BlackRock.

BlackRock Energy and Resources Income Trust plc

Annual Report and Financial Statements 30 November 2022

Registered in England, No. 5612963

Keeping in touch

We know how important it is to receive up-to-date information about the Company. To ensure that you are kept abreast of developments, please scan the QR code to the right of this page to visit our website. If you have a smartphone, you can activate the QR code by opening the camera on your device and pointing it at the QR code. This will then open a link on the relevant section on the Company's website. By visiting our website, you will have the opportunity to sign up to our monthly newsletter which includes our latest factsheets, market commentary, as well as upcoming events and webinars. Information about how we process personal data is contained in our privacy policy available on our website.

Use this QR code to take you to the Company's website where you can sign up to monthly insights and factsheets.

General enquiries about the Company should be directed to the Company Secretary at: cosec@blackrock.com.

Financial highlights

as at 30 November 2022

135.00p[1]

Ordinary share price

+44.8%[2,3]

144.92p

Net asset value (NAV) per ordinary share

+44.5%[2,3]

£194.7m

Net assets

+61.1%[4]

4.40p

Total dividends per share

+7.3%

3.3%[3,5]

Yield

The above financial highlights are as at 30 November 2022 and percentage comparisons are year-on-year against 30 November 2021.

1 Mid-market.
2 Share price and NAV performance are calculated in British Pound Sterling terms with dividends reinvested.
3 Alternative Performance Measures. See Glossary on pages 135 to 137.
4 The change in net assets reflects portfolio movements, the issue of shares and dividends paid during the year.
5 Yield based on dividends paid and declared for the year ended 30 November 2022 and share price as at 30 November 2022.

Why BlackRock Energy and Resources Income Trust plc?

Investment objective

The Company's objectives are to achieve an annual dividend target and, over the long term, capital growth by investing primarily in securities of companies operating in the mining and energy sectors.

Reasons to invest

✔

Inflation sensitivity

A conviction-led approach to delivering an attractive income, with the potential to benefit from rising inflation from the best ideas in the mining, traditional energy and energy transition sectors. Unconstrained by market cap or region, the portfolio managers can invest in a wide range of opportunities.

✔

Yield

The Company offers an attractive 3.3% dividend yield, as at 30 November 2022, as the managers focus on higher quality companies with strong cash flows that are good allocators of capital. The Company's global nature means that the large majority of its holdings generate earnings from businesses around the world.

✔

Flexibility

The Company's flexibility means that the portfolio will adapt as the demand for mining, energy and energy transition related stocks changes. Over the long term, the team is able to change the portfolio makeup to select the best stocks to generate a sustainable income.

✔

Opportunities

Mining and energy companies lie at the heart of the global economy. Without them, countries cannot grow and develop. A number of mining companies provide everything from materials to build wind turbines to lithium for electric cars. These companies provide an important role in the long-term de-carbonisation of the global economy. Energy companies power our cars, our homes and drive economic development. On the sustainable energy side, the path to a lower carbon global economy is forecast to disrupt many industries and business models. However, this evolution is also expected to create remarkable opportunities. Investment in a specialist trust gives targeted exposure to these important companies, as it is positioned to capture such industry shifts and reap the benefits from this transition.

✔

Expertise

The Company's assets are managed by BlackRock's Natural Resources Team. The team have been running Mining funds since 1993, Traditional Energy funds since 1999 and Energy Transition funds since 2001. The team undertakes extensive, proprietary, on-the-ground research to get to know the management of the companies in which they invest.

✔

ESG Integration

Consideration of Environmental, Social and Corporate Governance (ESG) insights and data is integrated within the investment process. The Team's philosophy is that whilst ESG is only one of many factors that should be considered when making an investment, there is a positive correlation between good ESG and investment performance. Portfolio asset allocation reflects this, with a significant allocation to companies active in the energy transition sector. More details in respect of BlackRock's approach to ESG integration can be found on page 54 of the Annual Report. Investors should note that no ESG focused investment strategy or exclusionary screens have been adopted by the Company apart from the exclusion of companies that generate more than 25% of their revenues from thermal coal production.

A member of the Association of Investment Companies

Further details about the Company, including the latest annual and half-yearly financial reports, fact sheets and stock exchange announcements, are available on the website at www.blackrock.com/uk/beri

Contents

Performance record

	As at 30 November 2022	As at 30 November 2021	Change %
Net assets (£'000)[1]	194,708	120,828	61.1
Net asset value per ordinary share (pence)	144.92	103.97	39.4
Ordinary share price (mid-market) (pence)	135.00	96.70	39.6
Discount to net asset value[2]	6.8%	7.0%	
Performance (with dividends reinvested)			
Net asset value per share[2]	44.5%	34.4%	
Ordinary share price[2]	44.8%	41.7%	

	For the year ended 30 November 2022	For the year ended 30 November 2021	Change %
Revenue			
Net profit on ordinary activities after taxation (£'000)	6,394	5,704	12.1
Revenue earnings per ordinary share (pence)[3]	4.99	4.96	0.6
Dividends (pence)			
1st interim	1.10	1.00	10.0
2nd interim	1.10	1.00	10.0
3rd interim	1.10	1.00	10.0
4th interim	1.10	1.10	0.0
Total dividends paid and payable	**4.40**	**4.10**	**7.3**

[1] The change in net assets reflects portfolio movements, the issue of shares and dividends paid during the year.
[2] Alternative Performance Measures, see Glossary on pages 135 to 137.
[3] Further details are given in the Glossary on page 137.

Chairman's statement

Dear Shareholder

Adrian Brown
Chairman

Market overview

As the Company's financial year began on 1 December 2021, markets were buoyant with many major indices achieving either all-time highs or pre-COVID-19 levels. However, supply constraints coupled with increasing demand as post-COVID-19 economic activity restarted, caused inflation to rise sharply. An already challenging market environment was exacerbated by Russia's invasion of Ukraine and the resulting humanitarian crisis. The energy supply shock that resulted drove energy prices ever higher, pushing inflation to a 40 year high of 10.7% in the UK in November 2022. In response, the Bank of England raised interest rates to 3.50% by December 2022 with further increases on the horizon which are likely to impact consumer confidence in the UK.

Against this backdrop, the Traditional Energy sector had the strongest start to the year in both relative and absolute terms (the MSCI World Energy Index was up by 68.7% over the year compared to an increase in the MSCI ACWI Metals and Mining Index of 14.8% – both in Sterling terms with dividends reinvested). In contrast the Energy Transition portion of the portfolio performed less well as margins were impacted by cost inflation, and a "growth" to "value" rotation drove a sell-off in share prices in high growth sectors. Your Company's portfolio was well-positioned to weather these trends, as the portfolio managers had increased Traditional Energy exposure through 2021 and into 2022 to stand at 31.0% at the end of the year, and moved to a lower weighting in the Energy Transition sector (21.9% at 30 November 2022).

Performance

I am pleased to report that your Company has delivered another year of exceptional performance, with the Net Asset Value per share up by an impressive 44.5% and the share price by 44.8%. When combined with the strong prior year performance to 30 November 2021, your Company's share price has increased by 105.1% over the last two financial years (all percentages in Sterling terms with dividends reinvested). The Company's objectives are to achieve both an annual dividend target and, over the long term, capital growth. Consequently, the Board does not formally benchmark performance against mining and energy sector indices as meeting a specific dividend target is not within the scope of these indices. However, to set the performance above in the context of the market backdrop, the MSCI All-Country World Index ("ACWI") was up 18.6% over the year ended 30 November 2021 and the same index was down 3.5% over the year ended 30 November 2022 (all percentages in Sterling terms with dividends reinvested).

As noted above, the Board does not formally benchmark the Company's performance against Mining and Energy sector indices; for internal monitoring purposes, however, the Board compares the performance of the portfolio against a bespoke internal Mining and Energy composite index. The neutral sector weightings of this bespoke index are 40% Mining, 30% Traditional Energy and 30% Energy Transition.

Further information on investment performance is given in the Investment Managers' Report.

Cumulative performance as at 30 November 2022

Performance to 30 November 2022	1 Year change %	2 Years change %	3 Years change %	5 Years change %	Since inception[2] %
Net Asset Value (with dividends reinvested)[1]	44.5	94.2	121.2	139.3	253.8
Share price (with dividends reinvested)[1]	44.8	105.1	138.0	132.8	229.6

[1] Alternative Performance Measures. Further details of the calculation of performance with dividends reinvested are given in the Glossary on page 136.
[2] The Company was launched on 13 December 2005.

Revenue return and dividends

The Company's revenue return per share for the year to 30 November 2022 was 4.99 pence per share, a 0.6% increase compared to the prior year earnings per share of 4.96 pence. The Board's current target is to declare quarterly dividends of at least 1.10 pence per share in the year to 30 November 2022, making a total of at least 4.40 pence per share for the year as a whole. This target represents a yield of 3.3% based on the share price of 135.00 pence per share as at 30 November 2022, and 3.0% based on the share price at the close of business on 30 January 2023. The dividend target should not be interpreted as a profit forecast. The Board has decided to maintain the annual dividend target of at least 4.40 pence per share for the year to 30 November 2023. As a result the Board announced in December 2022 that it would pay a fourth quarterly dividend for the year to 30 November 2022 of 1.10 pence per share (making total dividend payment for the year of 4.40 pence per share).

The Company may also write options to generate revenue return, although the portfolio managers' focus is on investing the portfolio to generate an optimal level of total return without striving to meet an annual income target and they will only undertake option transactions to the extent that the overall contribution is expected to be beneficial to total return.

Gearing

The Company operates a flexible gearing policy which depends on prevailing market conditions. The Company increased the overdraft facility to £35.0 million during the year and it is expected that gearing will not exceed 20% of the Group's net assets. The maximum gearing used during the period was 12.3%, and the level of gearing at 30 November 2022 was 6.0%. Average gearing over the year to 30 November 2022 was 6.1%. For calculations, see the Glossary on page 135.

Management of share rating

The Directors recognise the importance to shareholders that the Company's share price should not trade at a significant premium or discount to NAV per share, and therefore, in normal market conditions, may use the Company's share buyback, sale of shares from treasury and share issue powers to seek to address any imbalance in supply and demand for the Company's shares in the market.

The Company's shares traded at an average discount of 2.9% over the year. The shares started the year trading at a discount of 7.0%; this widened out to 9.2% in December 2021 but moved to trade consistently at a premium in January 2022, at which time (and with a premium established), the Company commenced selling its treasury shares and subsequently issuing new shares into market demand. During the year, the Company issued/sold 18,137,837 ordinary shares (of which 2,747,643 ordinary shares were sold from treasury) for net proceeds of £22,785,000. Since the year end and up to 30 January 2023, the Company issued 550,000 ordinary shares for net proceeds of £802,000. All shares were issued/sold at premiums to the prevailing NAV per share and were accretive to net assets. At the Company's annual general meeting held on 15 March 2022, the Company was granted authority to allot up to 11,859,336 shares and/or sell the same amount of shares held in treasury on a non-pre-emptive basis (being equivalent to 10 per cent of share capital in issue at that time). However, given the ongoing volume of demand noted above, the Board sought shareholder approval for additional authority (approved by shareholders at a General Meeting on 26 May 2022) to allot and/or sell from treasury a further 12,844,039 ordinary shares on a non-pre-emptive basis over and above the 10% authority sought at the 2022 AGM. This action was taken to ensure that the Company could continue to be able to allot new shares to meet market demand and thereby help to manage the premium to NAV at which the shares were trading.

Subsequent to this, it was pleasing to note that in June 2022 the Company was promoted from the FTSE Fledgling Index into the FTSE Small Cap Index (and also therefore the FTSE All Share Index) which generated additional demand. Although macro events weighed on markets and the Company in the second half of the year, at the time of writing, the Company's shares are trading at a premium again, with 550,000 shares having been issued over the last month. The Board notes that although the Company has in previous years sought authority from shareholders at the AGM to issue up to 10% of share capital with pre-emption rights disapplied, to the extent demand for the Company's shares remains strong, there is a possibility that this will be insufficient to last until the AGM in 2024 and the Company will need to convene additional special General Meetings in order to request further authority. To minimise the cost to shareholders and to ensure the Company is positioned to issue into market demand on a timely basis, the Board is seeking additional shareholder authority at the forthcoming Annual General meeting to issue and allot new shares for an additional 10% over and above the 10% authority that is usually sought. These issuance and allotment authorities are structured as four separate resolutions; two seek to renew the Board's power to sell shares from Treasury and/or to issue new shares, and to do so on a non pre-emptive basis up to 10% of the Company's issued share capital, with two equivalent resolutions for an additional 10%. It should be noted that any shares issued will be at a premium to the NAV per share. The Board believes these resolutions are in shareholders' best interests and encourages shareholders to support them. There can be no certainty that issuance will continue at the same level; however by seeking this additional 10% authority concurrently with the usual 10% authority, your Board is seeking to ensure that the Company is in a position to allot new shares into market demand at minimal cost to shareholders. Such issuance will also increase the capital base over which the Company's fixed costs are spread, reducing the Company's ongoing charges ratio and further minimising costs for shareholders.

The Board is also mindful that there was significant volatility in markets over the second half of 2022, with markets correcting in late June 2022 as fears over the potential recessionary impact of central banks' reaction to inflation pressures took hold; this created challenges for many investment companies as the average discount for the sector widened significantly. Your Board has monitored the market throughout this volatile period and, in conjunction with the Company's broker, has given consideration to the possibility of buying back shares on a daily basis to the extent the Company's shares were trading at a discount, although no shares were bought back during the period under review.

Placing Programme

As well as seeking authority to issue an additional 12,844,039 shares as described above, the Board also sought authority at the General Meeting on 26 May 2022 to allot on a non-pre-emptive basis up to 65 million ordinary shares pursuant to a Placing Programme (which would only proceed with the publication of a prospectus, if appropriate, in due course). This authority expires on the earlier of (i) the first anniversary of the date of the prospectus and (ii) the 2024 AGM. The Board took this step to ensure that the Company would not be as constrained in its ability to issue new shares to meet demand by the Prospectus Regulation. However, due to the turn in markets the Company ultimately did not utilise any of this authority during the year nor, therefore, did it need to publish a prospectus.

The Board does not currently anticipate exhausting the capacity under the aggregate 20% issuance authorities being sought at the AGM based on current issuance levels, but the Board keeps the situation under close review and will take the necessary steps to ensure that a prospectus can be published on a timely basis if required such that the Company can continue to issue shares into market demand.

Board Composition

The Board supports the increasing focus on independence, tenure and succession planning set out in the updated Financial Reporting Council's review of the UK Corporate Governance Code. With this in mind, the Board commenced a search in 2021 to identify a new Director to join the Board, assisted by a third-party recruitment firm, Odgers Berndtson. Following a detailed evaluation of each of the candidates, the Board selected Carole Ferguson who was subsequently appointed with effect from 22 December 2021. Mrs Ferguson was elected as a Director at the Annual General Meeting held on 15 March 2022.

Further information on all of the Directors can be found in their biographies on pages 35 and 36. Information on the recruitment and selection process undertaken and details of the Board's policy on director tenure and succession planning can be found in the Directors' Report on page 59.

As previously advised in last year's Annual Report, my predecessor, Ed Warner stood down from the Board at the AGM on 15 March 2022. Ed joined the Board in July 2013 and had acted as the Chair since March 2015. The Board wishes to thank Mr Warner for his many years of excellent service, and for leaving the Company with the solid base and clear direction, from which we can all continue to build the Company with confidence. We wish Ed the best for the future.

Annual general meeting arrangements

The AGM will be held in person at 12:00 noon on Monday, 13 March 2023 at the offices of BlackRock at 12 Throgmorton Avenue, London EC2N 2DL. Refreshments and a sandwich lunch will be provided.

At present UK Government restrictions on public gatherings are no longer in force in connection with COVID-19 and we therefore intend to hold the AGM in the normal way with physical attendance by shareholders. However, although unlikely, shareholders should be aware that it is possible that such restrictions could be reimposed if required prior to the date of the AGM and therefore we recommend that as well as physical attendance, shareholders also cast their votes by proxy to ensure that their votes are counted in the event that they are unable to attend.

Shareholders who intend to attend the AGM should ensure that they have read and understood the venue requirements for entry to the AGM. These requirements, along with further information on the business of this year's AGM, can be found in the Directors' Report on pages 60 to 62.

The Board very much looks forward to meeting shareholders and answering any question you may have on the day. We hope you can attend this year's

AGM; light refreshments will be made available to shareholders who have attended the AGM.

Market outlook and portfolio positioning

With the impact of the COVID-19 pandemic receding, the longer-term implications for the global economy are beginning to play out, compounded by increased geopolitical tensions. Commodity prices remain elevated, partly due to the war in Ukraine and the continued sanctions on Russia, while labour markets remain tight, underpinning higher inflation trends in the US and Europe. This has put increasing pressure on central banks to raise interest rates, increasing the risks to economic growth. However, either way, it is likely that inflation remains entrenched above central bank targets for some time to come. Against a weakening economic outlook, the company's portfolio remains weighted towards well-capitalised companies in the mining and traditional energy sector with scope to reinvest in growth opportunities in the energy transition sector which has derated over the last year.

Against this volatile and uncertain market backdrop, the flexibility of the Company's investment mandate, with the ability to shift exposure between Traditional Energy, Energy Transition and Mining sectors, means it is effectively positioned to serve investors well. Despite the current uncertainty, the longer-term drive by governments across the globe to decarbonise the energy supply chain and create a greener energy infrastructure is here to stay, and has been given increased focus by the events in Ukraine. Over the long term, capital investment in the relevant infrastructure and technological advances will create compelling investment opportunities both in the Energy Transition sector and for the companies that service the associated supply chains. The Board is confident that the Company remains well-placed to benefit from these key investment trends.

I look forward to seeing shareholders at the forthcoming Annual General Meeting.

Adrian Brown
1 February 2023

Investment Manager's report

Tom Holl **Mark Hume**

Market overview

The phrase "paradigm shift" is often over-used but it seems entirely appropriate when reflecting on the investment landscape in 2022. For much of the prior decade, markets have been characterised by low inflation, very low interest rates and relatively abundant, cheap energy with the many benefits this enabled. The last year has seen a major shift in these three factors with profound impacts on major financial asset classes and individual securities, as well on society more broadly. We now look set to enter a phase of the market cycle where inflation will be more of a factor, energy availability will be a critical question facing countries/industries and also capital will come with a higher cost.

This is going to require investors to find lessons further back in history than just the last ten years and have portfolios that are able, and willing, to adapt to changing circumstances. We would assert that the evolution of this Company's strategy almost 3 years ago puts it in such a position to take advantage of the investment opportunities that invariably come with times of rapid change.

The geopolitical events of early 2022 accelerated and magnified trends already present in parts of the energy market where underinvestment had left little spare capacity and even less resilience to any external shock or supply disruption.

The Company delivered another excellent year of returns, with a share price total return of 44.8%.

One of the consequences of the most recent energy crisis has been to raise the question of energy security in many countries. The short-term responses vary between countries, but one of the clear longer-term consequences is a hardened resolve to transition to a greater share of renewable energy and to accelerate the energy transition. Legislation such as the Inflation Reduction Act in the USA is a demonstration of how willing governments are to ensure the correct incentives are in place to incentivise private capital to be deployed on a large scale across multiple industries that need to transition to lower carbon footprints. Some of the growth stocks in the equity market, that are exposed to the energy transition, have come under short-term selling pressure with rising interest rates supressing the market's appetite for growth stocks. However, the regulatory backdrop and the economics of transition technologies likely underpins longer-term earnings growth here, so for the Company, it is likely a matter of when, rather than if, we increase the exposure to these energy transition companies.

Commodity	30 November 2022	30 November 2021	% change	2022 on 2021 Average Price % Change[1]
Base Metals (US$/tonne)				
Aluminium	2,448	2,635	-7.1	13.1
Copper	8,227	9,516	-13.5	-2.5
Lead	2,182	2,318	-5.9	-0.7
Nickel	26,892	20,005	34.4	40.0
Tin	23,045	39,905	-42.3	6.4
Zinc	3,050	3,289	-7.3	19.0
Precious Metals (US$/ounce)				
Gold	1,751.9	1,780.1	-1.6	-0.2
Silver	21.7	22.8	-5.0	-14.3
Platinum	1,025.0	944.0	8.6	-12.8
Palladium	1,908.0	1,767.0	8.0	-13.8
Energy				
Oil (WTI) (US$/barrel)	80.5	66.2	21.6	43.3
Oil (Brent) (US$/barrel)	85.6	70.6	20.8	46.1
Natural Gas (US$/Metric Million British Thermal Unit)	7.0	4.6	54.9	65.7
Bulk Commodities (US$/tonne)				
Iron ore	103.0	100.0	3.0	-26.0
Coking coal	265.0	317.5	-16.5	62.0
Thermal coal	398.5	152.0	162.2	161.9
Equity Indices				
MSCI ACWI[2] Metals and Mining Index (US$)	369.8	357.7	3.4	n/a
MSCI ACWI[2] Metals and Mining Index (£)	516.6	449.9	14.8	n/a
MSCI[3] World Energy Index (US$)	255.5	168.3	51.8	n/a
MSCI[3] World Energy Index (£)	356.9	211.6	68.7	n/a

Source: Datastream.

[1] Average of 01/12/20-30/11/21 to 01/12/21-30/11/22

[2] Morgan Stanley Capital International All Country Weighted Index

[3] Morgan Stanley Capital International

Portfolio activity & investment performance

In contrast to the challenges faced by broader equity markets and the deluge of negative headlines through the year, the Company delivered another excellent year of returns, with shareholders experiencing a share price total return of 44.8% and NAV total return of 44.5% (all percentages are in British Pound Sterling with dividends reinvested).

In the second half of the year, oil markets steadily sold off from over US$110 per barrel at the end of May to US$80 per barrel by the Company's year-end. However traditional energy equities held up remarkably well, with a wide performance differential versus the underlying commodity as shown in Figure 1 below.

Given this dislocation, we reduced the percentage of the Company's assets invested in traditional energy companies in the latter part of the year and also rotated some of the holdings within the traditional energy holdings to reduce the oil price sensitivity (commodity beta) of the portfolio.

Also in terms of reducing positions in the second half of the year, we pared back some of our lithium mining exposure. As discussed in the Mining section later in this report, lithium prices had a terrific year and the lithium producing equities performed extremely well. With two of the three main Electric Vehicles (EV) subsidies in China set to finish at the end of 2022 and a gloomy outlook for US discretionary spending, we took profits but retained some modest positions.

On the other side of these sales, we added to holdings in some of our energy transition and other mining companies. Given the underperformance of growth companies versus value companies over the last year, a number of energy transition companies that we see as long-term winners had become meaningfully cheaper in terms of earnings multiples towards the end of the period. Whether we have timed the exact bottom here remains to be seen but we are confident that on a longer-term view, the recent entry points will prove to be attractive. Regarding mining, again it is tough to pick a precise turning point in China given the key driver there is government policy regarding COVID-19 restrictions. However, there was a clear pivot during the fourth quarter of 2022, which gave us the confidence to add to a number of mining positions where the underlying commodities will likely benefit from better real estate and infrastructure activity in China in 2023.

Income

This year was a strong year for the Company's income. The strength of commodity prices, in particular energy commodities, combined with the financial discipline of the companies, resulted in a plethora of ordinary dividend increases and special dividends. The decision to be overweight in traditional energy companies for most of the period also helped boost the dividend income received, as this overweight was funded by an underweight to energy transition companies, which typically pay meagre dividends.

The income received by the Company was also helped during the year by a weaker British Pound Sterling. The average US Dollar – British Pound Sterling exchange rate for 2022 was $1.24, compared to $1.38 for 2021. With most of the Company's portfolio companies paying dividends in US Dollars, this was a helpful tailwind for income.

As discussed elsewhere in this report, the balance sheets of the mining companies and traditional energy companies remain in great shape. However, given the recent pullback in oil prices and the incremental increases in capital expenditure guidance from mining companies for 2023, the probability of further dividend increases next year is quite low.

As in 2021, option activity was relatively modest in 2022 when compared to the late 2010s for the Company. The market volatility presented a number of attractive put writing opportunities during the year that we took advantage of. These trades were typically quite well-timed with only a minority of the options maturing in the money and being exercised against us.

Mining

If you had known at the start of 2022 that China, the world's largest consumer of mined commodities, would remain in various states of lockdown through almost the entire year then it is highly likely you would have forecast a tough year for the mining sector. Whilst the sector did only deliver a modest positive return, it was still better than broader markets with the MSCI Metals and Mining Index total return of +10.0% compared to the S&P 500 Index total return of -9.2% and the FTSE 100 Index total return of -3.4% (all in US$, total return for the year ended 30 November 2022). Encouragingly, the Company's mining holdings performed very well during the year too – so what drove the strong performance despite much of China's real estate sector being weak throughout the year?

There were two key factors – supply challenges persisted across a number of commodities and demand for those commodities related to the energy transition surprised even the most optimistic of forecasts.

Looking more closely at the first driver – the supply challenges. We noted these in the interim report, specifically in relation to copper supply falling short of expectations from large producers such as Chile. These disappointments were not just isolated to Chile – as the chart in Figure 2 on page 14 shows, copper companies with operations across the world downgraded production guidance relative to their aspirations at the start of the year.

We are not seeing this reverse – those companies that have guided for 2023 have so far tended to bring down numbers again compared to previous guidance as shown in the chart in Figure 3 on page 15. This is likely to lead to a deficit of supply relative to demand again in 2023, which will tighten global inventories and be supportive of copper prices.

Looking out beyond 2023 does not offer much relief on the supply side for copper. The lack of significant discoveries in the last decade, the challenges to permit new mines and the discipline of companies have all combined to result in a ripple, rather than a wave, of new supply. This can be seen in the chart in Figure 4 on page 15 – it is worth noting that the copper market has grown a few percent a year over the last 20 years so as a proportion of supply/demand, the chart would be even more extreme.

Given the scarcity of good quality copper assets, we saw M&A in this space again during the second half of the year. BHP made an approach for Australian-focused copper miner OZ Minerals that was initially rebuffed but a higher offer, conditional on due diligence, was later accepted by their board. The Company was a holder of OZ Minerals having also generated income via put option selling after the first bid was deemed insufficient. With this scarcity of copper assets likely to get more acute over the next decade, the Company also took positions in two earlier stage copper companies, that have exploration and development potential, and crucially have proven management teams/boards, something often lacking at the smaller end of the market.

The second positive tailwind for the mining sector was the continued growth in demand for mined commodities from energy transition related applications. Battery related metals, in particular lithium, enjoyed huge price increases during the year as demand from electric car manufacturers drove prices to all-time highs (as shown in the chart in Figure 5 below). The price at the end of the year is well above the incentive price to encourage the development of new supply. However with all of the challenges of permitting new mines, financing them and then constructing them, we would expect the lithium price to remain well above the top end of the cost curve for years to come.

Energy Transition

Macro events once again played an important role in shaping price performance across the energy transition universe. On the one hand, persistently higher-than-expected inflation shown in the chart in Figure 6 on page 17 has continued to cause margin headwinds for many of the renewables and autos manufacturers. On the other hand, the unprecedented rise in interest rates across the curve has placed downward pressure on valuation multiples for longer-duration growth stocks, many of which reside in the energy transition space.

Energy policy has also played a hand in 2022. The Biden Administration announced the Inflation Reduction Act (IRA) during the summer. The IRA will direct nearly $400 billion in federal funding towards clean energy and, according to a McKinsey[1] article, "represents the third piece of legislation passed since late 2021 that seeks to improve US economic competitiveness, innovation and industrial productivity". Several tax credit modifications have been included in the IRA including production credits for nuclear ($15/megawatthours) and subsidies for hydrogen ($3/kilogram). Interestingly, many of the IRA incentives contain criteria which proactively reward investments which encourage extraction, processing and manufacturing in the United States. This provided a significant positive tailwind to stocks with exposure to solar, wind and hydrogen with the S&P Global Clean Energy Index jumping almost 20% following the initial announcement as shown in the chart in Figure 7 above.

Russia's invasion of the Ukraine in February upended global energy and power markets. Prices for natural gas in the UK hit record highs in recent weeks as shown in the chart in Figure 8 below as Europe struggles to fully replace Russian gas imports. Europe faces a tough few years ahead as it weans itself off Russian natural gas imports. Natural gas prices impact both power prices and industrial feedstock costs, and Europe's 'energy burden' has increased far in excess of the United States; as shown in the chart in Figure 9 below, leaving the latter in a much stronger position both in terms of the energy transition and of industrial competitiveness. In order to combat soaring energy costs, European policy makers enacted several measures aimed at capping prices and providing subsidies to consumers ahead of peak demand in winter. Whilst gas demand has retrenched by almost 25% in recent months (relative to the prior five-year average), markets remain at the mercy of weather. We expect gas and power market tightness to keep prices high right the way through next winter.

Traditional Energy

Through November 2022, the traditional energy sector posted another strong positive total shareholder return, up +45.0% as shown in the chart in Figure 10 above, following +38.0% in the prior fiscal year. The MSCI All-Country World Index (ACWI) was down -11.0% and up +20.0% over the same periods. With a strong tailwind from rising commodity prices, a continued focus on cost savings and material stock buybacks, the traditional energy sector posted some of the strongest positive cash flow per share revisions in its history, explaining a large proportion of its positive absolute performance, as shown in the chart in Figure 11 above.

As we outlined last year, a key pillar of our investment case for traditional energy was that of discipline. Following more than a decade of poor returns on and of capital, the energy sector was finally on a path to moderate spending, reduce leverage and return excess free cash flow to long-suffering investors. Management teams are increasingly incentivised to focus on per share metrics rather than topline growth. The result has been increasing cash flow and, in turn, improved stock price performance.

One other notable change in company strategy in the last 2 years has been the amount of capital now being allocated towards lower carbon business opportunities. The pace of investment into these areas should not be overlooked, as more oil and gas companies start to lean into the energy transition, seeking to meet customers' needs to reduce their own carbon footprints. Capital investment into energy projects is also rising as shown in the chart in Figure 12 on page 19, albeit not at the same pace as activity levels, as the North American energy industry faces its own inflation challenges. The US-focused upstream Exploration and Production sector as shown in the chart in Figure 13 on page 19, are facing double digit service cost inflation which, in the absence of sharply higher commodity prices, is likely to see free cash flows under pressure in 2023.

From a regional perspective, the divergence in performance between European Energy companies and North American peers was stark. By way of example, ExxonMobil was up by +82% compared with Shell (up by +33% over the period). Part of this reflects the fact that the European Energy companies in aggregate cut dividends markedly during COVID-19, whilst large-cap North American peers did not suffer the same ignominy. Yield seeking investors were rightly chastened by this as European Energy companies had represented a bastion of income for a long time. We continue to believe that there is a material swathe of European investors that remain reluctant to own traditional energy companies based on their carbon footprint. Notwithstanding the challenges in negotiating these regulations, we continue to believe that many of these traditional energy companies can be a part of the solution rather than the sole root of the problem. Put simply, these companies can help investors navigate through the energy transition by providing secure, affordable energy today as well as profitably decarbonising for tomorrow.

Arguably the most important macro event in global energy markets was Russia's invasion of Ukraine at the end of February. Europe's reliance on Russian energy (and food) imports was laid bare sending natural gas and power prices to record levels. In stark contrast to natural gas and power prices, crude oil peaked in the summer of 2022, before retrenching back to pre-invasion levels. This partly reflects the fact that oil is more fungible and has largely found new markets as Europe instigated its 'ban' on Russian imports effective 5 December, 2022. Substituting natural gas is far more challenging albeit not impossible. New sources are already making their way in from US Liquified Natural Gas as well as fresh investment stimulating higher imports from North Africa. But, all of this will take time, requiring demand to recalibrate lower in the next 1-2 years to help balance the market. Whilst governments have already pushed through price caps across gas and power markets and industrial users have ratcheted back consumption, residential consumers continue to respond to cold weather leaving higher prices the route to rebalancing markets as shown in the charts in Figure 8 and Figure 9 on page 17.

Outlook

The year 2022 was marked by a flurry of unexpected events from the invasion of Ukraine to the replumbing of global energy markets, or the Federal Reserve's pivot from quantitative easing to quantitative tightening. We continue to believe that inflation will be persistently higher than recent years as the world looks to replumb supply chains across multiple industries. All of this is set against a backdrop of continued geopolitical fragmentation. Yet, rapidly rising interest rates and the subsequent hit to equity values are gradually opening up some attractive opportunities across our investment universe, even as economic recession looms large across the globe.

Traditional commodities are in an unusual spot in the cycle. China is finally exiting COVID-19 induced lock downs. We doubt it will be a smooth restart across the Chinese economy but the underlying pull on demand for traditional commodities will cast a strong positive tailwind for oil prices as shown in Figure 14 on page 20, with incremental oil demand in the coming months in the order of 0.5-1.0 million barrels per day. This should be contrasted against recent downgrades to US shale oil production of almost 1.0 million barrels per day as shown in Figure 15 on page 20. Industrial mined commodities are also likely to be well supported as the Chinese economy regains its pre-COVID-19 levels and renewables demand for copper, nickel, lithium and aluminium continues apace. This comes at a time when investment in supply across the traditional commodities space remains at historic lows. Recent commentary from the US Administration stated an ambition to replenish the US Strategic Petroleum Reserve at oil prices between US$67-71 per barrel.

Policy will continue to be a strong driver of equity performance next year. Yet, the need to balance energy security with decarbonisation is set to drive diverging policy agendas in different regions. Indeed, we believe that in many instances policy ambitions around decarbonisation continue to run ahead of demand-side behaviour. This consumer inertia is causing severe bottlenecks across supply chains and a repricing of both traditional energy and electricity base load prices.

In Europe, for instance, energy security concerns have galvanised policy makers to strive for ever more ambitious renewables targets. Spurred by the invasion of the Ukraine, the 27 countries within the European Union will play a key role in driving an increase in global renewables capacity of almost 2,400GW through 2027 according to the IEA's latest renewables report[1]. This represents an 85% acceleration from the previous five years, and almost 30% higher than what was forecast in last year's report. Whilst this ambitious growth outlook bodes well for many of our companies, we are acutely aware that permitting remains a key impediment to expediting this growth.

Tom Holl and Mark Hume
BlackRock Investment Management (UK) Limited
1 February 2023

[1] Source: IEA, Renewables 2022, IEA, Paris https://www.iea.org/reports/renewables-2022, License: CC BY 4.0.

Portfolio

Distribution of investments

as at 30 November 2022

1

2

3

4

5

6

7

8

9

10

Ten largest investments

1 ▲ Glencore (2021: 2nd)

Diversified mining group

Market value: £15,024,000
Share of investments: 7.3% (2021: 5.8%)

One of the world's largest globally diversified natural resource groups. The group's operations include approximately 150 mining and metallurgical sites and oil production assets. Glencore's mined commodity exposure includes copper, cobalt, nickel, zinc, lead, ferroalloys, aluminium, iron ore, gold and silver.

2 ▼ Vale (2021: 1st)

Diversified mining group

Market value: £9,000,000
Share of investments: 4.4%[1] (2021: 5.9%)

One of the largest mining groups in the world, with operations in 30 countries. Vale is the world's largest producer of iron ore and iron ore pellets, and the world's largest producer of nickel. The group also produces manganese ore, ferroalloys, metallurgical and thermal coal, copper, platinum group metals, gold, silver, cobalt, potash, phosphates and other fertiliser nutrients.

