degree of deviation from the MSCI World Index (and therefore the ex ante tracking error versus the Index) in certain circumstances, including where it may be required for the Fund to meet its ESG related aims, as described below, results in a deviation of the return profile or the risk profile from the Index).</u></p>

Although the Fund aims to achieve its investment objective, there is no guarantee that this will be achieved. 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.

### **Investment Policy**

The Fund is actively managed, and the Investment Manager has the discretion to select the Fund's Investments.

In order to seek to achieve its investment objective, the Fund will invest directly in the equities (i.e. shares) of companies of developed countries within the MSCI-World Index, and at times may invest in other equities that are proxies (providing similar performance and risk profiles) to the equities of companies within the Index or indirectly via other equity-related investments (i.e. other investments whose value is related to equities) giving exposure to such companies. If the Fund's direct investments no longer form part of the Index or are no longer proxies of companies within the Index, the Fund may continue to hold such securities until such time as it is possible and practicable (in the Investment Manager's view) to liquidate them.

The Index is a free float-adjusted market capitalisation weighted index representing the performance of large and mid-cap stocks in developed markets. Free float-adjusted means that only shares readily available in the market rather than all of a company's issued shares are used in calculating the Index. Free float-adjusted market capitalisation is the share price of a company multiplied by the number of shares readily available in the market.

The Fund may also invest in other asset classes for liquidity purposes. These other asset classes include money-market instruments (i.e. debt securities with short-term maturities), deposits (i.e. cash), and units in collective investment schemes (i.e. other investment funds which may be Associated Funds) held for liquidity purposes or other assets that can be turned into cash quickly.

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. Derivatives may also be used to seek to reduce risk (relevant to the investment objective) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").

### **Investment Process and ESG**

The ESG criteria described in this section may not apply to investments held by the Fund for EPM and liquidity purposes (including derivatives, money market instruments, deposits and units in collective investment schemes). However, exposure to such assets will not exceed 20% of the Fund's total assets.

Limiting exposure to certain business activities for ESG related reasons

The Fund will apply the BlackRock EMEA Baseline Screens, as follows:

The Investment Manager will limit and/or exclude (as applicable) direct investment in corporate issuers which, at the time of purchase, in the opinion of the Investment Manager, have exposure to, or ties with, the following sectors (in some cases subject to specific revenue thresholds):

- a) the production of certain types of controversial weapons or nuclear weapons;
- b) the distribution or production of firearms or small arms ammunition intended for retail to civilians;
- c) the extraction of certain types of fossil fuel and/or the generation of power from them;
- d) the production of tobacco products or certain activities in relation to tobacco-related products; and
- e) issuers which have been deemed to have failed to comply with UN Global Compact Principles.

Should existing holdings, compliant with the above limits and/or exclusions at the time of investment subsequently become ineligible, they will be divested within a reasonable period of time.

A full list of the limits and/or exclusions being applied by the Investment Manager at any time in accordance with the above BlackRock EMEA Baseline Screens (including any specific threshold criteria) is available at <https://www.blackrock.com/corporate/literature/publication/blackrock-baseline-screens-in-europe-middleeast-and-africa.pdf>.

It is the Investment Manager's intention that the BlackRock EMEA Baseline Screens policy will evolve over time as improved data and more research on this subject becomes available. The full list may be amended from time to time at the Investment Manager's discretion and (unless it alters the description in this section) may be implemented without notification to unitholders.

Climate Transition Scoring Methodology

For those companies that remain eligible for investment after the application of the BlackRock EMEA Baseline Screens described above, the Fund uses the Investment Manager's proprietary Climate Transition Scoring Methodology (the "Methodology") to evaluate and score the companies within the MSCI World Index based on how well-positioned they are to maximise the opportunities and minimise the potential risks associated with a transition to a low carbon economy. The Methodology uses a variety of data inputs (generated by the Investment Manager, its affiliates and/or one or more external research providers) to evaluate and score companies based on the following 'transition readiness' categories:

- (a) energy production (i.e. involvement in the extraction, refinery, generation and ownership of carbon emitting energy);
- (b) carbon efficient technology (i.e. involvement in renewable energy, energy efficiency, green building and low carbon transport);
- (c) energy management (i.e. energy use, mix, efficiency and indirect emissions through electricity consumption);
- (d) water management (i.e. water consumption, withdrawal, efficiency, physical stress, and recycling practices); and
- (e) waste management (i.e. waste generation, recycling, and toxic emissions management).

The Investment Manager combines the a company's scores in each of these categories ~~and uses~~ based on a materiality weighting methodology (specific placing greater weight on factors that are determined by the Investment Manager to have greater relevance to the relevant industry of each underlying company) to create a single one overall climate transition score ("CT Score") for each company, which ranges from -3 to +3.

~~The Investment Manager will seek to create a portfolio with a higher~~ maximise the Fund's exposure to companies with higher CT Scores (relative to ~~other companies in the same or similar industries~~ the Index), subject to ~~also seeking to maintain~~ maintaining a return and risk profile which ~~generally reflects the return and risk profile of the MSCI World~~ is broadly similar to the Index (i.e. within the tracking error limits described below). At a minimum, the Fund aims to achieve the same or a higher weighted average exposure to companies with higher CT scores, relative to the Index. This means that the Fund may hold companies with lower CT Scores.

~~In addition to applying the Methodology set out above, when selecting investments to be held directly by the Fund, the Investment Manager will also apply exclusionary screens based on environmental, social and governance (ESG) related characteristics. The Investment Manager will seek to limit and/or exclude direct investment (as applicable) in corporate issuers which, in the opinion of the Investment Manager, have exposure to, or ties with, certain sectors, namely:~~

- ~~(a) issuers which are engaged in, or are otherwise exposed to, the production of controversial weapons (including, but not limited to, cluster munitions, biological chemical, landmines, depleted uranium, blinding laser, non-detectable fragments and/or incendiary weapons);~~
- ~~(b) issuers deriving any revenue from direct involvement in the production of nuclear weapons or nuclear weapon components or delivery platforms, or the provision of auxiliary services related to nuclear weapons;~~
- ~~(c) issuers which produce firearms and/or small arms ammunition intended for retail to civilians;~~
- ~~(d) issuers which derive more than five percent of their revenue from the distribution (wholesale or retail) of firearms and/or small arms ammunition intended for civilian use;~~
- ~~(e) issuers deriving more than five percent of their revenue from thermal coal extraction and/or thermal coal based power generation;~~

~~(f) issuers deriving more than five percent of their revenue from the production and generation of tar sands (also known as oil sands);  
(g) issuers which have been deemed to have failed to comply with UN Global Compact Principles (which cover human rights, labour standards, the environment and anti-corruption).~~

Tracking error

The application of the Fund's ESG policy as described above is expected to result, in ordinary circumstances, in an ex ante tracking error versus the Index, which is set out in Part B of Section 19 of this Prospectus. However, as set out in section 20(c) (Index related Risk) of this Prospectus, there can be no guarantee that the tracking error will fall within these limits at all times and the actual ex ante tracking error at any time may be outside of these limits, including where necessary to achieve the application of the BlackRock EMEA Baseline Screens. With respect of the CT Scores, the Investment Manager will seek to maximise the Fund's exposure to companies with higher CT Scores, subject to maintaining the ex ante tracking error limits set out in Part B of Section 19 of this Prospectus.

Use of data

For the purposes of applying the Methodology, the Investment Manager may use data generated internally by the Investment Manager and/or its affiliates or provided by one or more external ESG research providers. Further information about  
For the purposes of applying the BlackRock EMEA Baseline Screens, the Investment Manager will use data from MSCI, although the Investment Manager may, in the future, change the data provider(s) where it considers that a better data source is available (and will reflect such change in the quarterly reporting detailed below).

There are certain risks involved with the use of third party data, as further set out in section 20(c) (ESG Policy Risk) above.

Reporting

Quarterly reporting of the CT Score of the Fund's portfolio, including by comparison to the Index, is available to unitholders on an ongoing basis by request to the Investment Manager. The CT Score of the Fund's portfolio and the Index is based on the CT Score attributed to the companies that they hold.

The ESG criteria used by the Investment Manager, (including information on how the limits and exclusions (as set out in the above paragraph) are applied, can be obtained from the Investment Manager on request. The the Methodology and ESG criteria), as described above, may evolve and advance over time. Furthermore, and in the Fund may gain indirect exposure (through, including but not limited to, derivatives and shares or units of collective investment schemes) to issuers with exposures that are inconsistent with the ESG criteria used by the Investment Manager as described above. Circumstances in which such

	<p><del>indirect exposure may arise include, but are not limited to, where a counterparty to a derivative in which the Fund invests posts collateral which is inconsistent with the Fund's ESG criteria or where a CIS in which the Fund invests does not apply event of any or changes, the same ESG criteria as the Fund and so provides exposure to securities which are inconsistent with the Fund's ESG criteria. The Investment Manager may take corrective action in such circumstances.</del></p> <p><del>The Fund may also invest in other asset classes to seek to achieve its investment objective and/or for liquidity purposes. These other asset classes include money market instruments (i.e. debt securities with short term maturities), deposits (i.e. cash), and units in collective investment schemes (i.e. other investment funds which may be Associated Funds) or other assets that can be turned into cash quickly.</del></p> <p><del>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. Derivatives may also be used to seek to reduce risk (relevant to the investment objective) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM")</del><u>Prospectus will be updated at the next available opportunity.</u></p> <p><b>Fund Benchmark(s)</b> Target Benchmark: The Fund seeks to maintain return and risk profiles that are broadly similar to the MSCI World Index ("Index") (save for <del>the mitigation of potential ESG risks through where</del> the application of the Fund's ESG criteria, <u>as described above, results in a deviation of the return profile or the risk profile from the Index</u>), and does not aim to generate <del>alpha</del> <u>returns in excess of the Index return</u>. The Fund is actively managed to meet its ESG related aims. The Index is used by the Investment Manager when constructing the portfolio of the Fund and for risk management purposes. The Investment Manager uses the Index to select the Fund's investments (as set out above). In addition, <del>the CT Score and its Methodology are of the Fund's portfolio is</del> measured against the Index. This Index has been chosen for these purposes because it represents the investment universe of the Fund.</p>
<p><b>ACS Europe ex UK ESG Insights Equity Fund</b></p>	<p>ACS Europe ex UK ESG Insights Equity Fund is a Fund of BlackRock Authorised Contractual Scheme I, a Co-Ownership Scheme constituted as a UK UCITS scheme under the COLL Sourcebook. The Fund was authorised by the FCA on 18 August 2022. The Fund's FCA product reference number is 985119.</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 (as described below), the Fund does not have a specific sustainability goal and the investment strategy of the Fund means it is not able to meet the criteria of any sustainability label.</u></p>

### **Investment Objective**

The Fund seeks to (i) provide a gross return on your investment (generated through the value of the assets held and/or income received from those assets) which, in ordinary circumstances, is broadly similar to the return profile of the FTSE Developed Europe ex UK Index (the "Index"), and (ii) maintain a risk profile (i.e. an evaluation of the risks associated with the portfolio) which is broadly similar to the risk profile of the Index (save for the mitigation of potential ESG risks through where the application of the Fund's ESG Policy criteria, as described below, results in a deviation of the return profile or risk profile from the Index).

The ~~Funds~~ Fund seeks to balance these aims for its risk and return profiles whilst also seeking to achieve a set of ESG related aims. The Fund aims to provide exposure to a portfolio of equities (i.e. shares) of companies within the Index that is managed, through the application of the Fund's ESG Policy criteria and in particular its use of a proprietary ESG framework of the Investment Manager (as described in the Fund's ESG Policy criteria below), and aims to:

a) have no exposure or a reduced exposure (relative to the Index) to certain business activities for ESG related reasons, as further detailed below;

b) ~~have achieve a higher weighted average exposure (reduction in the carbon emission intensity score of the Fund relative to the Index) to companies that are scored more highly on certain ESG criteria, as further detailed below;~~

c) ~~achieve (in respect of only the underlying corporate issuers (i.e. companies) in which the Fund invests) a carbon emission intensity score that:~~

(i) ~~as at the launch date of the Fund, is 50 per cent less than the carbon emission intensity score of the Index as at 31 December 2020; and~~  
(ii) ~~thereafter, reduces at an annual rate of 7 per cent or more (against the carbon emission intensity score of the Fund in the previous year) on average (calculated since the Fund's launch date)~~

c) ~~achieve a portfolio with a higher 'green revenues' percentage relative to the Index, as further detailed below; and~~

d) ~~achieve (in respect of only the underlying corporate issuers (i.e. companies) in which the Fund invests), as calculated on a quarterly basis, 20 per cent more of the revenues generated by such underlying corporate issuers being classified as green revenues (i.e. revenues coming from economic activities associated with clean technology themes, such as alternative energy, energy sufficiency and pollution prevention) than will be the case for the revenues generated by corporate issuers within the Index, in each case, when calculated at the portfolio level on a weighted average basis (i.e. to take into account the relative holding sizes for each such corporate issuer). maximise exposure to companies with higher BSI Intel Insights (relative to the Index), whilst meeting the other ESG objectives, complying with the other constraints applicable to the portfolio and maintaining a risk and return profile within the permissible range, as further detailed below.~~

However, there can be no guarantee that these aims will be met and the carbon emission intensity score of the Fund's portfolio, and the percentage of its revenues that are classified as green revenues, may vary.

~~The carbon emission intensity score and the percentage of its revenues classified as green revenues are calculated for the Fund's portfolio and separately for the Index based on carbon emission intensity scores and the percentage of revenues classified as green revenues (respectively) attributed to the issuers that they hold where available. Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their enterprise value including cash (EVIC) but the Fund 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 application of the ESG Policy is expected to result in an ex ante tracking error versus the Index that is set out in Part B of Section 19 of this Prospectus. There may be an increase in the degree of deviation from the Index (and therefore the ex ante tracking error versus the Index) in certain circumstances, including where it may be required for the Fund to meet its ESG related aims.~~

Although the Fund aims to achieve its investment objective, there is no guarantee that this will be achieved. 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.

### **Investment Policy**

In order to seek to achieve its investment objective, the Fund will invest directly in the equities of selected companies within the Index and at times may invest in other equities that are proxies (providing similar performance and risk profiles) to the equities of companies within the Index or indirectly via other equity-related investments (i.e. other investments whose value is related to equities) giving exposure to such companies. If the Fund's direct investments no longer form part of the Index or are no longer proxies of companies within the Index, the Fund may continue to hold such securities until such time as it is possible and practicable (in the Investment Manager's view) to liquidate them.

The Index is a free float-adjusted market capitalisation weighted index representing the performance of large and mid-cap stocks in the developed Continental European markets. Free float-adjusted means that only shares readily available in the market rather than all of a company's issued shares are used in calculating the Index. Free float-adjusted market capitalisation is the share price of a company multiplied by the number of shares readily available in the market.