3 ▲ BHP (2021: 4th)

Diversified mining group

Market value: £8,667,000
Share of investments: 4.2% (2021: 3.8%)

The world's largest diversified mining group by market capitalisation. The group is an important global player in a number of commodities including iron ore, copper, thermal and metallurgical coal, manganese, nickel, silver and diamonds. BHP also has significant interests in oil, gas and liquefied natural gas.

4 ▲ Teck Resources (2021: 30th)

Diversified mining group

Market value: £7,516,000
Share of investments: 3.6% (2021: 1.4%)

A diversified mining group headquartered in Canada. Teck Resources is engaged in mining and mineral development with operations and projects in Canada, the US, Chile and Peru. The group has exposure to copper, zinc, steelmaking coal and energy.

5 ▲ First Quantum Minerals (2021: 6th)

Copper producer

Market value: £7,128,000
Share of investments: 3.5%[2] (2021: 2.5%)

A Canadian-based mining and metals company whose principal activities include mineral exploration, development and mining. Its main product is copper.

6 ▲ Shell (2021: n/a)

Integrated oil group

Market value: £6,698,000
Share of investments: 3.2% (2021: n/a)

A British publicly traded multinational oil and gas group headquartered in London. Shell is one of the world's largest independent energy companies, operating in more than 70 countries. Shell explores and produces energy products - fuels, oil, natural gas, lubricants, LPG, chemicals; including 100% renewable electricity by Shell Energy.

7 ▲ BP (2021: n/a)

Integrated oil group

Market value: £6,025,000
Share of investments: 2.9% (2021: n/a)

A British multinational oil and gas company headquartered in London. BP is one of the oil and gas "supermajors" and one of the world's largest companies measured by revenues and profits. It is a vertically integrated company operating in all areas of the oil and gas industry, including exploration and extraction, refining, distribution and marketing, power generation, and trading; including low carbon businesses.

8 ▼ ConocoPhillips (2021: 7th)

Exploration & Production

Market value: £5,570,000
Share of investments: 2.7% (2021: 2.7%)

An American multinational corporation engaged in hydrocarbon exploration. ConocoPhillips is one of the world's largest independent Exploration & Production (E&P) companies based on production and proved reserves. It has operations in 15 countries and are committed to the efficient and effective exploration and production of oil and natural gas.

9 ▲ NextEra Energy (2021: 53rd)

Electrification

Market value: £5,173,000
Share of investments: 2.5% (2021: 0.8%)

NextEra Energy is America's premier clean energy leader and the world's largest producer of wind and solar energy. The company has a dominant market share in a structurally growing renewables market.

10 ▲ Canadian Natural Resources (2021: 12th)

Exploration & Production

Market value: £5,147,000
Share of investments: 2.5% (2021: 2.1%)

A senior Canadian oil and natural gas company. The company has a diversified portfolio of assets in North America, the UK North Sea and Offshore Africa.

1 1.1% relates to interest in Vale shareholder debentures.
2 1.5% relates to fixed interest holdings in First Quantum Minerals.

All percentages reflect the value of the holding as a percentage of total investments. For this purpose, where more than one class of securities is held, these have been aggregated. The percentages in brackets represent the value of the holding as at 30 November 2021.

Together, the ten largest investments represent 36.8% of total investments (ten largest investments as at 30 November 2021: 36.4%).

Investments

as at 30 November 2022

	Main geographic exposure	Market value £'000	% of investments
Mining			
Diversified			
Glencore	Global	15,024	7.3
Vale	Brazil	6,735	4.4
Vale Debentures*	Brazil	2,265	
BHP	Global	8,667	4.2
Teck Resources	Global	7,516	3.6
Anglo American	Global	2,839	1.4
Trident	Global	1,907	0.9
Rio Tinto	Global	822	0.4
		45,775	**22.2**
Copper			
First Quantum Minerals	Global	4,153	3.5
First Quantum Minerals 6.875% 15/10/27	Global	1,674	
First Quantum Minerals 6.875% 01/03/26	Global	919	
First Quantum Minerals 7.5% 01/04/25	Global	382	
Freeport-McMoRan	United States	5,024	2.4
Filo Mining	Latin America	3,579	1.7
OZ Minerals	Australia	2,005	1.0
Develop Global	Australia	516	0.3
		18,252	**8.9**
Industrial Minerals			
Albemarle	Global	3,758	1.8
CF Industries	United States	3,542	1.7
Nutrien	United States	2,377	1.1
Nutrien Put Option 20/01/23	United States	(55)	
Bunge	Global	1,650	0.8
Lynas Corporation	Australia	1,285	0.6
		12,557	**6.0**
Aluminium			
Norsk Hydro	Global	4,509	2.2
Alcoa Corp	Global	2,818	1.4
		7,327	**3.6**
Steel			
ArcelorMittal	Global	1,857	1.3
ArcelorMittal 5.5% 18/05/23	Global	856	
Steel Dynamics	United States	2,253	1.1
		4,966	**2.4**
Gold			
Wheaton Precious Metals	Global	2,373	1.1
		2,373	**1.1**
Diamonds			
Mountain Province Diamonds 8% 15/12/22	Canada	1,798	0.9
		1,798	**0.9**

	Main geographic exposure	Market value £'000	% of investments
Uranium			
Cameco	Canada	1,636	0.8
		1,636	**0.8**
Iron			
Labrador Iron Ore	Canada	1,242	0.6
		1,242	**0.6**
Nickel			
Nickel Mines	Australia	1,169	0.6
		1,169	**0.6**
Total Mining		**97,095**	**47.1**
Traditional Energy			
Exploration & Production			
ConocoPhillips	Global	5,570	2.7
Canadian Natural Resources	Canada	5,147	2.5
Hess	Global	4,229	2.0
Tourmaline Oil	Canada	3,645	1.8
Arc Resources	Canada	3,256	1.6
EOG Resources	United States	3,076	1.5
Ovintiv	United States	2,570	1.2
Orron Energy	Global	2,455	1.2
Diamondback Energy	United States	1,634	0.8
Santos	Australia	978	0.5
Kosmos Energy	United States	745	0.4
		33,305	**16.2**
Integrated			
Shell	Global	6,698	3.2
BP	Global	6,025	2.9
Cenovus Energy	Canada	4,315	2.1
TotalEnergies	Global	2,802	1.4
Chevron	Global	1,753	0.9
Gazprom**	Russian Federation	–	–
		21,593	**10.5**
Oil Services			
Tenaris	Global	2,301	1.1
Patterson-UTI Energy	United States	2,088	1.0
		4,389	**2.1**
Refining & Marketing			
Valero Energy	United States	2,476	1.2
		2,476	**1.2**
Distribution			
Cheniere Energy	United States	2,157	1.0
		2,157	**1.0**
Total Traditional Energy		**63,920**	**31.0**

Investments

continued

	Main geographic exposure	Market value £'000	% of investments
Energy Transition			
Energy Efficiency			
Ingersoll-Rand	United States	2,988	1.5
Schneider Electric	Global	2,950	1.4
Analog Devices	Global	2,682	1.3
Trane Technologies	United States	1,729	0.8
Texas Instruments	Global	1,058	0.5
Soitec	France	1,017	0.5
Kingspan Group	Ireland	923	0.4
		13,347	**6.4**
Electrification			
NextEra Energy	United States	5,173	2.5
EDP Renováveis	Global	3,935	1.9
RWE	Germany	3,817	1.9
		12,925	**6.3**
Renewables			
Vestas Wind	Global	4,060	2.0
First Solar	Global	3,996	1.9
Sunnova Energy International	United States	2,065	1.0
		10,121	**4.9**
Transport			
Samsung SDI	Global	5,099	2.5
Infineon Technologies	Germany	3,832	1.8
		8,931	**4.3**
Total Energy Transition		**45,324**	**21.9**
Total Portfolio		**206,339**	**100.0**
Comprising:			
Equity and debt investments		206,394	100.0
Derivative financial instruments – written options		(55)	–
		206,339	**100.0**

* The investment in the Vale debenture is illiquid and has been valued using secondary market pricing information provided by the Brazilian Financial and Capital Markets Association (ANBIMA).

** The investment in Gazprom has been valued at a nominal value of £0.01 as secondary listings of the depositary receipts on Russian companies have been suspended from trading.

All investments are ordinary shares unless otherwise stated. The total number of holdings (including options) at 30 November 2022 was 68 (2021: 68). There was one open option as at 30 November 2022 (2021: none).

The equity and fixed income investment total of £206,394,000 (2021: £127,784,000) above before the deduction of the negative option valuation of £55,000 (2021: £nil) represents the Group's total investments held at fair value as reflected in the Consolidated and Parent Company Statements of Financial Position on page 93. The table above excludes cash and gearing; the level of the Group's gearing may be determined with reference to the bank overdraft of £14,345,000 (2021: £12,927,000) and cash and cash equivalents of £6,214,000 (2021: £6,552,000) that are also disclosed in the Consolidated and Parent Company Statements of Financial Position. Details of the AIC methodology for calculating gearing are given in the Glossary on page 135.

As at 30 November 2022, the Company did not hold any equity interests comprising more than 3% of any company's share capital.

Governance

Governance structure

Responsibility for good governance lies with the Board. The governance framework of the Company reflects that as an investment company the Company has no employees, the Directors are all non-executive and the investment management and administration functions are outsourced to the Manager and other external service providers.

The Board
6 scheduled meetings per annum

Four non-executive Directors (NEDs), all independent of the Investment Manager.

Chairman: Adrian Brown (since March 2022)
Senior Independent Director (SID): Carol Bell (with effect from 24 January 2023)

Objectives:
- To determine and review the investment policy, guidelines, strategy and parameters;
- To provide leadership within a framework of prudent and effective controls which enable risk to be assessed and managed and the Company's assets to be safeguarded;
- To challenge constructively and scrutinise performance of all outsourced activities; and
- To set the Company's remuneration policy.

Audit and Management Engagement Committee
3 scheduled meetings per annum

Membership: All independent NEDs excluding the Chairman of the Board[1]

Chairman: Andrew Robson (since March 2021)

Key objectives:
- To oversee financial reporting and the control environment;
- To review the performance of the Manager and Investment Manager; and
- To review the performance of other service providers.

Nomination Committee
1 scheduled meeting per annum

Membership: All independent NEDs

Chairman: Adrian Brown (since March 2022)

Key objectives:
- To review regularly the Board's structure and composition;
- To be responsible for Board succession planning; and
- To make recommendations to the Board for any new appointments.

[1] The Chairman of the Board is not a member of the Audit and Management Engagement Committee but may attend the Committee meetings by invitation.

Directors' biographies

Adrian Brown
Chairman
(with effect from 15 March 2022)
Appointed 10 December 2019

is a senior advisor for MJ Hudson Allenbridge, where he provides investment advice to institutional pension fund clients. He is also a Trustee/Director of Boots Pensions ltd, and a Trustee of the Archbishop Tenison School Foundation and of Malawi Association for Christian Support. He has a wealth of experience in the financial and commerce sectors, starting his career as an Investment Analyst at Morgan Grenfell & Co. Following an MBA at INSEAD, he joined Boots plc, holding a range of senior operating and strategic finance roles before returning to work in the financial services sector in 2006 as a Senior Portfolio Manager at AllianceBernstein LP and subsequently at JPMorgan Asset Management, where he was a Managing Director in the Global/International Equity Group from 2011 until his retirement in 2018. Mr Brown holds a degree in Natural Sciences (Geology) from St John's College, Cambridge.

Attendance record:
Board: 6/6
Audit and Management Engagement Committee[1]: n/a
Nomination Committee: 1/1

[1] The Chairman of the Board is not a member of the Audit and Management Engagement Committee but may attend the Committee meetings by invitation.

Dr Carol Bell
Senior Independent Director
(with effect from 24 January 2023)
Appointed 1 December 2014

is currently a non-executive director of Tharisa plc, Bonheur ASA and Football Association of Wales Limited, and a Trustee of the National Museum Wales. Dr Bell was formerly a managing director of Chase Manhattan Bank's Global Oil & Gas Group, head of European equity research at JP Morgan and an equity research analyst in the oil and gas sector at Credit Suisse First Boston and UBS. She has also previously been a non-executive director of TransGlobe Energy Corporation and Petroleum Geo-Services ASA and a director of Salamander Energy plc, Hardy Oil & Gas plc, Det norske oljeselskap ASA and Caracal Energy Inc. (now Glencore E&P (Canada) Inc.).

Attendance record:
Board: 5/6
Audit and Management Engagement Committee: 3/3
Nomination Committee: 1/1

Directors' biographies
continued

Andrew Robson
Audit and Management Engagement Committee Chairman
Appointed 8 December 2020

is a qualified chartered accountant with over 15 years of corporate finance experience, gained at Robert Fleming & Co Limited and SG Hambros. He has considerable experience as a finance director and as chairman of audit committees, including for a number of investment companies, and has a business advisory practice. He is currently a non-executive director of Aberdeen New India Investment Trust plc and Baillie Gifford China Growth Trust plc. He was also a non-executive director of AVI Global Trust plc (formerly British Empire Trust plc) until 2017, Shires Income plc until July 2020 and JPMorgan Smaller Companies Investment Trust plc until November 2020. Mr Robson has a degree in History from Trinity College, Cambridge.

Attendance record:
Board: 6/6
Audit and Management Engagement Committee: 3/3
Nomination Committee: 1/1

Carole Ferguson
Appointed 22 December 2021

is a Partner and Research Director of Signal Climate Analytics. She is also on the advisory board of WHEB Asset Management, an impact investor focused on the opportunities created by the transition to a low carbon and sustainable global economy, and was also formerly a Managing Director of Industry Tracker, a climate research house. Mrs Ferguson has extensive experience in the financial services sector in research, finance and sustainability. She began her career in fund management with BZW Investment Management, moving to work in equity derivatives with Swiss Bank Corporation, JP Morgan Securities and later with Jardine Fleming (Hong Kong) and Robert Fleming (London). Subsequently she was a senior member of the UK fund management team at SG Asset Management before moving to work as a mining analyst at SP Angel for four years. In 2017 she became Head of Investor Research at CDP, the charity that runs the global disclosure system for investors, companies, and others to manage their environmental impact.

Attendance record [1]:
Board: 5/6
Audit and Management Engagement Committee: 2/3
Nomination Committee: n/a

None of the Directors has a service contract with the Company. The terms of their appointment are detailed in a letter sent to them when they join the Board. These letters are available for inspection at the registered office of the Company and will be available at the Annual General Meeting.

[1] Mrs Ferguson was appointed to the Board on 21 December 2021 and was therefore only eligible to attend 5 of the six Board meetings held in the year under review and two of the three Audit and Management Engagement Committee meetings as a Director of the Company. The Nomination Committee meeting was held in early December 2021 prior to Mrs Ferguson's appointment. Mrs Ferguson was present at all meetings held in the year under review that she was eligible to attend.

Strategic report

The Directors present the Strategic Report of the Company for the year ended 30 November 2022. The aim of the Strategic Report is to provide shareholders with the information required to enable them to assess how the Directors have performed in their duty to promote the success of the Company for the collective benefit of shareholders.

The Chairman's Statement together with the Investment Manager's Report and the Section 172 Statement setting out how the Directors promote the success of the Company on pages 45 to 50 form part of the Strategic Report. The Strategic Report was approved by the Board at its meeting on 1 February 2023.

Business and management of the company

BlackRock Energy and Resources Income Trust plc (the Company) is an investment trust company that has a premium listing on the London Stock Exchange. Its principal activity is portfolio investment and option writing. The Company's wholly owned subsidiary is BlackRock Energy and Resources Securities Income Company Limited (together 'the Group'). Its principal activity is investment dealing.

Investment trusts, like unit trusts and open-ended investment companies (OEICs), are pooled investment vehicles which allow exposure to a diversified range of assets through a single investment thus spreading, although not eliminating, investment risk. In accordance with the Alternative Investment Fund Managers' Directive (AIFMD) the Company is an Alternative Investment Fund (AIF). BlackRock Fund Managers Limited (the Manager) is the Company's Alternative Investment Fund Manager (AIFM). The management of the investment portfolio and the administration of the Company have been contractually delegated to the Manager. The Manager, operating under guidelines determined by the Board, has direct responsibility for decisions relating to the running of the Company and is accountable to the Board for the investment, financial and operating performance of the Company.

The Company delegates fund accounting services to the Manager, which in turn subdelegates these services to the Fund Accountant, The Bank of New York Mellon (International) Limited. The Company sub-delegates registration services to the Registrar, Computershare Investor Services PLC. Other service providers include the Depositary, also performed by The Bank of New York Mellon (International) Limited. Details of the contractual terms with these service providers are set out in the Directors' Report on pages 56 and 57.

Business model

The Company invests in accordance with the investment objective. The Board is collectively responsible to shareholders for the long-term success of the Company. There is a clear division of responsibility between the Board and the Manager. Matters reserved for the Board include setting the Company's strategy, including its investment objective and policy, setting limits on gearing, capital structure, governance, and appointing and monitoring of the performance of service providers, including the Manager. As the Company's business model follows that of an externally managed investment trust, it does not have any employees and outsources its activities to third party service providers including the Manager who is the principal service provider.

Investment objective

The Company's objectives are to achieve an annual dividend target and, over the long term, capital growth by investing primarily in securities of companies operating in the mining and energy sectors.

Investment policy and strategy

The Company seeks to achieve its objectives through a focused portfolio, consisting of approximately thirty to one hundred and fifty securities.

Although the Company has the flexibility to invest within this range, at 30 November 2022 the portfolio consisted of 68 investments (including one open option contract), and the detailed portfolio listing is provided on pages 28 to 30.

There are no restrictions on investment in terms of geography or sub-sector and, in addition to equities, other types of securities, such as convertible bonds and debt issued primarily by mining or energy companies, may be acquired. Although most securities will be quoted, listed or traded on an investment exchange, up to 10% of the gross assets of the Group, at the time of investment, may be invested in unquoted securities. Investment in securities may be either direct or through other funds, including other funds managed by BlackRock or its associates, with up to 15% of the portfolio being invested in other listed investment companies, including listed investment trusts. Up to 10% of the gross assets of the Group, at the time of investment, may be invested in physical assets, such as gold and in securities of companies that operate in the commodities sector other than the mining and energy sectors.

No more than 15% of the gross assets of the Group will be invested in any one company as at the date any such investment is made and the portfolio will not own more than 15% of the issued shares of any one company, other than the Company's subsidiary. The Group may deal in derivatives, including options and futures, up to a maximum of 30% of the Group's assets for the purposes of efficient portfolio management and to enhance portfolio returns. In addition, the Group is also permitted to enter into stock lending arrangements up to a maximum of 33.3% of the total asset value of the portfolio.

The Group may, from time to time, use borrowings to gear its investment policy or in order to fund the market purchase of its own ordinary shares. This gearing typically is in the form of an overdraft or short-term facility, which can be repaid at any time. Under the Company's Articles of Association, the Board is obliged to restrict the borrowings of the Company to an aggregate amount equal to 40% of the value of the gross assets of the Group. However, borrowings are not anticipated to exceed 20% of gross assets at the time of drawdown of the relevant borrowings.

The Group's financial statements are maintained in British Pound Sterling. Although many investments are denominated and quoted in currencies other than British Pound Sterling, the Company does not intend to employ a hedging policy against fluctuations in exchange rates but may do so in the future if circumstances warrant implementing such a policy.

No material change will be made to the investment policy without shareholder approval.

Environmental, social and governance (ESG) impact

The Board's ESG approach is set out on page 51. The direct impact of the Company's activities is minimal as it has no employees, premises, physical assets or operations either as a producer or a provider of goods or services. Neither does it have customers. Its indirect impact occurs through the investments that it makes, and this is managed through BlackRock's approach to ESG integration.

Performance

Details of the Company's performance for the year are given in the Chairman's Statement on pages 5 and 6. The Investment Manager's Report on pages 11 to 20 includes a review of the main developments during the year, together with information on investment activity within the Company's portfolio.

Results and dividends

The Company's revenue earnings for the year amounted to 4.99p per share (2021: 4.96p). Details of dividends paid and declared in respect of the year, together with the Company's dividend policy, are set out on page 6 of the Chairman's Statement.

Future prospects

The Board's main focus is the achievement of an annual dividend target and, over the long term, capital growth. The future of the Company is dependent upon the success of the investment strategy. The outlook for the Company is discussed in both the Chairman's Statement on pages 5 to 8 and in the Investment Manager's Report on pages 11 to 20.

Employees, social, community and human rights issues

The Company has no employees, and all the Directors are non-executive, therefore, there are no disclosures to be made in respect of employees. The Company believes that it is in shareholders' interests to consider environmental, social and governance factors and human rights issues when selecting and retaining investments. Details of the Company's policy on socially responsible investment are set out on pages 73 and 74.

Modern slavery act

As an investment vehicle the Company does not provide goods or services in the normal course of business and does not have customers. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015. The Board considers the Company's supply chain, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

Directors and gender representation

The Directors of the Company are set out in the Governance structure and Directors' biographies on pages 34 to 36. All the Directors held office throughout the year with the exception of Mrs Carole Ferguson (who was appointed to the Board on 22 December 2021). The Board consists of two male Directors and two female Directors.

Key performance indicators

A number of performance indicators (KPIs) are used to monitor and assess the Company's success in achieving its objectives and to measure its progress and performance. The principal KPIs are described below:

Performance

At each meeting the Board reviews the performance of the portfolio as well as the net asset value and share price for the Company and compares this to the performance of other companies in the peer group. The Company does not have a benchmark; however, the Board also reviews performance in the context of the blended performance of the EMIX Global Mining (ex Gold) Index, MSCI World Energy Index and the S&P Global Clean Energy Index and a 40:30:30 composite of the three indices effective from 1 June 2020. The Board also monitors performance relative to a peer group of commodities and natural resources focused funds and also regularly reviews the Company's performance attribution analysis to understand how performance was achieved. This provides an understanding of how components such as sector exposure, stock selection and asset allocation impacted performance. Information on the Company's performance is given in the performance record on page 4 and the Chairman's Statement and Investment Manager's Report on pages 5 to 8 and pages 11 to 20 respectively.

Share rating

The Board monitors the level of the Company's premium or discount to NAV on an ongoing basis and considers strategies for managing any premium or discount. In the year to 30 November 2022, the Company's share price to NAV traded in the range of a discount of 12.1% to a premium of 9.2% on a cum income basis. The average discount for the year was 2.9%. A total of 15,390,194 new shares were issued and a total of 2,747,643 shares were issued from treasury during the year and further details are given in the Chairman's Statement on page 6. No shares were bought back during the year. Details of shares issued or bought back since the year end date are given in note 14 on page 104.

Further details setting out how the discount or premium at which the Company's shares trade is calculated are included in the Glossary on page 135.

Ongoing charges

The ongoing charges represent the Company's management fee and all other recurring operating expenses, excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation, prior year expenses written back and certain non-recurring items, expressed as a percentage of average daily net assets. The ongoing charges are based on actual costs incurred in the year as being the best estimate of future costs. The Company's Manager has also agreed to cap ongoing charges by rebating a portion of the management fee to the extent that the Company's ongoing charges exceed 1.25% of average net assets. The Board reviews the ongoing charges and monitors the expenses incurred by the Company on an ongoing basis. A definition setting out in detail how the ongoing charges ratio is calculated is included in the Glossary on pages 136 and 137. The Company's ongoing charges was 1.13% for the year ended 30 November 2022 (there was no management fee rebate due for the year).

Dividend target and income generation

The level of income is considered at each meeting and the Board receives detailed income forecasts. The Board also monitors the risks and returns from option writing, and regularly reviews the Company's levels of distributable reserves.

The table below sets out the key KPIs for the Company. These KPIs fall within the definition of 'Alternative Performance Measures' (APMs) under guidance issued by the European Securities and Markets Authority (ESMA) and additional information explaining how these are calculated is set out in the Glossary on pages 135 to 137.

Key Performance Indicators	Year ended 30 November 2022	Year ended 30 November 2021
Net asset value total return[1,2]	44.5%	34.4%
Share price total return[1,2]	44.8%	41.7%
Discount to net asset value (at year end)[2,3]	6.8%	7.0%
Revenue return per share	4.99p	4.96p
Dividends per share	4.40p	4.10p
Ongoing charges[2,4]	1.13%	1.21%

1 This measures the Company's NAV and share price total returns, which assumes dividends paid by the Company have been reinvested.

2 Alternative Performance Measures, see Glossary on pages 135 to 137.

3 This is the difference between the share price and the cum-income NAV per share.

4 Ongoing charges represent the management fee and all other recurring operating expenses excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation, prior year expenses written back and certain non-recurring items, expressed as a percentage of average daily net assets.

Principal risks

The Company is exposed to a variety of risks and uncertainties. The Board has in place a robust process to identify, assess and monitor the principal risks of the Company. A core element of this process is the Company's risk register which identifies the risks facing the Company and assesses the likelihood and potential impact of each risk and the controls established for mitigation. A residual risk rating is then calculated for each risk.

The risk register is regularly reviewed, and the risks reassessed. The risk environment in which the Company operates is also monitored and regularly appraised. New risks are also added to the register as they are identified which ensures that the document continues to be an effective risk management tool.

The risk register, its method of preparation and the operation of key controls in the Manager's and third-party service providers' systems of internal control are reviewed on a regular basis by the Audit and Management Engagement Committee. In order to gain a more comprehensive understanding of the Manager's and other third-party service providers' risk management processes, and how these apply to the Company's business, BlackRock's internal audit department provides an annual presentation to the Audit and Management Engagement Committee Chairman setting out the results of testing performed in relation to BlackRock's internal control processes. The Audit and Management Engagement Committee also periodically receives presentations from BlackRock's Risk & Quantitative Analysis teams, and reviews Service Organisation Control (SOC 1) reports from BlackRock and other key service providers. The Custodian is appointed by the Company's Depositary and does not have a direct contractual relationship with the Company.

The Board has undertaken a robust assessment of both the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The COVID-19 pandemic has given rise to unprecedented challenges for businesses across the globe. Additionally, the risk that unforeseen or unprecedented events including (but not limited to) heightened geo-political tensions such as the war in Ukraine, high inflation and the current cost of living crisis has had a significant impact on global markets. The Board has taken into consideration the risks posed to the Company by these events and incorporated them into the Company's risk register. The risks identified by the Board have been described in the table that follows, together with an explanation of how they are managed and mitigated. Emerging risks are considered by the Board as they come into view and are incorporated into the existing review of the Company's risk register. Additionally, the Manager considers emerging risks in numerous forums and the Risk and Quantitative Analysis team produces an annual risk survey. Any material risks of relevance to the Company identified through the annual risk survey will be communicated to the Board. The Board will continue to assess these risks on an ongoing basis. In relation to the UK Code, the Board is confident that the procedures that the Company has put in place are sufficient to ensure that the necessary monitoring of risks and controls has been carried out throughout the reporting period.

Strategic report

continued

The principal risks and uncertainties faced by the Company during the financial year, together with the potential effects, controls and mitigating factors are set out in the following table.

Principal risk	Mitigation/control
Investment performance The returns achieved are reliant primarily upon the performance of the portfolio. The Board is responsible for: • setting the investment strategy to fulfil the Company's objective; and • monitoring the performance of the Investment Manager and the implementation of the investment strategy. An inappropriate investment strategy may lead to: • poor performance; • a reduction or permanent loss of capital; and • dissatisfied shareholders and reputational damage. The Board is also cognisant of the long-term risk to performance from inadequate attention to ESG issues, and in particular the impact of climate change. More detail in respect of these risks can be found in the AIFMD Fund Disclosures document available on the Company's website at www.blackrock.com/uk/individual/literature/policies/itc-disclosure-blackrock-energy-and-resources-income-trust-plc.pdf	To manage this risk the Board: • regularly reviews the Company's investment mandate and long-term strategy; • has set investment restrictions and guidelines which the Investment Manager monitors and regularly reports on; • receives from the Investment Manager a regular explanation of stock selection decisions, portfolio exposure, gearing and any changes in gearing and the rationale for the composition of the investment portfolio; and • monitors the maintenance of an adequate spread of investments in order to minimise the risks associated with factors specific to particular sectors, based on the diversification requirements inherent in the investment policy. ESG analysis is integrated in the Manager's investment process, as set out on pages 53 and 54. This is monitored by the Board.
Income/dividend The ability to pay dividends, and future dividend growth, is dependent on a number of factors including the level of dividends earned from the portfolio and income generated from the option writing strategy. Income returns from the portfolio are dependent, among other things, upon the Company successfully pursuing its investment policy. Any change in the tax treatment of dividends or interest received by the Company including as a result of withholding taxes or exchange controls imposed by jurisdictions in which the Company invests may reduce the level of dividends received by shareholders.	The Board monitors this risk through the receipt of detailed income forecasts and considers the level of income at each meeting. The Company has the ability to make dividend distributions out of special reserves and capital reserves as well as revenue reserves to support any dividend target. These reserves totalled £125.1 million at 30 November 2022. In setting the dividend target each year, the Board is mindful of the balance of shareholder returns between income and capital.

Principal risk	Mitigation/control
Gearing The Company's investment strategy may involve the use of gearing, including borrowings. Gearing may be generated through borrowing money or increasing levels of market exposure through the use of derivatives. The Company currently has an overdraft facility with The Bank of New York Mellon (International) Limited. The use of gearing exposes the Company to the risk associated with borrowing. Gearing provides an opportunity for greater returns where the return on the Company's underlying assets exceeds the cost of borrowing. It is likely to have the opposite effect where the return on the underlying assets is below the cost of borrowings. Consequently, the use of borrowings by the Company may increase the volatility of the NAV.	The Company's Articles of Association limit borrowings to an aggregate amount equal to 40% of the value of the gross assets of the Company. However, to further manage this risk the Board does not anticipate borrowings will exceed 20% of gross assets at the time of drawdown. The use of derivatives, including options and futures has been limited to a maximum of 30% of the Group's assets. The Investment Manager will only use gearing when confident that market conditions and opportunities exist to enhance investment returns. The Investment Manager reports to the Board on a regular basis the levels of gearing in place as compared to limits set by the Board under the investment policy and by the Manager as Alternative Investment Fund Manager (AIFM) under the Alternative Investment Fund Managers' Directive, as retained and onshored in the UK (AIFMD). The Board monitors gearing levels and will raise any queries or concerns in respect of changes in the gearing level with the Investment Manager.
Legal and regulatory compliance The Company has been approved by HM Revenue & Customs as an investment trust, subject to continuing to meet the relevant eligibility conditions and operates as an investment trust in accordance with Chapter 4 of Part 24 of the Corporation Tax Act 2010. As such, the Company is exempt from capital gains tax on the profits realised from the sale of its investments. Any breach of the relevant eligibility conditions could lead to the Company losing investment trust status and being subject to corporation tax on capital gains realised within the Company's portfolio. Any serious breach could result in the Company and/or the Directors being fined or the subject of criminal proceedings or the suspension of the Company's shares which would in turn lead to a breach of the Corporation Tax Act 2010. Amongst other relevant laws and regulations, the Company is required to comply with the provisions of the Companies Act 2006, the Alternative Investment Fund Managers' Directive, the Market Abuse Regulation, the UK Listing Rules, international sanctions and the FCA's Disclosure Guidance and Transparency Rules.	The Investment Manager monitors investment movements and the amount of proposed dividends, if any, to ensure that the provisions of Chapter 4 of Part 24 of the Corporation Tax Act 2010 are not breached. The results are reported to the Board at each meeting. Compliance with the accounting rules affecting investment trusts is carefully and regularly monitored. The Company Secretary and the Company's professional advisers provide regular reports to the Board for their review in respect of compliance with all applicable rules and regulations. Following authorisation under the AIFMD, the Company and its appointed AIFM are subject to the risks that the requirements of this Directive are not correctly complied with. The Board and the AIFM also monitor changes in government policy and legislation which may have an impact on the Company. The Market Abuse Regulation came into force on 3 July 2016. The Board has taken steps to ensure that individual Directors (and their Persons Closely Associated) are aware of their obligations under the regulation and has updated internal processes, where necessary, to ensure the risk of non-compliance is effectively mitigated.

Principal risk	Mitigation/control
Operational The Company relies on the services provided by third parties. Accordingly, it is dependent on the control systems of the Manager and The Bank of New York Mellon (International) Limited (who act as both Depositary, Custodian and Fund Accountant and who maintain the Company's assets, settlement and accounting records). The Company's share register is maintained by the Registrar, Computershare Investor Services PLC. The security of the Company's assets, dealing procedures, accounting records and adherence to regulatory and legal requirements depend on the effective operation of the systems of the third-party service providers. Failure by any service provider to carry out its obligations to the Company could have a material adverse effect on the Company's performance. Disruption to the accounting, payment systems or custody records could prevent the accurate reporting and monitoring of the Company's financial position. Inadequate succession arrangements, particularly of the Manager, could disrupt the level of service provided.	Due diligence is undertaken before contracts are entered into with third party service providers. Thereafter, the performance of the provider is subject to regular review and reported to the Board. The Fund Accountant's and the Manager's internal control processes are regularly tested and monitored throughout the year and are evidenced through their SOC 1 reports, which are subject to review by an Independent Service Assurance Auditor. The SOC 1 reports provide assurance in respect of the effective operation of internal controls. These reports are provided to the Audit and Management Engagement Committee. The Company's financial assets are subject to a strict liability regime and in the event of a loss of assets, the Depositary must return assets of an identical type or the corresponding amount, unless able to demonstrate the loss was a result of an event beyond its reasonable control. The Board reviews the overall performance of the Manager, Investment Manager and all other third-party service providers on a regular basis. The Board also considers the business continuity arrangements of the Company's key service providers on an ongoing basis and reviews these as part of its review of the Company's risk register. The Board considers the Manager's succession plans in so far as they affect the services provided to the Company.

Principal risk	Mitigation/control
Market Market risk arises from volatility in the prices of the Company's investments. The price of shares of companies in the mining, traditional energy and energy transition sectors can be volatile and this may be reflected in the NAV and market price of the Company's shares. The Company invests in the mining, traditional energy and energy transition sectors in many countries globally and will also be subject to country-specific risk. A lack of growth in world or country-specific industrial production may adversely affect metal and energy prices. Companies operating within the sectors in which the Company invests may be impacted by new legislation governing climate change and environmental issues, which may have a negative impact on their valuation and share price. Market risk includes the potential impact of events which are outside the Company's control, including (but not limited to) heightened geo-political tensions and military conflict, a global pandemic and high inflation. There is the potential for the Company to suffer loss through holding investments in the face of negative market movements.	The Board considers the diversification of the portfolio, asset allocation, stock selection, and levels of gearing on a regular basis and has set investment restrictions and guidelines which are monitored and reported on by the Investment Manager. The Board monitors the implementation and results of the investment process with the Investment Manager. Under the Company's investment policy, the Investment Manager has the ability to invest in energy transition stocks and is mindful of the impact of any shift in energy consumption towards less carbon intensive energy supply. This is taken into account by the Investment Manager in building a well diversified portfolio. The Board also recognises the benefits of a closed-end fund structure in extremely volatile markets such as those experienced with the COVID-19 pandemic, and more recently the Russia-Ukraine conflict. Unlike open-ended counterparts, closed-end funds are not obliged to sell-down portfolio holdings at low valuations to meet liquidity requirements for redemptions. During times of elevated volatility, restrictions and impacts on securities and markets following the Russian invasion of the Ukraine and market stress, the ability of a closed-end fund structure to remain invested for the long term enables the Portfolio Managers to adhere to disciplined fundamental analysis from a bottom-up perspective and be ready to respond to dislocations in the market as opportunities present themselves.
Financial The Company's investment activities expose it to a variety of financial risks that include interest rate risk and foreign currency risk. The Company invests in both British Pound Sterling and non-British Pound Sterling denominated securities. Consequently, the value of investments in the portfolio made in non-British Pound Sterling currencies will be affected by currency movements.	Details of these risks are disclosed in note 16 to the Financial Statements, together with a summary of the policies for managing these risks.