The Fund may also invest in other asset classes for liquidity purposes. These other asset classes include money-market instruments (i.e. debt securities with short-term maturities), deposits (i.e. cash), units in collective investment schemes (i.e. other investment funds which may be Associated Funds) held for liquidity purposes or other assets that can be turned into cash quickly.

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, though such usage is expected to be limited. Derivatives may also be used to seek to reduce risk (relevant to the investment objective) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").

*ESG Policy*

**Investment Process and ESG**

The ESG criteria used by the Fund when seeking to achieve its investment objective comprises of four core components which are described in more detail below. These are (i) applying the BlackRock EMEA Baseline Screens; (ii) seeking to reduce the carbon emission intensity score of the Fund relative to the Index; (iii) seeking to increase the proportion of the Fund with 'green revenues' relative to the Index; and (iv) improving the portfolio's BSI Intel Insights profile.

The BlackRock EMEA Baseline Screens are first applied to the companies within the Index. For those companies that remain eligible for investment after the application of the BlackRock EMEA Baseline Screens, the Fund will apply the remaining three ESG criteria to these companies in order to determine the selection of the Fund's investments.

The ESG criteria described in this section will not apply to collective investment schemes in which the Fund invests for EPM purposes, however this exposure will not exceed 20% of the Fund's total assets.

*BlackRock EMEA Baseline Screens*

The Fund will apply the BlackRock EMEA Baseline Screens, as follows:

The Investment Manager will seek to limit and/or exclude (as applicable) direct investment (as applicable) in corporate issuers that which, at the time of purchase, in the opinion of the Investment Manager, have exposure to, or ties with, certain the following sectors, namely:

(i) issuers which are engaged in, or are otherwise exposed to, the production of certain types of controversial weapons (including, but not limited to, cluster munitions, biological chemical, landmines, depleted uranium, blinding laser, non-detectable fragments and/or incendiary or nuclear weapons);

(ii) issuers deriving any revenue from direct involvement in the production of nuclear weapons or nuclear weapon components or delivery platforms, or the provision of auxiliary services related to nuclear weapons;

(ii) (iii) issuers which produce the production or, subject to specific revenue thresholds, distribution of firearms and/or small arms ammunition intended for retail to civilians;

~~(iii) subject to specific revenue thresholds, the extraction of certain types of fossil fuel and/or the generation of power from them;~~  
~~(iv) issuers which derive more than five percent of their revenue from the distribution (wholesale or retail) of firearms and/or small arms ammunition intended for civilian use; the production of tobacco products or, subject to specific revenue thresholds, certain activities in relation to tobacco-related products; and~~  
~~(v) issuers deriving more than five percent of their revenue from thermal coal extraction and/or thermal coal based power generation;~~  
~~(vi) issuers deriving more than five percent of their revenue from the production and generation of tar sands (also known as oil sands);~~  
~~(v) (vii) issuers which have been deemed to have failed to comply with UN Global Compact Principles (which cover human rights, labour standards, the environment and anti-corruption); or~~  
~~(viii) issuers which manufacture tobacco products (including companies that grow or process raw tobacco leaves) and companies deriving 5 percent or more revenue from tobacco related business activities.~~

~~Should existing holdings that, compliant with the above limits and/or exclusions at the time of investment were compliant with these exclusionary screens subsequently cease to be compliant become ineligible, they will be divested by the Fund within a reasonable period of time (not expected to exceed 90 days).~~

~~A full list of the limits and/or exclusions being applied by the Investment Manager at any time in accordance with the above BlackRock EMEA Baseline Screens (including any specific threshold criteria) is available at <https://www.blackrock.com/corporate/literature/publication/blackrock-baseline-screens-in-europe-middleeast-and-africa.pdf>. It is the Investment Manager's intention that the BlackRock EMEA Baseline Screens policy will evolve over time as improved data and more research on this subject becomes available. The full list may be amended from time to time at the Investment Manager's discretion and (unless it alters the description in this section) may be implemented without notification to unitholders.~~

~~For those Once the BlackRock EMEA Baseline Screens have been applied, the Fund will then apply the remaining three ESG criteria over the companies that remain eligible for investment after the application of these exclusionary screens, the Fund in order to determine the Fund's investments.~~

#### *Reduction in carbon emission intensity score*

The Fund will balance its selection of investments to seek to achieve a carbon emission intensity score that:

i) as at the launch date of the Fund, is 50 per cent less than the carbon emission intensity score of the Index as at 31 December 2020; and

ii) thereafter, reduces at an annual rate of 7 per cent or more (against the carbon emission intensity score of the Fund in the previous year) on average (calculated since the Fund's launch date).

The carbon emission intensity score is calculated for the Fund's portfolio and separately for the Index based on carbon emission intensity scores attributed to the issuers that they hold where such data is available. Where data is not available for an issuer, and the issuer meets the BlackRock EMEA Baseline Screens, the weight of that issuer in the portfolio is generally capped to be no higher than 2% above Index weight at rebalance dates. There is no guarantee that this will always be the case, and at times the weight may exceed this threshold. However, for the avoidance of doubt, a lack of data availability for a given issuer does not affect the achievement of the Fund's portfolio level objectives.

Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their enterprise value including cash (EVIC) but the Fund 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 calculation of carbon emission intensity scores includes Scope 1 GHG emissions and Scope 2 GHG emissions but excludes Scope 3 GHG emissions. This means that the calculation includes: (i) direct emissions from sources that the reporting company owns or controls; and (ii) indirect emissions that a reporting company causes from the generation of energy that it purchases or uses, but (iii) does not include any other emissions produced by other companies or parties involved in the reporting company's value chain, which can be complicated to calculate and estimate. Scope 3 emissions may represent a significant proportion of a company's carbon footprint and, as a result, the Fund's carbon emission intensity score may not be fully representative of the GHG emissions of the Fund's underlying issuers. Please refer to the risk factor set out in section 20(A) (*Carbon emission intensity calculations and greenhouse gas (GHG) emissions data*) for more information on GHG emissions.

*Increased proportion of green revenues*

The Fund will also balance its selection of investments to seek to achieve a portfolio with at least a 20 per cent higher weighted average 'green revenues' percentage relative to the Index, as calculated on a quarterly basis. Green revenues are defined as the percentage of revenues generated by underlying issuers from economic activities associated with clean technology themes, such as alternative energy, energy sufficiency and pollution prevention. The percentage of revenues classified as green revenues are calculated separately at the portfolio level and at the Index level on a weighted average basis (i.e. to take into account the relative holding sizes in the portfolio or the Index, as applicable, for each issuer) using such data as is available. Where data is not available for an issuer, the "green revenue percentage" of that issuer is deemed to be zero.

## BSI Intel framework

The Fund also uses the BlackRock Sustainable Investing Intelligence ("BSI Intel") framework (the "Methodology") to assess ESG considerations as determined by the Investment Manager to be material. The Methodology uses a variety of data inputs (generated by the Investment Manager, its affiliates and/or one or more external research providers) to evaluate and score companies, based on the following categories:

- (i) 'environmental considerations', which aims to measure a company's core business involvement with energy production, clean technology activities and natural resources management, all of which are relevant to assess transition risks and opportunities associated with a low carbon economy;
- (ii) 'social issues', which aims to measure how a company interacts with both internal and external stakeholders (such as, but not limited to, customer relations, employee conditions and rights, community relations and company culture); and
- (iii) 'governance', which aims to measure how a company's corporate governance structures and behaviours make it better positioned to adapt to technological, social, environmental and regulatory change.

The Investment Manager combines a company's scores in each of these categories based on a materiality weighting assessment (placing greater weight on factors that are determined by the Investment Manager to have greater relevance to the industry of each underlying company) to create one overall score (the "BSI Intel Insight") for each company.

The Investment Manager will ~~seek to create a portfolio with a~~ use a combination of (i) the BSI Intel Insights, (ii) the aim to achieve a reduction in the carbon emissions intensity score of the portfolio, and (iii) the aim of achieving 20 per cent higher weighted average exposure (green revenues' percentage relative to the Index) in order to select the investments for the Fund.

Subject to achieving the required reduction in the carbon emission intensity score and the green revenues percentage, the Fund will also seek to maximise the Fund's exposure to companies with higher BSI Intel Insights (relative to other companies in the same or similar industries), while also seeking the Index), subject to maintain maintaining a risk and return profile which in ordinary circumstances, is broadly similar to the return profile of the Index and a risk profile which is broadly similar to the risk profile of the Index (i.e. primarily by seeking to maintain, where possible, similar (as determined by the Investment Manager) stock, industry and geographic weightings in the portfolio compared to the Index) (save for the mitigation of potential ESG risks through the (i.e. within the tracking error limits described below) and complying with the other constraints applicable to the portfolio. In order to comply with these constraints and the risk and return objective, the Fund may have exposure to individual companies which may not have a high BSI Intel Insight and such companies may therefore have

characteristics which the Investment Manager considers negative from an ESG-investing perspective. However, at a minimum the Fund aims to achieve the same or a higher weighted average exposure to companies with higher BSI Intel Insights, relative to the Index.

Tracking error

~~The application of the Fund's ESG Policy). The intention to maintain a return profile and a risk profile criteria as outlined described above may, is expected to result, in ordinary circumstances, in an ex ante tracking error versus the Index, which is set out in Part B of Section 19 of this Prospectus. However, as set out in section 20(C) (Index Related Risk) of this Prospectus, there can be no guarantee that the tracking error will fall within these limits at all times, limit the Fund's exposure to certain companies with higher and the actual ex ante tracking error at any time may be outside of these limits, including where necessary to achieve the application of the BlackRock EMEA Baseline Screens and the ESG-related objectives with respect to the carbon emission intensity score and green revenue percentage of the portfolio. With respect of the BSI Intel Insights and/or increase, the Investment Manager will seek to maximise the Fund's exposure to certain companies with lower higher BSI Intel Insights, subject to achieving the other ESG-related objectives of the Fund and maintaining the ex ante tracking error limits set out in Part B of Section 19 of this Prospectus.~~

Use of data

~~For the purposes of applying the Methodology and, the exclusionary screens Investment Manager may use data generated internally by the Investment Manager and/or its affiliates or provided by one or more external ESG research providers.~~

~~For the purposes of applying the BlackRock EMEA Baseline Screens and calculating the carbon emission intensity score and the percentage of its revenues classified as green revenues for both the Fund and the Index, the Investment Manager may will use data generated internally by the Investment Manager and/or its affiliates or provided by one or more external ESG research providers. Further information about the exclusionary screens used by the Investment Manager, including information on how the limits and exclusions (as set out in the above paragraph) are applied, can be obtained from MSCI, although the Investment Manager on request. The ESG criteria used by the Investment Manager (including the Methodology), as described above, may evolve and advance over time. may, in the future, change the data provider(s) used to identify such scores and green revenues where it considers that a better data source is available (and will reflect such change in the quarterly reporting detailed below).~~

~~The Fund may gain indirect exposure (through, including but not limited to, derivatives, cash and assets that can be turned into cash quickly, shares or units of collective investment schemes (CIS)) to companies that do not meet the ESG criteria used by the Investment Manager as~~

	<p><del>described above. Circumstances in which such indirect exposure may arise include, but are not limited to, where a counterparty to a derivative in which the Fund invests posts collateral which is inconsistent with the Fund's ESG criteria or where a CIS in which the Fund invests does not apply any or the same ESG criteria as the Fund and so provides exposure to companies which are inconsistent with the Fund's ESG criteria.</del></p> <p><u>There are certain risks involved with the use of third party data, as further set out in section 20(C) (Risks relating to the application of ESG criteria) above.</u></p> <p><u>Reporting</u></p> <p>Quarterly reporting of the carbon emission intensity score of the Fund's portfolio, its BSI Intel Insights and the percentage of its revenues that are classified as green revenues, including by comparison to the corresponding metrics for the Index, is available to unitholders on an ongoing basis by request to the Investment Manager. The BSI Intel Insights of the Fund's portfolio and the Index is based on the BSI Intel Insights attributed to the companies that they hold.</p> <p><u>The ESG criteria used by the Investment Manager (including the Methodology), as described above, may evolve and advance over time and in the event of any changes, the Prospectus will be updated at the next available opportunity.</u></p> <p><b>Fund Benchmark(s)</b></p> <p>Target Benchmark: The Fund seeks to maintain return and risk profiles that are broadly similar to the Index (save for the mitigation of potential ESG risks through the application of the ESG Policy criteria), and does not aim to generate alpha returns <u>in excess of the Index return</u>. The Fund is actively managed to meet its ESG related aims. The Index is used by the Investment Manager when constructing the portfolio of the Fund and for risk management purposes. The Investment Manager uses the Index to select the Fund's investments (as set out above). In addition, the carbon emission intensity score of the Fund's portfolio, its BSI Intel Insights and the percentage of its revenues that are classified as green revenues are measured against the Index. This Index has been chosen for these purposes because it represents the investment universe of the Fund.</p> <p>Further details regarding the Index (including its constituents) are available on the index provider's website at <a href="https://www.ftserussell.com/index">https://www.ftserussell.com/index</a>.</p>
<p><b>ACS Japan ESG Insights Equity Fund</b></p>	<p>ACS Japan ESG Insights Equity Fund is a Fund of BlackRock Authorised Contractual Scheme I, a Co-Ownership Scheme constituted as a UK UCITS scheme under the COLL Sourcebook. The Fund was authorised by the FCA on 18 August 2022. The Fund's FCA product reference number is 985120.</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 (as described below), the Fund does not have a specific sustainability goal and the investment strategy of the Fund means it is not able to meet the criteria of any sustainability label.

### **Investment Objective**

The Fund seeks to (i) provide a gross return on your investment (generated through the value of the assets held and/or income received from those assets) which, in ordinary circumstances, is broadly similar to the return profile of the FTSE Japan Index (the "Index"), and (ii) maintain a risk profile (i.e. an evaluation of the risks associated with the portfolio) which is broadly similar to the risk profile of the Index (save ~~for the mitigation of potential ESG risks through~~ where the application of the Fund's ESG Policy criteria, as described below, results in a deviation of the return profile or risk profile from the Index).

~~The Funds~~ Fund seeks to balance these aims for its risk and return profiles whilst also seeking to achieve a set of ESG related aims. The Fund aims to provide exposure to a portfolio of equities (i.e. shares) of companies within the Index that is managed, through the application of the Fund's ESG Policy criteria and in particular its use of a proprietary ESG framework of the Investment Manager (as described in the Fund's ESG Policy criteria below), and aims to:

a) have no exposure or a reduced exposure (relative to the Index) to certain business activities for ESG related reasons, as further detailed below;

b) ~~have achieve a higher weighted average exposure (reduction in the carbon emission intensity score of the Fund relative to the Index) to companies that are scored more highly on certain ESG criteria, as further detailed below;~~

~~2. thereafter, reduces at an annual rate of 7 per cent or more (against the carbon emission intensity score of the Fund in the previous year) on average (calculated since the Fund's launch date)~~

c) achieve a portfolio with a higher 'green revenues' percentage relative to the Index, as further detailed below (in respect of only the underlying corporate issuers (i.e. companies) in which the Fund invests) a carbon emission intensity score that: 1. as at the launch date of the Fund, is 50 per cent less than the carbon emission intensity score of the Index as at 31 December 2020; and;

and  
d) achieve (in respect of only the underlying corporate issuers (i.e. companies) in which the Fund invests), as calculated on a quarterly basis, 20 per cent more of the revenues generated by such underlying corporate issuers being classified as green revenues (i.e. revenues coming from economic activities associated with clean technology themes, such as alternative energy, energy sufficiency and pollution prevention) than will be the case for the revenues generated by corporate issuers within the Index, in each case, when calculated at the

~~portfolio level on a weighted average basis (i.e. to take into account the relative holding sizes for each such corporate issuer)~~  
d) maximise exposure to companies with higher BSI Intel Insights (relative to the Index), whilst meeting the other ESG objectives, complying with the other constraints applicable to the portfolio and maintaining a risk and return profile within the permissible range, as further detailed below.

However, there can be no guarantee that these aims will be met and the carbon emission intensity score of the Fund's portfolio, and the percentage of its revenues that are classified as green revenues, may vary.

~~The carbon emission intensity score and the percentage of its revenues classified as green revenues are calculated for the Fund's portfolio and separately for the Index based on carbon emission intensity scores and the percentage of revenues classified as green revenues (respectively) attributed to the issuers that they hold where available. Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their enterprise value including cash (EVIC) but the Fund 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 application of the ESG Policy is expected to result in an ex ante tracking error versus the Index that is set out in Part B of Section 19 of this Prospectus. There may be an increase in the degree of deviation from the Index (and therefore the ex ante tracking error versus the Index) in certain circumstances, including where it may be required for the Fund to meet its ESG related aims.~~

Although the Fund aims to achieve its investment objective, there is no guarantee that this will be achieved. 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.

### **Investment Policy**

In order to seek to achieve its investment objective, the Fund will invest directly in the equities of selected companies within the Index and at times may invest in other equities that are proxies (providing similar performance and risk profiles) to the equities of companies within the Index or indirectly via other equity-related investments (i.e. other investments whose value is related to equities) giving exposure to such companies. If the Fund's direct investments no longer form part of the Index or are no longer proxies of companies within the Index, the Fund may continue to hold such securities until such time as it is possible and practicable (in the Investment Manager's view) to liquidate them.

The Index is a free float-adjusted market capitalisation weighted index representing the performance of large and mid cap Japanese companies that are constituents of the FTSE All-World Index. Free float-adjusted means that only shares readily available in the market rather than all of a company's issued shares are used in calculating the Index. Free float-

adjusted market capitalisation is the share price of a company multiplied by the number of shares readily available in the market.

The Fund may also invest in other asset classes for liquidity purposes. These other asset classes include money-market instruments (i.e. debt securities with short-term maturities), deposits (i.e. cash), units in collective investment schemes (i.e. other investment funds which may be Associated Funds) held for liquidity purposes or other assets that can be turned into cash quickly.

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, though such usage is expected to be limited. Derivatives may also be used to seek to reduce risk (relevant to the investment objective) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").

#### *ESG Policy*

#### **Investment Process and ESG**

The ESG criteria used by the Fund when seeking to achieve its investment objective comprises of four core components which are described in more detail below. These are (i) applying the BlackRock EMEA Baseline Screens; (ii) seeking to reduce the carbon emission intensity score of the Fund relative to the Index; (iii) seeking to increase the proportion of the Fund with 'green revenues' relative to the Index; and (iv) improving the portfolio's BSI Intel Insights profile.

The BlackRock EMEA Baseline Screens are first applied to the companies within the Index. For those companies that remain eligible for investment after the application of the BlackRock EMEA Baseline Screens, the Fund will apply the remaining three ESG criteria to these companies in order to determine the selection of the Fund's investments.

The ESG criteria described in this section will not apply to collective investment schemes in which the Fund invests for EPM purposes, however this exposure will not exceed 20% of the Fund's total assets.

#### *BlackRock EMEA Baseline Screens*

The Fund will apply the BlackRock EMEA Baseline Screens, as follows:

The Investment Manager will ~~seek to~~ limit and/or exclude (as applicable) direct investment (as applicable) in corporate issuers that which, at the time of purchase, in the opinion of the Investment Manager, have exposure to, or ties with, certain the following sectors, namely:

(i) issuers which are engaged in, or are otherwise exposed to, the production of certain types of controversial weapons (including, but not limited to, cluster munitions, biological chemical, landmines, depleted uranium, blinding laser, non-detectable fragments and/or

	<p><del>incendiary or nuclear weapons);</del>  <del>(ii) issuers deriving any revenue from direct involvement in the production of nuclear weapons or nuclear weapon components or delivery platforms, or the provision of auxiliary services related to nuclear weapons;</del>  <del>(ii) (iii) issuers which produce the production or, subject to specific revenue thresholds, distribution of firearms and/or small arms ammunition intended for retail to civilians;</del>  <del>(iii) subject to specific revenue thresholds, the extraction of certain types of fossil fuel and/or the generation of power from them;</del>  <del>(iv) issuers which derive more than five percent of their revenue from the distribution (wholesale or retail) of firearms and/or small arms ammunition intended for civilian use; the production of tobacco products or, subject to specific revenue thresholds, certain activities in relation to tobacco-related products; and</del>  <del>(v) issuers deriving more than five percent of their revenue from thermal coal extraction and/or thermal coal based power generation;</del>  <del>(vi) issuers deriving more than five percent of their revenue from the production and generation of tar sands (also known as oil sands);</del>  <del>(v) (vii) issuers which have been deemed to have failed to comply with UN Global Compact Principles (which cover human rights, labour standards, the environment and anti-corruption); or (viii) issuers which manufacture tobacco products (including companies that grow or process raw tobacco leaves) and companies deriving 5 percent or more revenue from tobacco related business activities.</del></p> <p><del>Should existing holdings that, compliant with the above limits and/or exclusions at the time of investment were compliant with these exclusionary screens subsequently cease to be compliant become ineligible, they will be divested by the Fund within a reasonable period of time (not expected to exceed 90 days).</del></p> <p><del>A full list of the limits and/or exclusions being applied by the Investment Manager at any time in accordance with the above BlackRock EMEA Baseline Screens (including any specific threshold criteria) is available at <a href="https://www.blackrock.com/corporate/literature/publication/blackrock-baseline-screens-in-europe-middleeast-and-africa.pdf">https://www.blackrock.com/corporate/literature/publication/blackrock-baseline-screens-in-europe-middleeast-and-africa.pdf</a>. It is the Investment Manager's intention that the BlackRock EMEA Baseline Screens policy will evolve over time as improved data and more research on this subject becomes available. The full list may be amended from time to time at the Investment Manager's discretion and (unless it alters the description in this section) may be implemented without notification to unitholders.</del></p> <p><del>For those Once the BlackRock EMEA Baseline Screens have been applied, the Fund will then apply the remaining three ESG criteria over the companies that remain eligible for investment after the application of these exclusionary screens, the Fund in order to determine the Fund's investments.</del></p> <p><i>Reduction in carbon emission intensity score</i></p>
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The Fund will balance its selection of investments to seek to achieve a carbon emission intensity score that:

i) as at the launch date of the Fund, is 50 per cent less than the carbon emission intensity score of the Index as at 31 December 2020; and  
ii) thereafter, reduces at an annual rate of 7 per cent or more (against the carbon emission intensity score of the Fund in the previous year) on average (calculated since the Fund's launch date).

The carbon emission intensity score is calculated for the Fund's portfolio and separately for the Index based on carbon emission intensity scores attributed to the issuers that they hold where such data is available. Where data is not available for an issuer, and the issuer meets the BlackRock EMEA Baseline Screens, the weight of that issuer in the portfolio is generally capped to be no higher than 2% above Index weight at rebalance dates. There is no guarantee that this will always be the case, and at times the weight may exceed this threshold. However, for the avoidance of doubt, a lack of data availability for a given issuer does not affect the achievement of the Fund's portfolio level objectives.

Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their enterprise value including cash (EVIC) but the Fund 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 calculation of carbon emission intensity scores includes Scope 1 GHG emissions and Scope 2 GHG emissions but excludes Scope 3 GHG emissions. This means that the calculation includes: (i) direct emissions from sources that the reporting company owns or controls; and (ii) indirect emissions that a reporting company causes from the generation of energy that it purchases or uses, but (iii) does not include any other emissions produced by other companies or parties involved in the reporting company's value chain, which can be complicated to calculate and estimate. Scope 3 emissions may represent a significant proportion of a company's carbon footprint and, as a result, the Fund's carbon emission intensity score may not be fully representative of the GHG emissions of the Fund's underlying issuers. Please refer to the risk factor set out in section 20(A) (Carbon emission intensity calculations and greenhouse gas (GHG) emissions data) for more information on GHG emissions.

*Increased proportion of green revenues*

The Fund will also balance its selection of investments to seek to achieve a portfolio with at least a 20 per cent higher weighted average 'green revenues' percentage relative to the Index, as calculated on a quarterly basis. Green revenues are defined as the percentage of revenues generated by underlying issuers from economic activities associated with clean technology themes, such as alternative energy, energy sufficiency and pollution prevention. The percentage of revenues classified as green revenues are calculated separately at the portfolio level and at the Index level on a weighted average basis (i.e. to take

into account the relative holding sizes in the portfolio or the Index, as applicable, for each issuer) using such data as is available. Where data is not available for an issuer, the "green revenue percentage" of that issuer is deemed to be zero.

*BSI Intel framework*

The Fund also uses the BlackRock Sustainable Investing Intelligence ("BSI Intel") framework (the "Methodology") to assess ESG considerations as determined by the Investment Manager to be material. The Methodology uses a variety of data inputs (generated by the Investment Manager, its affiliates and/or one or more external research providers) to evaluate and score companies, based on the following categories:

- (i) 'environmental considerations', which aims to measure a company's core business involvement with energy production, clean technology activities and natural resources management, all of which are relevant to assess transition risks and opportunities associated with a low carbon economy;
- (ii) 'social issues', which aims to measure how a company interacts with both internal and external stakeholders (such as, but not limited to, customer relations, employee conditions and rights, community relations and company culture); and
- (iii) 'governance', which aims to measure how a company's corporate governance structures and behaviours make it better positioned to adapt to technological, social, environmental and regulatory change.

The Investment Manager combines a company's scores in each of these categories based on a materiality weighting assessment (placing greater weight on factors that are determined by the Investment Manager to have greater relevance to the industry of each underlying company) to create one overall score (the "BSI Intel Insight") for each company.

The Investment Manager will seek to create a portfolio with a use a combination of (i) the BSI Intel Insights, (ii) the aim to achieve a reduction in the carbon emissions intensity score of the portfolio, and (iii) the aim of achieving 20 per cent higher weighted average exposure (green revenues' percentage relative to the Index) in order to select the investments for the Fund.

Subject to achieving the required reduction in the carbon emission intensity score and the green revenues percentage, the Fund will also seek to maximise the Fund's exposure to companies with higher BSI Intel Insights (relative to other companies in the same or similar industries), while also seeking the Index), subject to maintain maintaining a risk and return profile which, in ordinary circumstances, is broadly similar to the return profile of the Index and a risk profile which is broadly similar to the risk profile of the Index (i.e. primarily by seeking to maintain, where possible, similar (as determined by the Investment Manager Index (i.e. within the tracking error limits described below) stock and industry weightings in complying with the other constraints applicable to the portfolio compared. In order to the

~~Index)(save for the mitigation of potential ESG risks through the application of the ESG Policy). The intention to maintain a return profile and a risk profile as outlined above may comply with these constraints and the risk and return objective, the Fund may have exposure to individual companies which may not have a high BSI Intel Insight and such companies may therefore have characteristics which the Investment Manager considers negative from an ESG-investing perspective. However, at times a minimum, limit the Fund's aims to achieve the same or a higher weighted average exposure to certain companies with higher BSI Intel Insights and/or increase, relative to the Index.~~

Tracking error

~~The application of the Fund's ESG criteria as described above is expected to result, in ordinary circumstances, in an ex ante tracking error versus the Index, which is set out in Part B of Section 19 of this Prospectus. However, as set out in section 20(C) (Index Related Risk) of this Prospectus, there can be no guarantee that the tracking error will fall within these limits at all times and the actual ex ante tracking error at any time may be outside of these limits, including where necessary to achieve the application of the BlackRock EMEA Baseline Screens and the ESG-related objectives with respect to the carbon emission intensity score and green revenue percentage of the portfolio. With respect of the BSI Intel Insights, the Investment Manager will seek to maximise the Fund's exposure to certain companies with lower higher BSI Intel Insights, subject to achieving the other ESG-related objectives of the Fund and maintaining the ex ante tracking error limits set out in Part B of Section 19 of this Prospectus.~~

Use of data

~~For the purposes of applying the Methodology and, the exclusionary screens Investment Manager may use data generated internally by the Investment Manager and/or its affiliates or provided by one or more external ESG research providers.~~

~~For the purposes of applying the BlackRock EMEA Baseline Screens and calculating the carbon emission intensity score and the percentage of its revenues classified as green revenues for both the Fund and the Index, the Investment Manager may will use data generated internally by the Investment Manager and/or its affiliates or provided by one or more external ESG research providers. Further information about the exclusionary screens used by the Investment Manager, including information on how the limits and exclusions (as set out in the above paragraph) are applied, can be obtained from MSCI, although the Investment Manager on request. The ESG criteria used by the Investment Manager (including the Methodology), as described above, may evolve and advance over time. may, in the future, change the data provider(s) used to identify such scores and green revenues where it considers that a better data source is available (and will reflect such change in the quarterly reporting detailed below).~~