Viability statement

In accordance with provision 31 of the 2018 UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the twelve months referred to by the 'Going Concern' guidelines. The Board is cognisant of the uncertainty surrounding the potential duration of the Russia-Ukraine conflict, its impact on the global economy and the prospects for many of the Company's portfolio holdings. Notwithstanding this crisis, and given the factors stated below, the Board expects the Company to continue for the foreseeable future and has therefore conducted this review for a period of five years. This is generally the investment holding period investors consider while investing in the sector. The Board conducted this review for the period up to the AGM in 2028.

In its assessment of the viability of the Company the Directors have noted that:

- the Company predominantly invests in highly liquid, large listed companies so its assets are readily realisable;
- the Company has gearing facilities in place and no concerns around facilities, headroom or covenants;
- the Company's forecasts for revenues, expenses and liabilities are relatively stable, it has largely fixed overheads which comprise a small percentage of net assets and ongoing charges are capped at 1.25% of average net asset value; and
- the business model should remain attractive for longer than five years unless there is significant economic or regulatory change.

The Directors have also reviewed:

- the impact of a significant fall in global commodity equity markets on the value of the Company's investment portfolio;
- the ability of portfolio companies to pay dividends, and the Company's portfolio yield and ability to meet its dividend target over the longer term;
- the ongoing relevance of the Company's investment objective, business model and investment policy in the current environment; and
- the level of demand for the Company's shares.

The Board has also considered a number of other factors in its assessment, including:

- portfolio liquidity;
- setting the investment strategy to fulfill the Company's objective; and monitoring the performance of the Investment Manager and the implementation of the investment strategy. The Board regularly reviews the Company's investment mandate and long-term strategy; it has set investment restrictions and guidelines which the Investment Manager monitors and regularly reports to the Board;
- the Company's revenue and expense forecasts. The Board is confident that the Company's business model remains viable and that there are sufficient resources to meet all liabilities as they fall due for the period under review;
- the Company's borrowing facility and the fact that the Company continues to meet its financial covenants in respect of this facility;
- the long-term risk to performance from inadequate attention to ESG issues, and in particular the impact of climate change. ESG analysis is integrated in the Manager's investment process. This is monitored by the Board;
- the principal risks and uncertainties as set out above and the fact that the Company has appropriate controls and processes in place to manage these and to maintain its operating model;
- the operational resilience of the Company and its key service providers and their ability to continue to provide a good level of service for the foreseeable future;
- the effectiveness of business continuity plans in place for the Company and key service providers; and
- the level of income generated by the Company and future income forecasts.

Based on the results of their analysis, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

Section 172 Statement: promoting the success of BlackRock Energy and Resources Income Trust plc

The Companies (Miscellaneous Reporting) Regulations 2018 require Directors to explain in detail how they have discharged their duties under Section 172(1) of the Companies Act 2006 in promoting the success of their companies for the benefit of members as a whole. This enhanced disclosure covers how the Board has engaged with and understands the views of stakeholders and how stakeholders' needs have been taken into account, the outcome of this engagement and the impact that it has had on the Board's decisions.

As the Company is an externally managed investment company and does not have any employees or customers, the Board considers the main stakeholders in the Company to be the shareholders, key service providers (being the Manager and Investment Manager, the Custodian, Depositary, Registrar and Broker) and investee companies. The reasons for this determination, and the Board's overarching approach to engagement, are set out in the table below.

Stakeholders

Shareholders	Manager and Investment Manager	Other key service providers	Investee companies
Continued shareholder support and engagement are critical to the continued existence of the Company and the successful delivery of its long-term strategy. The Board is focused on fostering good working relationships with shareholders and on understanding the views of shareholders in order to incorporate them into the Board's strategy and objectives in delivering long-term growth and income.	The Board's main working relationship is with the Manager, who is responsible for the Company's portfolio management (including asset allocation, stock and sector selection) and risk management, as well as ancillary functions such as administration, secretarial, accounting and marketing services. The Manager has sub-delegated portfolio management to the Investment Manager. Successful management of shareholders' assets by the Investment Manager is critical for the Company to successfully deliver its investment strategy and meet its objective. The Company is also reliant on the Manager as AIFM to provide support in meeting relevant regulatory obligations under the AIFMD and other relevant legislation.	In order for the Company to function as an investment trust with a listing on the premium segment of the official list of the Financial Conduct Authority (FCA) and trade on the London Stock Exchange's (LSE) main market for listed securities, the Board relies on a diverse range of advisors for support in meeting relevant obligations and safeguarding the Company's assets. For this reason, the Board considers the Company's Custodian, Depositary, Registrar and Broker to be stakeholders. The Board maintains regular contact with its key external service providers and receives regular reporting from them through the Board and committee meetings, as well as outside of the regular meeting cycle.	Portfolio holdings are ultimately shareholders' assets, and the Board recognises the importance of good stewardship and communication with investee companies in meeting the Company's investment objective and strategy. The Board monitors the Manager's stewardship arrangements and receives regular feedback from the Manager in respect of meetings with the management of portfolio companies.

Strategic report
continued

A summary of the key areas of engagement undertaken by the Board with its key stakeholders in the year under review and how Directors have acted upon this to promote the long-term success of the Company are set out in the table below.

Area of Engagement	Issue	Engagement	Impact
Investment Mandate and Objective	The Board is committed to promoting the role and success of the Company in delivering on its investment mandate to shareholders over the long term. However, the Board recognises that the sectors in which the Company invests are undergoing structural changes, with a shift in the energy sector away from carbon-based energy supplies towards alternative and renewable energy sources. The extractive industries in which the companies in the Company's investment universe operate are facing ethical and sustainability issues that cannot be ignored by asset managers and investment companies alike. More than ever, consideration of material ESG information and sustainability risks is an important element of the investment process. The Board also has responsibility to shareholders to ensure that the Company's portfolio of assets is invested in line with the stated investment objective and in a way that ensures an appropriate balance between spread of risk and portfolio returns.	The Board believes that responsible investment and sustainability are integral to the longer-term delivery of growth in capital and income and has worked very closely with the Manager throughout the year to regularly review the Company's performance, investment strategy and underlying policies to ensure that the Company's investment objective continues to be met in an effective, responsible way that is transparent to current and future investors. In addition to six scheduled Board meetings a year, the Board holds a Strategy Day which is dedicated to an in depth review of the Company's strategy in conjunction with key advisors including the Company's broker, public relations and marketing teams and members of BlackRock's portfolio management and risk analytics teams. The Manager's approach to the consideration of ESG factors in respect of the Company's portfolio, as well as its engagement with investee companies to encourage the adoption of sustainable business practices which support long-term value creation, are kept under review by the Board. The Manager reports to the Board in respect of its consideration of ESG factors and how these are integrated into the investment process; a summary of BlackRock's approach to ESG integration is set out on pages pages 53 to 55.	The portfolio activities undertaken by the Investment Manager can be found in the Investment Manager's Report on pages 11 to 20. The Board does not formally benchmark the Company's performance against mining and energy sector indices because meeting a specific dividend target is not within the scope of these indices and also because no index appropriately reflects the Company's blended exposure to the Energy (including the energy transition) and mining sectors. For internal monitoring purposes, however, the Board compares the performance of the portfolio against a bespoke internal mining and energy composite index. Details regarding the Company's Key Performance Indicators can be found in this Strategic Report on pages 38 and 39.

Area of Engagement	Issue	Engagement	Impact
Management of Share Rating	The Board recognises the importance to shareholders that the market price of the Company's shares should not trade at either a significant discount or premium to the NAV. One of the Board's long-term strategic aspirations is that the Company's shares should trade consistently at a price close to the NAV per share.	The Board monitors the Company's discount on an ongoing basis and meets with the Manager and the Company's Broker on a regular basis to discuss methods to manage the discount. A range of discount control mechanisms have been considered and the benefits and disadvantages of these have been discussed at length. The Board is also prepared to issue shares into the market to meet demand as required and avoid shares moving to trade at an excessive premium. The Company's shares moved to trade at a sustained premium in the first half of 2022, and the Company sold all of its treasury shares and issued new shares into market demand to manage this following consultation with the manager and the broker. Where necessary, the Board sought shareholder approval to both buy-backs and issuance. Resolutions were proposed, and passed, at the Annual General Meeting on 15 March 2022 and a General Meeting on 26 May 2022.	The Company's average discount for the year to 30 November 2022 was 2.9% (year to 30 November 2021: 5.6%) and as at 30 January 2023 the premium stood at 3.6%. This compares to an average discount for the AIC Commodities and Natural resources sector of 11.3% at 30 November 2022 and 12.2% at 31 December 2022. All share issues and re-issues from treasury undertaken in the year were made at a premium to NAV, and resulted in an overall accretion to the NAV per share of 0.39p per share. The share issuance transactions in the year under review results in an increase of £22.6 million in the Company's assets under management and this contributed to a decrease in the Company's operating charges ratio, as a large proportion of the Company's operating costs are fixed and they are now being spread over a larger capital base. The Company contributed during the year to a focused investment trust sales and marketing initiative operated by BIM (UK) on behalf of the investment trusts under its management. For the year ended 30 November 2022, the Group's contribution to the consortium element of the initiative, which enables the trusts to achieve efficiencies by combining certain sales and marketing activities, represented 0.025% per annum of its net assets (£122.3million) as at 31 December 2021, and this contribution was matched by BIM (UK). This marketing activity was one factor contributing to increased demand for the Company's shares, enabling it to grow in size and resulting in a lower operating charges ratio and greater liquidity.

Area of Engagement	Issue	Engagement	Impact
		The Board notes that all share issues have been and will continue to be made at premiums to the prevailing NAV per share, such that all such transactions are accretive to the NAV and NAV per share so that existing shareholders are protected from any value/ economic dilution. In addition, the Board has worked closely with the Manager to develop the Company's marketing strategy, with the aim of ensuring effective communication with existing shareholders and to attract new shareholders to the Company in order to improve liquidity in the Company's shares and to sustain the share rating of the Company.	Combined with the strong NAV performance seen over the course of the year, this was also a factor in the Company being promoted from the FTSE Fledgling Index into the FTSE Small Cap Index (and also therefore the FTSE All Share Index) in June 2022 which generated additional demand for the Company's shares.
Dividend target	A key element of the Company's investment objective is to achieve an annual dividend target. The Board is cognisant that portfolio investments with a high yield may have lower capital growth, and that seeking to ensure that any dividend target is covered by current year dividend revenue may result in a lower total return. Conversely, a move to invest a higher proportion of the portfolio in higher growth investments (including certain energy transition stocks) may result in a lower yielding portfolio.	The Board reviews income forecasts and option writing activity in conjunction with the Manager to determine the most effective approach for meeting the dividend target whilst generating the optimal level of total return for shareholders. The Board aims to meet the annual target dividend primarily from a mix of dividend income from the portfolio and revenue reserves, although this will be supported by the distribution of the Company's other substantial distributable reserves (£121.3 million at 30 November 2022) if required.	Since the year-end, the Board has announced that the annual dividend target will remain at 4.40 pence per share for the year to 30 November 2023.

Area of Engagement	Issue	Engagement	Impact
Service levels of third party providers	The Board acknowledges the importance of ensuring that the Company's principal suppliers are providing a suitable level of service: this includes the Manager in respect of investment performance and delivering on the Company's investment mandate; the Custodian and Depositary in respect of their duties towards safeguarding the Company's assets; the Registrar in its maintenance of the Company's share register and dealing with investor queries and the Company's Broker in respect of the provision of advice and acting as a market maker for the Company's shares.	The Manager reports to the Board on the Company's performance on a regular basis. The Board carries out a robust annual evaluation of the Manager's performance, its commitment and available resources. The Board performs an annual review of the service levels of all third-party service providers and concludes on their suitability to continue in their role. The Board receives regular updates from the AIFM, Depositary, Registrar and Broker on an ongoing basis.	All performance evaluations were performed on a timely basis and the Board concluded that all key third-party service providers, including the Manager were operating effectively and providing a good level of service.

Strategic report
continued

Area of Engagement	Issue	Engagement	Impact
Board composition	The Board is committed to ensuring that its own composition brings an appropriate balance of knowledge, experience and skills, and that it is compliant with best corporate governance practice under the UK Code, including guidance on tenure and the composition of the Board's committees.	The Board reviews succession planning on an ongoing basis. A new Director, Carole Ferguson, was appointed in the year under review as part of a recruitment drive that was initiated in 2021. As part of this process, the Nomination Committee agreed the selection criteria and the method of selection, recruitment and appointment. Board diversity, including gender, was taken into account when establishing the criteria. The services of an external search consultant, Odgers Berndtson, was used to identify potential candidates. The Board remain focused on best Corporate Governance Practice, and in particular the recommendation under the UK Code that Directors' tenure is limited to nine years. While the Board does not have a formal limit on tenure, Mr Warner retired as Chairman and a Director of the Company in March 2022, noting that his tenure would exceed nine years with effect from July 2022.	The Board appointed Mrs Carole Ferguson as a Director of the Company with effect from 22 December 2021. Mrs Ferguson's biography is set out on page 36. Details of each Director's contribution to the success and promotion of the Company are set out in the Directors' Report on pages 60 and 61. All Directors currently serving on the Board have tenure below the nine years maximum limit recommended under the UK Code. The Board's composition currently meets all targets recommended under the Parker Review and enshrined in recent changes to the FCA's Listing Rules (which set new diversity targets and associated disclosure requirements for UK companies listed on the London Stock Exchange).

Environmental, Social And Governance Approach

The Board's approach

Environmental, social and governance (ESG) issues can present both opportunities and risks to long-term investment performance. The Company's investment universe comprises sectors that are undergoing significant structural change and are likely to be highly impacted by increasing regulation as a result of climate change and other social and governance factors. Your Board is committed to ensuring that we have appointed a manager that integrates ESG considerations into its investment process and has the skill and vision to navigate the structural transition that the Company's investment universe is undergoing.

The Board believes multi-year engagement with management is, in most cases, the most constructive way of building our understanding of a company's approach to addressing material business risks and opportunities. Engagement can lead to stronger relationships with companies and more constructive outcomes for shareholders and businesses alike.

This is particularly true for the Company's Manager given the extent of BlackRock's shareholder engagement (BlackRock held 3,693 engagements with companies based in 55 markets for the year to 30 June 2022, and voted on more than 173,000 management and shareholder proposals at 18,100 meetings[1]). The Board believes that BlackRock is well-placed as Manager to fulfil these requirements due to the integration of ESG into its investment processes, its constructive approach in its investment stewardship activities and its position in the industry as one of the largest suppliers of sustainable investment products in the global market.

More information on BlackRock's global approach to ESG integration, as well as activity specific to the BlackRock Energy and Resources Income Trust plc portfolio is set out on the following pages. BlackRock has defined ESG integration as the practice of incorporating material ESG information and consideration of sustainability risks into investment decisions in order to enhance risk-adjusted returns. ESG integration does not change the Company's investment objective or constrain the Investment Manager's investable universe, and does not mean that an ESG or impact focused investment strategy or any exclusionary screens have been or will be adopted by the Company (apart from the exclusion of companies that generate more than 25% of their revenues from thermal coal production in active and advisory portfolios). Similarly, ESG integration does not determine the extent to which the Company may be impacted by sustainability risks.

More information on sustainability risks may be found in the AIFMD Fund Disclosures document of the Company available on the Company's website at www.blackrock.com/uk/individual/literature/policies/itc-disclosure-blackrock-energy-and-resources-income-trust-plc.pdf

The Company does not meet the criteria for Article 8 or 9 products under the EU Sustainable Finance Disclosure Regulation ("SFDR") and the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

[1] Source: BlackRock 2022 Voting Spotlight report and BlackRock Investment Stewardship website www.blackrock.com/corporate/about-us/investment-stewardship#engagement-and-voting-history

Strategic report
continued

BlackRock Investment Stewardship Engagement with portfolio companies in the year ended 30 November 2022

Given the Board's belief in the importance of engagement and communication with portfolio companies, they receive regular updates from the Manager in respect of activity undertaken for the year under review. The Board notes that over the year to 30 November 2022, 94 total company engagements were held with the management teams of 40 portfolio companies representing 66% of the portfolio by value at 30 November 2022. To put this into context, there were 61 companies in the BlackRock Energy and Resources Income Trust plc portfolio at 30 November 2022. Additional information is set out in the table and charts below as well as the key engagement themes for the meetings held in respect of the Company's portfolio holdings.

	BlackRock Energy and Resources Income Trust plc - year ended 30 November 2022
Number of engagements held	94
Number of companies met	40
% of equity investments covered	66%
Shareholder meetings voted at	67
Number of proposals voted on	897
Number of votes against management	22
% of total votes represented by votes against management	2.23%

The importance and challenges of considering ESG when engaging with investee companies in the Natural Resources Sector and BlackRock's global approach to ESG integration

Environmental

As well as the longer-term contribution to carbon emissions and the impact on the environment, the activities undertaken by many companies in the portfolio such as digging mines or drilling for oil will inevitably have an impact on local surroundings. It is important how companies manage this process and ensure that an appropriate risk oversight framework is in place, with consideration given to all stakeholders. The value wiped off the market capitalisation of companies like BP, after the Macondo oil spill, and Vale, after the Brumadinho dam collapse, highlights the key role that ESG has on share price performance.

BlackRock's approach to climate risk and opportunities and the global energy transition is based on our role as a fiduciary to our clients. As the world works toward a transition to a low-carbon economy, BlackRock are interested in hearing from companies about their strategies and plans for responding to the challenges and capturing the opportunities that this transition creates. When companies consider climate-related risks, it is likely that they will also assess their impact and dependence on natural capital.

Social

BlackRock's Global Principles underscore the belief that companies are best placed to deliver value for long-term shareholders like BlackRock's clients when they also consider the interests of their other key stakeholders, which generally will include workers, business partners (such as suppliers and distributors), clients and consumers, government, and the communities in which they operate.

In BlackRock's experience, companies that build strong relationships with their stakeholders are more likely to meet their own strategic objectives, while poor relationships may create adverse impacts that expose a company to legal, regulatory, operational, and reputational risks and jeopardize their ability to deliver sustainable, long-term financial performance.

Corporate Governance

As with all companies, good corporate governance is especially critical for natural resources companies. In our experience, the sound governance, in terms of both process and practice, is critical to the success of a company, the protection of shareholders' interests, and long-term shareholder value creation.

Governance issues, including the management of material sustainability issues that have a significant impact for natural resource companies, all require effective leadership and oversight from a company's board.

BlackRock believes that companies with experienced, engaged and diverse directors, who are effective in actively advising and overseeing management as a board, are well-positioned to deliver long-term value creation.

Strategic report
continued

BlackRock's approach to ESG integration

BlackRock believes that sustainability risk – and climate risk in particular – now equates to investment risk, and this will drive a profound reassessment of risk and asset values as investors seek to react to the impact of climate policy changes. This in turn (in BlackRock's view) is likely to drive a significant reallocation of capital away from traditional carbon intensive industries over the next decade. BlackRock believes that carbon-intensive companies will play an integral role in unlocking the full potential of the energy transition, and to do this, they must be prepared to adapt, innovate and pivot their strategies towards a low carbon economy.

As part of BlackRock's structured investment process, ESG risks and opportunities (including sustainability/climate risk) are considered within the portfolio management team's fundamental analysis of companies and industries. ESG factors have been a key consideration of the BlackRock Natural Resources Team's investment process since inception and the Company's portfolio managers work closely with BIS to assess the governance quality of companies and understand any potential issues, risks or opportunities.

As part of their approach to ESG integration, the portfolio managers use ESG information when conducting research and due diligence on new investments and again when monitoring investments in the portfolio. In particular, portfolio managers now have access to 1,200 key ESG performance indicators in Aladdin (BlackRock's proprietary trading system) from third-party data providers. BlackRock's internal sustainability research framework scoring is also available alongside third-party ESG scores in core portfolio management tools. BlackRock's analyst's sector expertise and local market knowledge allows it to engage with companies through direct interaction with management teams and conducting site visits. In conjunction with the portfolio management team, BlackRock Investment Stewardship's (BIS) meets with boards of companies frequently to evaluate how they are strategically managing their longer-term issues, including those surrounding ESG and the potential impact these may have on company financials. BIS's and the portfolio management team's understanding of ESG issues is further supported by BlackRock's Sustainable and Transition Solutions (STS). STS look to advance ESG research and integration, active engagement and the development of sustainable investment solutions across the firm.

Investment Stewardship

Consistent with BlackRock's fiduciary duty as an asset manager, BIS seeks to support investee companies in their efforts to deliver long-term durable financial performance on behalf of our clients. These clients include public and private pension plans, governments, insurance companies, endowments, universities, charities and, ultimately, individual investors, among others. BIS serves as an important link between BlackRock's clients and the companies they invest in. Clients depend on BlackRock to help them meet their investment goals; the business and governance decisions that companies make will have a direct impact on BlackRock's clients' long-term investment outcomes and financial well-being.

Global Principles

BlackRock's approach to corporate governance and stewardship is comprised in BIS' Global Principles and market-specific voting guidelines. BIS' policies set out the core elements of corporate governance that guide its investment stewardship activities globally and within each regional market, including when voting at shareholder meetings for those clients who have authorized BIS to vote on their behalf. Each year, BIS reviews its policies and updates them as necessary to reflect changes in market standards and regulations, insights gained over the year through third-party and its own research, and feedback from clients and companies. BIS' Global Principles are available on its website at www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf.

Market-specific proxy voting guidelines

BIS' voting guidelines are intended to help clients and companies understand its thinking on key governance matters. They are the benchmark against which it assesses a company's approach to corporate governance and the items on the agenda to be voted on at a shareholder meeting. BIS applies its guidelines pragmatically, taking into account a company's unique circumstances where relevant. BlackRock informs voting decisions through research and engages as necessary. BIS reviews its voting guidelines annually and updates them as necessary to reflect changes in market standards, evolving governance practice and insights gained from engagement over the prior year.

BIS' market-specific voting guidelines are available on its website at www.blackrock.com/corporate/about-us/investment-stewardship#stewardship-policies.

BlackRock is committed to transparency in terms of disclosure on its stewardship activities on behalf of clients. BIS publishes its stewardship policies – such as the Global Principles, engagement priorities, and voting guidelines – to help BlackRock's clients understand its work to advance their interests as long-term investors in public companies. Additionally, BIS publishes both annual and quarterly reports detailing its stewardship activities, as well as vote bulletins that describe its rationale for certain votes at high profile shareholder meetings. More detail in respect of BIS reporting can be found at www.blackrock.com/corporate/about-us/investment-stewardship.

BlackRock's reporting and disclosures

In terms of its own reporting, BlackRock believes that the SASB provides a clear set of standards for reporting sustainability information across a wide range of issues, from labour practices to data privacy to business ethics.

For evaluating and reporting climate-related risks, as well as the related governance issues that are essential to managing them, the TCFD provides a valuable framework.

BlackRock recognises that reporting to these standards requires significant time, analysis, and effort. BlackRock's 2021 TCFD report can be found at www.blackrock.com/corporate/literature/continuous-disclosure-and-importantinformation/tcfd-report-2021-blkinc.pdf.

The Investment Manager has access to a range of data sources, including principal adverse indicator ("PAI") data, when making decisions on the selection of investments. However, whilst BlackRock considers ESG risks for all portfolios and these risks may coincide with environmental or social themes associated with the PAIs, unless stated otherwise in the AIFMD Fund Disclosure Document, the Company does not commit to considering PAIs in driving the selection of its investments.

The above forms part of the Strategic Report.

By order of the Board

GRAHAM VENABLES
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
1 February 2023

Directors' report

The Directors present the Annual Report and Financial Statements of the Company and its subsidiary (together the Group) for the year ended 30 November 2022.

Status of the company

The Company carries on business as an investment trust. It has been approved by HM Revenue & Customs as an investment trust in accordance with Sections 1158 and 1159 of the Corporation Tax Act 2010, subject to the Company continuing to meet eligibility conditions. The Directors are of the opinion that the Company has conducted its affairs in a manner which will satisfy the conditions for continued approval.

The Company is domiciled in the UK as an investment company within the meaning of Section 833 of the Companies Act 2006. It is not a close company and has no employees.

As an investment company that is managed and marketed in the United Kingdom, the Company is an Alternative Investment Fund (AIF) falling within the scope of, and subject to, the requirements of the Alternative Investment Fund Managers' Directive (AIFMD). The Company is governed by the provisions of the European Union (Alternative Investment Fund Managers) Regulations 2013 (the Regulations). It must comply with a number of obligations, including the appointment of an Alternative Investment Fund Manager (AIFM) and a Depositary to carry out certain functions. The AIFM must also comply with the Regulations in respect of leverage, outsourcing, conflicts of interest, risk management, valuation, remuneration and capital requirements and must also make additional disclosures to both shareholders and the FCA. Further details are set out on the Company's website at www.blackrock.com/uk/beri, the Regulatory Disclosures section on pages 127 to 132 and in the notes to the financial statements on pages 95 to 119.

The Company's ordinary shares are eligible for inclusion in the stocks and shares component of an Individual Savings Account (ISA).

Shareholder Rights Directive II

The Shareholder Rights Directive II took effect from 10 June 2019 with some transitional provisions. It encourages long-term shareholder engagement and transparency between companies and shareholders. In substantive terms the changes were small for investment companies and the majority of requirements apply to the Company's remuneration policy and disclosure of processes, as well as related party transactions. There are also additional rules for Alternative Investment Fund Managers and proxy advisers.

GDPR

Data protection rights were harmonised across the European Union following the implementation of the General Data Protection Regulation ("GDPR") on 25 May 2018. The Board has sought and received assurances from its third-party service providers that they have taken appropriate steps to ensure compliance with the regulation. The Company's 'Data Privacy Policy' can be found on the Company's website at www.blackrock.com/uk/beri.

Facilitating retail investments

The Company currently conducts its affairs so that the shares issued by the Company can be recommended by independent financial advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investments and intends to continue to do so for the foreseeable future.

The shares are excluded from the FCA's restrictions which apply to non-mainstream pooled investments because they are shares in an investment trust.

The Common Reporting Standard

Tax legislation under the OECD (Organisation for Economic Co-operation and Development) Common Reporting Standard for Automatic Exchange of Financial Account Information (The Common Reporting Standard) was introduced on 1 January 2016.

The legislation requires investment trust companies to provide personal information to HMRC about investors who purchase shares in investment trusts. As an affected company, BlackRock Energy and Resources Income Trust plc will have to provide information annually to the local tax authority on the tax residencies of a number of non-UK based certificated shareholders and corporate entities. The local tax authority to which the information is initially passed may in turn exchange the information with the tax authorities of another country or countries in which the shareholder may be tax resident, where those countries (or tax authorities in those countries) have entered into agreements to exchange financial account information.

All new shareholders, excluding those whose shares are held in CREST, entered onto the share register will be sent a certification form for the purposes of collecting this information.

Dividends

Details of dividends paid and payable in respect of the year are set out in the Chairman's Statement on page 6 and in note 8 on page 102.

Investment management and administration

BlackRock Fund Managers Limited (BFM) was appointed as the AIFM with effect from 2 July 2014. The management contract is terminable by either party on six months' notice.

BlackRock Investment Management (UK) Limited (BIM (UK)) acts as the Company's Investment Manager under a delegation agreement with BFM. BIM (UK) also acted as the Secretary of the Company throughout the year. BFM receives a fee of 0.80% on gross assets. In addition, BFM has agreed, if required, to rebate a portion of the Company's Management fee each year to ensure that the Company's ongoing charges, as set out and defined in its annual report (and for avoidance of doubt including the management fee) do not exceed 1.25% per annum of net assets. Further details in relation to the management fee are given in note 4 on page 99. The Board believes that the current fee structure is appropriate for an investment company in this sector.

The Company contributes to a focused investment trust sales and marketing initiative operated by BIM (UK) on behalf of the investment trusts under its management. For the year ended 30 November 2022, the Company's contribution to the consortium element of the initiative, which enables the trusts to achieve efficiencies by combining certain sales and marketing activities, represented 0.025% per annum of its net assets (£122.3 million) as at 31 December 2021, and this contribution is matched by BIM (UK). For the year ended 30 November 2022, £45,000 (excluding VAT) has been invoiced and paid in respect of this initiative. The purpose of the programme is to ensure effective communication with existing shareholders and to attract new shareholders to the Company. This has the benefit of improving liquidity in the Company's shares and helps sustain the stock market rating of the Company.

BFM and BIM (UK) are subsidiaries of BlackRock, Inc. which is a publicly traded corporation on the New York Stock Exchange operating as an independent firm.

Appointment of the manager

The Board considers the arrangements for the provision of investment management and other services to the Company on an ongoing basis and a formal review is conducted annually. As part of the annual review the Board considers the quality and continuity of the personnel assigned to handle the Company's affairs, the investment process and the results achieved to date.

The Board believes that the continuing appointment of BFM (the Manager) as AIFM, and the delegation of investment management services to BIM (UK) (the Investment Manager) on the terms disclosed above, is in the interests of shareholders as a whole given the track record of BlackRock's Natural Resources team in the commodities sector.

The Board believes that the excellent recent performance and the quality of BlackRock's team and its support services, fully justify its continuing appointment.

Depositary and Custodian

The Company has appointed The Bank of New York Mellon (International) Limited (BNYM or the Depositary) to perform this role. The Depositary's duties and responsibilities are outlined in the investment fund legislation (as set out in the FCA AIF Rulebook). The main role of the Depositary under the AIFM Directive is to act as a central custodian with additional duties to monitor the operations of the Company, including monitoring cash flows and ensuring that the Company's assets are valued appropriately in accordance with the relevant regulations and guidance. The Depositary is also responsible for enquiring into the conduct of the AIFM in each annual accounting period. The Depositary receives a fee payable at a rate of 0.0095% per annum of net assets. The Company has appointed the Depositary in a tripartite agreement, to which the Manager as AIFM is also a signatory. The Depositary is also liable for the loss of financial instruments held in custody.

Under the depositary agreement, custody services in respect of the Company's assets have been delegated to The Bank of New York Mellon (International) Limited (BNYM). BNYM receives a custody fee payable by the Company at rates depending on the number of trades effected and the location of securities held. The depositary agreement is subject to 90 days' notice of termination by any party.

Registrar

The Company has appointed Computershare Investor Services PLC as its Registrar (Computershare or the Registrar). The principal duty of the Registrar is the maintenance of the register of shareholders (including registering transfers). It also provides services in relation to any corporate actions, dividend administration and shareholder documentation, the Common Reporting Standard and for the Foreign Account Tax Compliance Act.

Computershare receive a fixed fee, plus disbursements and VAT for the maintenance of the share register. Fees in respect of corporate actions are negotiated on an arising basis.

Foreign exchange

At the financial year end, approximately 83.9% of the Company's portfolio was invested in non-British Pound Sterling assets, with 45.1% invested in US Dollar denominated assets. The Investment Manager does not actively hedge currency exposure.

Directors' report

continued

Derivative transactions

During the year the Group entered into a number of derivative option contracts generating option premium income of £1,342,000 (2021: £742,000). There was one open option contract at 30 November 2022 (2021: none).

Change of control

There are no agreements which the Company is party to that might be affected by a change of control of the Company.

Exercise of voting rights in investee companies

The exercise of voting rights attached to the Company's portfolio has been delegated to the Investment Manager, whose voting policy is set out below. BlackRock's approach to voting at shareholder meetings, engagement with companies and corporate governance is framed within an investment context. BlackRock believes that sound corporate governance practices by companies contribute to their long-term financial performance and thus to better risk-adjusted returns.

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team, located in six offices around the world. In addition to its own professional staff, the BlackRock Investment Stewardship team draws upon the expertise of BlackRock's portfolio managers, researchers and other internal and external resources globally. BlackRock's global corporate governance and engagement principles are published on the website https://www.blackrock.com/corporate/literature/fact-sheet/blkresponsible-investment-guidelines-emea.pdf. The principles set out BlackRock's views on the overarching features of corporate governance that apply in all markets. For each region, BlackRock also publishes market-specific policies, which are updated every year to ensure that they remain relevant. The voting guidelines are principles-based and not prescriptive because BlackRock believes that each voting situation needs to be assessed on its merits. Voting decisions are taken to support the outcome that BlackRock believes (in its professional judgement) will best protect the economic interests of their clients.

During the year under review, the Investment Manager voted on 897 proposals at 67 general meetings on behalf of the Company. At these meetings the Investment Manager voted in favour of most resolutions, as should be expected when investing in well run companies but voted against 44 (4.91%) resolutions and abstained from voting on 22 (2.45%) resolutions. Most of the votes against were in respect of resolutions relating to the election or re-election of directors, changes to board structure and governance and directors' remuneration, which were deemed by the Investment Manager as not being in the best interests of shareholders.

Principal risks

The key risks faced by the Company are set out in the Strategic Report on pages 39 to 43.

Going concern

The financial statements of the Company have been prepared on a going concern basis. As described in the viability statement on pages 43 and 44 of the annual report, the Board is mindful of the continuing uncertainty surrounding the potential duration of the COVID-19 pandemic and its longer-term impact on the global economy. Additionally, the Board is also mindful that the risk that unforeseen or unprecedented events including (but not limited to) heightened geo-political tensions such as the war in Ukraine, high inflation and the current cost of living crisis has had a significant impact on global markets. Notwithstanding this significant degree of uncertainty, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the period to 30 November 2024, being a period of at least 12 months from the date of approval of these financial statements, and is financially sound. The Board is also satisfied that the Company and its key third party service providers have in place appropriate business continuity plans and will be able to maintain service levels. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The Company's ongoing charges represent a very small proportion of the Company's assets (and have been capped at 1.25% per annum of net assets by the Manager) and the Board is confident that the Company will be able to meet all of its liabilities and ongoing expenses from its assets and income generated from these assets. More information in respect of how the ongoing charges ratio (which is an Alternative Performance Measure) is calculated is set out in the Glossary on pages 136 and 137; more information on how the cap is applied is set out in note 4 on page 99.

Directors

The Directors of the Company and their biographies are set out on pages 35 and 36. Details of the Directors' interests in the ordinary shares of the Company are set out in the Directors' Remuneration Report on page 66. All of the Directors held office throughout the year under review, except Mrs Ferguson who was appointed on 22 December 2021.

The Board may appoint additional Directors to the Board but any Director so appointed must stand for election by the shareholders at the next AGM.

Board independence and tenure

The Board's policy on tenure is that length of service does not necessarily compromise the independence or contribution of directors of an investment trust company, where continuity and experience can add significantly to the strength of the Board. After due consideration and further to the annual evaluation process, the Board has concluded that all the Directors continue to be independent in both character and judgement and that there are no relationships or circumstances which are likely to affect the judgement of any Director.