	<p>The Fund may gain indirect exposure (through, including but not limited to, derivatives, cash and assets that can be turned into cash quickly, shares or units of collective investment schemes (CIS)) to companies that do not meet the ESG criteria used by the Investment Manager as described above. Circumstances in which such indirect exposure may arise include, but are not limited to, where a counterparty to a derivative in which the Fund invests posts collateral which is inconsistent with the Fund's ESG criteria or where a CIS in which the Fund invests does not apply any or the same ESG criteria as the Fund and so provides exposure to companies which are inconsistent with the Fund's ESG criteria.</p> <p><u>There are certain risks involved with the use of third party data, as further set out in section 20(C) (Risks relating to the application of ESG criteria) above.</u></p> <p><u>Reporting</u></p> <p>Quarterly reporting of the carbon emission intensity score of the Fund's portfolio, its BSI Intel Insights and the percentage of its revenues that are classified as green revenues, including by comparison to the corresponding metrics for the Index, is available to unitholders on an ongoing basis by request to the Investment Manager. The BSI Intel Insights of the Fund's portfolio and the Index is based on the BSI Intel Insights attributed to the companies that they hold.</p> <p><u>The ESG criteria used by the Investment Manager (including the Methodology), as described above, may evolve and advance over time and in the event of any changes, the Prospectus will be updated at the next available opportunity.</u></p> <p><b>Fund Benchmark(s)</b></p> <p>Target Benchmark: The Fund seeks to maintain return and risk profiles that are broadly similar to the Index (save for the mitigation of potential ESG risks through the application of the ESG Policy criteria), and does not aim to generate alpha returns <u>in excess of the Index return</u>. The Fund is actively managed to meet its ESG related aims. The Index is used by the Investment Manager when constructing the portfolio of the Fund and for risk management purposes. The Investment Manager uses the Index to select the Fund's investments (as set out above). In addition, the carbon emission intensity score of the Fund's portfolio, its BSI Intel Insights and the percentage of its revenues that are classified as green revenues are measured against the Index. This Index has been chosen for these purposes because it represents the investment universe of the Fund.</p> <p>Further details regarding the Index (including its constituents) are available on the index provider's website at <a href="https://www.ftserussell.com/index">https://www.ftserussell.com/index</a>.</p>
<p><b>ACS North America</b></p>	<p>ACS North America ESG Insights Equity Fund is a Fund of BlackRock Authorised Contractual Scheme I, a Co-Ownership Scheme constituted</p>

<p><b>ESG Insights Equity Fund</b></p>	<p>as a UK UCITS scheme under the COLL Sourcebook. The Fund was authorised by the FCA on 18 August 2022. The Fund's FCA product reference number is 985121.</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 (as described below), the Fund does not have a specific sustainability goal and the investment strategy of the Fund means it is not able to meet the criteria of any sustainability label.</u></p> <p><b>Investment Objective</b></p> <p>The Fund seeks to (i) provide a gross return on your investment (generated through the value of the assets held and/or income received from those assets) which, in ordinary circumstances, is broadly similar to the return profile of the FTSE North America Index (the "Index"), and (ii) maintain a risk profile (i.e. an evaluation of the risks associated with the portfolio) which is broadly similar to the risk profile of the Index (save for the mitigation of potential ESG risks through where the application of the Fund's ESG Policy criteria, as described below, results in a deviation of the return profile or risk profile from the Index).</p> <p>The Funds Fund seeks to balance these aims for its risk and return profiles whilst also seeking to achieve a set of ESG related aims. The Fund aims to provide exposure to a portfolio of equities (i.e. shares) of companies within the Index that is managed, through the application of the Fund's ESG Policy criteria and in particular its use of a proprietary ESG framework of the Investment Manager (as described in the Fund's ESG Policy criteria below), and aims to:</p> <p>a) have no exposure or a reduced exposure (relative to the Index) to certain business activities for ESG related reasons, as further detailed below;</p> <p>b) <del>have achieve a higher weighted average exposure (reduction in the carbon emission intensity score of the Fund relative to the Index) to companies that are scored more highly on certain ESG criteria, as further detailed below;</del></p> <p><del>2. thereafter, reduces at an annual rate of 7 per cent or more (against the carbon emission intensity score of the Fund in the previous year) on average (calculated since the Fund's launch date)</del></p> <p>c) <del>achieve a portfolio with a higher 'green revenues' percentage relative to the Index, as further detailed below (in respect of only the underlying corporate issuers (i.e. companies) in which the Fund invests) a carbon emission intensity score that: 1. as at the launch date of the Fund, is 50 per cent less than the carbon emission intensity score of the Index as at 31 December 2020; and; and</del></p> <p>d) <del>achieve (in respect of only the underlying corporate issuers (i.e. companies) in which the Fund invests), as calculated on a quarterly basis, 20 per cent more of the revenues generated by such underlying corporate issuers being classified as green revenues (i.e. revenues coming from economic activities associated with clean technology</del></p>
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~~themes, such as alternative energy, energy sufficiency and pollution prevention) than will be the case for the revenues generated by corporate issuers within the Index, in each case, when calculated at the portfolio level on a weighted average basis (i.e. to take into account the relative holding sizes for each such corporate issuer)~~

d) maximise exposure to companies with higher BSI Intel Insights (relative to the Index), whilst meeting the other ESG objectives, complying with the other constraints applicable to the portfolio and maintaining a risk and return profile within the permissible range, as further detailed below.

However, there can be no guarantee that these aims will be met and the carbon emission intensity score of the Fund's portfolio, and the percentage of its revenues that are classified as green revenues, may vary.

~~The carbon emission intensity score and the percentage of its revenues classified as green revenues are calculated for the Fund's portfolio and separately for the Index based on carbon emission intensity scores and the percentage of revenues classified as green revenues (respectively) attributed to the issuers that they hold where available. Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their enterprise value including cash (EVIC) but the Fund 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 application of the ESG Policy is expected to result in an ex ante tracking error versus the Index that is set out in Part B of Section 19 of this Prospectus. There may be an increase in the degree of deviation from the Index (and therefore the ex ante tracking error versus the Index) in certain circumstances, including where it may be required for the Fund to meet its ESG related aims.~~

Although the Fund aims to achieve its investment objective, there is no guarantee that this will be achieved. 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.

### **Investment Policy**

In order to seek to achieve its investment objective, the Fund will invest directly in the equities of selected companies within the Index and at times may invest in other equities that are proxies (providing similar performance and risk profiles) to the equities of companies within the Index or indirectly via other equity-related investments (i.e. other investments whose value is related to equities) giving exposure to such companies. If the Fund's direct investments no longer form part of the Index or are no longer proxies of companies within the Index, the Fund may continue to hold such securities until such time as it is possible and practicable (in the Investment Manager's view) to liquidate them.

The Index is a free float-adjusted market capitalisation weighted index representing the performance of large and mid cap equities listed in

North America. Free float-adjusted means that only shares readily available in the market rather than all of a company's issued shares are used in calculating the Index. Free float-adjusted market capitalisation is the share price of a company multiplied by the number of shares readily available in the market.

The Fund may also invest in other asset classes for liquidity purposes. These other asset classes include money-market instruments (i.e. debt securities with short-term maturities), deposits (i.e. cash), units in collective investment schemes (i.e. other investment funds which may be Associated Funds) held for liquidity purposes or other assets that can be turned into cash quickly.

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, though such usage is expected to be limited. Derivatives may also be used to seek to reduce risk (relevant to the investment objective) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").

#### *ESG Policy*

#### **Investment Process and ESG**

The ESG criteria used by the Fund when seeking to achieve its investment objective comprises of four core components which are described in more detail below. These are (i) applying the BlackRock EMEA Baseline Screens; (ii) seeking to reduce the carbon emission intensity score of the Fund relative to the Index; (iii) seeking to increase the proportion of the Fund with 'green revenues' relative to the Index; and (iv) improving the portfolio's BSI Intel Insights profile.

The BlackRock EMEA Baseline Screens are first applied to the companies within the Index. For those companies that remain eligible for investment after the application of the BlackRock EMEA Baseline Screens, the Fund will apply the remaining three ESG criteria to these companies in order to determine the selection of the Fund's investments.

The ESG criteria described in this section will not apply to collective investment schemes in which the Fund invests for EPM purposes, however this exposure will not exceed 20% of the Fund's total assets.

#### *BlackRock EMEA Baseline Screens*

The Fund will apply the BlackRock EMEA Baseline Screens, as follows:

The Investment Manager will seek to limit and/or exclude (as applicable) direct investment (as applicable) in corporate issuers that which, at the time of purchase, in the opinion of the Investment Manager, have exposure to, or ties with, certain the following sectors, namely:

(i) issuers which are engaged in, or are otherwise exposed to, the production of certain types of controversial weapons (including, but not

~~limited to, cluster munitions, biological chemical, landmines, depleted uranium, blinding laser, non-detectable fragments and/or incendiary or nuclear weapons};~~  
~~(ii) issuers deriving any revenue from direct involvement in the production of nuclear weapons or nuclear weapon components or delivery platforms, or the provision of auxiliary services related to nuclear weapons;~~  
~~(ii) (iii) issuers which produce the production or, subject to specific revenue thresholds, distribution of firearms and/or small arms ammunition intended for retail to civilians;~~  
~~(iii) subject to specific revenue thresholds, the extraction of certain types of fossil fuel and/or the generation of power from them;~~  
~~(iv) issuers which derive more than five percent of their revenue from the distribution (wholesale or retail) of firearms and/or small arms ammunition intended for civilian use; the production of tobacco products or, subject to specific revenue thresholds, certain activities in relation to tobacco-related products; and~~  
~~(v) issuers deriving more than five percent of their revenue from thermal coal extraction and/or thermal coal-based power generation;~~  
~~(vi) issuers deriving more than five percent of their revenue from the production and generation of tar sands (also known as oil sands);~~  
~~(v) (vii) issuers which have been deemed to have failed to comply with UN Global Compact Principles (which cover human rights, labour standards, the environment and anti-corruption); or (viii) issuers which manufacture tobacco products (including companies that grow or process raw tobacco leaves) and companies deriving 5 percent or more revenue from tobacco-related business activities.~~

~~Should existing holdings that, compliant with the above limits and/or exclusions at the time of investment were compliant with these exclusionary screens subsequently cease to be compliant become ineligible, they will be divested by the Fund within a reasonable period of time (not expected to exceed 90 days).~~

~~A full list of the limits and/or exclusions being applied by the Investment Manager at any time in accordance with the above BlackRock EMEA Baseline Screens (including any specific threshold criteria) is available at <https://www.blackrock.com/corporate/literature/publication/blackrock-baseline-screens-in-europe-middleeast-and-africa.pdf>. It is the Investment Manager's intention that the BlackRock EMEA Baseline Screens policy will evolve over time as improved data and more research on this subject becomes available. The full list may be amended from time to time at the Investment Manager's discretion and (unless it alters the description in this section) may be implemented without notification to unitholders.~~

~~For those Once the BlackRock EMEA Baseline Screens have been applied, the Fund will then apply the remaining three ESG criteria over the companies that remain eligible for investment after the application of these exclusionary screens, the Fund in order to determine the Fund's investments.~~

Reduction in carbon emission intensity score

The Fund will balance its selection of investments to seek to achieve a carbon emission intensity score that:

- i) as at the launch date of the Fund, is 50 per cent less than the carbon emission intensity score of the Index, as at 31 December 2020; and
- ii) thereafter, reduces at an annual rate of 7 per cent or more (against the carbon emission intensity score of the Fund in the previous year) on average (calculated since the Fund's launch date).

The carbon emission intensity score is calculated for the Fund's portfolio and separately for the Index based on carbon emission intensity scores attributed to the issuers that they hold where such data is available. Where data is not available for an issuer, and the issuer meets the BlackRock EMEA Baseline Screens, the weight of that issuer in the portfolio is generally capped to be no higher than 2% above Index weight at rebalance dates. There is no guarantee that this will always be the case, and at times the weight may exceed this threshold. However, for the avoidance of doubt, a lack of data availability for a given issuer does not affect the achievement of the Fund's portfolio level objectives.

Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their enterprise value including cash (EVIC) but the Fund 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 calculation of carbon emission intensity scores includes Scope 1 GHG emissions and Scope 2 GHG emissions but excludes Scope 3 GHG emissions. This means that the calculation includes: (i) direct emissions from sources that the reporting company owns or controls; and (ii) indirect emissions that a reporting company causes from the generation of energy that it purchases or uses, but (iii) does not include any other emissions produced by other companies or parties involved in the reporting company's value chain, which can be complicated to calculate and estimate. Scope 3 emissions may represent a significant proportion of a company's carbon footprint and, as a result, the Fund's carbon emission intensity score may not be fully representative of the GHG emissions of the Fund's underlying issuers. Please refer to the risk factor set out in section 20(A) (Carbon emission intensity calculations and greenhouse gas (GHG) emissions data) for more information on GHG emissions.

Increased proportion of green revenues

The Fund will also balance its selection of investments to seek to achieve a portfolio with at least a 20 per cent higher weighted average 'green revenues' percentage relative to the Index, as calculated on a quarterly basis. Green revenues are defined as the percentage of revenues generated by underlying issuers from economic activities associated with clean technology themes, such as alternative energy, energy sufficiency and pollution prevention. The percentage of revenues

classified as green revenues are calculated separately at the portfolio level and at the Index level on a weighted average basis (i.e. to take into account the relative holding sizes in the portfolio or the Index, as applicable, for each issuer) using such data as is available. Where data is not available for an issuer, the "green revenue percentage" of that issuer is deemed to be zero.

#### BSI Intel framework

The Fund also uses the BlackRock Sustainable Investing Intelligence ("BSI Intel") framework (the "Methodology") to assess ESG considerations as determined by the Investment Manager to be material. The Methodology uses a variety of data inputs (generated by the Investment Manager, its affiliates and/or one or more external research providers) to evaluate and score companies, based on the following categories:

- (i) 'environmental considerations', which aims to measure a company's core business involvement with energy production, clean technology activities and natural resources management, all of which are relevant to assess transition risks and opportunities associated with a low carbon economy;
- (ii) 'social issues', which aims to measure how a company interacts with both internal and external stakeholders (such as, but not limited to, customer relations, employee conditions and rights, community relations and company culture); and
- (iii) 'governance', which aims to measure how a company's corporate governance structures and behaviours make it better positioned to adapt to technological, social, environmental and regulatory change.

The Investment Manager combines a company's scores in each of these categories based on a materiality weighting assessment (placing greater weight on factors that are determined by the Investment Manager to have greater relevance to the industry of each underlying company) to create one overall score (the "BSI Intel Insight") for each company.

The Investment Manager will ~~seek to create a portfolio with a use a combination of~~ seek to create a portfolio with a use a combination of (i) the BSI Intel Insights, (ii) the aim to achieve a reduction in the carbon emissions intensity score of the portfolio, and (iii) the aim of achieving 20 per cent higher weighted average exposure ~~{'green revenues' percentage relative to the Index}~~ in order to select the investments for the Fund.