Director's appointment, retirement and succession

Although the Articles of Association require that one third of the Directors retire and submit themselves for re-election at each AGM the Board has resolved that all of the Directors should be subject to re-election on an annual basis. Accordingly, Dr Bell, Mr Brown, Mrs Ferguson and Mr Robson will offer themselves for re-election for a further year. Further details of the independence of the Board and Board tenure is provided in the Corporate Governance Statement on pages 70 and 71.

The Board has considered the position of Mr Brown, Dr Bell, Mrs Ferguson and Mr Robson as part of the evaluation process and believes that it would be in the Company's best interests for each of them to be proposed for re-election at the forthcoming AGM, given their material level of contribution and commitment to the role. Mrs Ferguson joined the Board on 22 December 2021 following a rigorous selection process. A number of candidates were considered, and the Nomination Committee concluded that Mrs Ferguson was the most appropriate candidate to complement the skills of the Board; the Board approved her appointment on 22 December 2021 and Mrs Ferguson's election to the Board was approved by shareholders at the AGM in March 2022.

Having considered the Directors' performance within the annual Board performance evaluation process (further details of which are provided on pages 70 and 71), the Board believes that it continues to operate effectively and that the Directors bring extensive knowledge and commercial experience and demonstrate a range of valuable business, financial and asset management skills. The Board therefore recommends that shareholders vote in favour of each Director's proposed re-election. More details in respect of the skills and experience each Director brings to the Board are set out in more detail on pages 60 and 61.

There were no contracts subsisting during the year under review or up to the date of this report in which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business. None of the Directors are entitled to compensation for loss of office on the takeover of the Company. None of the Directors has a service contract with the Company.

Directors' indemnity

In addition to Directors' and Officers' liability insurance cover, the Company's Articles of Association provide, subject to the provisions of applicable UK legislation, an indemnity for Directors in respect of costs incurred in the defence of any proceedings brought against them by third parties arising out of their positions as Directors, in which they are acquitted, or judgement is given in their favour. The Company has entered into Deeds of Indemnity with each of the Directors individually which are available for inspection at the Company's registered office and will be available at the AGM.

Conflicts of interest

The Board has put in place a framework for Directors to report conflicts of interest, or potential conflicts of interest.

All Directors are required to notify the Company Secretary of any situations, or potential situations, where they consider that they have or may have a direct, or indirect interest or duty that conflicts, or possibly conflicts, with the interests of the Company. All such situations are reviewed by the Board and duly authorised. Directors are also made aware at each meeting that there remains a continuing obligation to notify the Company Secretary of any new situations that may arise, or any changes to situations previously notified. It is the Board's intention to continue to review all notified situations on a regular basis.

The Board considers that the framework has worked effectively throughout the year under review.

Directors' remuneration report and policy

The Directors' Remuneration Report is set out on pages 64 to 67. An advisory ordinary resolution to approve this report will be put to shareholders at the Company's AGM. The Company is also required to put the Director's Remuneration Policy to a binding shareholder vote every three years. The Company's Remuneration Policy was last put to shareholders at the AGM in 2020, therefore, an ordinary resolution to approve the policy will next be put to shareholders at the forthcoming AGM.

Directors' responsibilities

The Directors' responsibilities in preparing these financial statements are noted on page 79.

Substantial share interests

As at 30 November 2022, 1607 Capital Partners LLC had notified the Company that it held interest in 4.28%, and IntegraFin Holdings plc had notified the Company that it held interest in 3.03% of the voting rights attached to the Company's issued share capital (excluding shares in treasury). Subsequently and up to 1 February 2023, the Company had not received any additional notifications in accordance with the FCA's Disclosure Guidance and Transparency Rule 5.1.2R of interests in 3% or more of the voting rights attaching to the Company's issued share capital or any changes to existing interests.

Directors' report
continued

Share capital
Details of the Company's issued share capital are given in note 14 on page 104. Details of the voting rights are given in note 16 to the Notice of Annual General Meeting on page 143.

The ordinary shares carry the right to receive dividends and have one voting right per ordinary share. There are no restrictions on the voting rights of the ordinary shares. There are no shares which carry specific rights with regard to the control of the Company.

Share issues
During the year, the Company issued/sold 18,137,837 ordinary shares (2,747,643 ordinary shares from treasury) for net proceeds of £22,785,000.

The current authority to issue new ordinary shares or sell ordinary shares from treasury for cash was granted to the Directors on 15 March 2022 and will expire at the conclusion of the 2023 AGM. The Directors are proposing that their authority to issue new ordinary shares or sell shares from treasury for cash be renewed at the forthcoming AGM. The Company will be seeking the authority to allot new ordinary shares or sell from treasury ordinary shares representing up to 10% of the Company's issued ordinary shares capital.

Share repurchases
The current authority to repurchase up to 14.99% of the Company's issued share capital to be held in treasury or for cancellation was granted to the Directors on 15 March 2022 and will expire at the conclusion of the 2023 AGM. No ordinary shares were bought back in the year under review.

As at the date of this report, no additional shares have been bought back since 30 November 2022.

The Directors are proposing that their authority to buy back up to 14.99% of the Company's issued share capital be renewed at the forthcoming AGM.

Although the Manager initiates any buy backs, the policy and parameters are set by the Board and reviewed at regular intervals. The Company raises the cash needed to finance any purchase of shares either by selling securities in the Company's portfolio or by short-term borrowing.

Treasury shares
The Board has determined that up to 10% of the issued shares of the Company may be held in treasury and as described above, the Company is authorised to purchase its own ordinary shares to be held in treasury for re-issue at a premium, or cancellation at a future date. During the year, the Company sold 2,747,643 ordinary shares from treasury. As at 30 November 2022, no ordinary shares were held in treasury.

Streamlined energy and carbon reporting (SECR) statement: greenhouse gas (GHG) emissions and energy consumption disclosure
As an externally managed investment company, the Company has no greenhouse gas emissions to report from its operations, nor does it have any responsibility for any other emissions producing sources under the Companies Act (Strategic Report and Directors' Reports) Regulations 2013. For the same reason, the Company considers itself to be a low energy user under the SECR regulations and therefore is not required to disclose energy and carbon information.

Articles of association
Any amendments to the Company's Articles must be made by special resolution.

Annual general meeting
The following information to be discussed at the forthcoming Annual General Meeting is important and requires your immediate attention. If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended).

If you have sold or transferred all of your ordinary shares in the Company you should pass this document, together with any other accompanying documents including the form of proxy, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Resolution 1 – Approval of the Annual Report and Financial Statements:
This resolution seeks shareholder approval of the Annual Report and financial statements for the year ended 30 November 2022 and the Auditor's report thereon.

Resolution 2 – Approval of the Directors' Remuneration Report:
This resolution is an advisory vote on the Directors' Remuneration Report, excluding any content relating to the Remuneration Policy.

Resolution 3 – Approval of the Directors' Remuneration Policy:
This is a binding resolution to approve the Directors' Remuneration Policy as set out on pages 68 and 69.

Resolution 4 – Approval of the Company's dividend policy:
This is a binding resolution to approve the Company's dividend policy to continue to pay four quarterly interim dividends, which in the year under review totalled 4.40p per share.

Resolutions for the election and re-election of directors

The biographies of the Directors are set out on pages 35 and 36 and are incorporated into this report by reference. The skills and experience each Director brings to the Board for the long-term sustainable success of the Company are set out on pages 60 and 61. All the Directors apart from Mrs Ferguson (who joined on 22 December 2021) held office throughout the year under review. All Directors will stand for re-election by shareholders at the meeting in accordance with the requirements of the UK Code.

- **Resolution 5** relates to the re-election of Dr Carol Bell who was appointed on 1 December 2014. Dr Bell has worked in or been an advisor or financier to the sectors in which the Company invests throughout her professional career. As well as an in-depth knowledge of these sectors, her skills include strategic planning and the ability to identify structural trends, a significant asset given the degree of change faced by the Company's investment universe as a consequence of the energy transition away from hydrocarbon fuels. Dr Bell became a director of Chapter Zero in June 2019, an organisation which aims to support non-executive directors in engaging with Climate Risk at board level. She also has considerable governance experience through serving on public company boards since 2005 as a non-executive director.

- **Resolution 6** relates to the re-election of Mr Adrian Brown who was appointed on 10 December 2019 and as Chairman of the Board on 16 March 2022. Mr Brown brings leadership skills and has a wealth of experience in the financial sector and in developing corporate strategy. He brings in-depth knowledge, expertise and experience in investment management and investment marketing having worked in the financial services sector as a senior portfolio manager and a client portfolio manager for a number of management houses and has a wealth of experience in the financial and commerce sectors.

- **Resolution 7** relates to the re-election of Mr Andrew Robson who was appointed on 8 December 2020 and has a wealth of experience in the financial sector, with over 15 years of corporate finance experience, gained at Robert Fleming & Co Limited and SG Hambros. He has considerable experience as a finance director and as chairman of audit committees, including for a number of investment companies, and has a business advisory practice. He is also a qualified chartered accountant.

- **Resolution 8** relates to the re-election of Mrs Carole Ferguson who was appointed on 22 December 2021 and has a wealth of experience in the financial services sector in research, finance and sustainability. She began her career in fund management with BZW Investment Management, moving to work in equity derivatives with Swiss Bank Corporation, JP Morgan Securities and later with Jardine Fleming (Hong Kong) and Robert Fleming (London). Subsequently she was a senior member of the UK fund management team at SG Asset Management before moving to work as a mining analyst at SP Angel for four years. In 2017 she became Head of Investor Research at CDP, the charity that runs the global disclosure system for investors, companies, and others to manage their environmental impact. She is currently a Partner and Research Director of Signal Climate Analytics. She is also on the advisory board of WHEB Asset Management, an impact investor focused on the opportunities created by the transition to a low carbon and sustainable global economy and was formerly a Managing Director of Industry Tracker, a climate research house.

Ordinary resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting.

Resolutions 9 and 10 – Re-appointment of the external Auditor and the Auditor's Remuneration

These resolutions relate to the re-appointment and remuneration of the Company's Auditor. The Company, through its Audit and Management Engagement Committee, has considered the independence and objectivity of the external Auditor and are satisfied that the Auditor remains independent. Further information in relation to the assessment of the Auditor's independence can be found on page 82.

Resolution 11 – Authority to allot shares:

The Directors may only allot shares if authorised to do so by shareholders in a general meeting. This resolution seeks to renew the authority of the Directors to allot ordinary shares up to an aggregate nominal amount of £134,906 which is equivalent to 13,490,619 ordinary shares of 1p each and represents 10% of the Company's issued ordinary share capital (excluding any treasury shares) as at the date of the Notice of the Annual General Meeting. The Directors will use this authority when it is in the best interests of the Company to issue ordinary shares. This authority will expire at the conclusion of the Annual General Meeting to be held in 2024 unless renewed prior to that date.

Resolution 12 – Additional authority to allot ordinary shares

This resolution seeks authority for the Directors, in addition to that sought by resolution 11, to allot shares up to an aggregate nominal amount of £134,906, which is equivalent to 13,490,619 ordinary shares and represents a further 10% of the Company's issued ordinary share capital (excluding treasury shares) as at the date of the Notice of the Annual General Meeting. The Directors will use this authority when it is in the best interests of the Company to issue ordinary shares. This authority resolution, will expire at the conclusion of the Annual General Meeting of the Company to be held in 2024 unless renewed prior to that date at an earlier general meeting.

The following special resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting.

Directors' report

continued

Resolution 13 – Authority to disapply pre-exemption rights:

By law, Directors require specific authority from shareholders before allotting new shares or selling shares out of treasury for cash without first offering them to existing shareholders in proportion to their holdings.

Resolution 13 empowers the Directors to allot new ordinary shares for cash or to sell ordinary shares held by the Company in treasury for cash, otherwise than to existing shareholders on a pro rata basis, subject to the passing of resolution 11, up to an aggregate nominal amount of £134,906 which is equivalent to 13,490,619 ordinary shares and represents 10% of the Company's issued ordinary share capital as at the date of the Notice of Annual General Meeting. This authority will expire at the conclusion of the Annual General Meeting of the Company to be held in 2024 unless renewed prior to that date.

All shares allotted, or sold from treasury, pursuant to this resolution 13 would be at a premium to the prevailing NAV per ordinary share.

Resolution 14 – Additional authority to disapply pre-emption rights

By law, Directors require specific authority from shareholders before allotting new shares or selling shares out of treasury for cash without first offering them to existing shareholders in proportion to their holdings.

Resolution 14 empowers the Directors to allot new ordinary shares for cash or to sell shares held by the Company in treasury for cash, otherwise than to existing shareholders on a pro rata basis, subject to the passing of resolution 12 and in addition to the authority sought under resolution 13, up to an aggregate nominal amount of £134,906 which is equivalent to 13,490,619 ordinary shares of 1p each, and represents 10% of the Company's issued ordinary share capital (excluding treasury shares) as at the date of the Notice of the Annual General Meeting. This authority will expire at the conclusion of the Annual General Meeting of the Company to be held in 2024 unless renewed prior to that date at an earlier general meeting.

All shares allotted, or sold from treasury, pursuant to this resolution 14 would be at a premium to the prevailing NAV per ordinary share.

The additional share issuance authorities being sought by the Board under resolutions 12 and 14 are aimed at ensuring that the Company is positioned to issue into market demand on a timely basis at minimal cost to shareholders (in view of the high level of demand for the Company's shares over the year under review, with 18,137,837 ordinary shares issued over the period). The Board believes that such issuance is beneficial for shareholders as it increases the capital base over which the Company's fixed costs are spread, reducing the Company's ongoing charges ratio and further minimising costs for shareholders.

Resolution 15 – Authority to buy back shares:

The resolution to be proposed will seek to renew the authority granted to Directors enabling the Company to purchase its own shares. The Directors will only consider repurchasing shares in the market if they believe it to be in shareholders' interests and as a means of correcting any imbalance between supply and demand for the Company's shares. The Directors are seeking authority to purchase up to 20,222,438 ordinary shares, being approximately 14.99% of the issued share capital (excluding treasury shares) as at the date of the Notice of Annual General Meeting. This authority will expire at the conclusion of the Annual General Meeting to be held in 2024 unless renewed prior to that date.

Any ordinary shares purchased pursuant to resolution 15 shall be cancelled immediately upon completion of the purchase or held, sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the Companies Act 2006.

Resolution 16 – Notice period for General Meetings:

This resolution 16 empowers the Directors to hold general meetings (other than annual general meetings) on 14 clear days' notice, which is the minimum notice period permitted by the Companies Act 2006. The Companies Act 2006 increases the minimum notice period to 21 days unless three conditions are met.

The first condition is that the general meeting is not an annual general meeting. The second condition is that the Company offers facilities for shareholders to vote by electronic means. The third condition is that there is a resolution of shareholders approving the reduction in the minimum notice period from 21 days to 14 days, hence this resolution being proposed. It is not intended that this power will be used as a matter of course, rather that this flexibility will be utilised where the Board believes that the nature of the business to be conducted requires that a general meeting be convened at 14 days' notice.

Recommendation

Your Board considers that each of the resolutions to be proposed at the Annual General Meeting is likely to promote the success of the Company for the benefit of its members as a whole and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that shareholders vote in favour of the resolutions, as they intend to do in respect of their own beneficial holdings.

Corporate governance

Full details are given in the Corporate Governance Statement on pages 70 to 74. The Corporate Governance Statement forms part of this Directors' Report.

Audit information

As required by Section 418 of the Companies Act 2006 each of the Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Auditor

The Auditor, Ernst & Young LLP, is willing to continue in office. Resolutions proposing the reappointment of Ernst & Young LLP and authorising the Audit and Management Engagement Committee to determine the Auditor's remuneration for the ensuing year will be proposed at the AGM.

The Directors' Report was approved by the Board at its meeting on 1 February 2023.

By order of the Board

GRAHAM VENABLES
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
1 February 2023

Directors' remuneration report

The Board presents the Directors' Remuneration Report for the year ended 30 November 2022 which has been prepared in accordance with Sections 420-422 of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in their report on pages 82 to 89.

Statement by the chairman

A key driver of the remuneration policy is that fees payable to Directors should be sufficient to attract and retain individuals with suitable knowledge and experience to promote the long-term success of the Company whilst also reflecting the time commitment and responsibilities of the role. The Board's focus is on setting the strategy for the successful progression of the Company and monitoring performance against the strategic objectives set. In order to do this effectively, Directors spend a substantial amount of time preparing for the six scheduled Board meetings and three Audit and Management Engagement Committee meetings held each year. At these meetings, the Directors review the Company's portfolio, monitor investment performance and review compliance with investment guidelines.

The Board also reviews and monitors the Company's ongoing operating costs to ensure that these represent optimal value and are in line with agreed budgets. In addition, the Board sets the marketing strategy of the Company and contributes to a sales and marketing initiative operated by BlackRock; the Board has set key performance indicators to monitor progress and reviews these on a regular basis to monitor and assess the effectiveness of this initiative. The Board monitors the Company's share rating closely and is responsible for determining the appropriate action to be taken to manage this where necessary.

Directors are also responsible for establishing and maintaining the Company's control systems to manage risk effectively, and a register of these controls and the risks facing the Company are reviewed at each Audit and Management Engagement Committee meeting, along with control reports from external auditors. Directors also receive an annual update from BlackRock's internal audit department. As well as this usual business, Directors also spend additional time as and when required in ad hoc meetings to address other issues as they arise, including the Board's response to emerging risks. Investment trusts are subject to a large number of regulatory and disclosure requirements, including the requirements of the UK Code, UKLA Listing Rules, and Investment Trust Company tax regulations. The regulatory burden has increased significantly in recent years, with the implementation of AIFMD, GDPR, Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard requiring considerable additional time to be spent by the Board to ensure that new depositary and management agreements comply with best industry practice. There are yet more new regulatory obligations that will become applicable to the Company over the next few years, all of which are expected to generate an increased workload for Directors, and the Board will continue to be mindful of this in setting remuneration levels.

For the year ended 30 November 2022, the Chairman received an annual fee of £40,000, the Audit and Management Engagement Committee Chairman received £34,000 per annum and the other Directors received £29,000 per annum. Following a review on 7 December 2022, it was agreed that no changes would be made to Directors' remuneration at the present time. Prior to this, Directors' fees were last increased on 1 December 2021. Additional information in respect of the Board's remuneration and the basis for determining the level of any increase in the Directors' remuneration is set out in the Directors' Remuneration Policy on pages 68 and 69.

No discretionary fees have been paid to Directors during the year or since inception and the payment of such fees is expected to be a rare occurrence, only necessary in exceptional circumstances. Any discretionary fees paid to the Directors will be clearly disclosed in the Directors' Remuneration Report accompanied by an explanation of the work undertaken and why it was deemed necessary to pay such additional remuneration.

Remuneration committee

The Board as a whole fulfils the function of the Remuneration Committee and considers any change in the Directors' remuneration policy. A separate Committee has therefore not been established. The Company's Directors as at the date of this report are all non-executive and are independent of the Manager. No advice or services were provided by any external agencies or third parties in respect of remuneration levels.

Remuneration/service contracts

The maximum remuneration of the Directors is determined within the limits of the Company's Articles and currently amounts in aggregate to £200,000 per annum. No element of the Directors' remuneration is performance related.

None of the Directors is entitled to receive from the Company:

- performance related remuneration;
- any benefits in kind except reasonable travel expenses in the course of travel to attend meetings and duties undertaken on behalf of the Company;
- share options;
- rewards through a long-term incentive scheme;
- a pension or other retirement benefit; and
- compensation for loss of office.

The Company has no employees and consequently no consideration is required to be given to employment conditions elsewhere in setting Directors' fees.

All of the Directors are non-executive. None of the Directors has a service contract with the Company and the terms of their appointment are detailed in a letter of appointment. New directors are appointed for an initial term of three years and it is expected that they will serve two further three-year terms. The continuation of an appointment is contingent on satisfactory performance evaluation and re-election at each Annual General Meeting (AGM). A director may resign by notice in writing to the Board at any time, there is no notice period. The letters of appointment are available for inspection at the registered office of the Company.

Implementation of the remuneration policy

The Directors intend that the Company's Remuneration Policy will be implemented as set out on pages 64 to 68. The Directors' remuneration policy on page 68 and the policy table on page 69 form part of this report. The Directors do not receive any performance related remuneration or incentives. Discretionary payments are permitted under the policy; however, such discretionary payments would only be considered in exceptional circumstances.

Remuneration implementation report

A single figure for total remuneration of each Director is set out in the table below for the year ended 30 November 2022:

	Year ended 30 November 2022			Year ended 30 November 2021		
Directors	**Fees**	**Taxable benefits[1]**	**Total**	**Fees**	**Taxable benefits[1]**	**Total**
	£	**£**	**£**	**£**	**£**	**£**
Adrian Brown[2] (Chairman)	36,915	–	36,915	27,000	–	27,000
Dr Carol Bell	29,000	–	29,000	27,000	–	27,000
Carole Ferguson[3]	27,332	–	27,332	*n/a*	*n/a*	*n/a*
Andrew Robson	34,000	–	34,000	29,956	–	29,956
Ed Warner[4]	11,616	–	11,616	38,000	–	38,000
Michael Merton[5]	n/a	n/a	n/a	9,293	–	9,293
Total	**138,863**	**–**	**138,863**	**131,249**	**–**	**131,249**

1 Taxable benefits relate to travel and subsistence costs.
2 Mr Brown became Chairman of the Board with effect from 16 March 2022.
3 Mrs Ferguson joined the Board with effect from 22 December 2021.
4 Mr Warner retired from the Board with effect from 15 March 2022.
5 Mr Merton retired from the Board with effect from 16 March 2021.

No discretionary payments were made in the year to 30 November 2022 (2021: £nil).

The information in the table above has been audited. The amounts paid by the Company to the Directors were for services as non-executive Directors. The Directors receive no variable remuneration.

At 30 November 2022, fees of £11,000 (2021: £10,000) were outstanding to Directors in respect of their annual fees.

Directors' remuneration report

continued

Relative importance of spend on pay

As the Company has no employees, the table above also comprises the total remuneration costs and benefits paid by the Company. To enable shareholders to assess the relative importance of spend on pay, this has been shown in the table below compared to the Company's net profit on ordinary activities after taxation, total operating expenditure and dividend distributions.

	2022 £'000	2021 £'000	Change £'000
Directors' total remuneration	139	131	+8
Total dividends paid and payable	5,780	4,737	+1,043
Buy back of ordinary shares	–	48	-48
Net revenue profit on ordinary activities after tax	6,394	5,704	+690

No payments were made in the period to any past Directors (2021: £nil).

Five year change comparison

Over the last five years, Directors' pay has increased as set out in the table below:

	2022 £'000	2017 £'000	Change
Chairman	40,000	36,000	+11.1%
Audit and Management Engagement Committee Chairman	34,000	30,000	+13.3%
Director	29,000	25,000	+16.0%

As previously noted, the Company does not have any employees and hence no comparisons are given in respect of the comparison between Directors' and employees' pay increases.

Shareholdings

The interests of the Directors in the ordinary shares of the Company are set out in the table below. The Company does not have a share option scheme, therefore none of the Directors has an interest in any share options in the Company. There is no requirement for Directors to hold shares in the Company.

	30 November 2022 Ordinary shares	30 November 2021 Ordinary shares
Adrian Brown[1]	35,000	25,000
Dr Carol Bell	44,000	44,000
Mrs Carole Ferguson[2]	–	n/a
Mr Andrew Robson[3]	35,000	24,000
Ed Warner[4]	n/a	94,000

1 Mr Brown acquired 10,000 additional shares on 5 August 2022.
2 Mrs Ferguson joined the Board with effect from 22 December 2021.
3 Mr Robson acquired 11,000 additional shares on 4 August 2022.
4 Mr Warner retired from the Board with effect from 15 March 2022.

The information in the table above has been audited.

All the holdings of the Directors are beneficial. No other changes to these holdings have been notified up to the date of this report.

Retirement of Directors

Further details are given in the Directors' Report on page 59.

Performance

The following graph compares the Company's net asset value and share price performance with the performance of an equivalent investment in a Composite Index; 50% EMIX Global Mining Index and 50% MSCI World Energy Index up to 31 May 2020. From 1 June 2020 to 30 November 2022, the Composite Index has been adjusted to represent a blend of 40% EMIX Global Mining (ex Gold) Index, 30% MSCI World Energy Index and 30% S&P Global Clean Energy Index. This Composite Index is deemed to be the most appropriate as the Company has global mining and energy investment objectives, with energy transition stocks forming an increasingly important part of both the mining and energy sectors.

Performance figures are calculated in British Pound Sterling terms, with dividends reinvested. Rebased to 100 at 30 November 2012.

By order of the Board

ADRIAN BROWN
Chairman
1 February 2023

Directors' remuneration policy

In setting the appropriate level of Directors' fees, a number of factors are considered, including the workload of the Directors, their responsibilities, any change in these responsibilities and additional legal duties (for example as a result of new legislation being implemented), the relationship with their suppliers and service providers and the size and complexity of the Company. The time commitment required, the level of skills and appropriate experience required and the need for Directors to maintain on an ongoing basis an appropriate level of knowledge of regulatory and compliance requirements in an industry environment of increasing complexity are also taken into account. The Board also considers the average rate of inflation during the period since the last fee increase and reviews the level of remuneration in comparison with other investment trusts of a similar size and/or mandate, as well as taking account of any data published by the Association of Investment Companies to ensure that fees are in line with industry practice. This comparison, together with consideration of any alteration in non-executive Directors' responsibilities, is used to review whether any change in remuneration is necessary. The review is performed on an annual basis. Directors' salaries were reviewed at the Board meeting held on 7 December 2022 and the Board agreed to maintain these at their current level and make no changes at the present time. At the Board meeting on 24 January 2023, the Board approved the creation of the role of Senior Independent Director, with an additional annual fee payable to the Director filling this role of £1,000 per annum in recognition of the additional responsibilities and time commitments of the role. More information is given in the Corporate Governance Statement on page 71.

The Company has no employees and consequently no consideration is required to be given to employment conditions elsewhere in setting this policy and there has been no employee consultation.

No element of the Directors' remuneration is performance related or subject to recovery or withholding (except for tax). Directors cannot be awarded any share options or long-term performance incentives. None of the Directors has a service contract with the Company or receives any non-cash benefits (except as described in the policy table), pension entitlements or compensation for loss of office.

The remuneration policy would be applied when agreeing the remuneration package of any new Director. The terms of Directors' appointments are detailed in a letter sent to them when they join the Board. These letters are available for inspection at the registered office of the Company. Directors' appointments do not have a fixed duration, but they can be terminated by the Company in writing at any time without obligation to pay compensation. On termination of the appointment, Directors shall only be entitled to accrued fees as at the date of termination together with reimbursement of any expenses properly incurred prior to that date. No payments for loss of office are made. Directors are subject to annual re-election.

Consideration of shareholders' views

An ordinary resolution to approve the remuneration report is put to members at each AGM. The Company is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Shareholders have the opportunity to express their views and ask questions in respect of the remuneration policy at the AGM. To date, no shareholders have commented in respect of the remuneration policy. In the event that there was a substantial vote against any resolution proposed at the Company's AGM, the reasons for any such vote would be sought and appropriate action taken. Should the votes be against resolutions in relation to the directors' remuneration, further details will be provided in future Directors' Remuneration Reports.

In accordance with the Companies Act 2006, the Company is required to seek shareholder approval of its remuneration policy on a triennial basis. An ordinary resolution for the approval of the remuneration policy was approved by shareholders at the AGM held on 17 March 2020, with 97.54% of votes cast (including votes cast at the Chairman's discretion) in favour and 2.46% votes cast against.

The remuneration policy will next be put to a binding shareholder vote at the AGM to be held on 13 March 2023.

The Directors' Remuneration Report was also last approved by shareholders at the AGM held on 15 March 2022, with 94.53% of votes cast (including votes cast at the Chairman's discretion) in favour and 5.47% of votes cast against.

Any discretionary fees paid to the Directors will be clearly disclosed in the Directors' Remuneration Report accompanied by an explanation of the work undertaken.

Future policy table

Purpose and link to strategy	Fees payable to Directors should be sufficient to attract and retain individuals of high calibre with suitable knowledge and experience. Those chairing the Board and key Committees should be paid higher fees than other Directors in recognition of their more demanding roles. Fees should reflect the time spent by Directors on the Company's affairs and the responsibilities borne by the Directors.
Description	Current levels of fixed annual fee (with effect from 1 December 2021): Chairman – £40,000 Audit and Management Engagement Committee Chairman – £34,000 Senior Independent Director – £30,000 Director – £29,000 All reasonable expenses to be reimbursed.
Maximum and minimum levels	Remuneration consists of a fixed fee each year, set in accordance with the stated policies and any increase granted must be in line with the stated policies. The Company's Articles of Association provide that the Directors are paid fees for their services not exceeding in the aggregate an annual sum of £200,000 or such larger amount as the Company may by Ordinary Resolution decide divided between the Directors as they agree. In accordance with the provisions of the Company's Articles of Association, the Directors are entitled to be repaid all reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors. There is a limit of £10,000 in relation to the amount payable in respect of expenses reimbursed. These ceilings have been set at a level to provide flexibility in respect of the recruitment of additional Board members and inflation.
Policy on share ownership	Directors are not required to own shares in the Company.
Fixed fee element	The Board reviews the quantum of Directors' fees each year to ensure that they are in line with the level of Directors' remuneration for other investment trusts of a similar size. When considering any changes in fees, the Board will take into account wider factors such as the average rate of inflation over the period since the previous review, and the level and any change in complexity of the Directors' responsibilities (including additional time commitments as a result of increased regulatory or corporate governance requirements). Directors are not eligible to be compensated for loss of office, nor are they eligible for bonuses, pension benefits, share options or other incentives or benefits. Directors do not have service contracts, but are appointed under letters of appointment.
Discretionary payments	The Company's Articles authorise the payment of discretionary fees to Directors for any additional work undertaken on behalf of the Company which is outside of their normal duties. Any such extra work undertaken is subject to the prior approval of the Chairman or, in the case of the Chairman undertaking the extra work, subject to the prior approval of the Chairman of the Audit and Management Engagement Committee. The level of discretionary fees shall be determined by the Directors. Any discretionary fees paid will be disclosed in the Director's remuneration implementation report within the Annual Report. The payment of such fees would only be considered in exceptional circumstances and any discretionary fees paid will be clearly disclosed.
Taxable benefits	Some expenses incurred by Directors are required to be treated as taxable benefits. Taxable benefits include (but are not limited to) travel expenses incurred by the Directors in the course of travel to attend Board and Committee meetings which are held at the Company's registered offices in London, and which are reimbursed by the Company and therefore treated as a benefit in kind and are subject to tax and national insurance. The Company's policy in respect of this element of remuneration is that all reasonable costs of this nature will be reimbursed as they are incurred, including the tax and national insurance costs incurred by the Director on such expenses.

Corporate governance statement

Chairman's introduction

Corporate governance is the process by which the Board seeks to look after shareholders' interests and protect and enhance shareholder value. Shareholders hold the Directors responsible for the stewardship of the Company, delegating authority and responsibility to the Directors to manage the Company on their behalf and holding them accountable for its performance.

The Board is ultimately responsible for framing and executing the Company's strategy and for closely monitoring risks. We aim to run our Company in a manner which is responsible and consistent with our belief in honesty, transparency and accountability. In our view, good governance means managing our business well and engaging effectively with investors. We consider the practice of good governance to be an integral part of the way we manage the Company and we are committed to maintaining high standards of financial reporting, transparency and business integrity.

As a UK-listed investment trust company our principal reporting obligation is driven by the UK Corporate Governance Code (the UK Code) issued by the Financial Reporting Council in July 2018. However, as listed investment trust companies differ in many ways from other listed companies, the Association of Investment Companies has drawn up its own set of guidelines, the AIC Code of Corporate Governance (the AIC Code) issued in February 2019, which addresses the governance issues relevant to investment companies and meets the approval of the Financial Reporting Council. Both the UK Code and the AIC Code apply to accounting periods beginning on or after 1 January 2019. The Board has determined that it has complied with the recommendations of the AIC Code. This in most material respects is the same as the UK Code, save that there is greater flexibility regarding the tenure of the Chairman and membership of the audit committee.

This report, which is part of the Directors' Report, explains how the Board addresses its responsibility, authority and accountability.

Compliance

The Board has made the appropriate disclosures in this report to ensure that the Company meets its continuing obligations. It should be noted that, as an investment trust, most of the Company's day-to-day responsibilities are delegated to third parties, the Company has no employees and the Directors are non-executive.

Therefore, not all of the provisions of the UK Code are directly applicable to the Company.

The Board considers that the Company has complied with the recommendations of the AIC Code and the provisions contained within the UK Code that are relevant to the Company throughout this accounting period, except the provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- nomination of a senior independent director.

Since the year-end, Dr Carol Bell has been appointed as Senior Independent Director of the Company.

For the reasons set out in the AIC Code of Corporate Governance, and as explained in the UK Code, the Board considers that these provisions are not relevant to the position of the Company being an externally managed investment company with no executive employees. In view of BlackRock having an internal audit function it does not consider it necessary for the Company to have its own internal audit function. The Board receives regular reports from BlackRock's internal audit function. In addition, BlackRock's internal audit department provides an annual presentation to the Audit Committee chairmen of the BlackRock investment trusts on the results of testing performed in relation to BlackRock's internal control processes.

The UK Code is available from the Financial Reporting Council's website at frc.org.uk. The AIC Code is available from the Association of Investment Companies at theaic.co.uk.

Information on how the Company has applied the principles of the AIC Code and UK Code is set out below.

Board composition

The Board currently consists of four non-executive Directors. All the Directors will stand for re-election at the forthcoming Annual General Meeting and the biographies of all the Directors can be found on pages 35 and 36. Mr Ed Warner retired from the Board at the AGM on 15 March 2022. The refreshment of the Board will remain as an ongoing process to ensure that the Board is well balanced through the appointment of new Directors with the skills and experience necessary. Directors must be able to demonstrate commitment to the Company, including in terms of time.

All Directors are considered to be independent of the Company's Manager. The provision of the UK Code which relates to the combination of the roles of the chairman and chief executive does not apply as the Company has no executive directors. The UK Code recommends that the Board should appoint one of the independent non-executive directors to be the senior independent director.

Having considered this Code provision and taking into account the Company's current and future size and evolving industry best practice, the Board resolved to appoint Carol Bell as Senior Independent Director with effect from 24 January 2023. Dr Bell will receive an additional fee of £1,000 per annum in respect of these additional responsibilities.

The Directors' biographies, on pages 35 and 36 demonstrate a breadth of investment knowledge, business and financial skills which enable them to provide effective strategic leadership and proper governance of the Company. Details of the Chairman's other significant time commitments can also be found on page 35.

Diversity

While the Board does not have a formal policy on diversity, it recognises the benefits at Board level and believes that Directors should have a mix of different skills, experience, backgrounds, ethnicity, gender and other characteristics.

A broad range of factors are taken into account when setting an appointment brief and during the search and selection process and have been applied during the recruitment and appointment processes undertaken during this reporting period. The Board believes that all Board appointments must be made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. The Board currently has a 50:50 gender ratio, in accordance with relevant regulation and best practice, and will continue to consider other diversity characteristics, such as age, ethnicity, gender, disability or educational, professional and socio-economic background when appraising Board composition. The Board is aware of the recommendations of the Parker Review and the recent changes to the FCA's Listing Rules which set new diversity targets and associated disclosure requirements for UK companies listed on the premium and standard segment of the London Stock Exchange. Listing Rule 9.8.6R (9)(a) requires listed companies to include a statement in their annual reports and accounts in respect of certain targets on board diversity. This new requirement applies to accounting periods commencing on or after 1 April 2022 and therefore the Company intends to report against these diversity targets for the year ending 30 November 2023.