Subject to achieving the required reduction in the carbon emission intensity score and the green revenues percentage, the Fund will also seek to maximise the Fund's exposure to companies with higher BSI Intel Insights (relative to other companies in the same or similar industries), while also seeking the Index) subject to maintain maintaining a risk and return profile which, in ordinary circumstances, is broadly similar to the return profile of the Index and a risk profile which is broadly similar to the risk profile of the Index (i.e. primarily by seeking to maintain, where possible, similar (as determined by the Investment Manager) stock, industry Index (i.e. within the tracking

~~error limits described below) and geographic weightings in complying with the other constraints applicable to the portfolio compared. In order to the Index) (save for the mitigation of potential ESG risks through the application of the ESG Policy). The intention to maintain a return profile and a risk profile as outlined above may comply with these constraints and the risk and return objective, the Fund may have exposure to individual companies which may not have a high BSI Intel Insight and such companies may therefore have characteristics which the Investment Manager considers negative from an ESG-investing perspective. However, at times a minimum, limit the Fund's aims to achieve the same or a higher weighted average exposure to certain companies with higher BSI Intel Insights and/or increase, relative to the Index.~~

*Tracking error*

~~The application of the Fund's ESG criteria as described above is expected to result, in ordinary circumstances, in an ex ante tracking error versus the Index, which is set out in Part B of Section 19 of this Prospectus. However, as set out in section 20(C) (Index Related Risk) of this Prospectus, there can be no guarantee that the tracking error will fall within these limits at all times and the actual ex ante tracking error at any time may be outside of these limits, including where necessary to achieve the application of the BlackRock EMEA Baseline Screens and the ESG-related objectives with respect to the carbon emission intensity score and green revenue percentage of the portfolio. With respect of the BSI Intel Insights, the Investment Manager will seek to maximise the Fund's exposure to certain companies with lower higher BSI Intel Insights, subject to achieving the other ESG-related objectives of the Fund and maintaining the ex ante tracking error limits set out in Part B of Section 19 of this Prospectus.~~

*Use of data*

~~For the purposes of applying the Methodology and, the exclusionary screens Investment Manager may use data generated internally by the Investment Manager and/or its affiliates or provided by one or more external ESG research providers.~~

~~For the purposes of applying the BlackRock EMEA Baseline Screens and calculating the carbon emission intensity score and the percentage of its revenues classified as green revenues for both the Fund and the Index, the Investment Manager may will use data generated internally by the Investment Manager and/or its affiliates or provided by one or more external ESG research providers. Further information about the exclusionary screens used by the Investment Manager, including information on how the limits and exclusions (as set out in the above paragraph) are applied, can be obtained from MSCI, although the Investment Manager on request. The ESG criteria used by the Investment Manager (including the Methodology), as described above, may evolve and advance over time. may, in the future, change the data provider(s) used to identify such scores and green revenues where it considers that a better data source is available (and will reflect such change in the quarterly reporting detailed below).~~

	<p><del>The Fund may gain indirect exposure (through, including but not limited to, derivatives, cash and assets that can be turned into cash quickly, shares or units of collective investment schemes (CIS)) to companies that do not meet the ESG criteria used by the Investment Manager as described above. Circumstances in which such indirect exposure may arise include, but are not limited to, where a counterparty to a derivative in which the Fund invests posts collateral which is inconsistent with the Fund's ESG criteria or where a CIS in which the Fund invests does not apply any or the same ESG criteria as the Fund and so provides exposure to companies which are inconsistent with the Fund's ESG criteria.</del></p> <p><u>There are certain risks involved with the use of third party data, as further set out in section 20(C) (Risks relating to the application of ESG criteria) above.</u></p> <p><u>Reporting</u> Quarterly reporting of the carbon emission intensity score of the Fund's portfolio, its BSI Intel Insights and the percentage of its revenues that are classified as green revenues, including by comparison to the corresponding metrics for the Index, is available to unitholders on an ongoing basis by request to the Investment Manager. The BSI Intel Insights of the Fund's portfolio and the Index is based on the BSI Intel Insights attributed to the companies that they hold.</p> <p><u>The ESG criteria used by the Investment Manager (including the Methodology), as described above, may evolve and advance over time and in the event of any changes, the Prospectus will be updated at the next available opportunity.</u></p> <p><b>Fund Benchmark(s)</b> Target Benchmark: The Fund seeks to maintain return and risk profiles that are broadly similar to the Index (save for the mitigation of potential ESG risks through the application of the <u>ESG Policy criteria</u>), and does not aim to generate <del>alpha</del> <u>returns in excess of the Index return</u>. The Fund is actively managed to meet its ESG related aims. The Index is used by the Investment Manager when constructing the portfolio of the Fund and for risk management purposes. The Investment Manager uses the Index to select the Fund's investments (as set out above). In addition, the carbon emission intensity score of the Fund's portfolio, its BSI Intel Insights and the percentage of its revenues that are classified as green revenues are measured against the Index. This Index has been chosen for these purposes because it represents the investment universe of the Fund.</p> <p>Further details regarding the Index (including its constituents) are available on the index provider's website at <a href="https://www.ftserussell.com/index">https://www.ftserussell.com/index</a>.</p>
<p><b>ACS UK ESG</b></p>	<p>ACS UK ESG Insights Equity Fund is a Fund of BlackRock Authorised Contractual Scheme I, a Co-Ownership Scheme constituted as a UK</p>

<p><b>Insights Equity Fund</b></p>	<p>UCITS scheme under the COLL Sourcebook. The Fund was authorised by the FCA on 18 August 2022. The Fund’s FCA product reference number is 985122.</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 (as described below), the Fund does not have a specific sustainability goal and the investment strategy of the Fund means it is not able to meet the criteria of any sustainability label.</u></p> <p><b>Investment Objective</b></p> <p>The Fund seeks to (i) provide a gross return on your investment (generated through the value of the assets held and/or income received from those assets) which, in ordinary circumstances, is broadly similar to the return profile of the FTSE All Share Index (the “Index”), and (ii) maintain a risk profile (i.e. an evaluation of the risks associated with the portfolio) which is broadly similar to the risk profile of the Index (save <del>for the mitigation of potential ESG risks through where</del> the application of the Fund’s ESG Policy criteria, as described below, results in a deviation of the return profile or risk profile from the Index).</p> <p>The <del>Funds</del> Fund seeks to balance these aims for its risk and return profiles whilst also seeking to achieve a set of ESG related aims. The Fund aims to provide exposure to a portfolio of equities (i.e. shares) of companies within the Index that is managed, through the application of the Fund’s ESG Policy criteria and in particular its use of a proprietary ESG framework of the Investment Manager (as described in the Fund’s ESG Policy criteria below), and aims to:</p> <p>a) have no exposure or a reduced exposure (relative to the Index) to certain business activities for ESG related reasons, as further detailed below;</p> <p>b) <del>have achieve a higher weighted average exposure (reduction in the carbon emission intensity score of the Fund relative to the Index) to companies that are scored more highly on certain ESG criteria, as further detailed below;</del></p> <p>c) <del>achieve (in respect of only the underlying corporate issuers (i.e. companies) in which the Fund invests) a carbon emission intensity score that:</del></p> <p>1. as at the launch date of the Fund, is 30 per cent less than the carbon emission intensity score of the Index as at 31 December 2020; and</p> <p>2. thereafter, reduces at an annual rate of 7 per cent or more (against the carbon emission intensity score of the Fund in the previous year) on average (calculated since the Fund’s launch date); and</p> <p>d) <del>achieve (in respect of only the underlying corporate issuers (i.e. companies) in which the Fund invests), as calculated on a quarterly basis, 20 per cent more of the revenues generated by such underlying corporate issuers being classified as green revenues (i.e. revenues coming from economic activities associated with clean technology themes, such as alternative energy, energy sufficiency and pollution</del></p>
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~~prevention) than will be the case for the revenues generated by corporate issuers within the Index, in each case, when calculated at the portfolio level on a weighted average basis (i.e. to take into account the relative holding sizes for each such corporate issuer).~~

~~c) achieve a portfolio with a higher 'green revenues' percentage relative to the Index, as further detailed below; and~~

~~d) maximise exposure to companies with higher BSI Intel Insights (relative to the Index), whilst meeting the other ESG objectives, complying with the other constraints applicable to the portfolio and maintaining a risk and return profile within the permissible range, as further detailed below.~~

However, there can be no guarantee that these aims will be met and the carbon emission intensity score of the Fund's portfolio, and the percentage of its revenues that are classified as green revenues, may vary.

~~The carbon emission intensity score and the percentage of its revenues classified as green revenues are calculated for the Fund's portfolio and separately for the Index based on carbon emission intensity scores and the percentage of revenues classified as green revenues (respectively) attributed to the issuers that they hold where available. Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their enterprise value including cash (EVIC) but the Fund 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 application of the ESG Policy is expected to result in an ex ante tracking error versus the Index that is set out in Part B of Section 19 of this Prospectus. There may be an increase in the degree of deviation from the Index (and therefore the ex ante tracking error versus the Index) in certain circumstances, including where it may be required for the Fund to meet its ESG related aims.~~

Although the Fund aims to achieve its investment objective, there is no guarantee that this will be achieved. 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.

### **Investment Policy**

In order to seek to achieve its investment objective, the Fund will invest directly in the equities of selected companies within the Index and at times may invest in other equities that are proxies (providing similar performance and risk profiles) to the equities of companies within the Index or indirectly via other equity-related investments (i.e. other investments whose value is related to equities) giving exposure to such companies. A majority (i.e. more than 50%) of the equities held by the Fund will be in companies domiciled and incorporated in the UK or which have significant operations in the UK. If the Fund's direct investments no longer form part of the Index or are no longer proxies of companies within the Index, the Fund may continue to hold such securities until

such time as it is possible and practicable (in the Investment Manager's view) to liquidate them.

The Index is a free float-adjusted market capitalisation weighted index representing the performance of large, mid, and small capitalisation equity securities of companies listed in UK. Free float-adjusted means that only shares readily available in the market rather than all of a company's issued shares are used in calculating the Index. Free float-adjusted market capitalisation is the share price of a company multiplied by the number of shares readily available in the market.

The Fund may also invest in other asset classes for liquidity purposes. These other asset classes include money-market instruments (i.e. debt securities with short-term maturities), deposits (i.e. cash), units in collective investment schemes (i.e. other investment funds which may be Associated Funds) held for liquidity purposes or other assets that can be turned into cash quickly.

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, though such usage is expected to be limited. Derivatives may also be used to seek to reduce risk (relevant to the investment objective) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").

#### *ESG Policy*

#### **Investment Process and ESG**

The ESG criteria used by the Fund when seeking to achieve its investment objective comprises of four core components which are described in more detail below. These are (i) applying the BlackRock EMEA Baseline Screens; (ii) seeking to reduce the carbon emission intensity score of the Fund relative to the Index; (iii) seeking to increase the proportion of the Fund with 'green revenues' relative to the Index; and (iv) improving the portfolio's BSI Intel Insights profile.

The BlackRock EMEA Baseline Screens are first applied to the companies within the Index. For those companies that remain eligible for investment after the application of the BlackRock EMEA Baseline Screens, the Fund will apply the remaining three ESG criteria to these companies in order to determine the selection of the Fund's investments.

The ESG criteria described in this section will not apply to collective investment schemes in which the Fund invests for EPM purposes, however this exposure will not exceed 20% of the Fund's total assets.

#### *BlackRock EMEA Baseline Screens*

The Fund will apply the BlackRock EMEA Baseline Screens, as follows:

The Investment Manager will ~~seek to~~ limit and/or exclude (as applicable) direct investment (as applicable) in corporate issuers that which, at the

time of purchase, in the opinion of the Investment Manager, have exposure to, or ties with, certain the following sectors, namely:

~~(i) issuers which are engaged in, or are otherwise exposed to, the production of certain types of controversial weapons (including, but not limited to, cluster munitions, biological chemical, landmines, depleted uranium, blinding laser, non-detectable fragments and/or incendiary or nuclear weapons);~~

~~(ii) issuers deriving any revenue from direct involvement in the production of nuclear weapons or nuclear weapon components or delivery platforms, or the provision of auxiliary services related to nuclear weapons;~~

~~(ii) (iii) issuers which produce the production or, subject to specific revenue thresholds, distribution of firearms and/or small arms ammunition intended for retail to civilians;~~

~~(iii) subject to specific revenue thresholds, the extraction of certain types of fossil fuel and/or the generation of power from them;~~

~~(iv) issuers which derive more than five percent of their revenue from the distribution (wholesale or retail) of firearms and/or small arms ammunition intended for civilian use; the production of tobacco products or, subject to specific revenue thresholds, certain activities in relation to tobacco-related products; and~~

~~(v) issuers deriving more than five percent of their revenue from thermal coal extraction and/or thermal coal-based power generation;~~

~~(vi) issuers deriving more than five percent of their revenue from the production and generation of tar sands (also known as oil sands);~~

~~(v) (vii) issuers which have been deemed to have failed to comply with UN Global Compact Principles (which cover human rights, labour standards, the environment and anti-corruption); or (viii) issuers which manufacture tobacco products (including companies that grow or process raw tobacco leaves) and companies deriving 5 percent or more revenue from tobacco-related business activities.~~

Should existing holdings that, compliant with the above limits and/or exclusions at the time of investment were compliant with these exclusionary screens subsequently cease to be compliant become ineligible, they will be divested by the Fund within a reasonable period of time (not expected to exceed 90 days).

A full list of the limits and/or exclusions being applied by the Investment Manager at any time in accordance with the above BlackRock EMEA Baseline Screens (including any specific threshold criteria) is available at

<https://www.blackrock.com/corporate/literature/publication/blackrock-baseline-screens-in-europe-middleeast-and-africa.pdf>. It is the Investment Manager's intention that the BlackRock EMEA Baseline Screens policy will evolve over time as improved data and more research on this subject becomes available. The full list may be amended from time to time at the Investment Manager's discretion and (unless it alters the description in this section) may be implemented without notification to unitholders.

For those Once the BlackRock EMEA Baseline Screens have been applied, the Fund will then apply the remaining three ESG criteria over the companies that remain eligible for investment after the application of these exclusionary screens, the Fund in order to determine the Fund's investments.

*Reduction in carbon emission intensity score*

The Fund will balance its selection of investments to seek to achieve a carbon emission intensity score that:

i) as at the launch date of the Fund, is 30 per cent less than the carbon emission intensity score of the Index as at 31 December 2020; and (ii) thereafter, reduces at an annual rate of 7 per cent or more (against the carbon emission intensity score of the Fund in the previous year) on average (calculated since the Fund's launch date).

The carbon emission intensity score is calculated for the Fund's portfolio and separately for the Index based on carbon emission intensity scores attributed to the issuers that they hold where such data is available. Where data is not available for an issuer, and the issuer meets the BlackRock EMEA Baseline Screens, the weight of that issuer in the portfolio is generally capped to be no higher than 2% above Index weight at rebalance dates. There is no guarantee that this will always be the case, and at times the weight may exceed this threshold. However, for the avoidance of doubt, a lack of data availability for a given issuer does not affect the achievement of the Fund's portfolio level objectives.

Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their enterprise value including cash (EVIC) but the Fund 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 calculation of carbon emission intensity scores includes Scope 1 GHG emissions and Scope 2 GHG emissions but excludes Scope 3 GHG emissions. This means that the calculation includes: (i) direct emissions from sources that the reporting company owns or controls; and (ii) indirect emissions that a reporting company causes from the generation of energy that it purchases or uses, but (iii) does not include any other emissions produced by other companies or parties involved in the reporting company's value chain, which can be complicated to calculate and estimate. Scope 3 emissions may represent a significant proportion of a company's carbon footprint and, as a result, the Fund's carbon emission intensity score may not be fully representative of the GHG emissions of the Fund's underlying issuers. Please refer to the risk factor set out in section 20(A) (Carbon emission intensity calculations and greenhouse gas (GHG) emissions data) for more information on GHG emissions.