Board independence and tenure

Details of the Board's policy on tenure and independence are set out on pages 58 and 59.

Directors' appointment, retirement and rotation

The rules concerning the appointment, retirement and rotation of Directors are discussed in the Directors' Report on page 59.

None of the Directors has a service contract with the Company. The terms of their appointment are detailed in a letter sent to them when they join the Board. These letters are available for inspection at the registered office of the Company and will be available at the AGM.

Directors' training and induction

When a new Director is appointed to the Board, he or she is provided with all relevant information regarding the Company and his or her duties and responsibilities as a Director. In addition, a new Director will also spend some time with representatives of the Manager, including the Portfolio Managers and the Company Secretary, whereby he or she will become familiar with the various processes which are considered necessary for the performance of their duties and responsibilities.

The Company's policy is to encourage Directors to keep up to date and attend training courses on matters which are directly relevant to their involvement with the Company. The Directors also receive regular briefings from, amongst others, the Auditor and the Company Secretary regarding any proposed developments or changes in law or regulations that could affect them or the Company.

Directors' liability insurance

The Company has maintained appropriate Directors' liability insurance cover throughout the year.

The Board's responsibilities

The Board is responsible to shareholders for the effective stewardship of the Company and a formal schedule of matters reserved for the decision of the Board has been adopted. Investment policy and strategy are determined by the Board. It is also responsible for the gearing policy, dividend policy, public documents such as the Annual Report and Financial Statements, the terms of the discount control mechanism, buy back policy and corporate governance matters. In order to enable them to discharge their responsibilities effectively the Board has full and timely access to relevant information.

The Board currently meets at least six times a year to review investment performance, financial reports and other reports of a strategic nature. Board or Board committee meetings are also held on an ad hoc basis to consider particular issues as they arise. Key representatives of the Manager and/or Investment Manager attend each meeting and between these meetings there is regular contact with the Manager and Investment Manager.

The Board has direct access to company secretarial advice and the services of the Manager which, through its nominated representative, is responsible for ensuring that Board and Committee procedures are followed and that applicable regulations are complied with. The appointment and removal of the Company Secretary is a matter for the whole Board.

Corporate governance statement

continued

The Board has established a procedure whereby Directors wishing to do so in the furtherance of their duties, may take independent professional advice at the Company's expense.

Performance evaluation

A formal appraisal system has been agreed for the evaluation of the Board, its Committees and the individual Directors, including the Chairman.

The annual evaluation for the year ended 30 November 2022 has been carried out. This took the form of questionnaires followed by discussions to identify how the effectiveness of the Board's activities, including its Committees, policies or processes might be enhanced.

The Chairman also reviewed with each Director their individual performance, contribution and commitment. The appraisal of the Chairman followed the same format and was led by Mr Robson. The results of the evaluation process were presented to and considered by the Board. There were no significant actions arising from the evaluation process and it was agreed that the current composition of the Board and its Committees reflected a suitable mix of skills and experience, and that the Board as a whole, the individual Directors and its Committees were functioning effectively.

Delegation of responsibilities

The Board has delegated the following areas of responsibility:

Management and administration

The management of the investment portfolio and the administration of the Company have been contractually delegated to BFM as the Company's AIFM, and BFM (with the permission of the Company) has delegated certain investment management and other ancillary services to BIM (UK) (the Investment Manager). The contractual arrangements with the Manager are summarised on pages 56 and 57.

The Manager, operating under guidelines determined by the Board, has direct responsibility for the decisions relating to the day-to-day running of the Company and is accountable to the Board for the investment, financial and operating performance of the Company.

The review of the Manager's performance is an ongoing duty and responsibility of the Board which is carried out at every Board meeting. In addition, a formal review is undertaken annually, details of which are set out above.

The assets of the Company have been entrusted to the Depositary for safekeeping. The Depositary is The Bank of New York Mellon (International) Limited. The address at which the business is conducted is given on page 126.

The Board has delegated the exercise of voting rights attaching to the securities held in the portfolio to the Investment Manager. Details of the Investment Manager's voting policy are set out on page 58.

Committees of the board

The Board has appointed a number of committees as set out below and on page 34. Copies of the terms of reference of each committee are available on request from the Company's registered office, on the BlackRock website at www.blackrock.com/uk/beri and at each Annual General Meeting.

Audit and Management Engagement Committee

The Audit and Management Engagement Committee consists of Andrew Robson who acts as Chairman, Dr Carol Bell, Adrian Brown and Carole Ferguson. Mr Brown is not a member of the Committee but may attend by invitation.

Further details are provided in the Report of the Audit and Management Engagement Committee on pages 75 to 78.

Nomination Committee

The Nomination Committee comprises all the Directors and is chaired by the Chairman of the Board. The role of the Committee is to review Board structure, size and composition, the balance of knowledge, experience and skills range and to consider succession planning and tenure policy. Appointments of new Directors will be made on a formalised basis, with the Committee agreeing the selection criteria and the method of selection, recruitment and appointment. Board diversity, including gender, will be taken into account in establishing the criteria. The services of an external search consultant may be used to identify potential candidates. On the recommendation of the Nomination Committee, the Board engaged an independent third-party recruitment firm, Odgers Berndtson, to assist in the search for a new Director, which resulted in the appointment of Mrs Ferguson as a Director on 22 December 2021.

The Committee meets at least once a year and more regularly if required.

Remuneration Committee

The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is detailed in the Directors' Remuneration Report on pages 64 to 67.

As stated in the Directors' Remuneration Report, the full Board determines the level of Directors' fees and accordingly there is no separate Remuneration Committee.

Internal controls

The Board is responsible for the internal controls of the Company and for reviewing their effectiveness, for ensuring that financial information published or used within the business is reliable, and for regularly monitoring compliance with regulations governing the operation of investment trusts. The Board reviews the effectiveness of the internal control systems to identify, evaluate and manage the Company's significant risks. As part of that process, there are procedures designed to capture and evaluate any failings or weaknesses. Should a matter be categorised by the Board as significant, procedures exist to ensure that necessary action is taken to remedy the failings. The Board is not aware of any significant failings or weaknesses arising in the year under review.

Control of the risks identified, covering financial, operational, compliance and risk management, is embedded in the operations of the Company. There is a monitoring and reporting process to review these controls, which has been in place throughout the year under review and up to the date of this report carried out by the Manager's corporate audit department. This accords with the Financial Reporting Council's 'Internal Control: Revised Guidance for Directors on the UK Corporate Governance Code'.

The Company's risk register sets out the risks relevant to the Company and describes, where relevant, the internal controls that are in place at the AIFM, the Investment Manager and other third party service providers to mitigate these risks. The Audit and Management Engagement Committee (the Committee) formally reviews this register on a semi-annual basis and BFM as the Company's AIFM reports on any significant issues that have been identified in the period. In addition, BlackRock's internal audit department provides an annual presentation to the Audit and Management Engagement Committee Chairman on the results of testing performed in relation to BlackRock's internal control processes. The Depositary also reviews the control processes in place at the Custodian, the Fund Accountant and the AIFM and reports formally to the Committee twice yearly. Both the AIFM and the Depositary will escalate issues and report to the Committee outside of these meetings on an ad hoc basis to the extent this is required. The Committee also receives annual and quarterly Service Organisation Control (SOC 1) reports respectively from BlackRock and other key service providers on the internal controls of their respective operations, together with the opinion of their reporting accountants.

The Board recognises that these control systems can only be designed to manage rather than to eliminate the risk of failure to achieve business objectives, and to provide reasonable, but not absolute, assurance against material misstatement or loss, and relies on the operating controls established by the Manager and the Custodian. The Investment Manager prepares revenue forecasts and management accounts which allow the Board to assess the Company's activities and review its performance. The Board and the Investment Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are submitted to the Board at each meeting.

Internal audit function

The Company does not have its own internal audit function, as all the administration is delegated to the Manager. The Board monitors the controls in place through the Manager's internal audit department and considers that there is currently no need for the Company to have its own internal audit function, although this matter is kept under review.

Financial reporting

The Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements is set out on page 79, the Report of the Independent Auditor on pages 82 to 89 and the Statement of Going Concern on page 58.

Socially responsible investment

Generally, investment trusts do not employ staff and accordingly have no direct impact on social matters but can be significant investors in the economies of the regions in which they invest. The Company invests primarily in the securities of companies operating in the mining and energy sectors around the world in a range of countries which have varying degrees of political and corporate governance standards. The Investment Manager's evaluation procedures and financial analysis of the companies within the portfolio includes research and appraisal, and also takes into account environmental policies, social, ethical and other business issues. In this regard, the Natural Resources team works closely with BlackRock's Investment Stewardship team.

The Company's investment process is ESG integrated. The Investment Manager defines ESG integration as the practice of explicitly incorporating ESG information into investment decisions to help enhance risk-adjusted returns.

Details on ESG integration can be found in the Strategic Report on pages 53 and 54.

Corporate governance statement
continued

BlackRock is a signatory to the UK Stewardship Code, which sets high expectations for how investors, and the service providers that support them, manage assets on behalf of UK savers and pensioners. The Manager's compliance with the UK Stewardship Code is publicly available on the BlackRock website: https://www.blackrock.com/corporate/about-us/investment-stewardship#stewardship-reports.

Bribery prevention policy

The provision of bribes of any nature to third parties in order to gain a commercial advantage is prohibited and is a criminal offence. The Board has a zero tolerance policy towards bribery and a commitment to carry out business fairly, honestly and openly. The Board takes its responsibility to prevent bribery very seriously. The Manager has anti-bribery policies and procedures in place which are high level, proportionate and risk-based, which are periodically reviewed by the Board. The Company's other service providers have been contacted in respect of their anti-bribery policies and, where necessary, contractual changes are made to existing agreements in respect of anti-bribery provisions.

Criminal Finances Act 2017

The Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

Communication with shareholders

All shareholders have the opportunity to attend and vote at the AGM. The Notice of Annual General Meeting is sent out at least 20 working days in advance of the meeting and sets out the business of the meeting and any item not of an entirely routine nature is explained in the Directors' Report on pages 60 to 62, separate resolutions are proposed for substantive issues.

In addition, regular updates on performance are available to shareholders and the Investment Manager will review the Company's portfolio and performance at the AGM, where the Board and representatives of the Investment Manager will be available to answer shareholders' queries. Proxy voting figures will be announced to shareholders at the AGM and will be made available on the Company's website at www.blackrock.com/uk/beri shortly after the meeting. In accordance with the UK Corporate Governance Code, when, in the opinion of the Board, a significant proportion of votes have been cast against a resolution at any general meeting, the Board will explain, when announcing the results of voting, what actions it intends to take to understand the reasons behind the vote result.

The Company's willingness to enter into discussions with institutional shareholders is also demonstrated by the programmes of institutional presentations made by the Investment Manager. The Board discusses any feedback from meetings with shareholders with the Investment Manager at each Board meeting. It also receives reports from its corporate broker in relation to the views of shareholders and demand for the Company's shares.

There is a section within this report entitled 'Additional Information – Shareholder Information' on pages 122 and 123, which provides an overview of useful information available to shareholders.

The Company's financial statements, regular factsheets and other information are also published on the BlackRock website at blackrock.com/uk/beri. The work undertaken by the Auditor does not involve consideration of the maintenance and integrity of the website and, accordingly, the Auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the accounts may differ from legislation in their jurisdiction.

Packaged retail and insurance-based investment products (PRIIPs) regulation ('The Regulation')

This Regulation (as onshored in the UK and amended) requires that anyone manufacturing, advising on, or selling a PRIIP to a retail investor in the UK must comply with the regulation. Shares issued by Investment Trusts fall into scope of the regulation.

Investors should be aware that the Regulation requires the AIFM, as PRIIPs manufacturer, to prepare a key information document ('KID') in respect of the Company. This KID must be made available, free of charge, to UK retail investors prior to them making any investment decision and have been published on BlackRock's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by the Regulation. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

The PRIIPs KID in respect of the Company can be found at: www.blackrock.com/uk/beri.

Disclosure guidance and transparency rules

Other information required to be disclosed pursuant to the Disclosure Guidance and Transparency Rules has been placed in the Directors' Report on pages 56 to 63 because it is information which refers to events that have taken place during the course of the year.

By order of the Board

ADRIAN BROWN
Chairman
1 February 2023

Report of the audit and management engagement committee

As Chairman of the Audit and Management Engagement Committee (the Committee) I am pleased to present the Committee's report to shareholders for the year ended 30 November 2022.

Composition

All of the Directors at the date of this report, except the Chairman, are members of the Committee. The Chairman may attend the Committee meetings by invitation. Mrs Carole Ferguson became a member of the Committee from the date of her appointment on 22 December 2021. The Committee is composed of Mr Robson (who acts as Chair), Dr Bell and Mrs Ferguson.

The Directors' biographies are given on pages 35 and 36 and the Board considers that at least two members of the Committee have sufficient recent and relevant financial experience for the Committee to discharge its function effectively. The Board is also satisfied that the Audit and Management Engagement Committee as a whole has competence relevant to the sector in which the Company operates.

Role and responsibilities

During the year under review the Committee met three times. Two of the three planned meetings were held prior to the Board meetings to approve the half yearly and annual results in July and January respectively. The third meeting is held in December to start the report and accounts preparation process.

The Committee operates within written terms of reference detailing its scope and duties and these are available on the Company's website at www.blackrock.com/uk/beri. The Committee's principal duties, as set out in the terms of reference, fall into seven main categories, as set out below. In accordance with these duties the principal activities of the Committee during the year included:

Internal controls, financial reporting and risk management systems

- reviewing the adequacy and effectiveness of the Company's internal financial controls and the internal control and risk management systems;
- reasonably satisfying itself that such systems meet relevant legal and regulatory requirements;
- monitoring the integrity of the financial statements including the half yearly and annual report and financial statements;
- reviewing the consistency of, and any changes to, accounting policies;
- reviewing the half yearly and annual report and financial statements to ensure that the Company's results and financial position are represented accurately and fairly to shareholders;
- reviewing semi-annual reports from the Manager on its activities as AIFM; and
- reviewing half yearly reports from the Depositary on its activities.

Narrative reporting

- reviewing the content of the annual report and financial statements and advising the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

External audit

- making recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting (AGM) in relation to the appointment, re-appointment and removal of the Company's external auditor;
- overseeing the relationship with the external auditor;
- meeting with the auditor and at least once without management being present;
- reviewing and approving the annual audit plan;
- reviewing the findings of the audit with the external auditor, including any major issues which arose during the audit, any accounting and audit judgements and the level of errors identified during the audit; and
- reviewing any representation letters requested by the external auditor before signature by the Board.

The fees paid to the external auditor are set out in note 5 on page 99. An explanation on how auditor objectivity and independence are safeguarded is reported under 'Assessment of the effectiveness of the external audit process' on pages 77 and 78.

Management engagement

- reviewing the management contract to ensure that the terms remain competitive;
- satisfying itself that the continuing appointment of the Manager is in the interests of shareholders as a whole;
- to consider the appointment or re-appointment of the Manager and the level of management fees;
- considering the appointment of third party service providers; and
- ensuring that third party service providers comply with the terms of their agreements and that the provisions of such agreements remain competitive.

Report of the audit and management engagement committee continued

Reporting responsibilities
- reporting to the Board on its proceedings and how it has discharged its responsibilities making whatever recommendations it deems appropriate on any area within its remit; and
- compiling a report on its activities to be included in the annual report and financial statements.

Whistleblowing and fraud
- reviewing the adequacy and security of the Manager's arrangements for its employees and contractors to raise concerns, in confidence about possible wrongdoing in financial reporting or other matters insofar as they affect the Company.

Internal audit
- considering the need for an internal audit function, as set out in the Corporate Governance Statement on page 73.

Whistleblowing policy
The Committee has reviewed and accepted the whistleblowing policy that has been put in place by the Manager under which its staff, in confidence, can raise concerns about possible improprieties in matters of financial reporting or other matters, insofar as they affect the Company.

Internal audit
The Company does not have its own internal audit function, as all the administration is delegated to the Manager. The Committee considers that it is sufficient to rely on the internal audit department of BlackRock. The requirement for an internal audit function is kept under review.

United Kingdom Single Electronic Format regulatory technical standard (UKSEF)
We paid special attention to the preparation of our financial statements in digital form under the UKSEF taxonomy and regulatory technical standard. As this was the first report in this format, we made sure the necessary procedures had been completed by all parties, including the technical accounting team of the Manager, our fund accountants, The Bank of New York Mellon and a specialist information technology provider.

Significant issues considered regarding the annual report and financial statements
During the year, the Committee considered a number of significant issues and areas of key audit risk in respect of the Annual Report and Financial Statements. The Committee reviewed the external audit plan at an early stage and concluded that the appropriate areas of audit risk relevant to the Company had been identified by the auditor and discussed the audit procedures and plan with the auditors. The table on page 77 sets out the key areas of risk identified by the Committee and also explains how these were addressed by the Committee.

As the provision of portfolio valuation, fund accounting and administration services is delegated to the Company's Manager, which sub-delegates fund accounting to The Bank of New York Mellon (International) Limited, and the provision of depositary services is contracted to BNYM, the Committee has also reviewed the SOC 1 reports prepared by BlackRock, the Registrar, the Custodian and Fund Accountant. This enables the Committee to ensure that the control procedures in place over the areas of risk identified in the following table are adequate and appropriate and have been designated as operating effectively by their reporting auditor.

Auditor and audit tenure
The appointment of the Auditor is reviewed each year and the audit partner changes at least every five years.

Accordingly, following a formal tender process, Ernst & Young LLP (EY), who had acted as external Auditor since the Company's launch in 2005, was re-appointed in 2015. Mr Matthew Price's first year end as the Company's audit partner was for the year ended 30 November 2020. EY will not continue as external Auditor after the year ending 30 November 2025.

The Committee is mindful of the regulations on mandatory auditor rotation which require the appointment of a new auditor every ten years, although this can be extended in certain circumstances. The Company will therefore be required to put its audit contract out to tender by 30 November 2025.

The legislation also prohibits certain non-audit consulting services and caps the amount of additional fees auditors can charge their clients. There are no contractual obligations that restrict the Company's choice of auditor. There were no fees paid to the Auditor in respect of non-audit services during the year (2021: £nil).

The Auditor has indicated its willingness to continue in office. Resolutions proposing its reappointment and authorising the Audit and Management Engagement Committee to determine its remuneration for the ensuing year will be proposed at the AGM.

Significant issue	How the issue was addressed
The accuracy of the valuation of the investment portfolio.	Listed investments are valued using stock exchange prices provided by third party pricing vendors. Unquoted or illiquid investments, are valued by the Directors based on recommendations from BlackRock's Pricing Committee. As at 30 November 2022, there were two unquoted holding amounts to a total value of £2,265,000. The Board reviews detailed portfolio valuations at each of its Board meetings and receives confirmation from the Manager that the pricing basis is appropriate, in line with relevant accounting standards as adopted by the Company and that the carrying values are materially correct. The Board also relies on the Manager's and Fund Accountant's controls which are documented in an annual and a semi-annual internal controls report respectively which is reviewed by the Audit Committee. Investments which are subject to international sanctions are valued at nil in the financial statements.
The risk of misappropriation of assets and unsecured ownership of investments.	The Depositary is responsible for financial restitution for the loss of financial investments held in custody. The Depositary reports to the Committee twice a year. The Committee reviews reports from its service providers on key controls over the assets of the Company and will take action to address any significant issues that are identified in these reports, which may include direct discussions with representatives of the relevant service providers to obtain more detailed information surrounding any matters of concern and gaining assurance that appropriate remediation action has been taken. Any significant issues are reported by the Manager to the Committee. The Manager has put in place procedures to ensure that investments can only be made to the extent that the appropriate contractual and legal arrangements are in place to protect the Company's assets.
The risk that income is overstated, incomplete or inaccurate through failure to recognise proper income entitlements or to apply the appropriate accounting treatment for recognition of income.	The Committee reviews income forecasts, including special dividends and option income and receives explanations from the Investment Manager for any variations or significant movements from previous forecasts and prior year figures. The Committee also reviews the facts and circumstances of all special dividends to determine the revenue/capital treatment. The Board reviews the option transactions at each board meeting to confirm revenue treatment. The Directors also review a detailed schedule of dividends received from portfolio holdings at each meeting which sets out current and historic dividend rates, and the amounts accrued. Any significant movements or unusual items are discussed with the Manager. The Committee also reviews SOC 1 Reports from its service providers, including the Company's Fund Accountant and Custodian, The Bank of New York Mellon (International) Limited. These reports include information on the control processes in place to ensure the accurate recording of income, and any exceptions are highlighted to the Committee and will be investigated further to ensure that appropriate remediation action has been taken where relevant. Dividend income from investments which are subject to international sanctions have been accounted for, but are fully provided for in the financial statements.
The accuracy of the calculation of management fees.	The management fee is calculated in accordance with the contractual terms in the investment management agreement by the Fund Accountants and is reviewed in detail by the Manager and is also subject to analytical review by the Board.

Assessment of the effectiveness of the external audit process

The Committee has primary responsibility for assessing the effectiveness of the external audit process and for making recommendations to the Board on the appointment, reappointment or removal of the external auditor. It considers the planning, scope, quality of performance, cost effectiveness and independence of the external auditor. The Committee reviews and approves the external audit plan in advance of the audit and throughout the year, any non-audit services proposed to be performed by the external auditor. The external audit plan includes an analysis of the key audit risks and calculations of audit materiality, which the Committee considers in forming its assessment of key risks to the Company's financial statements.

To assess the effectiveness of the external audit, members of the Committee work closely with the Manager to obtain a

Report of the audit and management engagement committee continued

good understanding of the quality and efficiency of the audit. The Committee has adopted a formal framework to review the effectiveness of the external audit process and audit quality. This includes a review of the following areas:

- the quality of the audit engagement partner and the audit team;
- the expertise of the audit firm and the resources available to it;
- identification of areas of audit risk;
- planning, scope and execution of the audit;
- consideration of the appropriateness of the level of audit materiality adopted;
- the role of the Committee, the Manager and other third party service providers in an effective audit process;
- communication, by the Auditor, with the Committee;
- how the Auditor supports the work of the Committee;
- a review of independence and objectivity of the audit firm; and
- the quality of the formal audit report to shareholders.

Feedback in relation to the audit process and also of the effectiveness of the Manager in performing its role is also sought from relevant involved parties, including the audit partner and team.

The external auditor is invited to attend the Committee meetings at which the half yearly and annual report and financial statements are considered and at which they have the opportunity to meet with the Committee without representatives of the Manager or Investment Manager being present. The effectiveness of the external audit process is assessed principally in relation to how successfully any issues in respect of areas of accounting judgement are identified and resolved, the quality and timeliness of papers analysing these judgements, the views of the independent auditors and the booking of any audit adjustments arising, and the timely provision of draft public documents for review by the Auditor and the Committee.

To form a conclusion with regard to the independence of the external Auditor, the following factors are considered. The Committee considers whether the skills and experience of the auditor make them a suitable supplier of the non-audit services and whether there are safeguards in place to ensure that there is no threat to its objectivity and independence in the conduct of the audit resulting from the provision of such services. On an ongoing basis, EY reviews the independence of its relationship with the Group and reports to the Committee, providing details of any other relationships with the Manager.

As part of this review, the Auditor will provide the Committee with information about policies and processes for maintaining independence and monitoring compliance with relevant requirements. This will include information on the rotation of audit partners and staff, the level of fees that the Group pays, details of any relationships between the audit firm and its staff and the Group as well as an overall confirmation from the auditor of its independence and objectivity.

As a result of their review, the Committee has concluded that the external audit has been conducted effectively and also that EY is independent of the Group.

Conclusions in respect of the Annual Report and Financial Statements

The production and the audit of the Group's annual report and financial statements is a comprehensive process requiring input from a number of different contributors. In order to reach a conclusion that the annual report and financial statements are fair, balanced and understandable, the Board has requested that the Committee advise on whether these criteria are satisfied. In doing so the Committee has given consideration to the following:

- the comprehensive control framework over the production of the annual report and financial statements including the verification process in place to deal with the factual content;
- the extensive levels of review that are undertaken in the production process by the Manager, the Depositary and the Committee;
- the Manager and other third party service provider controls to ensure the completeness and accuracy of the Group's financial records and the security of the Group's assets; and
- the existence of satisfactory SOC 1 reports to verify the effectiveness of the internal controls of the Manager, Custodian, Fund Accountant and other key service providers.

The Committee has reviewed the Annual Report and Financial Statements and is satisfied that, taken as a whole, they are fair, balanced and understandable. In reaching this conclusion, the Committee has assumed that the reader of the Annual Report and Financial Statements would have a reasonable level of knowledge of the investment trust industry in general and of investment trusts in particular. The Committee has reported on these findings to the Board who affirm the Committee's conclusions in the Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements on page 79.

ANDREW ROBSON
Chairman
Audit and Management Engagement Committee
1 February 2023

Statement of Directors' responsibilities in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the Group and Parent Company financial statements in accordance with UK-adopted International Accounting Standards (IFRSs). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable and prudent;
- in respect of the Group financial statements, state whether UK-adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance;
- in respect of the Parent Company financial statements, state whether UK-adopted International Accounting Standards, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and/or the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the Group and Company financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report, Corporate Governance Statement and the Report of the Audit and Management Engagement Committee that comply with that law and those regulations. The Directors have delegated responsibility to the Manager for the maintenance and integrity of the Group's corporate and financial information included on the BlackRock website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm, to the best of their knowledge:

- that the consolidated financial statements prepared in accordance with UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Parent Company and undertakings included in the consolidation taken as a whole;
- that the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- that they consider the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

In order to reach a conclusion on this matter, the Board has requested that the Audit and Management Engagement Committee advise on whether it considers that the Annual Report and Financial Statements fulfils these requirements. The process by which the Committee has reached these conclusions is set out in the Audit and Management Engagement Committee's Report on pages 75 to 78. As a result, the Board has concluded that the Annual Report for the year ended 30 November 2022, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and the Company's position, performance, business model and strategy.

For and on behalf of the Board

ADRIAN BROWN
Chairman
1 February 2023

Financial statements

Independent auditor's report

to the members of BlackRock Energy and Resources Income Trust plc

Opinion

In our opinion:

- BlackRock Energy and Resources Income Trust plc's Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 November 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the Parent Company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards as applied in accordance with Section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of BlackRock Energy and Resources Income Trust plc (the 'Parent Company') and its subsidiary (the 'Group') for the year ended 30 November 2022 which comprise:

Group	Parent company
Consolidated Statement of Financial Position as at 30 November 2022	Statement of Financial Position as at 30 November 2022
Consolidated Statement of Comprehensive Income for the year then ended	Statement of Changes in Equity for the year then ended
Consolidated Statement of Changes in Equity for the year then ended	Cash Flow Statement for the year then ended
Consolidated Cash Flow Statement for the year then ended	Related notes 1 to 19 to the financial statements including a summary of significant accounting policies
Related notes 1 to 19 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with Section 408 of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Confirmation of our understanding of the Group and Parent Company's going concern assessment process and engagement with the Directors and the Company Secretary to determine if all key factors were considered in their assessment.
- Inspection of the Directors' assessment of going concern, including the revenue forecast, for the period to 30 November 2024. In preparing the revenue forecast, the Group and Parent Company have concluded that they are able to continue to meet their liabilities as they fall due.
- Review of the factors and assumptions, including the impact of the Russia-Ukraine conflict, the ongoing effects of the COVID-19 pandemic and other significant events that could give rise to market volatility, as applied to the revenue forecast and the Directors' liquidity assessment of the investments. We considered the appropriateness of the methods used to make an assessment for the Group and Parent Company.
- In relation to the Group's overdraft facility, our inspection of the Directors' assessment of the risk of breaching the debt covenants as a result of a reduction in the value of the investment portfolio. We recalculated the Group's compliance with debt covenants and performed reverse stress testing in order to identify what factors would lead to the Group breaching the financial covenants.

- Consideration of the mitigating factors included in the revenue forecasts that are within control of the Group and Parent Company. We reviewed the Group and Parent Company's assessment of the liquidity of investments held and evaluated the Group and Parent Company's ability to sell those investments to cover working capital requirements should revenue decline significantly.
- Review of the going concern disclosures included in the Annual Report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a period 30 November 2024, which is at least twelve months from the date the financial statements were authorised for issue.

In relation to the Group and Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group and Parent Company's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of BlackRock Energy and Resources Income Trust plc's components.
Key audit matters	• Risk of incomplete or inaccurate revenue recognition, including the calculation and classification of special dividends and option premium income as revenue or capital items in the Consolidated Statement of Comprehensive Income; and • Risk of incorrect valuation or ownership of the investment portfolio and derivatives.
Audit scope	• We performed an audit of the complete financial information of BlackRock Energy and Resources Income Trust plc's components.
Materiality	• Overall Group materiality of £1.95m (2021: £1.21m) which represents 1% (2021: 1%) of the Group's shareholders' funds.

An overview of the scope of the Parent Company and Group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of group-wide controls, changes in the business environment and other factors such as recent Internal Audit results when assessing the level of work to be performed at each company.

We performed an audit of the complete financial information of both the Parent Company and its subsidiary, BlackRock Energy and Resources Securities Income Company Limited ("full scope components").

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact companies. The Directors have stated that they are cognisant of the long-term risk to performance from inadequate attention to Environmental, Social and Governance (ESG) issues, and in particular the impact of climate change. These are explained in the principal risks included in the Strategic Report (pages 38 to 44), which form part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Independent auditor's report

continued

Our audit effort in considering climate change was focused on the adequacy of the Group's disclosures in the financial statements as set out in Note 2a and conclusion that there was no material impact of climate change on the valuation of investments. We also challenged the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit and Management Engagement Committee
Risk of incomplete or inaccurate revenue recognition, including the calculation and classification of special dividends and option premium income as revenue or capital items in the Consolidated Statement of Comprehensive Income *Refer to the Report of the Audit and Management Engagement Committee (page 75); Accounting policies (pages 95 to 98); and Note 3 of the consolidated Financial Statements (page 98).* The total investment income for the year to 30 November 2022 was £6.59m (2021: £6.06m), consisting primarily of dividend income from listed investments. The option premium income for the year was £1.34m (2021: £0.74m). There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment.	**We performed the following procedures:** We obtained an understanding of the processes and controls surrounding revenue recognition and the classification of special dividends and option premium income by performing our walkthrough procedures. For the classification of special dividends and option premium income, we also evaluated the design and implementation of controls. For a sample of dividends and fixed interest payments, we recalculated the investment income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share/coupon rate, as agreed to an independent data vendor. We agreed this sample to bank statements and, where applicable, we also agreed the exchange rates to an external source. For all dividends and fixed interest income accrued at the year end, we reviewed the investee company announcements to assess whether the obligation arose prior to 30 November 2022. We agreed the dividend rate/coupon rate to the corresponding announcements made by the investee company, recalculated the amount receivable and, where applicable, agreed the subsequent cash receipts to post-year end bank statements.	The results of our procedures identified no material misstatement in relation to the risk of incomplete or inaccurate revenue recognition, including the calculation and classification of special dividends and option premium income as revenue or capital items in the Consolidated Statement of Comprehensive Income.

Risk	Our response to the risk	Key observations communicated to the Audit and Management Engagement Committee
Special dividends The total amount of special dividends received by the Group during the year was £1.13m, all of which were classified as revenue (2021: £0.49m). The Directors may, in certain circumstances, exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Consolidated Statement of Comprehensive Income. **Option premium income** Options may be purchased or written over securities held in the portfolio for generating or protecting capital returns, or for generating or maintaining revenue returns. As such, there is a manual and judgemental element in allocating option premium income between revenue and capital, based on the underlying intention for writing the option. Based on the above, there is a risk that the option premium income is incorrectly allocated to revenue or capital. In the year ended 30 November 2022, all option premium income received was allocated to revenue (2021: all option premium income allocated to revenue).	To test completeness of recorded investment income, we tested that expected dividends/fixed interest payments for each investee company held during the year had been recorded as income with reference to investee company announcements obtained from an independent data vendor. For all investments held during the year, we compared the type of dividends paid with reference to an external data source to identify those which were 'special'. We confirmed 22 special dividends, amounting to £1.13m were recognised during the year. We tested all special dividends recognised, by recalculating the amount received and assessing the appropriateness of classification as revenue by reviewing the underlying rationale of the distribution. **Option premium income** For all option premia received, we agreed the key transaction details (i.e. contract size, number of contracts and contract price) to trade tickets, recalculated the option premium income and confirmed the income was correctly amortised over the life of the options. We agreed the cash receipts to bank statements and, where applicable, we also agreed the exchange rates to an external source. We obtained the Manager's summary for writing the options and challenged that the option premia have been correctly allocated to revenue based on the underlying intention for writing the option, and in accordance with the Group's accounting policy.	

Independent auditor's report

continued

Risk	Our response to the risk	Key observations communicated to the Audit and Management Engagement Committee
Risk of incorrect valuation or ownership of the investment portfolio and derivatives *Refer to the Report of the Audit and Management Engagement Committee (page 75); Accounting policies (pages 95 to 98); and Note 10 of the Financial Statements (page 103).* The valuation of the listed investment portfolio as at 30 November 2022 was £206.39m (2021: £127.78m). The written option contracts open at year-end amounted to a net liability of £0.06m (2021: no open option contracts as at the year-end date). The valuation of the instruments held in the investment portfolio is the key driver of the Group's net asset value and total return. Inappropriate investment pricing, including incorrect application of exchange rates, or failure to maintain proper legal title of the instruments held by the Group could have a significant impact on the portfolio valuation and, therefore, the return generated for shareholders. The fair value of exchange listed investments is determined using quoted market bid prices at close of business on the reporting date. The value of option contracts is marked-to-market to reflect the fair value of the option based on traded prices. The Group holds one investment in a Russian company, which is subject to sanctions. The value of this investment was written down to a nominal value of £0.01m after the secondary listings of Russian securities trading on international exchanges were suspended on 3 March 2022.	**We performed the following procedures:** We obtained an understanding of The Bank of New York Mellon (International) Limited's ('BNYM') processes surrounding investment and derivative title and pricing by performing our walkthrough procedures. We also obtained an understanding of the Manager's processes and controls surrounding compliance with international sanctions against Russia. For all listed investments and derivatives in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment and derivative valuations as at the year-end. For the Russian security held at year-end, we assessed the valuation applied by BlackRock's Pricing Committee and the classification as a Level 3 investment with reference to the requirements of UK adopted International Accounting Standards. We inspected the stale pricing reports produced by BNYM to identify prices that have not changed and verified whether the listed price is a valid fair value. We compared the Group's investment holdings at 30 November 2022 to independent confirmations received directly from the Group's Custodian and Depositary, testing any reconciling items to supporting documentation. We agreed all year-end open derivative positions to confirmations received independently from the Group's broker.	The results of our procedures identified no material misstatement in relation to the risk of incorrect valuation or ownership of the investment portfolio and derivatives.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group and Parent Company to be £1.95m (2021: £1.21m), which is 1% (2021: 1%) of the Group and Parent Company's shareholders' funds. We believe that shareholders' funds provides us with a basis of materiality aligned to the key measure of the Group and Parent Company's performance.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2021: 75%) of our planning materiality, namely £1.46m (2021: £0.91m). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, performance materiality allocated to BlackRock Energy and Resources Securities Income Company Limited was £0.14m (2021: £0.01m).