*Increased proportion of green revenues*

The Fund will also balance its selection of investments to seek to achieve a portfolio with at least a 20 per cent higher weighted average 'green revenues' percentage relative to the Index, as calculated on a quarterly

basis. Green revenues are defined as the percentage of revenues generated by underlying issuers from economic activities associated with clean technology themes, such as alternative energy, energy sufficiency and pollution prevention. The percentage of revenues classified as green revenues are calculated separately at the portfolio level and at the Index level on a weighted average basis (i.e. to take into account the relative holding sizes in the portfolio or the Index, as applicable, for each issuer) using such data as is available. Where data is not available for an issuer, the "green revenue percentage" of that issuer is deemed to be zero.

### *BSI Intel framework*

The Fund also uses the BlackRock Sustainable Investing Intelligence ("BSI Intel") framework (the "Methodology") to assess ESG considerations as determined by the Investment Manager to be material. The Methodology uses a variety of data inputs (generated by the Investment Manager, its affiliates and/or one or more external research providers) to evaluate and score companies, based on the following categories:

- (i) 'environmental considerations', which aims to measure a company's core business involvement with energy production, clean technology activities and natural resources management, all of which are relevant to assess transition risks and opportunities associated with a low carbon economy;
- (ii) 'social issues', which aims to measure how a company interacts with both internal and external stakeholders (such as, but not limited to, customer relations, employee conditions and rights, community relations and company culture); and
- (iii) 'governance', which aims to measure how a company's corporate governance structures and behaviours make it better positioned to adapt to technological, social, environmental and regulatory change.

The Investment Manager combines a company's scores in each of these categories based on a materiality weighting assessment (placing greater weight on factors that are determined by the Investment Manager to have greater relevance to the industry of each underlying company) to create one overall score (the "BSI Intel Insight") for each company.

The Investment Manager will seek to create a portfolio with a use a combination of (i) the BSI Intel Insights, (ii) the aim to achieve a reduction in the carbon emissions intensity score of the portfolio, and (iii) the aim of achieving 20 per cent higher weighted average exposure ('green revenues percentage' relative to the Index) in order to select the investments for the Fund.

Subject to achieving the required reduction in the carbon emission intensity score and the green revenues percentage, the Fund will also seek to maximise the Fund's exposure to companies with higher BSI Intel Insights (relative to other companies in the same or similar industries), while also seeking the Index), subject to maintain maintaining a risk and return profile which, in ordinary circumstances,

is broadly similar to the ~~return profile of the Index and a risk profile which is broadly similar to the risk profile of the Index (i.e. primarily by seeking to maintain, where possible, similar (as determined by the Investment Manager Index (i.e. within the tracking error limits described below) stock and industry weightings in complying with the other constraints applicable to the portfolio compared. In order to the Index)(save for the mitigation of potential ESG risks through the application of the ESG Policy).~~ The intention to maintain a return profile and a risk profile as outlined above may comply with these constraints and the risk and return objective, the Fund may have exposure to individual companies which may not have a high BSI Intel Insight and such companies may therefore have characteristics which the Investment Manager considers negative from an ESG-investing perspective. However, at times a minimum, limit the Fund's aims to achieve the same or a higher weighted average exposure to certain companies with higher BSI Intel Insights and/or increase, relative to the Index.

Tracking error

The application of the Fund's ESG criteria as described above is expected to result, in ordinary circumstances, in an ex ante tracking error versus the Index, which is set out in Part B of Section 19 of this Prospectus. However, as set out in section 20(C) (Index Related Risk) of this Prospectus, there can be no guarantee that the tracking error will fall within these limits at all times and the actual ex ante tracking error at any time may be outside of these limits, including where necessary to achieve the application of the BlackRock EMEA Baseline Screens and the ESG-related objectives with respect to the carbon emission intensity score and green revenue percentage of the portfolio. With respect of the BSI Intel Insights, the Investment Manager will seek to maximise the Fund's exposure to certain companies with lower higher BSI Intel Insights, subject to achieving the other ESG-related objectives of the Fund and maintaining the ex ante tracking error limits set out in Part B of Section 19 of this Prospectus.

Use of data

For the purposes of applying the Methodology and, the exclusionary screens Investment Manager may use data generated internally by the Investment Manager and/or its affiliates or provided by one or more external ESG research providers.

For the purposes of applying the BlackRock EMEA Baseline Screens and calculating the carbon emission intensity score and the percentage of its revenues classified as green revenues for both the Fund and the Index, the Investment Manager may will use data generated internally by the Investment Manager and/or its affiliates or provided by one or more external ESG research providers. Further information about the exclusionary screens used by the Investment Manager, including information on how the limits and exclusions (as set out in the above paragraph) are applied, can be obtained from MSCI, although the Investment Manager on request. The ESG criteria used by the

Investment Manager (including the Methodology), as described above, may evolve and advance over time. may, in the future, change the data provider(s) used to identify such scores and green revenues where it considers that a better data source is available (and will reflect such change in the quarterly reporting detailed below).

~~The Fund may gain indirect exposure (through, including but not limited to, derivatives, cash and assets that can be turned into cash quickly, shares or units of collective investment schemes (CIS)) to companies that do not meet the ESG criteria used by the Investment Manager as described above. Circumstances in which such indirect exposure may arise include, but are not limited to, where a counterparty to a derivative in which the Fund invests posts collateral which is inconsistent with the Fund's ESG criteria or where a CIS in which the Fund invests does not apply any or the same ESG criteria as the Fund and so provides exposure to companies which are inconsistent with the Fund's ESG criteria.~~

There are certain risks involved with the use of third party data, as further set out in section 20(C) (Risks relating to the application of ESG criteria) above.

#### Reporting

Quarterly reporting of the carbon emission intensity score of the Fund's portfolio, its BSI Intel Insights and the percentage of its revenues that are classified as green revenues, including by comparison to the corresponding metrics for the Index, is available to unitholders on an ongoing basis by request to the Investment Manager. The BSI Intel Insights of the Fund's portfolio and the Index is based on the BSI Intel Insights attributed to the companies that they hold.

The ESG criteria used by the Investment Manager (including the Methodology), as described above, may evolve and advance over time and in the event of any changes, the Prospectus will be updated at the next available opportunity

#### **Fund Benchmark(s)**

Target Benchmark: The Fund seeks to maintain return and risk profiles that are broadly similar to the Index (save for the mitigation of potential ESG risks through the application of the ESG Policy criteria), and does not aim to generate alpha returns in excess of the Index return. The Fund is actively managed to meet its ESG related aims. The Index is used by the Investment Manager when constructing the portfolio of the Fund and for risk management purposes. The Investment Manager uses the Index to select the Fund's investments (as set out above). In addition, the carbon emission intensity score of the Fund's portfolio, its BSI Intel Insights and the percentage of its revenues that are classified as green revenues are measured against the Index. This Index has been chosen for these purposes because it represents the investment universe of the Fund.

	<p>Further details regarding the Index (including its constituents) are available on the index provider’s website at <a href="https://www.ftserussell.com/index">https://www.ftserussell.com/index</a>.</p>
<p><b>ACS US ESG Insights Equity Fund</b></p>	<p>ACS US ESG Insights Equity Fund is a Fund of BlackRock Authorised Contractual Scheme I, a Co-Ownership Scheme constituted as a UK UCITS scheme under the COLL Sourcebook. The Fund was authorised by the FCA on 18 August 2022. The Fund’s FCA product reference number is 985123.</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 (as described below), the Fund does not have a specific sustainability goal and the investment strategy of the Fund means it is not able to meet the criteria of any sustainability label.</u></p> <p><b>Investment Objective</b></p> <p>The Fund seeks to (i) provide a gross return on your investment (generated through the value of the assets held and/or income received from those assets) which, in ordinary circumstances, is broadly similar to the return profile of the FTSE USA Index (the “Index”), and (ii) maintain a risk profile (i.e. an evaluation of the risks associated with the portfolio) which is broadly similar to the risk profile of the Index (save for the mitigation of potential ESG risks through <u>where the application of the Fund’s ESG Policy criteria, as described below, results in a deviation of the return profile or risk profile from the Index</u>).</p> <p>The <del>Funds</del> <u>Fund</u> seeks to balance these aims for its risk and return profiles whilst also seeking to achieve a set of ESG related aims. The Fund aims to provide exposure to a portfolio of equities (i.e. shares) of companies within the Index that is managed, through the application of the Fund’s ESG <del>Policy</del> <u>criteria</u> and in particular its use of a proprietary ESG framework of the Investment Manager (as described in the Fund’s ESG <del>Policy</del> <u>criteria</u> below), and aims to:</p> <p>a) have no exposure or a reduced exposure (<u>relative to the Index</u>) to certain business activities for ESG related reasons, <u>as further detailed below</u>;</p> <p>b) <del>have achieve a higher weighted average exposure (reduction in the carbon emission intensity score of the Fund relative to the Index) to companies that are scored more highly on certain ESG criteria, as further detailed below;</del></p> <p>c) <del>achieve (in respect of only the underlying corporate issuers (i.e. companies) in which the Fund invests) a carbon emission intensity score that:</del></p> <ol style="list-style-type: none"> <li><del>1. as at the launch date of the Fund, is 50 per cent less than the carbon emission intensity score of the Index as at 31 December 2020; and</del></li> <li><del>2. thereafter, reduces at an annual rate of 7 per cent or more (against the carbon emission intensity score of the Fund in the previous year) on average (calculated since the Fund’s launch date); and</del></li> </ol>

~~d) achieve (in respect of only the underlying corporate issuers (i.e. companies) in which the Fund invests), as calculated on a quarterly basis, 20 per cent more of the revenues generated by such underlying corporate issuers being classified as green revenues (i.e. revenues coming from economic activities associated with clean technology themes, such as alternative energy, energy sufficiency and pollution prevention) than will be the case for the revenues generated by corporate issuers within the Index, in each case, when calculated at the portfolio level on a weighted average basis (i.e. to take into account the relative holding sizes for each such corporate issuer).~~

c) achieve a portfolio with a higher 'green revenues' percentage relative to the Index, as further detailed below; and

d) maximise exposure to companies with higher BSI Intel Insights (relative to the Index), whilst meeting the other ESG objectives, complying with the other constraints applicable to the portfolio and maintaining a risk and return profile within the permissible range, as further detailed below.

However, there can be no guarantee that these aims will be met and the carbon emission intensity score of the Fund's portfolio, and the percentage of its revenues that are classified as green revenues, may vary.

~~The carbon emission intensity score and the percentage of its revenues classified as green revenues are calculated for the Fund's portfolio and separately for the Index based on carbon emission intensity scores and the percentage of revenues classified as green revenues (respectively) attributed to the issuers that they hold where available. Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their enterprise value including cash (EVIC) but the Fund 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 application of the ESG Policy is expected to result in an ex ante tracking error versus the Index that is set out in Part B of Section 19 of this Prospectus. There may be an increase in the degree of deviation from the Index (and therefore the ex ante tracking error versus the Index) in certain circumstances, including where it may be required for the Fund to meet its ESG related aims.~~

Although the Fund aims to achieve its investment objective, there is no guarantee that this will be achieved. 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.

### **Investment Policy**

In order to seek to achieve its investment objective, the Fund will invest directly in the equities of selected companies within the Index and at times may invest in other equities that are proxies (providing similar performance and risk profiles) to the equities of companies within the Index or indirectly via other equity-related investments (i.e. other

investments whose value is related to equities) giving exposure to such companies. If the Fund's direct investments no longer form part of the Index or are no longer proxies of companies within the Index, the Fund may continue to hold such securities until such time as it is possible and practicable (in the Investment Manager's view) to liquidate them.

The Index is a free float-adjusted market capitalisation weighted index representing the performance of large and mid cap equities listed in the US (though not necessarily incorporated in the US). Free float-adjusted means that only shares readily available in the market rather than all of a company's issued shares are used in calculating the Index. Free float-adjusted market capitalisation is the share price of a company multiplied by the number of shares readily available in the market.

The Fund may also invest in other asset classes for liquidity purposes. These other asset classes include money-market instruments (i.e. debt securities with short-term maturities), deposits (i.e. cash), units in collective investment schemes (i.e. other investment funds which may be Associated Funds) held for liquidity purposes or other assets that can be turned into cash quickly.

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, though such usage is expected to be limited. Derivatives may also be used to seek to reduce risk (relevant to the investment objective) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").

#### *ESG Policy*

#### **Investment Process and ESG**

The ESG criteria used by the Fund when seeking to achieve its investment objective comprises of four core components which are described in more detail below. These are (i) applying the BlackRock EMEA Baseline Screens; (ii) seeking to reduce the carbon emission intensity score of the Fund relative to the Index; (iii) seeking to increase the proportion of the Fund with 'green revenues' relative to the Index; and (iv) improving the portfolio's BSI Intel Insights profile.

The BlackRock EMEA Baseline Screens are first applied to the companies within the Index. For those companies that remain eligible for investment after the application of the BlackRock EMEA Baseline Screens, the Fund will apply the remaining three ESG criteria to these companies in order to determine the selection of the Fund's investments.

The ESG criteria described in this section will not apply to collective investment schemes in which the Fund invests for EPM purposes, however this exposure will not exceed 20% of the Fund's total assets.

#### *BlackRock EMEA Baseline Screens*

The Fund will apply the BlackRock EMEA Baseline Screens, as follows:

The Investment Manager will ~~seek to~~ limit and/or exclude (as applicable) direct investment ~~(as applicable)~~ in corporate issuers ~~that which, at the time of purchase,~~ in the opinion of the Investment Manager, have exposure to, or ties with, certain the following sectors, ~~namely:~~

- ~~(i) issuers which are engaged in, or are otherwise exposed to, the production of certain types of controversial weapons (including, but not limited to, cluster munitions, biological-chemical, landmines, depleted uranium, blinding laser, non-detectable fragments and/or incendiary or nuclear weapons);~~
- ~~(ii) issuers deriving any revenue from direct involvement in the production of nuclear weapons or nuclear weapon components or delivery platforms, or the provision of auxiliary services related to nuclear weapons;~~
- ~~(ii) (iii) issuers which produce the production or, subject to specific revenue thresholds, distribution of firearms and/or small arms ammunition intended for retail to civilians;~~
- ~~(iii) subject to specific revenue thresholds, the extraction of certain types of fossil fuel and/or the generation of power from them;~~
- ~~(iv) issuers which derive more than five percent of their revenue from the distribution (wholesale or retail) of firearms and/or small arms ammunition intended for civilian use; the production of tobacco products or, subject to specific revenue thresholds, certain activities in relation to tobacco-related products; and~~
- ~~(v) issuers deriving more than five percent of their revenue from thermal coal extraction and/or thermal coal-based power generation;~~
- ~~(vi) issuers deriving more than five percent of their revenue from the production and generation of tar sands (also known as oil sands);~~
- ~~(v) (vii) issuers which have been deemed to have failed to comply with UN Global Compact Principles (which cover human rights, labour standards, the environment and anti-corruption); or~~
- ~~(viii) issuers which manufacture tobacco products (including companies that grow or process raw tobacco leaves) and companies deriving 5 percent or more revenue from tobacco-related business activities.~~

Should existing holdings that, compliant with the above limits and/or exclusions at the time of investment were compliant with these exclusionary screens subsequently cease to be compliant become ineligible, they will be divested by the Fund within a reasonable period of time (not expected to exceed 90 days).

A full list of the limits and/or exclusions being applied by the Investment Manager at any time in accordance with the above BlackRock EMEA Baseline Screens (including any specific threshold criteria) is available at <https://www.blackrock.com/corporate/literature/publication/blackrock-baseline-screens-in-europe-middleeast-and-africa.pdf>. It is the Investment Manager's intention that the BlackRock EMEA Baseline Screens policy will evolve over time as improved data and more

research on this subject becomes available. The full list may be amended from time to time at the Investment Manager's discretion and (unless it alters the description in this section) may be implemented without notification to unitholders.

For these Once the BlackRock EMEA Baseline Screens have been applied, the Fund will then apply the remaining three ESG criteria over the companies that remain eligible for investment after the application of these exclusionary screens, the Fund in order to determine the Fund's investments.

*Reduction in carbon emission intensity score*

The Fund will balance its selection of investments to seek to achieve a carbon emission intensity score that:

i) as at the launch date of the Fund, is 50 per cent less than the carbon emission intensity score of the Index as at 31 December 2020; and (ii) thereafter, reduces at an annual rate of 7 per cent or more (against the carbon emission intensity score of the Fund in the previous year) on average (calculated since the Fund's launch date).

The carbon emission intensity score is calculated for the Fund's portfolio and separately for the Index based on carbon emission intensity scores attributed to the issuers that they hold where such data is available. Where data is not available for an issuer, and the issuer meets the BlackRock EMEA Baseline Screens, the weight of that issuer in the portfolio is generally capped to be no higher than 2% above Index weight at rebalance dates. There is no guarantee that this will always be the case, and at times the weight may exceed this threshold. However, for the avoidance of doubt, a lack of data availability for a given issuer does not affect the achievement of the Fund's portfolio level objectives.

Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their enterprise value including cash (EVIC) but the Fund 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 calculation of carbon emission intensity scores includes Scope 1 GHG emissions and Scope 2 GHG emissions but excludes Scope 3 GHG emissions. This means that the calculation includes: (i) direct emissions from sources that the reporting company owns or controls; and (ii) indirect emissions that a reporting company causes from the generation of energy that it purchases or uses, but (iii) does not include any other emissions produced by other companies or parties involved in the reporting company's value chain, which can be complicated to calculate and estimate. Scope 3 emissions may represent a significant proportion of a company's carbon footprint and, as a result, the Fund's carbon emission intensity score may not be fully representative of the GHG emissions of the Fund's underlying issuers. Please refer to the risk factor set out in section 20(A) (Carbon emission intensity calculations and greenhouse gas (GHG) emissions data) for more information on GHG emissions.

### Increased proportion of green revenues

The Fund will also balance its selection of investments to seek to achieve a portfolio with at least a 20 per cent higher weighted average 'green revenues' percentage relative to the Index, as calculated on a quarterly basis. Green revenues are defined as the percentage of revenues generated by underlying issuers from economic activities associated with clean technology themes, such as alternative energy, energy sufficiency and pollution prevention. The percentage of revenues classified as green revenues are calculated separately at the portfolio level and at the Index level on a weighted average basis (i.e. to take into account the relative holding sizes in the portfolio or the Index, as applicable, for each issuer) using such data as is available. Where data is not available for an issuer, the "green revenue percentage" of that issuer is deemed to be zero.

### BSI Intel framework

The Fund also uses the BlackRock Sustainable Investing Intelligence ("BSI Intel") framework (the "Methodology") to assess ESG considerations as determined by the Investment Manager to be material. The Methodology uses a variety of data inputs (generated by the Investment Manager, its affiliates and/or one or more external research providers) to evaluate and score companies, based on the following categories:

- (i) 'environmental considerations', which aims to measure a company's core business involvement with energy production, clean technology activities and natural resources management, all of which are relevant to assess transition risks and opportunities associated with a low carbon economy;
- (ii) 'social issues', which aims to measure how a company interacts with both internal and external stakeholders (such as, but not limited to, customer relations, employee conditions and rights, community relations and company culture); and
- (iii) 'governance', which aims to measure how a company's corporate governance structures and behaviours make it better positioned to adapt to technological, social, environmental and regulatory change.

The Investment Manager combines a company's scores in each of these categories based on a materiality weighting assessment (placing greater weight on factors that are determined by the Investment Manager to have greater relevance to the industry of each underlying company) to create one overall score (the "BSI Intel Insight") for each company.

The Investment Manager will seek to create a portfolio with a use a combination of (i) the BSI Intel Insights, (ii) the aim to achieve a reduction in the carbon emissions intensity score of the portfolio, and (iii) the aim of achieving 20 per cent higher weighted average exposure ('green revenues percentage' relative to the Index) in order to select the investments for the Fund.

Subject to achieving the required reduction in the carbon emission intensity score and the green revenues percentage, the Fund will also seek to maximise the Fund's exposure to companies with higher BSI Intel Insights (relative to other companies in the same or similar industries), while also seeking the Index), subject to maintain maintaining a risk and return profile which, in ordinary circumstances, is broadly similar to the return profile of the Index and a risk profile which is broadly similar to the risk profile of the Index (i.e. primarily by seeking to maintain, where possible, similar (as determined by the Investment Manager Index (i.e. within the tracking error limits described below) stock and industry weightings in complying with the other constraints applicable to the portfolio compared. In order to the Index)(save for the mitigation of potential ESG risks through the application of the ESG Policy). The intention to maintain a return profile and a risk profile as outlined above may comply with these constraints and the risk and return objective, the Fund may have exposure to individual companies which may not have a high BSI Intel Insight and such companies may therefore have characteristics which the Investment Manager considers negative from an ESG-investing perspective. However, at times a minimum, limit the Fund's aims to achieve the same or a higher weighted average exposure to certain companies with higher BSI Intel Insights and/or increase, relative to the Index.

Tracking error

The application of the Fund's ESG criteria as described above is expected to result, in ordinary circumstances, in an ex ante tracking error versus the Index, which is set out in Part B of Section 19 of this Prospectus. However, as set out in section 20(C) (Index Related Risk) of this Prospectus, there can be no guarantee that the tracking error will fall within these limits at all times and the actual ex ante tracking error at any time may be outside of these limits, including where necessary to achieve the application of the BlackRock EMEA Baseline Screens and the ESG-related objectives with respect to the carbon emission intensity score and green revenue percentage of the portfolio. With respect of the BSI Intel Insights, the Investment Manager will seek to maximise the Fund's exposure to certain companies with lower higher BSI Intel Insights, subject to achieving the other ESG-related objectives of the Fund and maintaining the ex ante tracking error limits set out in Part B of Section 19 of this Prospectus.

Use of data

For the purposes of applying the Methodology and, the exclusionary screens Investment Manager may use data generated internally by the Investment Manager and/or its affiliates or provided by one or more external ESG research providers.

For the purposes of applying the BlackRock EMEA Baseline Screens and calculating the carbon emission intensity score and the percentage of its revenues classified as green revenues for both the Fund and the Index, the Investment Manager may will use data generated internally by the Investment Manager and/or its affiliates or provided by one or

~~more external ESG research providers. Further information about the exclusionary screens used by the Investment Manager, including information on how the limits and exclusions (as set out in the above paragraph) are applied, can be obtained from MSCI, although the Investment Manager on request. The ESG criteria used by the Investment Manager (including the Methodology), as described above, may evolve and advance over time. may, in the future, change the data provider(s) used to identify such scores and green revenues where it considers that a better data source is available (and will reflect such change in the quarterly reporting detailed below).~~

~~The Fund may gain indirect exposure (through, including but not limited to, derivatives, cash and assets that can be turned into cash quickly, shares or units of collective investment schemes (CIS)) to companies that do not meet the ESG criteria used by the Investment Manager as described above. Circumstances in which such indirect exposure may arise include, but are not limited to, where a counterparty to a derivative in which the Fund invests posts collateral which is inconsistent with the Fund's ESG criteria or where a CIS in which the Fund invests does not apply any or the same ESG criteria as the Fund and so provides exposure to companies which are inconsistent with the Fund's ESG criteria.~~

~~There are certain risks involved with the use of third party data, as further set out in section 20(C) (Risks relating to the application of ESG criteria) above.~~

#### *Reporting*

Quarterly reporting of the carbon emission intensity score of the Fund's portfolio, its BSI Intel Insights and the percentage of its revenues that are classified as green revenues, including by comparison to the corresponding metrics for the Index, is available to unitholders on an ongoing basis by request to the Investment Manager. The BSI Intel Insights of the Fund's portfolio and the Index is based on the BSI Intel Insights attributed to the companies that they hold.

~~The ESG criteria used by the Investment Manager (including the Methodology), as described above, may evolve and advance over time and in the event of any changes, the Prospectus will be updated at the next available opportunity.~~

#### **Fund Benchmark(s)**

Target Benchmark: The Fund seeks to maintain return and risk profiles that are broadly similar to the Index (save for the mitigation of potential ESG risks through the application of the ESG Policy criteria), and does not aim to generate alpha returns in excess of the Index return. The Fund is actively managed to meet its ESG related aims. The Index is used by the Investment Manager when constructing the portfolio of the Fund and for risk management purposes. The Investment Manager uses the Index to select the Fund's investments (as set out above). In addition, the carbon emission intensity score of the Fund's portfolio, its BSI Intel Insights and the percentage of its revenues that are classified

	<p>as green revenues are measured against the Index. This Index has been chosen for these purposes because it represents the investment universe of the Fund.</p> <p>Further details regarding the Index (including its constituents) are available on the index provider’s website at <a href="https://www.ftserussell.com/index">https://www.ftserussell.com/index</a>.</p>
<p><b>ACS World ESG Insights Equity Fund</b></p>	<p>The ACS World ESG Insights Equity Fund is a Fund of BlackRock Authorised Contractual Scheme I, a Co-Ownership Scheme constituted as a UK UCITS scheme under the COLL Sourcebook. The Fund was authorised by the FCA on 18 March 2021. The Fund’s FCA product reference number is 948270.</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 (as described below), the Fund does not have a specific sustainability goal and the investment strategy of the Fund means it is not able to meet the criteria of any sustainability label.</u></p> <p><b>Investment Objective</b></p> <p>The Fund seeks to (i) provide a gross return on your investment (generated through the value of the assets held and/or income received from those assets) which, in ordinary circumstances, is broadly similar to the return profile of the FTSE Developed Index (the “Index”) and (ii) maintain a risk profile (i.e. an evaluation of the risks associated with the portfolio) which is broadly similar to the risk profile of the <del>FTSE Developed Index</del> (save for the mitigation of potential ESG risks through where the application of the Fund’s ESG criteria, as described below, results in a deviation of the return profile or risk profile from the Index).</p> <p>The Fund seeks to balance these aims for its risk and return profiles whilst also seeking to achieve a set of ESG related aims. The Fund aims to provide exposure to a portfolio of equities (i.e. shares) of companies within the <del>FTSE Developed Index</del> that is managed, through the application of the Fund’s ESG criteria and in particular its use of a proprietary ESG framework of the Investment Manager (as described in the Fund’s ESG criteria below), and aims to:</p> <p><u>a) have no exposure or a reduced exposure (relative to the Index) to certain business activities for ESG related reasons, as further detailed below;</u></p> <p><del>b) have a higher weighted average exposure (relative to the FTSE Developed Index) to companies that are scored more highly on certain ESG criteria;</del></p> <p><del>c) achieve (in respect of only the underlying corporate issuers (i.e. companies) in which a Fund invests) a carbon emission intensity score that:</del></p> <p><del>(i) as at 15 December 2023 (being the date on which the carbon emission intensity reduction objective set out in this</del></p>

~~paragraph c) was applied to the Fund) is 57 per cent less than the carbon emission intensity score of the FTSE Developed Index as at 15 December 2023, calculated through the application of the following sequential reductions:~~

~~i. a reduction of 50 per cent versus~~

~~b) achieve a reduction in the carbon emission intensity score of the FTSE Developed Fund relative to the Index as further detailed below as at 31 December 2020, ii. a further reduction thereto of 7 per cent for the period 1 January 2021 to 31 December 2021, iii. a further reduction thereto of 7 per cent for the period 1 January 2022 to 31 December 2022, and iv. a further reduction thereto at an annual rate of 7 per cent or more for the period 1 January 2023 to 15 December 2023; and (ii) thereafter, reduces at an annual rate of 7 per cent or more (against the carbon emission intensity score of the Fund in the previous year) on average (such average calculated from 15 December 2023);~~

~~c) achieve a portfolio with a higher 'green revenues' percentage relative to the Index, as further detailed below; and~~

~~d) achieve (in respect of only the underlying corporate issuers (i.e. companies) in which the Fund invests), as calculated on a quarterly basis, 20 per cent more of the revenues generated by such underlying corporate issuers being classified as green revenues (i.e. revenues coming from economic activities associated with clean technology themes, such as alternative energy, energy sufficiency and pollution prevention) than will be the case for the revenues generated by corporate issuers within the FTSE Developed Index, in each case, when calculated at the portfolio level on a weighted average basis (i.e. to take into account the relative holding sizes for each such corporate issuer); maximise exposure to companies with higher BSI Intel Insights (relative to the Index), whilst meeting the other ESG objectives, complying with the other constraints applicable to the portfolio and maintaining a risk and return profile within the permissible range, as further detailed below.~~

~~However, there can be no guarantee that these aims will be met and the carbon emission intensity score and the percentage of its revenues classified as green revenues are calculated for of the Fund's portfolio and separately for the FTSE Developed Index based on carbon emission intensity scores, and the percentage of its revenues that are classified as green revenues (respectively) attributed to the issuers that they hold where available. Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their enterprise value including cash (EVIC) but the Fund 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 application of the ESG criteria is expected to result in an ex ante tracking error versus the FTSE Developed Index that is set out in Part B of Section 19 of this Prospectus. There may be an increase in the degree of deviation from the FTSE Developed Index (and therefore the ex ante tracking error versus the FTSE Developed Index) in certain circumstances, including where it may be required for the Fund to meet~~

~~its ESG related aims, may vary.~~ Although the Fund aims to achieve its investment objective, there is no guarantee that this will be achieved. 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.

### **Investment Policy**

The Fund is actively managed, and the Investment Manager has the discretion to select the Fund's Investments.