Given the importance of the distinction between revenue and capital for the Group we have also applied a separate testing threshold of £0.35m (2021: £0.31m) for the revenue column of the Consolidated Statement of Comprehensive Income, being the greater of 5% of the net revenue profit on ordinary activities before taxation and our reporting threshold.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Management Engagement Committee that we would report to them all uncorrected audit differences in excess of £0.10m (2021: £0.06m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report set out on pages 1 to 79 and 122 to 144 other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Independent auditor's report

continued

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 58 and 95;
- Directors' explanation as to its assessment of the Group and Parent Company's prospects, the period this assessment covers and why the period is appropriate set out on pages 43 and 44;
- Director's statement on whether it has a reasonable expectation that the Group and Parent Company will be able to continue in operation and meets their liabilities set out on page 44, 58 and 95;
- Directors' statement on fair, balanced and understandable set out on pages 77 and 78;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 39;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on pages 39 to 44; and
- The section describing the work of the Audit and Management Engagement Committee set out on pages 75 to 78.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities in respect of Annual Report and Financial Statements set out on page 79, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Group and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are UK-adopted International Accounting Standards, the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code, the Association of Investment Company's Code of Corporate Governance and Statement of Recommended Practice, section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how BlackRock Energy and Resources Income Trust plc is complying with those frameworks through discussions with the Audit and Management Engagement Committee and Company Secretary, review of Board and committee minutes and review of papers provided to the Audit and Management Engagement Committee.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to incomplete or inaccurate revenue recognition, including the calculation and classification of special dividends and option premium income as revenue or capital items in the Consolidated Statement of Comprehensive Income. Further detail of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Group.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

Following the recommendation from the Audit and Management Engagement Committee, we were appointed by the Group to audit the financial statements for the year ending 30 November 2006 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments is 17 years, covering the years ending 30 November 2006 to 30 November 2022.

The audit opinion is consistent with the additional report to the Audit and Management Engagement Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

MATTHEW PRICE (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

London
1 February 2023

Consolidated statement of comprehensive income

for the year ended 30 November 2022

	Notes	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Income from investments held at fair value through profit or loss	3	6,969	–	6,969	6,061	–	6,061
Other income	3	1,343	–	1,343	742	–	742
Total revenue		**8,312**	**–**	**8,312**	**6,803**	**–**	**6,803**
Net profit on investments and options held at fair value through profit or loss	10	–	51,394	51,394	–	25,954	25,954
Net profit/(loss) on foreign exchange		–	4	4	–	(1)	(1)
Total		**8,312**	**51,398**	**59,710**	**6,803**	**25,953**	**32,756**
Expenses							
Investment management fee	4	(339)	(1,019)	(1,358)	(234)	(706)	(940)
Other operating expenses	5	(886)	(11)	(897)	(419)	(7)	(426)
Total operating expenses		**(1,225)**	**(1,030)**	**(2,255)**	**(653)**	**(713)**	**(1,366)**
Net profit on ordinary activities before finance costs and taxation		**7,087**	**50,368**	**57,455**	**6,150**	**25,240**	**31,390**
Finance costs	6	(49)	(147)	(196)	(5)	(15)	(20)
Net profit on ordinary activities before taxation		**7,038**	**50,221**	**57,259**	**6,145**	**25,225**	**31,370**
Taxation (expense)/credit	7	(644)	162	(482)	(441)	24	(417)
Net profit on ordinary activities after taxation		**6,394**	**50,383**	**56,777**	**5,704**	**25,249**	**30,953**
Earnings per ordinary share (pence)	9	**4.99**	**39.28**	**44.27**	**4.96**	**21.96**	**26.92**

The total column of this statement represents the Group's Statement of Comprehensive Income, prepared in accordance with UK-adopted International Accounting Standards (IASs). The supplementary revenue and capital accounts are both prepared under guidance published by the Association of Investment Companies (AIC). All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year. All income is attributable to the equity holders of the Group.

The Group does not have any other comprehensive income (2021: £nil). The net profit for the year disclosed above represents the Group's total comprehensive income.

The notes on pages 95 to 119 form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 30 November 2022

Group For the year ended 30 November 2022	Notes	Called up share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30 November 2021		1,190	47,727	68,852	(2,548)	5,607	120,828
Total comprehensive income:							
Net profit for the year		–	–	–	50,383	6,394	56,777
Transactions with owners, recorded directly to equity:							
Ordinary share issues	14, 15	154	19,563	–	–	–	19,717
Share issue costs	14, 15	–	(110)	–	–	–	(110)
Ordinary shares reissued from treasury	15	–	1,023	2,091	–	–	3,114
Share reissue costs		–	–	(6)	(32)	–	(38)
Dividends paid[1]	8	–	–	–	–	(5,580)	(5,580)
At 30 November 2022		**1,344**	**68,203**	**70,937**	**47,803**	**6,421**	**194,708**
For the year ended 30 November 2021							
At 30 November 2020		1,190	46,977	66,775	(27,797)	4,497	91,642
Total comprehensive income:							
Net profit for the year		–	–	–	25,249	5,704	30,953
Transactions with owners, recorded directly to equity:							
Ordinary shares reissued from treasury		–	750	2,131	–	–	2,881
Share issue costs		–	–	(6)	–	–	(6)
Ordinary shares purchased into treasury		–	–	(48)	–	–	(48)
Dividends paid[2]	8	–	–	–	–	(4,594)	(4,594)
At 30 November 2021		**1,190**	**47,727**	**68,852**	**(2,548)**	**5,607**	**120,828**

[1] 4th interim dividend of 1.10p per share for the year ended 30 November 2021, declared on 8 December 2021 and paid on 14 January 2022; 1st interim dividend of 1.10p per share for the year ended 30 November 2022, declared on 15 March 2022 and paid on 21 April 2022; 2nd interim dividend of 1.10p per share for the year ended 30 November 2022, declared on 7 June 2022 and paid on 15 July 2022 and 3rd interim dividend of 1.10p per share for the year ended 30 November 2022, declared on 12 September 2022 and paid on 20 October 2022.

[2] 4th interim dividend of 1.00p per share for the year ended 30 November 2020, declared on 8 December 2020 and paid on 15 January 2021; 1st interim dividend of 1.00p per share for the year ended 30 November 2021, declared on 16 March 2021 and paid on 22 April 2021; 2nd interim dividend of 1.00p per share for the year ended 30 November 2021, declared on 8 June 2021 and paid on 16 July 2021 and 3rd interim dividend of 1.00p per share for the year ended 30 November 2021, declared on 14 September 2021 and paid on 19 October 2021.

The notes on pages 95 to 119 form part of these financial statements.

Parent company statement of changes in equity

Company	Notes	Called up share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
For the year ended 30 November 2022							
At 30 November 2021		1,190	47,727	68,852	436	2,623	120,828
Total comprehensive income:							
Net profit for the year		–	–	–	50,033	6,744	56,777
Transactions with owners, recorded directly to equity:							
Ordinary share issues	14, 15	154	19,563	–	–	–	19,717
Share issue costs	15	–	(110)	–	–	–	(110)
Ordinary shares reissued from treasury	14, 15	–	1,023	2,091	–	–	3,114
Share reissue costs	15	–	–	(6)	(32)	–	(38)
Dividends paid[1]	8	–	–	–	–	(5,580)	(5,580)
At 30 November 2022		**1,344**	**68,203**	**70,937**	**50,437**	**3,787**	**194,708**
For the year ended 30 November 2021							
At 30 November 2020		1,190	46,977	66,775	(24,822)	1,522	91,642
Total comprehensive income:							
Net profit for the year		–	–	–	25,258	5,695	30,953
Transactions with owners, recorded directly to equity:							
Ordinary shares reissued from treasury		–	750	2,131	–	–	2,881
Share issue costs		–	–	(6)	–	–	(6)
Ordinary shares purchased into treasury		–	–	(48)	–	–	(48)
Dividends paid[2]	8	–	–	–	–	(4,594)	(4,594)
At 30 November 2021		**1,190**	**47,727**	**68,852**	**436**	**2,623**	**120,828**

[1] 4th interim dividend of 1.10p per share for the year ended 30 November 2021, declared on 8 December 2021 and paid on 14 January 2022; 1st interim dividend of 1.10p per share for the year ended 30 November 2022, declared on 15 March 2022 and paid on 21 April 2022; 2nd interim dividend of 1.10p per share for the year ended 30 November 2022, declared on 7 June 2022 and paid on 15 July 2022 and 3rd interim dividend of 1.10p per share for the year ended 30 November 2022, declared on 12 September 2022 and paid on 20 October 2022.

[2] 4th interim dividend of 1.00p per share for the year ended 30 November 2020, declared on 8 December 2020 and paid on 15 January 2021; 1st interim dividend of 1.00p per share for the year ended 30 November 2021, declared on 16 March 2021 and paid on 22 April 2021; 2nd interim dividend of 1.00p per share for the year ended 30 November 2021, declared on 8 June 2021 and paid on 16 July 2021 and 3rd interim dividend of 1.00p per share for the year ended 30 November 2021, declared on 14 September 2021 and paid on 19 October 2021.

For information on the Company's distributable reserves please refer to note 15 on pages 105 and 106.

The notes on pages 95 to 119 form part of these financial statements.

Consolidated and parent company statements of financial position

as at 30 November 2022

	Notes	30 November 2022 Group £'000	30 November 2022 Company £'000	30 November 2021 Group £'000	30 November 2021 Company £'000
Non current assets					
Investments held at fair value through profit or loss	10	206,394	209,849	127,784	131,588
Current assets					
Other receivables	12	1,980	4,721	4,878	7,619
Current tax asset		103	103	57	57
Cash collateral held with brokers	16	285	285	–	–
Cash and cash equivalents	16	6,214	18	6,552	7
Total current assets		**8,582**	**5,127**	**11,487**	**7,683**
Total assets		**214,976**	**214,976**	**139,271**	**139,271**
Current liabilities					
Other payables	13	(5,868)	(5,868)	(5,516)	(5,516)
Derivative financial liabilities held at fair value through profit or loss	10	(55)	(55)	–	–
Bank overdraft	13, 16	(14,345)	(14,345)	(12,927)	(12,927)
Total current liabilities		**(20,268)**	**(20,268)**	**(18,443)**	**(18,443)**
Net assets		**194,708**	**194,708**	**120,828**	**120,828**
Equity attributable to equity holders					
Called up share capital	14	1,344	1,344	1,190	1,190
Share premium account	15	68,203	68,203	47,727	47,727
Special reserve	15	70,937	70,937	68,852	68,852
Capital reserves					
At 1 December	15	(2,548)	436	(27,797)	(24,822)
Net profit for the year		50,383	50,033	25,249	25,258
Transactions with owners recorded directly to equity		(32)	(32)	–	–
At 30 November		47,803	50,437	(2,548)	436
Revenue reserve					
At 1 December	15	5,607	2,623	4,497	1,522
Net profit for the year		6,394	6,744	5,704	5,695
Dividends paid		(5,580)	(5,580)	(4,594)	(4,594)
At 30 November		6,421	3,787	5,607	2,623
Total equity		**194,708**	**194,708**	**120,828**	**120,828**
Net asset value per ordinary share (pence)	**9**	**144.92**	**144.92**	**103.97**	**103.97**

The financial statements on pages 90 to 119 were approved and authorised for issue by the Board of Directors on 1 February 2023 and signed on its behalf by Adrian Brown, Chairman.

BlackRock Energy and Resources Income Trust plc

Registered in England, No. 5612963

The notes on pages 95 to 119 form part of these financial statements.

Consolidated and parent company cash flow statements

for the year ended 30 November 2022

	30 November 2022		30 November 2021	
	Group £'000	Company £'000	Group £'000	Company £'000
Operating activities				
Net profit on ordinary activities before taxation	57,259	57,259	31,370	31,370
Add back finance costs	196	196	20	20
Net profit on investments and options held at fair value through profit or loss (including transaction costs)	(51,394)	(51,045)	(25,954)	(25,963)
Net (profit)/loss on foreign exchange	(4)	–	1	(31)
Sales of investments held at fair value through profit or loss	126,788	126,788	82,907	82,907
Purchases of investments held at fair value through profit or loss	(153,949)	(153,949)	(87,168)	(87,168)
Increase in other receivables	(18)	(18)	(128)	(350)
Increase in other payables	230	230	231	231
Decrease/(increase) in amounts due from brokers	2,916	2,916	(4,412)	(4,412)
Increase in amounts due to brokers	40	40	4,798	4,798
Net movement in cash collateral held with brokers	(285)	(285)	163	–
Net cash (outflow)/inflow from operating activities before taxation	**(18,221)**	**(17,868)**	**1,828**	**1,402**
Taxation paid	–	–	(221)	–
Taxation on investment income included within gross income	(528)	(528)	(457)	(457)
Net cash (outflow)/inflow from operating activities	**(18,749)**	**(18,396)**	**1,150**	**945**
Financing activities				
Interest paid	(196)	(196)	(20)	(20)
Receipts from share issues	19,717	19,717	2,881	2,881
Share issue costs paid	(60)	(60)	(6)	(6)
Payments for share purchases	–	–	(48)	(48)
Proceeds from shares reissued from treasury	3,108	3,108	–	–
Dividends paid	(5,580)	(5,580)	(4,594)	(4,594)
Net cash inflow/(outflow) from financing activities	**16,989**	**16,989**	**(1,787)**	**(1,787)**
Decrease in cash and cash equivalents	**(1,760)**	**(1,407)**	**(637)**	**(842)**
Effect of foreign exchange rate changes	4	–	(1)	31
Change in cash and cash equivalents	**(1,756)**	**(1,407)**	**(638)**	**(811)**
Cash and cash equivalents at start of year	(6,375)	(12,920)	(5,737)	(12,109)
Cash and cash equivalents at end of year	**(8,131)**	**(14,327)**	**(6,375)**	**(12,920)**
Comprised of:				
Cash at bank	6,214	18	6,552	7
Bank overdraft	(14,345)	(14,345)	(12,927)	(12,927)
	(8,131)	**(14,327)**	**(6,375)**	**(12,920)**

The notes on pages 95 to 119 form part of these financial statements.

Notes to the financial statements

for the year ended 30 November 2022

1. Principal activity

The principal activity of the Company is that of an investment trust company within the meaning of Section 1158 of the Corporation Tax Act 2010. The Company was incorporated on 4 November 2005 and this is the seventeenth Annual Report.

2. Accounting policies

The principal accounting policies adopted by the Group and Company are set out below.

(a) Basis of preparation

On 31 December 2020, International Financial Reporting Standards as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards (IASs), with future changes being subject to endorsement by the UK Endorsement Board. The Group and Company transitioned to IASs in its financial statements with effect from 1 December 2021. There was no impact or changes in accounting policies from the transition.

The Group and Company financial statements have been prepared under the historic cost convention modified by the revaluation of certain financial assets and financial liabilities held at fair value through profit or loss and in accordance with IASs. All of the Group's operations are of a continuing nature.

Insofar as the Statement of Recommended Practice (SORP) for investment trust companies and venture capital trusts issued by the Association of Investment Companies (AIC) in October 2019, and updated in July 2022, is compatible with IASs, the financial statements have been prepared in accordance with guidance set out in the SORP.

Substantially, all of the assets of the Group consist of securities that are readily realisable and, accordingly, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future for the period to 30 November 2024, being a period of at least twelve months from the date of approval of the financial statements and therefore consider the going concern assumption to be appropriate. The Directors have reviewed compliance with the covenants associated with the bank overdraft facility, income and expense projections and the liquidity of the investment portfolio in making their assessment.

The Directors have considered the impact of climate change on the value of the investments included in the Financial Statements and have concluded that:

- there was no further impact of climate change to be considered as the investments are valued based on market pricing as required by IFRS 13; and
- the risk is adequately captured in the assumptions and inputs used in measurement of Level 3 assets, if any, as noted in note 16 of the Financial Statements.

None of the Company's other assets and liabilities were considered to be potentially impacted by climate change.

The Group's financial statements are presented in British Pound Sterling, which is the functional currency of the Group and the currency of the primary economic environment in which the Group operates. All values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

Relevant International Accounting Standards that have yet to be adopted:

IFRS 17 – Insurance contracts (effective 1 January 2023). This standard replaces IFRS 4, which currently permits a wide range of accounting practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

This standard is unlikely to have any impact on the Group as it has no insurance contracts.

IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction (effective 1 January 2023). The International Accounting Standards Board (IASB) has amended IAS 12 Income Taxes to require companies to recognise deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. According to the amended guidance, a temporary difference that arises on initial recognition of an asset or liability is not subject to the initial recognition exemption if that transaction gave rise to equal amounts of taxable and deductible temporary differences. These amendments might have a significant impact on the preparation of financial statements by companies that have substantial balances of right-of-use assets, lease liabilities, decommissioning, restoration and similar liabilities. The impact for those affected would be the recognition of additional deferred tax assets and liabilities.

The amendment of this standard is unlikely to have any significant impact on the Group.

None of the standards that have been issued but are not yet effective are expected to have a material impact on the Group.

(b) Basis of consolidation

The Group's financial statements are made up to 30 November each year and consolidate the financial statements of the Company and its wholly owned subsidiary, which is registered and operates in England and Wales, BlackRock Energy and Resources Securities Income Company Limited (together 'the Group').

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of subsidiaries used in the preparation of the consolidated financial statements are based on consistent accounting policies. All intra-group balances and transactions, including unrealised profits arising therefrom, are eliminated. The subsidiary is not considered to be an investment entity.

Notes to the financial statements
continued

2. Accounting policies continued

(c) Presentation of the Consolidated Statement of Comprehensive Income

In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Consolidated Statement of Comprehensive Income between items of a revenue and a capital nature has been presented alongside the Consolidated Statement of Comprehensive Income.

(d) Segmental reporting

The Directors are of the opinion that the Group is engaged in a single segment of business being investment business.

(e) Income

Dividends receivable on equity shares are recognised as revenue for the year on an ex-dividend basis. Where no ex-dividend date is available, dividends receivable on or before the year end are treated as revenue for the year. Provision is made for any dividends not expected to be received. Special dividends, if any, are treated as a capital or a revenue receipt depending on the facts or circumstances of each particular case. The return on a debt security is recognised on a time apportionment basis so as to reflect the effective yield on the debt security.

Options may be purchased or written over securities held in the portfolio for generating or protecting capital returns, or for generating or maintaining revenue returns. Where the purpose of the option is the generation of income, the premium is treated as a revenue item. Where the purpose of the option is the maintenance of capital, the premium is treated as a capital item.

Option premium income is recognised as revenue evenly over the life of the option contract and included in the revenue account of the Consolidated Statement of Comprehensive Income unless the option has been written for the maintenance and enhancement of the Group's investment portfolio and represents an incidental part of a larger capital transaction, in which case any premia arising are allocated to the capital account of the Consolidated Statement of Comprehensive Income.

Deposit interest receivable is accounted for on an accruals basis.

Where the Group has elected to receive its dividends in the form of additional shares rather than in cash, the cash equivalent of the dividend is recognised as revenue. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital.

(f) Expenses

All expenses, including finance costs, are accounted for on an accruals basis. Expenses have been charged wholly to the revenue account of the Consolidated Statement of Comprehensive Income, except as follows:

- expenses which are incidental to the acquisition or sale of an investment are charged to the capital account of the Consolidated Statement of Comprehensive Income. Details of transaction costs on the purchases and sales of investments are disclosed within note 10 to the financial statements on page 103;

- expenses are treated as capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated; and

- the investment management fee and finance costs have been allocated 75% to the capital account and 25% to the revenue account of the Consolidated Statement of Comprehensive Income in line with the Board's expectations of the long term split of returns, in the form of capital gains and income, respectively, from the investment portfolio. The investment management fee rebate accrued as a result of the application of the cap on ongoing charges of 1.25% per annum of average daily net assets is offset against management fees and is allocated between revenue and capital in the ratio of total ongoing charges allocated between revenue and capital during the year.

Finance costs incurred by the Subsidiary are charged 100% to revenue.

(g) Taxation

The Group accounts do not reflect any adjustment for group relief between the Company and the Subsidiary.

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that were applicable at the balance sheet date.

Where expenses are allocated between capital and revenue accounts, any tax relief in respect of expenses is allocated between capital and revenue returns on the marginal basis using the Company's effective rate of corporation tax for the accounting period.

Deferred taxation is recognised in respect of all temporary differences that have originated but not reversed at the financial reporting date, where transactions or events that result in an obligation to pay more taxation in the future or right to pay less tax in the future have occurred at the financial reporting date. This is subject to deferred taxation assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the temporary differences can be deducted. Deferred taxation assets and liabilities are measured at the rates applicable to the legal jurisdictions in which they arise.

(h) Investments held at fair value through profit or loss

In accordance with IFRS 9, the Group classifies its investments at initial recognition as held at fair value through profit or loss and are managed and evaluated on a fair value basis in accordance with its investment strategy and business model.

All investments are measured initially and subsequently at fair value through profit or loss. Purchases of investments are recognised on a trade date basis. Sales of investments are recognised at the trade date of the disposal.

The fair value of the financial investments is based on their quoted bid price at the financial reporting date, without deduction for the estimated selling costs. This policy applies to all current and non-current asset investments held by the Group.

The fair value of the investment in the subsidiary is calculated based on the net asset value of the underlying balances within the subsidiary.

Changes in the value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Consolidated Statement of Comprehensive Income as 'Net profit/(loss) on investments and options held at fair value through profit of loss'. Also included within the heading are transaction costs in relation to the purchase or sale of investments.

For all financial instruments not traded in an active market, the fair value is determined by using various valuation techniques. Valuation techniques include market approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making use of available and supportable market data as possible). See note 2(p) below.

(i) Options

Options are held at fair value through profit or loss based on the bid/offer prices of the options written to which the Group is exposed. The value of the option is subsequently marked-to-market to reflect the fair value through profit or loss of the option based on traded prices. Where the premium is taken to revenue, an appropriate amount is shown as capital return such that the total return reflects the overall change in the fair value of the option. When an option is exercised, the gain or loss is accounted for as a capital gain or loss. Any cost on closing out an option is transferred to revenue along with any remaining unamortised premium.

(j) Other receivables and other payables

Other receivables and other payables do not carry any interest and are short-term in nature and are accordingly stated on an amortised cost basis.

(k) Dividends payable

Under IASs, final dividends should not be accrued in the financial statements unless they have been approved by shareholders before the financial reporting date. Interim dividends should not be recognised in the financial statements unless they have been paid.

Dividends payable to equity shareholders are recognised in the Consolidated Statement of Changes in Equity.

(l) Foreign currency translation

Transactions involving foreign currencies are converted at the rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities and non-monetary assets held at fair value are translated into British Pound Sterling at the rate ruling on the financial reporting date. Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Comprehensive Income as a revenue or capital item depending on the income or expense to which they relate. For investment transactions and investments held at the year end, denominated in a foreign currency, the resulting gains or losses are included in the net profit/(loss) on investments and options held at fair value through profit or loss in the Consolidated Statement of Comprehensive Income.

(m) Cash and cash equivalents

Cash comprises cash in hand, bank overdrafts and on demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

(n) Bank borrowings

Bank overdrafts are recorded as the proceeds received. Finance charges are accounted for on an accruals basis in the Consolidated Statement of Comprehensive Income using the effective interest rate method and are added to the carrying amount of the instruments to the extent that they are not settled in the period in which they arise.

(o) Share repurchases and share reissues

Shares repurchased and subsequently cancelled – share capital is reduced by the nominal value of the shares repurchased, and the capital redemption reserve is correspondingly increased in accordance with Section 733 of the Companies Act 2006. The full cost of the repurchase is charged to the special reserve.

Shares repurchased and held in treasury – the full cost of the repurchase is charged to the special reserve.

2. Accounting policies continued

Where treasury shares are subsequently reissued:

- amounts received to the extent of the repurchase price are credited to the special reserve and capital reserves based on a weighted average basis of amounts utilised from these reserves on repurchases; and
- any surplus received in excess of the repurchase price is taken to the share premium account.

Where new shares are issued, amounts received to the extent of any surplus received in excess of the par value are taken to the share premium account.

Share issue costs are charged to the share premium account. Costs on share reissues are charged to the special reserve and capital reserves.

(p) Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Directors do not believe that any accounting judgements or estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

3. Income

	2022 £'000	2021 £'000
Investment income:		
UK dividends	613	1,204
UK special dividends	67	205
Overseas dividends	4,604	3,745
Overseas special dividends	1,060	282
Fixed income	625	625
Total investment income	**6,969**	**6,061**
Other income:		
Option premium income	1,342	742
Bank interest	1	–
	1,343	**742**
Total income	**8,312**	**6,803**

During the year, the Group received option premium income in cash totalling £1,342,000 (2021: £711,000) for writing covered call and put options for the purposes of revenue generation.

Option premium income is amortised evenly over the life of the option contract and accordingly, during the period, option premiums of £1,342,000 (2021: £742,000) were amortised to revenue.

At 30 November 2022, there was one open position (2021: nil) with an associated liability of £55,000 (2021: £nil).

Dividends and interest received in cash during the year amounted to £5,609,000 and £437,000 (2021: £4,951,000 and £411,000).

No special dividends have been recognised in capital during the year (2021: £nil).

4. Investment management fee

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	339	1,019	1,358	234	706	940
Total	**339**	**1,019**	**1,358**	**234**	**706**	**940**

The investment management fee is levied at 0.80% of gross assets per annum. Gross assets for the purposes of calculating the management fee equate to the value of the portfolio's gross assets held on the relevant date as valued on the basis of applicable accounting policies, less the value of any investments in in-house funds.

The fee is allocated 25% to the revenue account and 75% to the capital account of the Consolidated Statement of Comprehensive Income. There is no additional fee for company secretarial and administration services.

The Company is entitled to a rebate from the investment management fee charged by the Manager in the event the Company's ongoing charges exceed the cap of 1.25% per annum of average daily net assets. The amount of rebate accrued for the year ended 30 November 2022 amounted to £nil (2021: £nil). The rebate, if any, is offset against management fees and is allocated between revenue and capital in the ratio of total ongoing charges (as defined on pages 136 and 137) allocated between revenue and capital during the year.

5. Other operating expenses

	2022 £'000	2021 £'000
Allocated to revenue:		
Custody fee	8	5
Auditors' remuneration - audit services[1]	46	45
Registrar's fee	31	30
Directors' emoluments[2]	139	131
Broker fees	25	25
Depositary fees	15	10
Marketing fees	45	34
Printing and postage fees	42	33
Legal and professional fees	20	18
Directors search fees	18	21
Bank charges	12	7
Stock exchange listings fees[3]	53	8
Other administrative costs	52	52
Provision for doubtful debts[4]	380	-
	886	**419**
Allocated to capital:		
Custody transaction charges[5]	11	7
	897	**426**
The Company's ongoing charges[6], calculated as a percentage of average daily net assets and using the management fee and all other operating expenses excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation, prior year expenses written back and certain non-recurring items were:	1.13%	1.21%

[1] No non-audit services are provided by the Company's auditors (2021: none).

[2] Further information on Directors' emoluments can be found in the Directors' Remuneration Report on page 65. The Company has no employees.

[3] For the year ended 30 November 2022, this included one-off block listing fees of £49,000.

[4] Provision for doubtful debts relate to dividend income from Gazprom ADR which has has not been received due to measures imposed by the Russian authorities in response to the sanctions that have been imposed on Russia as a result of the invasion of Ukraine.

[5] For the year ended 30 November 2022, expenses of £11,000 (2021: £7,000) were charged to the capital account of the Statement of Comprehensive Income. These relate to transaction costs charged by the custodian on sale and purchase trades.

[6] Alternative Performance Measure, see Glossary on pages 135 to 137.

5. Other operating expenses continued

The Company's ongoing charges, as defined on pages 136 and 137 (including the investment management fee), are capped at 1.25% per annum of average daily net assets. The Company is entitled to a rebate from the investment management fee charged by the Manager in the event the Company's ongoing charges exceed the cap.

The overall cap on ongoing charges and any applicable rebate is calculated and accrued on a daily basis and will be adjusted in the investment management fees charged up to 30 November every year. See note 4 on page 99.

6. Finance costs

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest payable – bank overdraft	49	147	196	5	15	20
Total	**49**	**147**	**196**	**5**	**15**	**20**

Finance costs for the Company are charged 25% to the revenue account and 75% to the capital account of the Consolidated Statement of Comprehensive Income. Subsidiary finance costs are charged 100% to the revenue account of the Consolidated Statement of Comprehensive Income.

7. Taxation

(a) Analysis of charge/(credit) for the year

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Corporation taxation	204	(204)	–	83	(83)	–
Double taxation relief	(42)	42	–	(65)	65	–
Reallocation of part of subsidiary's tax charge	–	–	–	6	(6)	–
Overseas taxation	482	–	482	417	–	417
Total taxation charge/(credit) (note 7(b))	**644**	**(162)**	**482**	**441**	**(24)**	**417**

The AIC SORP states that any tax relief obtained on expenses should be allocated between capital and revenue on the assumption that expenses charged to revenue are matched first against taxable revenue items. Tax relief is only reflected in capital to the extent that 'additional' expenses are utilised from capital to reduce or eliminate the Investment Company's tax liability. The amount of tax relief on such expenses should be the amount of corporation tax, or additional corporation tax, that would have been payable were it not for the existence of these 'additional' expenses.

The Company surrenders its excess management expenses to the subsidiary in order to reduce the taxation calculated on a standalone basis for the subsidiary. As Group relief is not charged between the Company and subsidiary, the Group accounts do not include any allocation of tax relief between capital and revenue as the substance of any such transfer within the Group accounts would be a payment for Group relief which is an inter-group transaction that is eliminated on consolidation. Consequently the consolidated financial statements do not reflect the marginal basis of taxation allocation as recommended by the SORP. The Board consider that including this adjustment would result in a misleading consolidated earnings per share figure.

Had the recommended approach within the SORP been adopted, the Company's consolidated tax charge to the revenue account of the Consolidated Statement of Comprehensive Income would have been increased by £nil (2021: £59,000) and this would have been offset by a credit to the tax charge in the capital account of the same primary statement for the same amount, resulting in a nil impact on the tax charge in the total account of the Consolidated Statement of Comprehensive Income. There would have been no impact on either the parent company or the subsidiary company accounts.

Management expenses of £nil accounted for through the capital account of the Consolidated Statement of Comprehensive Income have been surrendered to the subsidiary for the year ended 30 November 2022 (2021: £310,000). In accordance with the Company's accounting policy the transfer in the year ended 30 November 2021 was made for group tax relief between the Company and its subsidiary.

(b) Factors affecting total taxation charge/(credit) for the year

The taxation assessed for the year is lower (2021: lower) than the standard rate of corporation taxation in the UK of 19.00% (2021: 19.00%). The differences are explained below:

		2022			2021	
	Revenue £'000	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Profit on ordinary activities before taxation	7,038	50,221	57,259	6,145	25,225	31,370
Tax on profit on ordinary activities at standard rate of corporation tax of 19.00% (2021: 19.00%)	1,337	9,542	10,879	1,168	4,793	5,961
Effects of:						
Non taxable UK dividend income	(116)	–	(116)	(268)	–	(268)
Non taxable overseas dividend income	(1,017)	–	(1,017)	(752)	–	(752)
Overseas tax suffered	482	–	482	417	–	417
Relief for overseas tax	(42)	34	(8)	(65)	53	(12)
Net profit on investments and options held at fair value through profit or loss	–	(9,765)	(9,765)	–	(4,931)	(4,931)
Net profit on foreign exchange	–	(1)	(1)	–	(6)	(6)
Taxation effect of allowable expenses in capital	–	–	–	(59)	59	–
Management expenses not utilised	–	26	26	–	7	7
Disallowed expenses	–	2	2	–	1	1
	(693)	(9,704)	(10,397)	(727)	(4,817)	(5,544)
Total taxation charge/(credit) for the year (note 7(a))	**644**	**(162)**	**482**	**441**	**(24)**	**(417)**

The Company is exempt from corporation tax on capital gains provided it maintains its status as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010. Due to the Company's intention to meet the conditions required to maintain its investment trust status, it has not provided for deferred UK corporation tax on any capital gains or losses.

The Company's taxable income is exceeded by its tax allowable expenses, which include both the revenue and capital elements of the management fee. As at 30 November 2022, the Company had accumulated surplus expenses of £172,000 (2021: £39,000).

As at 30 November 2022, the Company has not recognised a deferred tax asset of £43,000 (2021: £10,000) in respect of the accumulated expenses. The deferred tax asset has been calculated based on a prospective corporation tax rate from 1 April 2023 of 25%, as enacted by the Finance Act 2021. Provided the Company continues to maintain its current investment profile, it is unlikely that the expenses will be utilised and that the Company will obtain any benefit from this.

Notes to the financial statements
continued

8. Dividends

Dividends paid on equity shares	Record date	Payment date	2022 £'000	2021 £'000
4th interim dividend of 1.10p per share for the year ended 30 November 2021 (2020: 1.00p)	17 December 2021	14 January 2022	1,278	1,135
1st interim dividend of 1.10p per share for the year ended 30 November 2022 (2021: 1.00p)	25 March 2022	21 April 2022	1,376	1,135
2nd interim dividend of 1.10p per share for the year ended 30 November 2022 (2021: 1.00p)	17 June 2022	15 July 2022	1,448	1,162
3rd interim dividend of 1.10p per share for the year ended 30 November 2022 (2021: 1.00p)	23 September 2022	20 October 2022	1,478	1,162
Accounted for in the financial statements			**5,580**	**4,594**

The total dividends payable in respect of the year ended 30 November 2022 which form the basis of Section 1158 of the Corporation Tax Act 2010 and Section 833 of the Companies Act 2006, and the amounts declared, meet the relevant requirements as set out in this legislation.

Dividends paid/payable on equity shares for the year ended 30 November 2022:	2022 £'000	2021 £'000
1st interim dividend of 1.10p per share for the year ended 30 November 2022 (2021: 1.00p)	1,376	1,135
2nd interim dividend of 1.10p per share for the year ended 30 November 2022 (2021: 1.00p)	1,448	1,162
3rd interim dividend of 1.10p per share for the year ended 30 November 2022 (2021: 1.00p)	1,478	1,162
4th interim dividend of 1.10p per share for the year ended 30 November 2022 (2021: 1.10p)	1,478	1,278
	5,780	**4,737**

9. Earnings and net asset value per ordinary share

Total revenue, capital earnings and net asset value per ordinary share are shown below and have been calculated using the following:

	2022	2021
Net revenue profit attributable to ordinary shareholders (£'000)	6,394	5,704
Net capital profit attributable to ordinary shareholders (£'000)	50,383	25,249
Total profit attributable to ordinary shareholders (£'000)	**56,777**	**30,953**
Total shareholders' funds (£'000)	**194,708**	**120,828**
The weighted average number of ordinary shares in issue during the year on which the earnings per ordinary share was calculated was:	128,248,137	114,982,762
The actual number of ordinary shares in issue at the year end on which the net asset value per ordinary share was calculated was:	134,356,194	116,218,357
Earnings per share:		
Revenue earnings per share (pence) - basic and diluted	4.99	4.96
Capital earnings per share (pence) - basic and diluted	39.28	21.96
Total earnings per share (pence) - basic and diluted	**44.27**	**26.92**

	As at 30 November 2022	As at 30 November 2021
Net asset value per ordinary share (pence)	144.92	103.97
Ordinary share price (pence)	135.00	96.70

There were no securities in issue at the year end that have any dilutive effect on earnings per share.