In order to seek to achieve its investment objective, the Fund will invest directly in the equities of selected companies within the Index and at times may invest in other equities that are proxies (providing similar performance and risk profiles) to the equities of companies within the ~~FTSE Developed Index (the "Index")~~ or indirectly via other equity-related investments (i.e. other investments whose value is related to equities) giving exposure to such companies. If the Fund's direct investments no longer form part of the Index or are no longer proxies of companies within the Index, the Fund may continue to hold such securities until such time as it is possible and practicable (in the Investment Manager's view) to liquidate them. The Index is a free float-adjusted market capitalisation weighted index representing the performance of large and mid-cap stocks in developed markets. Free float-adjusted means that only shares readily available in the market rather than all of a company's issued shares are used in calculating the Index. Free float-adjusted market capitalisation is the share price of a company multiplied by the number of shares readily available in the market.

The Fund may also invest in other asset classes to seek to achieve for liquidity purposes. These other asset classes include money-market instruments (i.e. debt securities with short-term maturities), deposits (i.e. cash), units in collective investment schemes (i.e. other investment funds which may be Associated Funds) held for liquidity purposes or other assets that can be turned into cash quickly.

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 though such usage is expected to be limited. Derivatives may also be used to seek to reduce risk (relevant to the investment objective) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").

### ESG Criteria

#### Investment Process and ESG

The ESG criteria used by the Fund when seeking to achieve its investment objective comprises of four core components which are described in more detail below. These are (i) applying the BlackRock EMEA Baseline Screens; (ii) seeking to reduce the carbon emission intensity score of the Fund relative to the Index; (iii) seeking to increase

the proportion of the Fund with 'green revenues' relative to the Index; and (iv) improving the portfolio's BSI Intel Insights profile.

The BlackRock EMEA Baseline Screens are first applied to the companies within the Index. For those companies that remain eligible for investment after the application of the BlackRock EMEA Baseline Screens, the Fund will apply the remaining three ESG criteria to these companies in order to determine the selection of the Fund's investments.

The ESG criteria described in this section will not apply to collective investment schemes in which the Fund invests for EPM purposes, however this exposure will not exceed 20% of the Fund's total assets.

*BlackRock EMEA Baseline Screens*

This Fund will apply the BlackRock EMEA Baseline Screens, as follows:

The Investment Manager will seek to limit and/or exclude (as applicable) direct investment (as applicable) in corporate issuers that which, at the time of purchase, in the opinion of the Investment Manager, have exposure to, or ties with, certain the following sectors, namely:

- (a) issuers which are engaged in, or are otherwise exposed to, the production of certain types of controversial weapons (including, but not limited to, cluster munitions, biological-chemical, landmines, depleted uranium, blinding laser, non-detectable fragments and/or incendiary or nuclear weapons);
- (b) issuers deriving any revenue from direct involvement in the production of nuclear weapons or nuclear weapon components or delivery platforms, or the provision of auxiliary services related to nuclear weapons;
- (b) (c) issuers which produce the production or, subject to specific revenue thresholds, distribution of firearms and/or small arms ammunition intended for retail to civilians;
- (c) subject to specific revenue thresholds, the extraction of certain types of fossil fuel and/or the generation of power from them;
- (d) issuers which derive more than five percent of their revenue from the distribution (wholesale or retail) of firearms and/or small arms ammunition intended for civilian use; the production of tobacco products or, subject to specific revenue thresholds, certain activities in relation to tobacco-related products; and
- (e) issuers deriving more than five percent of their revenue from thermal coal extraction and/or thermal coal based power generation;
- (f) issuers deriving more than five percent of their revenue from the production and generation of tar sands (also known as oil sands);
- (e) (g) issuers which have been deemed to have failed to comply with UN Global Compact Principles (which cover human rights, labour standards, the environment and anti-corruption); or
- (h) issuers which manufacture tobacco products (including companies that grow or process raw tobacco leaves) and companies

<p><del>deriving 5 percent or more revenue from tobacco-related business activities.</del></p> <p><del>Should existing holdings that, compliant with the above limits and/or exclusions at the time of investment were compliant with these exclusionary screens subsequently cease to be compliant become ineligible, they will be divested by the Fund within a reasonable period of time (not expected to exceed 90 days).</del></p> <p><u>A full list of the limits and/or exclusions being applied by the Investment Manager at any time in accordance with the above BlackRock EMEA Baseline Screens (including any specific threshold criteria) is available at <a href="https://www.blackrock.com/corporate/literature/publication/blackrock-baseline-screens-in-europe-middleeast-and-africa.pdf">https://www.blackrock.com/corporate/literature/publication/blackrock-baseline-screens-in-europe-middleeast-and-africa.pdf</a>. It is the Investment Manager's intention that the BlackRock EMEA Baseline Screens policy will evolve over time as improved data and more research on this subject becomes available. The full list may be amended from time to time at the Investment Manager's discretion and (unless it alters the description in this section) may be implemented without notification to unitholders.</u></p> <p><del>For those Once the BlackRock EMEA Baseline Screens have been applied, the Fund will then apply the remaining three ESG criteria over the companies that remain eligible for investment after the application of these exclusionary screens, the Fund in order to determine the Fund's investments.</del></p> <p><u><i>Reduction in carbon emission intensity score</i></u> The Fund will balance its selection of investments to seek to achieve a carbon emission intensity score that:</p> <p><u>(i) as at 15 December 2023 (being the date on which the carbon emission intensity reduction objective was applied to the Fund) is 57 per cent less than the carbon emission intensity score of the Index as at 15 December 2023<sup>1</sup>, calculated through the application of the following sequential reductions:</u></p> <p><u>a) a reduction of 50 per cent versus the carbon emission intensity score of the Index as at 31 December 2020;</u> <u>b) a further reduction thereto of 7 per cent for the period 1 January 2021 to 31 December 2021;</u> <u>c) a further reduction thereto of 7 per cent for the period 1 January 2022 to 31 December 2022, and</u> <u>d) a further reduction thereto at an annual rate of 7 per cent or more for the period 1 January 2023 to 15 December 2023; and</u></p>
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<sup>1</sup> The Investment Manager had expected to achieve a reduction of 57% in the carbon emission intensity score of the Fund relative to the Index as at 15 December 2023, based on information that was available to the Investment Manager at the time that the addition of the carbon emission intensity reduction target was initially published. Based on data available following such publication, the reduction in the carbon emission intensity score actually achieved by the Fund relative to the Index as at 15 December 2023 was 54%.

(ii) thereafter, reduces at an annual rate of 7 per cent or more (against the carbon emission intensity score of the Fund in the previous year) on average (such average calculated from 15 December 2023), and such reduction will be applied on a pro-rated basis from 15 December 2023 to 31 December 2023, and thereafter annually).

The carbon emission intensity score is calculated for the Fund's portfolio and separately for the Index based on carbon emission intensity scores attributed to the issuers that they hold where such data is available. Where data is not available for an issuer, and the issuer meets the BlackRock EMEA Baseline Screens, the weight of that issuer in the portfolio is generally capped to be no higher than 2% above Index weight at rebalance dates. There is no guarantee that this will always be the case, and at times the weight may exceed this threshold. However, for the avoidance of doubt, a lack of data availability for a given issuer does not affect the achievement of the Fund's portfolio level objectives.

Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their enterprise value including cash (EVIC) but the Fund 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 calculation of carbon emission intensity scores includes Scope 1 GHG emissions and Scope 2 GHG emissions but excludes Scope 3 GHG emissions. This means that the calculation includes: (i) direct emissions from sources that the reporting company owns or controls; and (ii) indirect emissions that a reporting company causes from the generation of energy that it purchases or uses, but (iii) does not include any other emissions produced by other companies or parties involved in the reporting company's value chain, which can be complicated to calculate and estimate. Scope 3 emissions may represent a significant proportion of a company's carbon footprint and, as a result, the Fund's carbon emission intensity score may not be fully representative of the GHG emissions of the Fund's underlying issuers. Please refer to the risk factor set out in section 20(A) (Carbon emission intensity calculations and greenhouse gas (GHG) emissions data) for more information on GHG emissions.

#### *Increased proportion of green revenues*

The Fund will also balance its selection of investments to seek to achieve a portfolio with at least a 20 per cent higher weighted average 'green revenues' percentage relative to the Index, as calculated on a quarterly basis. Green revenues are defined as the percentage of revenues generated by underlying issuers from economic activities associated with clean technology themes, such as alternative energy, energy sufficiency and pollution prevention. The percentage of revenues classified as green revenues are calculated separately at the portfolio level and at the Index level on a weighted average basis (i.e. to take into account the relative holding sizes in the portfolio or the Index, as applicable, for each issuer) using such data as is available. Where data

is not available for an issuer, the "green revenue percentage" of that issuer is deemed to be zero.

*BSI Intel framework*

The Fund also uses the BlackRock Sustainable Investing Intelligence ("BSI Intel") framework (the "Methodology") to assess ESG considerations as determined by the Investment Manager to be material. The Methodology uses a variety of data inputs (generated by the

Investment Manager, its affiliates and/or one or more external research providers) to evaluate and score companies, based on the following categories:

(i) 'environmental considerations', which aims to measure a company's core business involvement with energy production, clean technology activities and natural resources management, all of which are relevant to assess transition risks and opportunities associated with a low carbon economy;

(ii) 'social issues', which aims to measure how a company interacts with both internal and external stakeholders (such as, but not limited to, customer relations, employee conditions and rights, community relations and company culture); and

(iii) 'governance', which aims to measure how a company's corporate governance structures and behaviours make it better positioned to adapt to technological, social, environmental and regulatory change.

The Investment Manager combines a company's scores in each of these categories based on a materiality weighting assessment (placing greater weight on factors that are determined by the Investment Manager to have greater relevance to the industry of each underlying company) to create one overall score (the "BSI Intel Insight") for each company.

The Investment Manager will seek to create a portfolio with a use a combination of (i) the BSI Intel Insights, (ii) the aim to achieve a reduction in the carbon emissions intensity score of the portfolio, and (iii) the aim of achieving 20 per cent higher weighted average exposure ('green revenues percentage' relative to the Index) in order to select the investments for the Fund.

Subject to achieving the required reduction in the carbon emission intensity score and the green revenues percentage, the Fund will also seek to maximise the Fund's exposure to companies with higher BSI Intel Insights (relative to other companies in the same or similar industries), while also seeking the Index), subject to maintaining maintaining a risk and return profile which, in ordinary circumstances, is broadly similar to the return profile of the Index and a risk profile which is broadly similar to the risk profile of the Index (i.e. primarily by seeking to maintain, where possible, similar (as determined by the Investment Manager) stock and industry weightings in Index (i.e. within the tracking error limits described below) and complying with the other constraints applicable to the portfolio compared. In order to the Index)(save for the mitigation of potential ESG risks through the

application of the ESG Policy). The intention to maintain a return profile and a risk profile as outlined above may comply with these constraints and the risk and return objective, the Fund may have exposure to individual companies which may not have a high BSI Intel Insight and such companies may therefore have characteristics which the Investment Manager considers negative from an ESG-investing perspective. However, at times a minimum, limit the Fund's aims to achieve the same or a higher weighted average exposure to certain companies with higher BSI Intel Insights and/or increase, relative to the Index.

#### Tracking error

The application of the Fund's ESG criteria as described above is expected to result, in ordinary circumstances, in an ex ante tracking error versus the Index, which is set out in Part B of Section 19 of this Prospectus. However, as set out in section 20(C) (Index Related Risk) of this Prospectus, there can be no guarantee that the tracking error will fall within these limits at all times and the actual ex ante tracking error at any time may be outside of these limits, including where necessary to achieve the application of the BlackRock EMEA Baseline Screens and the ESG-related objectives with respect to the carbon emission intensity score and green revenue percentage of the portfolio. With respect of the BSI Intel Insights, the Investment Manager will seek to maximise the Fund's exposure to certain companies with lower higher BSI Intel Insights, subject to achieving the other ESG-related objectives of the Fund and maintaining the ex ante tracking error limits set out in Part B of Section 19 of this Prospectus.

#### Use of data

For the purposes of applying the Methodology and, the exclusionary screens Investment Manager may use data generated internally by the Investment Manager and/or its affiliates or provided by one or more external ESG research providers.

For the purposes of applying the BlackRock EMEA Baseline Screens and calculating the carbon emission intensity score and the percentage of its revenues classified as green revenues for both the Fund and the Index, the Investment Manager may will use data generated internally by the Investment Manager and/or its affiliates or provided by one or more external ESG research providers. Further information about the exclusionary screens used by the Investment Manager, including information on how the limits and exclusions (as set out in the above paragraph) are applied, can be obtained from MSCI, although the Investment Manager on request. The ESG criteria used by the Investment Manager (including the Methodology), as described above, may evolve and advance over time. may, in the future, change the data provider(s) used to identify such scores and green revenues where it considers that a better data source is available (and will reflect such change in the quarterly reporting detailed below).

The Fund may gain indirect exposure (through, including but not limited to, derivatives, cash and assets that can be turned into cash quickly,

~~shares or units of collective investment schemes (CIS)) to companies that do not meet the ESG criteria used by the Investment Manager as described above. Circumstances in which such indirect exposure may arise include, but are not limited to, where a counterparty to a derivative in which the Fund invests posts collateral which is inconsistent with the Fund's ESG criteria or where a CIS in which the Fund invests does not apply any or the same ESG criteria as the Fund and so provides exposure to companies which are inconsistent with the Fund's ESG criteria.~~

There are certain risks involved with the use of third party data, as further set out in section 20(C) (Risks relating to the application of ESG criteria) above.

*Reporting*

Quarterly reporting of the carbon emission intensity score of the Fund's portfolio, its BSI Intel Insights and the percentage of its revenues that are classified as green revenues, including by comparison to the corresponding metrics for the Index, is available to unitholders on an ongoing basis by request to the Investment Manager. The BSI Intel Insights of the Fund's portfolio and the Index is based on the BSI Intel Insights attributed to the companies that they hold.

The ESG criteria used by the Investment Manager (including the Methodology), as described above, may evolve and advance over time and in the event of any changes, the Prospectus will be updated at the next available opportunity.

**Fund Benchmark(s)**

Target Benchmark: The Fund seeks to maintain return and risk profiles that are broadly similar to the Index (save for the mitigation of potential ESG risks through the application of the ESG Policy criteria), and does not aim to generate ~~alpha~~ returns in excess of the Index return. The Fund is actively managed to meet its ESG related aims. The Index is used by the Investment Manager when constructing the portfolio of the Fund and for risk management purposes. The Investment Manager uses the Index to select the Fund's investments (as set out above). In addition, the carbon emission intensity score of the Fund's portfolio, its BSI Intel Insights and the percentage of its revenues that are classified as green revenues are measured against the Index. This Index has been chosen for these purposes because it represents the investment universe of the Fund.

Further details regarding the Index (including its constituents) are available on the index provider's website at <https://www.ftserussell.com/index>.