10. Investments held at fair value through profit or loss

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
UK listed equity investments held at fair value through profit or loss	18,292	18,292	5,912	5,912
Overseas listed equity investments held at fair value through profit or loss	183,329	183,329	115,267	115,267
Fixed income investments held at fair value through profit or loss	4,773	4,773	6,605	6,605
Investment in subsidiary held at fair value through profit or loss[1]	–	3,455	–	3,804
Total value of financial asset investments	**206,394**	**209,849**	**127,784**	**131,588**
Derivative financial instruments - written option contracts	(55)	(55)	–	–
Total value of financial asset investments and derivatives at 30 November	**206,339**	**209,794**	**127,784**	**131,588**
Opening book cost of investments	104,015	104,015	83,807	83,807
Investment holding gains	23,769	27,573	13,762	17,557
Opening fair value	127,784	131,588	97,569	101,364
Analysis of transactions made during the year:				
Purchases at cost	153,949	153,949	87,168	87,168
Sales proceeds received	(126,788)	(126,788)	(82,907)	(82,907)
Gains on investments	51,394	51,045	25,954	25,963
Closing fair value	**206,339**	**209,794**	**127,784**	**131,588**
Closing book cost of investments	156,994	156,994	104,015	104,015
Closing investment holding gains	49,345	52,800	23,769	27,573
Closing fair value	**206,339**	**209,794**	**127,784**	**131,588**
Comprising of:				
– Equity investments	206,394	209,849	127,784	131,588
– Derivative financial instruments - written option contracts	(55)	(55)	–	–
Total	**206,339**	**209,794**	**127,784**	**131,588**

[1] Relates to wholly owned subsidiary, BlackRock Energy and Resources Securities Income Company Limited.

The Group and Company received £126,600,000 (2021: £85,768,000) from investments sold in the year. The book cost of these investments when they were purchased was £100,782,000 (2021: £69,821,000). These investments have been revalued over time and until they were sold and any unrealised gains/losses were included in the fair value of the investments.

During the year, transaction costs of £155,000 (2021: £58,000) were incurred on the acquisition of investments. Costs relating to the disposal of investments during the year amounted to £33,000 (2021: £31,000). All transaction costs have been included within the capital reserves.

Notes to the financial statements
continued

11. Investment in subsidiary
At 30 November 2022, the Company had one wholly owned subsidiary which is registered and operating in England and Wales and has been included in the consolidated financial statements. BlackRock Energy and Resources Securities Income Company Limited was incorporated on 9 November 2005. There are no non-controlling interests in the subsidiary.

The principal activity of the subsidiary, BlackRock Energy and Resources Securities Income Company Limited, is investment dealing and options writing. The registered office address for the subsidiary company is 12 Throgmorton Avenue, London EC2N 2DL. During the year, the subsidiary paid a dividend of £350,000 (2021: £300,000) to the Company.

	Description of ordinary shares	Authorised and issued share capital 2022	2021
BlackRock Energy and Resources Securities Income Company Limited	Ordinary shares of £1	£1	£1

12. Other receivables

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Prepayments and accrued income	484	484	466	466
Amounts due from brokers	1,496	1,496	4,412	4,412
Amounts receivable from subsidiary	–	2,741	–	2,741
	1,980	**4,721**	**4,878**	**7,619**

13. Other payables and bank overdraft

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Accruals for expenses and interest payable	1,030	1,030	718	718
Amounts due to brokers	4,838	4,838	4,798	4,798
Bank overdraft	14,345	14,345	12,927	12,927
	20,213	**20,213**	**18,443**	**18,443**

The Group has an overdraft facility of £35 million (2021: £17.5 million) which is updated and renewed on an annual basis. The overdraft facility is provided by The Bank of New York Mellon. The interest rate on the overdraft facility is Sterling Overnight Interbank Average (SONIA) plus 0.90% (2021: SONIA plus 0.90%).

14. Called up share capital

	Number of shares in issue	Treasury shares	Total shares	Nominal value £'000
Allotted, called up and fully paid share capital comprised:				
Ordinary shares of 1 pence each				
At 30 November 2021	116,218,357	2,747,643	118,966,000	1,190
Ordinary shares issued	15,390,194	–	15,390,194	154
Ordinary shares reissued from treasury	2,747,643	(2,747,643)	–	–
At 30 November 2022	**134,356,194**	**–**	**134,356,194**	**1,344**

During the year ended 30 November 2022, no shares were bought back into treasury (2021: 51,992 shares for a net consideration after costs of £48,000).

During the year ended 30 November 2022, the Company issued 15,390,194 shares (2021: none) for a net consideration after costs of £19,677,000 (2021: £nil).

During the year ended 30 November 2022, the Company also reissued 2,747,643 (2021: 2,800,000) shares from treasury for a net consideration after costs of £3,108,000 (2021: £2,875,000).

Since the year end, and as at 30 January 2023 a further 550,000 ordinary shares have been issued for a net consideration of £802,000.

15. Reserves

Group	Share premium account	Special reserve	Capital reserve arising on investments sold	Capital reserve arising on revaluation of investments held	Revenue reserve
	£'000	£'000	£'000	£'000	£'000
At 30 November 2021	47,727	68,852	(26,149)	23,601	5,607
Movement during the year:					
Total comprehensive income:					
Net profit for the year	–	–	24,831	25,552	6,394
Transactions with owners recorded directly to equity:					
Ordinary shares issued	19,563	–	–	–	–
Share issue costs	(110)	–	–	–	–
Ordinary shares reissued from treasury	1,023	2,091	–	–	–
Share reissue costs	–	(6)	(32)	–	–
Dividends paid	–	–	–	–	(5,580)
At 30 November 2022	**68,203**	**70,937**	**(1,350)**	**49,153**	**6,421**

		Distributable reserves			
Company	Share premium account	Special reserve	Capital reserve arising on investments sold	Capital reserve arising on revaluation of investments held	Revenue reserve
	£'000	£'000	£'000	£'000	£'000
At 30 November 2021	47,727	68,852	(26,967)	27,403	2,623
Movement during the year:					
Total comprehensive income:					
Net profit for the year	–	–	24,831	25,202	6,744
Transactions with owners recorded directly to equity:					
Ordinary shares issued	19,563	–	–	–	–
Share issue costs	(110)	–	–	–	–
Ordinary shares reissued from treasury	1,023	2,091	–	–	–
Share reissue costs	–	(6)	(32)	–	–
Dividends paid	–	–	–	–	(5,580)
At 30 November 2022	**68,203**	**70,937**	**(2,168)**	**52,605**	**3,787**

15. Reserves continued

Group	Share premium account £'000	Special reserve £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on revaluation of investments held £'000	Revenue reserve £'000
At 30 November 2020	46,977	66,775	(41,446)	13,649	4,497
Movement during the year:					
Total comprehensive income:					
Net profit for the year	–	–	15,297	9,952	5,704
Transactions with owners recorded directly to equity:					
Ordinary shares reissued from treasury	750	2,131	–	–	–
Share issue costs	–	(6)	–	–	–
Ordinary shares purchased into treasury	–	(48)	–	–	–
Dividends paid	–	–	–	–	(4,594)
At 30 November 2021	**47,727**	**68,852**	**(26,149)**	**23,601**	**5,607**

		Distributable reserves			
Company	Share premium account £'000	Special reserve £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on revaluation of investments held £'000	Revenue reserve £'000
At 30 November 2020	46,977	66,775	(42,264)	17,442	1,522
Movement during the year:					
Total comprehensive income:					
Net profit for the year	–	–	15,297	9,961	5,695
Transactions with owners recorded directly to equity:					
Ordinary shares purchased into treasury	750	2,131	–	–	–
Share issue costs	–	(6)	–	–	–
Ordinary shares purchased into treasury	–	(48)	–	–	–
Dividends paid	–	–	–	–	(4,594)
At 30 November 2021	**47,727**	**68,852**	**(26,967)**	**27,403**	**2,623**

The share premium account and capital redemption reserve are not distributable reserves under the Companies Act 2006. In accordance with ICAEW Technical Release 02/17BL on Guidance on Realised and Distributable Profits under the Companies Act 2006, the special reserve and capital reserves of the Parent Company may be used as distributable reserves for all purposes and, in particular, the repurchase by the Parent Company of its ordinary shares and for payments as dividends.
In accordance with the Company's Articles of Association, the special reserve, capital reserves and the revenue reserve may be distributed by way of dividend. The Parent Company's capital gains of £50,437,000 (2021: capital gain of £436,000) comprise a loss on capital reserve arising on investments sold of £2,168,000 (2021: loss of £26,967,000), a gain on capital reserve arising on revaluation of listed investments of £49,150,000 (2021: gain of £23,599,000) and a revaluation gain on the investment in the subsidiary of £3,455,000 (2021: gain of £3,804,000). The gain on capital reserve arising on the revaluation of investments of £49,150,000 (2021: £23,599,000) is subject to fair value movements and may not be readily realisable at short notice, as such it may not be entirely distributable. The investments are subject to financial risks, as such capital reserves (arising on investments sold) and the revenue reserve may not be entirely distributable if a loss occurred during the realisation of these investments. The reserves of the subsidiary company are not distributable until distributed as a dividend to the Parent Company.

16. Risk management policies and procedures

The Group's investment activities expose it to various types of risks which are associated with the financial instruments and markets in which it invests. The following information is not intended to be a comprehensive summary of all risks and shareholders should refer to the Alternative Investment Fund Managers' Directive FUND 3.2.2R Disclosures which can be found at blackrock.com/uk/beri for a more detailed discussion of the risks inherent in investing in the Group.

Risk management framework

The following information refers to the risk management framework of the Alternative Investment Fund Manager (AIFM). However, as disclosed in the Corporate Governance Statement on pages 70 to 74 and in the Statement of Directors' Responsibilities on page 79, it is the ultimate responsibility of the Board to ensure that the Group's risks are appropriately monitored, and to the extent that elements of this are delegated to third party service providers, the Board is responsible for ensuring that the relevant parties are discharging their duties in accordance with the terms of the relevant agreements and taking appropriate action to the extent issues are identified.

The Directors of the AIFM review quarterly investment performance reports and receive semi-annual presentations in person from the Investment Manager covering the Group's performance and risk profile during the year. The AIFM has delegated the day-to-day administration of the investment programme to the Investment Manager. The Investment Manager is also responsible for ensuring that the Group is managed within the terms of its investment guidelines and limits set out in the Alternative Investment Fund Managers' Directive FUND 3.2.2R Disclosures which can be found at blackrock.com/uk/beri.

The AIFM is responsible for monitoring investment performance, product risk monitoring and oversight and has the responsibility for the monitoring and oversight of regulatory and operational risk for the Group. The Directors of the AIFM have appointed a Risk Manager who has responsibility for the daily risk management process with assistance from key risk management personnel of the Investment Manager, including members of the Risk and Quantitative Analysis Group (RQA) which is a centralised group which performs an independent risk management function. RQA independently identifies, measures and monitors investment risk, including climate-related risk, and tracks the actual risk management practices being deployed across the Group. By breaking down the components of the process, RQA has the ability to determine if the appropriate risk management processes are in place. This captures the risk management tools employed, how the levels of risk are controlled, ensuring risk/return is considered in portfolio construction and reviewing outcomes.

The AIFM reports to the Audit and Management Engagement Committee twice yearly on key risk metrics and risk management processes; in addition, the Depositary monitors the performance of the AIFM and reports to the Audit and Management Engagement Committee. Any significant issues are reported to the Board as they arise.

Risk Exposures

The risk exposures of the Group and Company are set out as follows:

(a) Market risk

Market risk arises mainly from uncertainty about future values of financial instruments influenced by currency, interest rate and other price movements. It represents the potential loss the Group may suffer through holding market positions in financial instruments in the face of market movements.

A key metric RQA uses to measure market risk is Value-at-Risk (VaR) which encompasses price, currency and interest rate risk. VaR is a statistical risk measure that estimates the potential portfolio loss from adverse market moves in an ordinary market environment. VaR analysis reflects the interdependencies between risk variables (including foreign currency risk, interest rate risk and other price risk), unlike a traditional sensitivity analysis.

The VaR calculations are based on a confidence level of 99% with a holding period of not greater than one day and a historical observation period of not less than one year (250 days). A VaR number is defined at a specified probability and a specified time horizon. A 99% one day VaR means that the expectation is that 99% of the time over a one day period the Company will lose less than this number in percentage terms. Therefore, higher VaR numbers indicate higher risk. It is noted that the use of VaR methodology has limitations, namely assumptions that risk factor returns are normally distributed and that the use of historical market data as a basis for estimating future events does not encompass all possible scenarios, particularly those that are of an extreme nature and that the use of a specified confidence level (e.g. 99%) does not take into account losses that occur beyond this level. There is some probability that the loss could be greater than the VaR amounts. These limitations, and the nature of the VaR measure, mean that the Company can neither guarantee that losses will not exceed the VaR amounts indicated, nor that losses in excess of the VaR amounts will not occur more frequently.

The one-day VaR for the Group/Company as of 30 November 2022 and 30 November 2021 (based on a 99% confidence level) was 5.0% and 3.6%, respectively.

Notes to the financial statements
continued

16. Risk management policies and procedures continued

(i) Market risk arising from other price risk

Exposure to other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, climate change, or other events could have a significant impact on the Group and the market price of its investments and could result in increased premiums or discounts to the Group's net asset value.

The current environment of heightened geo-political risk given the war in Ukraine has undermined investor confidence and market direction. In addition to the tragic and devastating events in Ukraine, the war has constricted supplies of key commodities, pushing prices up and creating a level of market uncertainty and volatility which is likely to persist for some time.

The impact of the coronavirus outbreak was profound across all aspects of society. In developed economies, it is clear that the worst of the impact is now over. However, there is an expectation that seasonal peaks and new variants could give rise to renewed travel restrictions, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery and supply chain disruptions which will create ongoing challenges. Widescale and comprehensive vaccination programmes have been put in place by many countries which have had a positive effect. Nevertheless, the impact of COVID-19 continues to adversely affect the economies of many nations across the globe and this in turn may continue to impact investments held by the Company.

The Group is exposed to market price risk arising from its equity investments and written options. The movements in the prices of these investments result in movements in the performance of the Group. Other price risk sensitivity has been covered by the VaR analysis under the market risk section above.

Use of derivatives

The Group may utilise both exchange traded and over-the-counter derivatives, including, but not limited to, options, as part of its investment policy. Options written by the Group provide the purchaser with the opportunity to purchase from or sell to the Group the underlying asset at an agreed-upon value either on or before the expiration of the option. Options are generally settled on a net basis.

Management of other price risk

By diversifying the portfolio, where this is appropriate and consistent with the Group's objectives, the risk that a price change of a particular investment will have a material impact on the NAV of the Group is minimised which is in line with the investment objectives of the Group.

The Group's exposure to other changes in market prices at 30 November 2022 on its equity and fixed income investments was £206,394,000 (2021: £127,784,000). In addition, the Group's gross market exposure to these price changes through its option portfolio was £2,351,000 (2021: £nil).

(ii) Market risk arising from foreign currency risk

Exposure to foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency sensitivity risk has been covered by the VaR analysis under the market risk section.

The fair values of the Group's and Company's monetary items which have foreign currency exposure at 30 November 2022 and 30 November 2021 are shown below. Where equity investments which are not monetary items are denominated in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

2022	US Dollar £'000	Canadian Dollar £'000	Euro £'000	Other £'000
Receivables (due from brokers, dividends and other income receivable)	2,948	50	60	2,344
Payables (due to brokers and other payables)	(3,389)	–	–	(2,239)
Cash and cash equivalents	11	–	8	–
Total foreign currency exposure on net monetary items	**(430)**	**50**	**68**	**105**
Investments at fair value through profit or loss	93,157	25,337	21,577	33,008
Total net foreign currency exposure	**92,727**	**25,387**	**21,645**	**33,113**

2021	US Dollar £'000	Euro £'000	Canadian Dollar £'000	Other £'000
Receivables (due from brokers, dividends and other income receivable)	5,096	52	972	180
Payables (due to brokers and other payables)	(3,468)	–	(1,330)	(10)
Cash and cash equivalents	7	–	–	–
Total foreign currency exposure on net monetary items	**1,635**	**52**	**(358)**	**170**
Investments at fair value through profit or loss	62,949	15,295	15,283	16,005
Total net foreign currency exposure	**64,584**	**15,347**	**14,925**	**16,175**

Management of foreign currency risk
The Investment Manager monitors the Group's exposure to foreign currencies on a daily basis and reports to the Board of the Group on a regular basis.

The Investment Manager measures the risk to the Group of the foreign currency exposure by considering the effect on the Group's net asset value and income of a movement in the exchange rate to which the Group's assets, liabilities, income and expenses are exposed.

The Group does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt. Derivative contracts are not used to hedge against exposure to foreign currency risk.

Consequently, the Group is exposed to risks that the exchange rate of its reporting currencies relative to other currencies may change in a manner which has an adverse effect on the value of the portion of the Group's assets which are denominated in currencies other than their own currencies.

(iii) Market risk arising from interest rate risk
Exposure to interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk specifically through its fixed income investments, cash holdings and its borrowing facility for investment purposes. Interest rate movements may affect the level of income receivable from any cash at bank and on deposits. The effect of interest rate changes on the earnings of the companies held within the portfolio may have a significant impact on the valuation of the Group's investments. Interest rate sensitivity risk has been covered by the VaR analysis under the market risk section.

Interest rate exposure
The exposure for the Group and Company at 30 November 2022 and 30 November 2021 of financial assets and liabilities to interest rate risk is shown by reference to:

- floating interest rates – when the interest rate is due to be re-set; and
- fixed interest rates – when the financial instrument is due for repayment.

16. Risk management policies and procedures continued

Group	2022 Within one year £'000	2022 More than one year £'000	2022 Total £'000	2021 Within one year £'000	2021 More than one year £'000	2021 Total £'000
Exposure to floating interest rates:						
Cash and cash equivalents	6,214	–	6,214	6,552	–	6,552
Bank overdraft	(14,345)	–	(14,345)	(12,927)	–	(12,927)
Exposure to fixed interest rates:						
Fixed income investments	–	4,773	4,773	–	6,605	6,605
Total exposure to interest rates	**(8,131)**	**4,773**	**(3,358)**	**(6,375)**	**6,605**	**230**

Company	2022 Within one year £'000	2022 More than one year £'000	2022 Total £'000	2021 Within one year £'000	2021 More than one year £'000	2021 Total £'000
Exposure to floating interest rates:						
Cash and cash equivalents	18	–	18	7	–	7
Bank overdraft	(14,345)	–	(14,345)	(12,927)	–	(12,927)
Exposure to fixed interest rates:						
Fixed income investments	–	4,773	4,773	–	6,605	6,605
Total exposure to interest rates	**(14,327)**	**4,773**	**(9,554)**	**(12,920)**	**6,605**	**(6,315)**

Interest rates received on cash balances or paid on bank overdrafts in British Pound Sterling, respectively, is approximately 0.88% and 2.03% per annum (2021: 0.00% and 0.91% per annum).

Management of interest rate risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and borrowings under the overdraft facility.

The Group finances part of its activities through borrowings at levels approved and monitored by the Board of the Company. The Group, generally, does not hold significant balances, with short-term borrowings being used when required. Derivative contracts are not used to hedge against the exposure to interest rate risk.

(b) Counterparty credit risk

Counterparty credit risk is the risk that the issuer of a financial instrument will fail to fulfil an obligation or commitment that it has entered into with the Group.

The Group is exposed to counterparty credit risk from the parties with which it trades and will bear the risk of settlement default. Counterparty credit risk to the Group arises from transactions to purchase or sell investments and through option writing transactions on equity investments held within the portfolio.

There were no past due or impaired assets as of 30 November 2022 (2021: nil).

The major counterparties engaged with the Group are all widely recognised and regulated entities.

Depositary
The Group's Depositary is The Bank of New York Mellon (International) Limited (BNYM or the Depositary) (S&P long-term credit rating as at 30 November 2022: AA- (2021: AA-)). The Group's listed investments are held on its behalf by The Bank of New York Mellon (International) Limited (BNYM) as the Group's custodian (as sub-delegated by the Depositary). All of the equity assets and cash of the Group are held within the custodial network of the global custodian appointed by the Depositary. Bankruptcy or insolvency of the Depositary/Custodian may cause the Group's rights with respect to its investments held by the Depositary/Custodian to be delayed or limited. The maximum exposure to this risk at 30 November 2022 is the total value of equity investments held with the Depositary/Custodian and cash and cash equivalents in the Consolidated Statement of Financial Position.

In accordance with the requirements of the depositary agreement, the Depositary will ensure that any agents it appoints to assist in safekeeping the equity and fixed income investments of the Group will segregate the equity and fixed income assets of the Group. Thus, in the event of insolvency or bankruptcy of the Depositary, the Group's non-cash assets are segregated and this reduces counterparty credit risk. The Group will, however, be exposed to the counterparty credit risk of the Depositary in relation to the Group's cash held by the Depositary. In the event of the insolvency or bankruptcy of the Depositary, the Group will be treated as a general creditor of the Depositary in relation to cash holdings of the Group. The Board monitors the Company's risk by reviewing the custodian's internal control reports.

Counterparties/brokers
The Group only invests directly in markets that operate on a 'delivery versus payment' basis, and consequently most investment transactions in listed securities involve simultaneous delivery of securities against cash payment using an approved broker. The risk of default is considered minimal, and the trade will fail if either party fails to meet its obligation.

For a few markets that the Group invests in from time to time, although they operate on a 'delivery versus payment' basis, there may be a very short time gap between stock delivery and payment, giving potential rise to counterparty credit risk with the broker in relation to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used for those markets. The Group monitors the credit rating and financial position of the broker used to further mitigate this risk.

Cash held by a counterparty to financial derivative contracts is subject to the credit risk of the counterparty. The following table details the total number of counterparties to which the Group is exposed, the maximum exposure to any one counterparty, the collateral held by the Group against this exposure, the total exposure to all other counterparties and the lowest long-term credit rating of any one counterparty (or its ultimate parent if unrated).

Year	Total number of counterparties	Maximum exposure to any one counterparty[1]	Collateral held[1]	Total exposure to all other counterparties[1]	Lowest credit rating of any one counterparty[2]
		£'000	£'000	£'000	
2022	4	6,214	285	1,765	A+
2021	8	6,552	–	4,412	BBB+

[1] Calculated on a net basis.
[2] Standard & Poor's Ratings.

The Group may also be exposed to counterparty risk should there be any rehypothecation of pledged collateral. Collateral is received/paid where the client service agreement states that there should be collateral movements agreed with the counterparty, where there is a requirement for a mark-to-market process or collateralisation to ensure that the Group is protected against any counterparty default.

Over-the-counter (OTC) financial derivative instruments
During the year ended 30 November 2022 and 30 November 2021, the Group wrote covered call and put option contracts to generate revenue income for the Group. As the call and put options are covered by dedicated cash or stock resources and no call or put option contracts were written to manage price risk, there is no impact on the Group's exposure to gearing or leverage as a result of writing covered call and put options. The notional amount of call/put options written that were open at 30 November 2022 was £2,351,000 (2021: £nil).

Notes to the financial statements

continued

16. Risk management policies and procedures continued

Management of OTC financial derivative instruments

Economic exposure through option writing transactions is restricted such that no more than 30% of the Group's assets shall be under options at any given time. Exposures are monitored daily by the Investment Manager, BlackRock, and its independent risk management team. The Group's Board also reviews the exposures regularly.

The option positions are diversified across sectors and geographies comprising one open position as at 30 November 2022 (2021: no open positions).

The economic exposures to options can be closed out at any time by the Group with immediate effect. Details of securities and exposures to market risk and credit risk implicit within the options portfolio are given elsewhere in this note.

Collateral

The Group engages in activities which may require collateral to be provided to a counterparty (Pledged Collateral). Cash collateral pledged by the Group is separately identified as an asset in the Consolidated Statement of Financial Position and is not included as a component of cash and cash equivalents.

The fair value of cash collateral pledged is reflected in the table below:

	Pledged collateral	
	As at 30 November 2022	As at 30 November 2021
	£'000	£'000
Cash collateral – Bank of America Merrill Lynch	285	–

Receivables

Amounts due from debtors are disclosed in the Consolidated and Parent Company Statements of Financial Position as other receivables. The counterparties included in other receivables are the same counterparties discussed previously under counterparty credit risk and subject to the same scrutiny by the BlackRock RQA Counterparty & Concentration Risk team (RQA CCR). The Group monitors the ageing of receivables to mitigate the risk of debtor balances becoming overdue.

In summary, the exposure to credit risk at 30 November 2022 and 2021 was as follows:

Group	2022	2021
	£'000	£'000
Fixed income investments	4,773	6,605
Cash collateral held with brokers	285	–
Cash and cash equivalents	6,214	6,552
Other receivables (amounts due from brokers, dividends and interest receivable)	1,980	4,878
	13,252	**18,035**

Company	2022	2021
	£'000	£'000
Fixed income investments	4,773	6,605
Cash collateral held with brokers	285	–
Other receivables (amounts due from brokers, dividends, interest receivable and receivable from subsidiary company)	4,721	7,619
Cash and cash equivalents	18	7
	9,797	**14,231**

Management of counterparty credit risk
Credit risk is monitored and managed by RQA CCR. The team is headed by BlackRock's Chief Credit Officer who reports to the Global Head of RQA. Credit authority resides with the Chief Credit Officer and selected team members to whom specific credit authority has been delegated. As such, counterparty approvals may be granted by the Chief Credit Officer, or by identified RQA Credit Risk Officers who have been formally delegated authority by the Chief Credit Officer.

The counterparty/credit risk is managed as follows:

- transactions are only entered into with those counterparties approved by RQA CCR, with a formal review carried out for each new counterparty and with counterparties selected by RQA CCR on the basis of a number of risk mitigation criteria designed to reduce the risk to the Group of default;
- the creditworthiness of financial institutions with whom cash is held is reviewed regularly by the RQA CCR team; and
- the RQA CCR team review the credit standard of the Group's brokers on a periodic basis and set limits on the amount that may be due from any one broker.

The Board monitors the Group's counterparty risk by reviewing:

- the semi-annual report from the Depositary, which includes the results of periodic site visits to the Company's custodian where controls are reviewed and tested;
- the custodian's Service Organisation Control (SOC 1) reports which include a report by the custodian's auditor. This report sets out any exceptions or issues noted as a result of the auditor's review of the custodian's control processes;
- the Manager's internal control reports which include a report by the Manager's auditor. This report sets out any exceptions or issues noted as a result of the auditor's review of the Manager's control processes; and
- in addition, the Depositary and the Manager report to the Board any significant breaches or issues arising as soon as these are identified.

There were no past due or impaired assets as of 30 November 2022 (2021: nil). The major counterparties engaged with the Company are all widely recognised and regulated entities.

Offsetting disclosures
In order to better define its contractual rights and to secure rights that will help the Group mitigate its counterparty risk, the Group may enter into an ISDA Master Agreement or similar agreement with its OTC derivative contract counterparties. An ISDA Master Agreement is an agreement between the Group and the counterparty that governs OTC derivative contracts and typically contains, among other things, collateral posting terms and netting provisions in the event of a default and/or termination event. Under an ISDA Master Agreement, the Group has a contractual right to offset with the counterparty certain derivative financial instruments payables and/or receivables with collateral held and/or posted and create one single net payment in the event of default including the bankruptcy or insolvency of the counterparty. However, bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against the right of offset in bankruptcy, insolvency or other events.

For financial reporting purposes, the Group does not offset derivative assets and derivative liabilities that are subject to netting arrangements in the Consolidated and Parent Company Statements of Financial Position. The disclosures set out in the following tables include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement.

At 30 November 2022 and 2021, the Group's and Company's derivative assets and liabilities (by type) are as follows:

	At 30 November 2022		At 30 November 2021	
Derivatives	**Assets £'000**	**Liabilities £'000**	**Assets £'000**	**Liabilities £'000**
Written option contracts	–	(55)	–	–
Total derivative assets and liabilities in the Consolidated and Parent Company Statements of Financial Position	–	(55)	–	–
Total assets and liabilities subject to a master netting agreement	**–**	**(55)**	–	–

Notes to the financial statements

continued

16. Risk management policies and procedures continued

The following table presents the Group's and Company's derivative liabilities by counterparty, net of amounts available for offset, under a master netting agreement and net of any related collateral paid by the Group at 30 November 2022 and 30 November 2021:

Counterparty	Derivative liabilities subject to a master netting agreement by a counterparty £'000	Derivatives available for offset £'000	Net amount as per statement of financial position £'000	Non-cash collateral given £'000	Pledged cash collateral £'000	Net amount of derivative assets £'000
At 30 November 2022						
BofA Securities	(55)	–	(55)	–	285	230
At 30 November 2021						
BofA Securities	–	–	–	–	–	–

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities. The Group is also exposed to the liquidity risk for margin calls on derivative instruments. At the year end, the Group had an overdraft facility of the lower of £35.0 million or 20% of the Group's net assets (2021: £17.5 million or 20% of the Group's net assets).

Liquidity risk exposure

The remaining undiscounted gross cash outflows of the financial liabilities as at 30 November 2022 and 30 November 2021, based on the earliest date on which payment can be required, were as follows:

Group 2022	3 months or less £'000	Not more than one year £'000	Total £'000
Amounts due to brokers, accruals and provisions	5,868	–	5,868
Derivative financial liabilities held at fair value through profit or loss	55	–	55
Bank overdraft	14,345	–	14,345
	20,268	**–**	**20,268**

Company 2022	3 months or less £'000	Not more than one year £'000	Total £'000
Amounts due to brokers, accruals and provisions	5,868	–	5,868
Derivative financial liabilities held at fair value through profit or loss	55	–	55
Bank overdraft	14,345	–	14,345
	20,268	**–**	**20,268**

Group 2021	3 months or less £'000	Not more than one year £'000	Total £'000
Amounts due to brokers, accruals and provisions	5,516	–	5,516
Bank overdraft	12,927	–	12,927
	18,443	**–**	**18,443**

Company 2021	3 months or less £'000	Not more than one year £'000	Total £'000
Amounts due to brokers, accruals and provisions	5,516	–	5,516
Bank overdraft	12,927	–	12,927
	18,443	–	**18,443**

Management of liquidity risk
Liquidity risk is minimised by holding sufficient liquid investments which can be readily realised to meet liquidity demands. Asset disposals may also be required to meet liquidity needs. However, the timely sale of trading positions can be impaired by many factors including decreased trading volume and increased price volatility. As a result, the Group may experience difficulties in disposing of assets to satisfy liquidity demands. Liquidity risk is not significant as the Group's assets are investments in listed securities that are readily realisable.

The Group's liquidity risk is managed on a daily basis by the Investment Manager in accordance with established policies and procedures in place. The Portfolio Managers' review daily forward-looking cash reports which project cash obligations. These reports allow them to manage their obligations.

For the avoidance of doubt, none of the assets of the Group are subject to special liquidity arrangements.

(d) Valuation of financial instruments

Financial assets and financial liabilities are either carried in the Consolidated and Parent Company Statements of Financial Position at their fair value (investments and derivatives) or at an amount which is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank and bank overdrafts). IFRS 13 requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The valuation techniques used by the Group are explained in the accounting policies note 2(h) to the Financial Statements on page 95.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

The fair value hierarchy has the following levels:

Level 1 – Quoted market price for identical instruments in active markets
A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Group does not adjust the quoted price for these instruments.

Level 2 – Valuation techniques using observable inputs
This category includes instruments valued using quoted prices for similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity specific inputs.

Over-the-counter derivative option contracts have been classified as Level 2 investments as their valuation has been based on market observable inputs represented by the underlying quoted securities to which these contracts expose the Group.

Level 3 – Valuation techniques using significant unobservable inputs
This category includes all instruments where the valuation technique includes inputs not based on market data and these inputs could have a significant impact on the instrument's valuation.

This category includes instruments that are valued based on quoted prices for similar instruments where significant entity determined adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market. The Investment Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Notes to the financial statements
continued

16. Risk management policies and procedures continued

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes 'observable' inputs requires significant judgement by the Investment Manager.

The investment in the subsidiary is classified within Level 3 since the subsidiary is not a listed entity. The fair value of the investment in the subsidiary is calculated based on the net asset value of the underlying balances within the subsidiary. Therefore, no sensitivity analysis has been presented.

Fair values of financial assets and financial liabilities

The table below sets out fair value measurements using the IFRS 13 fair value hierarchy.

Financial assets at fair value through profit or loss at 30 November 2022 – Group	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets:				
Equity investments	198,500	–	–	198,500
Fixed income investments	5,629	2,265	–	7,894
Liabilities:				
Derivative financial instruments – written options	(55)	–	–	(55)
	204,074	**2,265**	**–**	**206,339**

Financial assets at fair value through profit or loss at 30 November 2022 – Company	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets:				
Equity investments	198,500	–	3,455	201,955
Fixed income investments	5,629	2,265	–	7,894
Liabilities:				
Derivative financial instruments – written options	(55)	–	–	(55)
	204,074	**2,265**	**3,455**	**209,794**

Financial assets at fair value through profit or loss at 30 November 2021 – Group	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets:				
Equity investments	121,179	–	–	121,179
Fixed income investments	3,898	2,707	–	6,605
	125,077	**2,707**	**–**	**127,784**

Financial assets at fair value through profit or loss at 30 November 2021 – Company	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets:				
Equity investments	121,179	–	3,804	124,983
Fixed income investments	3,898	2,707	–	6,605
	125,077	**2,707**	**3,804**	**131,588**

In addition to the investment in the subsidiary, the Company held one other Level 3 security as at 30 November 2022 (2021: nil).

A reconciliation of fair value measurement in Level 3 is set out below.

Level 3 Financial assets fair value through profit or loss at 30 November – Company	2022 £'000	2021 £'000
Opening fair value	3,804	3,795
Transfers from Level 1	1	–
Total gains or losses included in profit/(loss) on investments in the Consolidated Statement of Comprehensive Income:		
– assets held at the end of the year	(350)	9
Closing balance	**3,455**	**3,804**

As at 30 November 2022, the investment in Gazprom has been valued at a nominal value of RUB0.01 due to lack of access to the Moscow Stock Exchange as a result of sanctions against Russia following the invasion of Ukraine. Following the suspension of the secondary listings of depositary receipts of Russian companies, the investment in Gazprom ADRs was transferred from Level 1 to Level 3. Towards the year end, the ADRs in Gazprom were converted into equity shares of Gazprom. As at the year-end, this investment is considered a Level 3 financial asset.

For exchange listed equity investments, the quoted price is the bid price. Substantially, all investments are valued based on unadjusted quoted market prices. Where such quoted prices are readily available in an active market, such prices are not required to be assessed or adjusted for any business risks, including climate change risk, in accordance with the fair value related requirements of the Company's financial reporting framework.

(e) Capital management policies and procedures

The Group's capital management objectives are:

- to ensure it will be able to continue as a going concern; and
- to achieve an annual dividend target and over the long term capital growth by investing primarily in securities of companies operating in the mining and energy sectors.

This is to be achieved through an appropriate balance of equity capital and gearing. The Group operates a flexible gearing policy which depends on prevailing conditions.

The Group's total capital at 30 November 2022 was £209,053,000 (2021: £133,755,000), comprising a bank overdraft of £14,345,000 (2021: £12,927,000) and equity shares, capital and reserves of £194,708,000 (2021: £120,828,000).

Under the terms of the overdraft facility agreement, the Group's total indebtedness shall at no time exceed £35.0m or 20% of the Group's net asset value (whichever is the lowest) (2021: £17.5m or 20% of the Group's net asset value (whichever is the lowest)).

The Board with the assistance of the Investment Manager monitors and reviews the broad structure of the Group's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes into account the Investment Manager's view on the market; and
- the need to buy back equity shares, either for cancellation or to be held in treasury, which takes account of the difference between the NAV per share and the share price (i.e. the level of share price discount or premium).

The Group is subject to externally imposed capital requirements:

- as a public company, the Company has a minimum share capital of £50,000; and
- in order to be able to pay dividends out of profits available for distribution, the Company has to be able to meet one of the two capital restrictions tests imposed on investment companies by law.

During the year, the Company complied with the externally imposed capital requirements to which it was subject including those imposed in respect of overdraft covenants.

Notes to the financial statements
continued

16. Risk management policies and procedures continued

(f) Investments held through Stock Connect

The Company may invest no more than 10% of its net asset value in investments held through Stock Connect. Any China A shares invested in via Stock Connect will be held by the Depositary/Sub custodian in accounts in the Hong Kong Central Clearing and Settlement System (CCASS) maintained by the Hong Kong Securities Clearing Company Limited (HKSCC) as central securities depositary in Hong Kong. HKSCC in turn will hold any such China A Shares, as the nominee holder, through an omnibus securities account in its name registered with ChinaClear for the Company. At 30 November 2022 the Company did not hold any investments through Stock Connect (2021: none).

17. Related party disclosure

Directors' emoluments

At the date of this report, the Board consists of four non-executive Directors, all of whom are considered to be independent of the Manager by the Board.

Disclosures of the Directors' interests in the ordinary shares of the Company and fees and expenses payable to the Directors are set out in the Directors' Remuneration Report on pages 65 and 66. At 30 November 2022, £11,000 (2021: £10,000) was outstanding in respect of Directors' fees.

Significant holdings

The following investors are:

a. funds managed by the BlackRock Group or are affiliates of BlackRock Inc. ("Related BlackRock Funds"); or

b. investors (other than those listed in (a) above) who held more than 20% of the voting shares in issue in the Company and are as a result, considered to be related parties to the Company ("Significant Investors").

As at 30 November 2022

Total % of shares held by Related BlackRock Funds	Total % of shares held by Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.	Number of Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.
1.3	n/a	n/a

As at 30 November 2021

Total % of shares held by Related BlackRock Funds	Total % of shares held by Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.	Number of Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.
nil	n/a	n/a

18. Transactions with the Investment Manager and AIFM

BlackRock Fund Managers Limited (BFM) provides management and administrative services to the Group under a contract which is terminable on six months' notice. BFM has (with the Group's consent) delegated certain portfolio and risk services, and other ancillary services to BlackRock Investment Management (UK) Limited (BIM (UK)). Further details of the investment management contract are disclosed in the Directors' Report on page 57.

The investment management fee due for the year ended 30 November 2022 amounted to £1,358,000 (2021: £940,000). At the year end, £728,000 was outstanding in respect of the management fee (2021: £498,000).

The Company is entitled to a rebate from the investment management fee charged by the Manager in the event the Company's ongoing charges exceeds the cap of 1.25% per annum of average daily net assets. The amount of rebate accrued to 30 November 2022 amounted to £nil (2021: £nil).

Further details in respect of the management fee and rebate are given in note 4 on page 99.

In addition to the above services, BIM (UK) has provided the Group with marketing services. The total fees paid or payable for these services for the year ended 30 November 2022 amounted to £45,000 excluding VAT (2021: £34,000). Marketing fees of £22,000 excluding VAT (2021: £22,000) were outstanding as at the year end.

The ultimate holding company of the Manager and the Investment Manager is BlackRock, Inc., a company incorporated in Delaware USA.

19. Contingent liabilities

There were no contingent liabilities at 30 November 2022 (2021: nil).

Additional information

Shareholder information

Financial calendar

The timing of the announcement and publication of the Company's results may normally be expected in the months shown below:

January/February	Annual results for the year ended 30 November announced and the Annual Report and Financial Statements published.
March	Annual General Meeting.
July	Half yearly figures to 31 May announced and Half Yearly Financial Report published.

Quarterly Dividends

Dividends are paid quarterly as follows:

Period ending	Ex-date	Payment date
28 February	March	April
31 May	June	July
31 August	September	October
30 November	December	January

Payment of dividends

Cash dividends will be sent by cheque to the first-named shareholder at their registered address. Dividends may also be paid directly into a shareholder's bank account. This may be arranged by contacting the Company's registrar, Computershare Investor Services PLC (Computershare), on 0370 707 1476, through their secure website investorcentre.co.uk, or by completing the Mandate Instructions section on the reverse of your dividend counterfoil and sending it to Computershare.

Dividend confirmations will be sent to shareholders at their registered address, unless other instructions have been given, to arrive on the payment date.

Dividend tax allowance

The annual tax-free allowance on dividend income across an individual's entire share portfolio is currently £2,000, reducing to £1,000 from 6 April 2023 and then £500 from 6 April 2024. Above this amount, individuals pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances.

The Company continues to provide registered shareholders with confirmation of the dividends paid and this should be included with any other dividend income received when calculating and reporting total dividend income received. It is a shareholder's responsibility to include all dividend income when calculating any tax liability.

If you have any tax queries, please contact a financial advisor.

Dividend reinvestment scheme (DRIP)

Shareholders may request that their dividends be used to purchase further shares in the Company. Dividend reinvestment forms may be obtained from Computershare Investor Services PLC on 0370 707 1476 or through their secure website, investorcentre.co.uk. Shareholders who have already opted to have their dividends reinvested do not need to reapply.

Share price

The Company's mid-market ordinary share price is quoted daily in The Financial Times and The Times under 'Investment Companies' and in The Daily Telegraph under 'Investment Trusts'. The share price is also available on the BlackRock website at blackrock.com/uk/beri.

ISIN/SEDOL numbers

The ISIN/SEDOL numbers and mnemonic codes for the Company's shares are:

	Ordinary shares
ISIN	GB00B0N8MF98
SEDOL	B0N8MF9
Reuters Code	BERI:L
Bloomberg Code	BERI:LN

Share dealing

Investors wishing to purchase more shares in the Company or sell all or part of their existing holding may do so through a stockbroker. Most banks also offer this service. Alternatively, please go to www.computershare.com/dealing/uk for a range of dealing services made available by Computershare.

CREST

The Company's shares may be held in CREST, an electronic system for uncertificated securities trading.

Private investors can continue to retain their share certificates and remain outside the CREST system. Private investors are able to buy and sell their holdings in the same way as they did prior to the introduction of CREST, although there may be differences in dealing charges.

Electronic communications

Computershare provides a service to enable shareholders to receive correspondence electronically (including annual and half yearly financial reports) if they wish. If a shareholder opts to receive documents in this way, paper documents will only be available on request (unless electronic submission fails, in which case a letter will be mailed to the investor's registered address giving details of the website address where information can be found online). Shareholders who opt for this service will receive a Notice of Availability via e-mail from Computershare with a link to the relevant section of the BlackRock website where the documents can be viewed and printed. For more information, to view the terms and conditions and to register for this service, please visit Computershare's internet site at investorcentre.co.uk/ecomms (you will need your shareholder reference number).

Electronic proxy voting

Shareholders are able to submit their proxy votes electronically via Computershare's internet site at eproxyappointment.com using a unique identification PIN which will be provided with voting instructions and the Notice of Annual General Meeting. CREST members who wish to appoint one or more proxies or give an instruction through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. Further details are set out in the notes on the Form of Proxy and the Notice of Annual General Meeting.

Nominee code

Where shares are held in a nominee company name, the Company undertakes:

- to provide the nominee company with multiple copies of shareholder communications, so long as an indication of quantities has been provided in advance; and
- to allow investors holding shares through a nominee company to attend general meetings, provided the correct authority from the nominee company is available.

Nominee companies are encouraged to provide the necessary authority to underlying shareholders to attend the Company's general meetings.

Publication of NAV/portfolio analysis

The NAV per share of the Company is calculated and published daily. Details of the Company's investments and performance are published monthly.

The daily NAV per share and monthly information are released through the London Stock Exchange's Regulatory News Service and are available on the BlackRock website at www.blackrock.com/uk/beri and through the Reuters News Service under the code 'BLRKINDEX', on page 8800 on Topic 3 (ICV terminals) and under 'BLRK' on Bloomberg (monthly information only).

Online access

Other details about the Company are also available on the BlackRock website at blackrock.com/uk/beri.

The financial statements and other literature are published on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

Shareholders can also manage their shareholding online by using Investor Centre, Computershare's secure website, at investorcentre.co.uk.

To register on Computershare's website you will need your shareholder reference number. Listed below are the most frequently used features of the website.

- Holding enquiry – view balances, values, history, payments and reinvestments.
- Payments enquiry – view your dividends and other payment types.
- Address change – change your registered address.
- Bank details update – choose to receive your dividend payment directly into your bank account instead of by cheque.
- e-Comms sign-up – choose to receive email notification when your shareholder communications become available instead of paper communications.
- Outstanding payments – reissue payments using the online replacement service.
- Downloadable forms – including dividend mandates, stock transfer, dividend reinvestment and change of address forms.

Individual Savings Accounts (ISAs)

ISAs are a tax-efficient method of investment and the Company's shares are eligible investments for inclusion in an ISA. In the 2021/2022 tax year, investors will be able to invest up to £20,000 in Individual Savings Accounts (ISAs) either as cash or shares.

Shareholder enquiries

The Company's registrar is Computershare Investor Services PLC. Certain details relating to your holding can be checked through the Computershare Investor Centre website. As a security check, specific information will need to be input accurately to gain access to your account including your shareholder reference number, available from your share certificate, dividend confirmation or other electronic communications received from Computershare. The address of the Computershare website is investorcentre.co.uk. Alternatively, please contact the registrar on 0370 707 1476.

Changes of name or address must be notified in writing either through Computershare's website, or to the registrar at:

Computershare Investor Services PLC,
The Pavilions,
Bridgwater Road,
Bristol BS99 6ZZ

General enquiries

Enquiries about the Company should be directed to:

The Company Secretary
BlackRock Energy and Resources Income Trust plc
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000
Email: Cosec@blackrock.com

Analysis of ordinary shareholders

as at 30 November 2022

By type of holder

	Number of shares	% of total 2022	% of total 2021	Number of holders	% of total 2022	% of total 2021
Direct private investors	1,608,139	1.2	1.5	170	39.8	28.6
Banks and nominee companies	131,176,803	97.6	94.6	240	56.2	68.9
Others	1,571,252	1.2	1.6	17	4.0	2.3
Shares held in treasury	–	–	2.3	–	–	0.2
	134,356,194	**100.0**	**100.0**	**427**	**100.0**	**100.0**

By size of holding

	Number of shares	% of total 2022	% of total 2021	Number of holders	% of total 2022	% of total 2021
1-10,000	694,705	0.5	1.3	191	44.7	56.4
10,001-100,000	4,622,453	3.5	4.9	118	27.6	27.9
100,001-1,000,000	30,205,497	22.5	20.9	96	22.5	12.1
1,000,001-5,000,000	34,573,975	25.7	37.0	14	3.3	2.7
5,000,001-9,999,999	64,259,564	47.8	33.6	8	1.9	0.8
Shares held in treasury	–	–	2.3	–	–	0.2
	134,356,194	**100.0**	**100.0**	**427**	**100.0**	**100.0**

Historical analysis

Year ended 30 November	Net assets attributable to ordinary shareholders £'000	Net asset value per ordinary share p	Ordinary share price (mid-market) p	Revenue return per ordinary share p	Dividend per ordinary share p	Ongoing charges ratio[1]
At launch, 13 December 2005	73,500	98.00	100.00	–	–	–
Period ended 30 November 2006	79,784	105.53	101.25	5.28	4.50	1.50
Year ended 30 November 2007	110,018	158.05	149.75	6.31	5.25	1.30
Year ended 30 November 2008	57,625	80.25	72.50	6.96	5.40	1.40
Year ended 30 November 2009	90,260	120.63	119.75	5.74	5.50	1.50
Year ended 30 November 2010	125,848	139.05	143.00	5.85	5.60[2]	1.40
Year ended 30 November 2011	118,642	131.08	127.75	5.88	5.75	1.30
Year ended 30 November 2012	111,663	118.47	122.75	6.10	5.90	1.30
Year ended 30 November 2013	101,830	105.79	109.50	5.87	5.95	1.40
Year ended 30 November 2014	96,696	91.95	99.00	6.20	6.00	1.50
Year ended 30 November 2015	69,430	60.08	59.75	6.32	6.00	1.40
Year ended 30 November 2016	98,933	83.57	82.75	4.43	5.00	1.39
Year ended 30 November 2017	91,357	76.92	75.00	4.84	4.00	1.36
Year ended 30 November 2018	88,109	75.87	70.60	4.37	4.00	1.39
Year ended 30 November 2019	85,945	75.28	66.00	3.97	4.00	1.48
Year ended 30 November 2020	91,642	80.76	71.40	4.31	4.00	1.25
Year ended 30 November 2021	120,828	103.97	96.70	4.96	4.10	1.21
Year ended 30 November 2022	**194,708**	**144.92**	**135.00**	**4.99**	**4.40**	**1.13**

1 Revised for years prior to 30 November 2014 to conform to AIC best practice guidance. The ongoing charges ratio is an Alternative Performance Measure. See the Glossary on pages 136 and 137 for more details in respect of the calculation.

2 In addition, two special dividends were also paid during the year, totalling 1.52 pence per share.

Management & other service providers

Registered Office
(Registered in England, No. 5612963)
12 Throgmorton Avenue
London EC2N 2DL

Alternative Investment Fund Manager[1]
BlackRock Fund Managers Limited[2]
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000

Investment Manager and Company Secretary
BlackRock Investment Management (UK) Limited[2]
12 Throgmorton Avenue
London EC2N 2DL
Email: cosec@blackrock.com

Banker, Custodian and Depositary
The Bank of New York Mellon (International) Limited[2]
160 Queen Victoria Street
London EC4V 4LA

Registrar
Computershare Investor Services PLC[2]
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 707 1476

Auditor
Ernst & Young LLP
25 Churchill Place
London E14 5EY

Stockbroker
Winterflood Securities Limited[2]
The Atrium Building
25 Dowgate Hill
London EC4R 2GA

Solicitor
Gowling WLG (UK) LLP
4 More London Riverside
London SE1 2AU

[1] BlackRock Fund Managers Limited (BFM) was appointed as the Alternative Investment Fund Manager on 2 July 2014. BlackRock Investment Management (UK) Limited continues to act as the Investment Manager under a delegation agreement with BFM.
[2] Authorised and regulated by the Financial Conduct Authority.

AIFMD report on remuneration

(unaudited)

The below disclosures are made in respect of the remuneration policies of the BlackRock group ("BlackRock"), as they apply to BlackRock Fund Managers Limited (the "Manager"). The disclosures are made in accordance with the provisions in the UK implementing the Alternative Investment Fund Managers Directive (the "AIFMD"), the European Commission Delegated Regulation supplementing the AIFMD (the "Delegated Regulation") and the "Guidelines on sound remuneration policies under the AIFMD" issued by the European Securities and Markets Authority.

The BlackRock AIFM Remuneration Policy (the "AIFM Remuneration Policy") will apply to the EEA entities within the BlackRock group authorised as a manager of alternative investment funds in accordance with the AIFMD, and will ensure compliance with the requirements of Annex II of the AIFMD and to UK entities within the BlackRock group authorised as a manager of a UK alternative investment fund in accordance with the AIFMD as implemented, retained and onshored in the UK.

The Manager has adopted the AIFM Remuneration Policy, a summary of which is set out below.

Remuneration governance

BlackRock's remuneration governance in EMEA operates as a tiered structure which includes: (a) the Management Development and Compensation Committee ("MDCC") (which is the global, independent remuneration committee for BlackRock, Inc. and (b) the Manager's board of directors (the "Manager's Board"). These bodies are responsible for the determination of BlackRock's remuneration policies.

(a) MDCC

The MDCC's purposes include:

- providing oversight of:
  - o BlackRock's executive compensation programmes;
  - o BlackRock's employee benefit plans; and
  - o such other compensation plans as may be established by BlackRock from time to time for which the MDCC is deemed as administrator;
- reviewing and discussing the compensation discussion and analysis included in the BlackRock, Inc. annual proxy statement with management and approving the MDCC's report for inclusion in the proxy statement;
- reviewing, assessing and making reports and recommendations to the BlackRock, Inc. Board of Directors (the 'BlackRock, Inc. Board') as appropriate on BlackRock's talent development and succession planning, with the emphasis on performance and succession at the highest management levels; and
- supporting the boards of the Company's EMEA regulated entities in meeting their remuneration related obligations by overseeing the design and implementation of EMEA remuneration policy in accordance with applicable regulations.

The MDCC directly retains its own independent compensation consultant, Semler Brossy Consulting Group LLC, who has no relationship with BlackRock Inc. or the BlackRock, Inc. Board that would interfere with its ability to provide independent advice to the MDCC on compensation matters.

The BlackRock, Inc. Board has determined that all of the members of the MDCC are "independent" within the meaning of the listing standards of the New York Stock Exchange (NYSE), which requires each meet a "non-employee director" standard.

The MDCC held 8 meetings during 2021. The MDCC charter is available on BlackRock, Inc.'s website (www.blackrock.com).

(b) The Manager's Board

The Manager's Board has the task of supervising and providing oversight of the AIFM Remuneration Policy as it applies to the Manager and its Identified Staff.

Decision-making process

Remuneration decisions for employees are made once annually in January following the end of the performance year. This timing allows full-year financial results to be considered along with other nonfinancial goals and objectives. Although the framework for remuneration decision-making is tied to financial performance, significant discretion is used to determine individual variable remuneration based on achievement of strategic and operating results and other considerations such as management and leadership capabilities.

No set formulas are established and no fixed benchmarks are used in determining annual incentive awards. In determining specific individual remuneration amounts, a number of factors are considered including non-financial goals and objectives and overall financial and investment performance. These results are viewed in the aggregate without any specific weighting, and there is no direct correlation between any particular performance measure and the resulting annual incentive award. The variable remuneration awarded to any individual(s) for a particular performance year may also be zero.

Annual incentive awards are paid from a bonus pool.

The size of the projected bonus pool, including cash and equity awards, is reviewed throughout the year by the MDCC and the final total bonus pool is approved after year-end. As part of this review, the MDCC receives actual and projected

AIFMD report on remuneration

continued

financial information over the course of the year as well as final year-end information. The financial information that the MDCC receives and considers includes the current year projected income statement and other financial measures compared with prior year results and the current year budget. The MDCC additionally reviews other metrics of BlackRock's financial performance (e.g., net inflows of AUM and investment performance) as well as information regarding market conditions and competitive compensation levels.

The MDCC regularly considers management's recommendation as to the percentage of preincentive operating income that will be accrued and reflected as a compensation expense throughout the year for the cash portion of the total annual bonus pool (the "accrual rate"). The accrual rate of the cash portion of the total annual bonus pool may be modified by the MDCC during the year based on its review of the financial information described above. The MDCC does not apply any particular weighting or formula to the information it considers when determining the size of the total bonus pool or the accruals made for the cash portion of the total bonus pool.

Following the end of the performance year, the MDCC approves the final bonus pool amount.

As part of the year-end review process the Enterprise Risk and Regulatory Compliance departments report to the MDCC on any activities, incidents or events that warrant consideration in making compensation decisions.

Individuals are not involved in setting their own remuneration.

Control functions

Each of the control functions (Enterprise Risk, Legal & Compliance, and Internal Audit) has its own organisational structure which is independent of the business units. The head of each control function is either a member of the Global Executive Committee ("GEC"), the global management committee, or has a reporting obligation to the board of directors of BlackRock Group Limited, the parent company of all of BlackRock's EMEA regulated entities, including the Manager.

Functional bonus pools are determined with reference to the performance of each individual function. The remuneration of the senior members of control functions is directly overseen by the MDCC.

Link between pay and performance

There is a clear and well defined pay-for-performance philosophy and compensation programmes which are designed to meet the following key objectives as detailed below:

- appropriately balance BlackRock's financial results between shareholders and employees;
- attract, retain and motivate employees capable of making significant contributions to the long-term success of the business;
- align the interests of senior employees with those of shareholders by awarding BlackRock Inc.'s stock as a significant part of both annual and long-term incentive awards;
- control fixed costs by ensuring that compensation expense varies with profitability;
- link a significant portion of an employee's total compensation to the financial and operational performance of the business;
- promote sound and effective risk management across all risk categories, including sustainability risk;
- discourage excessive risk-taking (sustainability related or otherwise); and
- ensure that client interests are not negatively impacted by remuneration awarded on a short-term, mid-term and/or long-term basis.

Driving a high-performance culture is dependent on the ability to measure performance against objectives, values and behaviours in a clear and consistent way. Managers use a 5-point rating scale to provide an overall assessment of an employee's performance, and employees also provide a self-evaluation. The overall, final rating is reconciled during each employee's performance appraisal. Employees are assessed on the manner in which performance is attained as well as the absolute performance itself.

In keeping with the pay-for-performance philosophy, ratings are used to differentiate and reward individual performance – but don't pre-determine compensation outcomes. Compensation decisions remain discretionary and are made as part of the year-end compensation process.

When setting remuneration levels other factors are considered, as well as individual performance, which may include:

- the performance of the Manager, the funds managed by the Manager and/or the relevant functional department;
- factors relevant to an employee individually; relationships with clients and colleagues; teamwork; skills; any conduct issues; and, subject to any applicable policy, the impact that any relevant leave of absence may have on contribution to the business);
- the management of risk within the risk profiles appropriate for BlackRock's clients;

- strategic business needs, including intentions regarding retention;
- market intelligence; and
- criticality to business.

A primary product tool is risk management and, while employees are compensated for strong performance in their management of client assets, they are required to manage risk within the risk profiles appropriate for their clients. Therefore, employees are not rewarded for engaging in high-risk transactions outside of established parameters. Remuneration practices do not provide undue incentives for short-term planning or short-term financial rewards, do not reward unreasonable risk and provide a reasonable balance between the many and substantial risks inherent within the business of investment management, risk management and advisory services.

BlackRock operates a total compensation model for remuneration which includes a base salary, which is contractual, and a discretionary bonus scheme.

BlackRock operates an annual discretionary bonus scheme. Although all employees are eligible to be considered for a discretionary bonus, there is no contractual obligation to make any award to an employee under its discretionary bonus scheme. In exercising discretion to award a discretionary bonus, the factors listed above (under the heading "Link between pay and performance") may be taken into account in addition to any other matters which become relevant to the exercise of discretion in the course of the performance year.

Discretionary bonus awards for all employees, including executive officers, are subject to a guideline that determines the portion paid in cash and the portion paid in BlackRock, Inc. stock and subject to additional vesting/clawback conditions. Stock awards are subject to further performance adjustment through variation in BlackRock, Inc.'s share price over the vesting period. As total annual compensation increases, a greater portion is deferred into stock. The MDCC adopted this approach in 2006 to substantially increase the retention value and shareholder alignment of the compensation package for eligible employees, including the executive officers. The portion deferred into stock vests into three equal instalments over the three years following grant.

Supplementary to the annual discretionary bonus as described above, equity awards may be made to select individuals to provide greater linkage with future business results. These long-term incentive awards have been established individually to provide meaningful incentive for continued performance over a multi-year period recognising the scope of the individual's role, business expertise and leadership skills.

Selected senior leaders are eligible to receive performance-adjusted equity-based awards from the "BlackRock Performance Incentive Plan" ("BPIP"). Awards made from the BPIP have a three-year performance period based on a measurement of As Adjusted Operating Margin[1] and Organic Revenue Growth[2]. Determination of pay-out will be made based on the firm's achievement relative to target financial results at the conclusion of the performance period. The maximum number of shares that can be earned is 165% of the award in those situations where both metrics achieve pre-determined financial targets. No shares will be earned where the firm's financial performance in both of the above metrics is below a pre-determined performance threshold. These metrics have been selected as key measures of shareholder value which endure across market cycles.

A limited number of investment professionals have a portion of their annual discretionary bonus (as described above) awarded as deferred cash that notionally tracks investment in selected products managed by the employee. The intention of these awards is to align investment professionals with the investment returns of the products they manage through the deferral of compensation into those products. Clients and external evaluators have increasingly viewed more favourably those products where key investors have "skin in the game" through significant personal investments.

Identified staff

The AIFM Remuneration Policy sets out the process that will be applied to identify staff as Identified Staff, being categories of staff of the Manager, including senior management, risk takers, control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profiles of the Manager or of the funds it manages.

The list of Identified Staff will be subject to regular review, being formally reviewed in the event of, but not limited to:

- organisational changes;
- new business initiatives;
- changes in significant influence function lists;
- changes in role responsibilities; and
- revised regulatory direction.

[1] As Adjusted Operating Margin: As reported in BlackRock's external filings, reflects adjusted Operating Income divided by Total Revenue net of distribution and servicing expenses and amortisation of deferred sales commissions.

[2] Organic Revenue Growth: Equal to net new base fees plus net new Aladdin revenue generated in the year (in dollars).

AIFMD report on remuneration

continued

Quantitative remuneration disclosure

The Manager is required under the AIFMD to make quantitative disclosures of remuneration. These disclosures are made in line with BlackRock's interpretation of currently available regulatory guidance on quantitative remuneration disclosures. As market or regulatory practice develops BlackRock may consider it appropriate to make changes to the way in which quantitative remuneration disclosures are calculated. Where such changes are made, this may result in disclosures in relation to a fund not being comparable to the disclosures made in the prior year, or in relation to other BlackRock fund disclosures in that same year.

Disclosures are provided in relation to (a) the staff of the Manager; (b) staff who are senior management; and (c) staff who have the ability to materially affect the risk profile of the Fund, including individuals who, although not directly employed by the Manager, are assigned by their employer to carry out services directly for the Manager.

All individuals included in the aggregated figures disclosed are rewarded in line with BlackRock's remuneration policy for their responsibilities across the relevant BlackRock business area. As all individuals have a number of areas of responsibilities, only the portion of remuneration for those individuals' services attributable to the Fund is included in the aggregate figures disclosed.

Members of staff and senior management of the Manager typically provide both AIFMD and non-AIFMD related services in respect of multiple funds, clients and functions of the Manager and across the broader BlackRock group. Therefore, the figures disclosed are a sum of each individual's portion of remuneration attributable to the Manager according to an objective apportionment methodology which acknowledges the multiple-service nature of the Manager. Accordingly the figures are not representative of any individual's actual remuneration or their remuneration structure.

The amount of the total remuneration awarded by the Manager to its staff which has been attributed to the Manager's AIFMD-related business in respect of the Manager's financial year ending 31 December 2021 is £79.7 million. This figure is comprised of fixed remuneration of £1.6 million and variable remuneration of £78.1 million. There were a total of 67 beneficiaries of the remuneration described above.

The amount of the aggregate remuneration awarded by the Manager, which has been attributed to the Manager's AIFMD-related business in respect of the Manager's financial year ending 31 December 2021, to its senior management was £0.1 million, and to members of its staff whose actions have a material impact on the risk profile of the Manager's AIFMD-related business was £79.6 million.

Other AIFMD disclosures

Leverage

The Company may employ leverage and borrow cash in accordance with its stated investment policy or investment strategy. The Company may also employ leverage in its investment programme through foreign exchange forward contracts and may also utilise a variety of exchange traded and over-the-counter (OTC) derivative instruments such as covered put/call options as part of its investment policy. The use of derivatives may expose the Company to a higher degree of risk. In particular, derivative contracts can be highly volatile and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard underlying bonds or equities. Leveraged derivative positions can therefore increase the Company's volatility. The use of borrowings and leverage has attendant risks and can, in certain circumstances, substantially increase the adverse impact to which the Company's investment portfolio may be subject. No foreign exchange forward contracts or derivatives were used for leverage purposes during the year.

For the purposes of this disclosure, leverage is any method by which the Company's exposure is increased, whether through borrowing of cash or securities, or leverage embedded in foreign exchange forward contracts or by any other means.

The AIFMD requires that each leverage ratio be expressed as the ratio between a Company's exposure and its NAV, and prescribes two required methodologies, the gross methodology and the commitment methodology (as set out in AIFMD Level 2 Implementation Guidance), for calculating such exposure.

Using the methodologies prescribed under the AIFMD, the leverage of the Group and Company is disclosed in the following table below:

	Commitment leverage as at 30 November 2022	Gross leverage as at 30 November 2022
Leverage ratio	1.13%	1.10%

Further information on the calculation of leverage ratios is provided in the Glossary on pages 135 and 136.

Other risk disclosures

The financial risk disclosures relating to risk framework and liquidity risk are set out in note 16 to the notes to the financial statements on pages 107 to 118.

Pre investment disclosures

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. An Investor Disclosure Document, which sets out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information is available on the website at www.blackrock.com/uk/beri.

There have been no material changes (other than those reflected in these financial statements or previously disclosed to the London Stock Exchange through a primary information provider) to this information requiring disclosure. Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange through a primary information provider.

G Venables.

GRAHAM VENABLES
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
1 February 2023

Information to be disclosed in accordance with Listing Rule 9.8.4

The disclosures below are made in compliance with the requirements of Listing Rule 9.8.4.

9.8.4 (1) The Company has not capitalised any interest in the period under review.

9.8.4 (2) The Company has not published any unaudited financial information in a class 1 circular or prospectus or any profit forecast or profit estimate.

9.8.4 (3) This provision has been deleted.

9.8.4 (4) The Company does not have any long-term incentive schemes in operation.

9.8.4 (7) During the year, the Company issued shares out of treasury on seven occasions and 2,747,643 ordinary shares in total with a nominal value of £27,476 were issued at an average price of 112.56 pence per share for a total consideration of £3,114,698 before the deduction of issue costs. In addition, the Company issued new shares on forty occasions and 15,390,194 new shares in total were issued in the year at an average price of 128.48 pence per share and total consideration of £19,716,641 before the deduction of issue costs.

Details of the allottees are set out in the following table:

Allottee	**Number of issues**	**Shares issued**	**Price range (pence)**	**Total consideration (£'000)**	**Average premium %**
Winterflood Securities Limited	47	18,137,837	110.25 to 144.50	22,831,339	2.1%

9.8.4 (8) and 9.8.4 (9) are not applicable.

9.8.4 (11) This provision is not applicable to the Company.

9.8.4 (12) and (13) There were no arrangements under which a shareholder has waived or agreed to waive any dividends or future dividends.

9.8.4 (14) This provision is not applicable to the Company.

By order of the Board

GRAHAM VENABLES
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
1 February 2023

Information to be disclosed in respect of investment in the People's Republic of China (PRC) via the Stock Connect

The Stock Connect links markets in mainland China and Hong Kong, allowing foreign (non-Chinese) investors to invest in China A Shares listed on the relevant mainland markets more easily than was possible prior to establishment of the Stock Connect. The disclosures below are given to provide shareholders and investors in the Company with more information in respect of how the Stock Connect works, and more detail on the risks associated with the scheme. Additional disclosures are set out in the notes to the financial statements on page 118.

The Stock Connect is a securities trading and clearing linked program developed by the Hong Kong Exchanges and Clearing Market (HKEX), Shanghai Stock Exchange (SSE) and China Clear with an aim to achieve mutual stock market access between the People's Republic of China (PRC) and Hong Kong. The Stock Connect comprises a Northbound Trading Link and a Southbound Trading Link. Under the Northbound Trading Link, Hong Kong and overseas investors (including the Company), through their Hong Kong brokers and a securities trading service company established by the Hong Kong Stock Exchange (SEHK), may be able to trade eligible China A Shares listed on the SSE by routing orders to SSE. Under the Southbound Trading Link investors in the PRC will be able to trade certain stocks listed on the SEHK. Under a joint announcement issued by the SFC and CSRC on 10 November 2014 the Stock Connect commenced trading on 17 November 2014.

Companies and funds investing in the PRC may invest in China A Shares trading on the Shanghai Stock Exchange via Stock Connect. The Stock Connect is a programme that links the Shanghai Stock Exchange and the SEHK. Under the programme, investors can access the Shanghai Stock Exchange via the Hong Kong Central Clearing and Settlement System (CCASS) maintained by the Hong Kong Securities Clearing Company Ltd (HKSCC) as central securities depositary in Hong Kong. Investing in China A Shares via Stock Connect bypasses the requirement to obtain Renminbi Qualified Foreign Institutional Investor (RQFII) status which is required for direct access to the Shanghai Stock Exchange.

Quota limitations

Investing in the PRC via Stock Connect is subject to quota limitations which apply to the Investment Manager. In particular, once the remaining balance of the relevant quota drops to zero or the daily quota is exceeded, buy orders will be rejected (although investors will be permitted to sell their cross-boundary securities regardless of the quota balance).

Investment thresholds for stock connect funds

The Company may invest no more than 10% of its net asset value in the Stock Connect.

Legal/beneficial ownership

The China A Shares invested in via the Stock Connect will be held by the Trustee in accounts in the Hong Kong Central Clearing and Settlement System the China Securities Repository and Clearing Company Limited (CCASS) maintained by the HKSCC as central securities depositary in Hong Kong. HKSCC in turn holds the China A Shares, as the nominee holder, through an omnibus securities account in its name registered with the China Securities Depository and Clearing Company Limited (CSDCC). The precise nature and rights of the Stock Connect Funds as the beneficial owners of the China A Shares through HKSCC as nominee is not well defined under PRC law. There is lack of a clear definition of, and distinction between, "Legal Ownership" and "Beneficial Ownership" under PRC law and there have been few cases involving a nominee account structure in the PRC courts. Therefore the exact nature and methods of enforcement of the rights and interests of the Stock Connect Funds under PRC law is uncertain. Because of this uncertainty, in the unlikely event that HKSCC becomes subject to winding up proceedings in Hong Kong it is not clear if the China A Shares will be regarded as held for the beneficial ownership of the Company or as part of the general assets of HKSCC available for general distribution to its creditors.

Clearing and settlement risk

HKSCC and CSDCC will establish the clearing links and each will become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house. As the national central counterparty of the PRC's securities market, CSDCC operates a comprehensive network of clearing, settlement and stock holding infrastructure. CSDCC has established a risk management framework and measures that are approved and supervised by the CSRC. The chances of CSDCC default are considered to be remote. In the remote event of a CSDCC default, HKSCC's liabilities in respect of China A Shares invested in via the Stock Connect will be limited under its market contracts with clearing participants to assisting clearing participants in pursuing their claims against CSDCC. HKSCC should in good faith, seek recovery of the outstanding stocks and monies from CSDCC through available legal channels or through CSDCC's liquidation. In that event, the Company may suffer a delay in the recovery process or may not fully recover its losses from CSDCC.

Information to be disclosed in respect of investment in the People's Republic of China (PRC) via the Stock Connect continued

Suspension risk

It is contemplated that both the SEHK and the Shanghai Stock Exchange reserve the right to suspend trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator will be sought before a suspension is triggered. Where a suspension is effected, the Company's ability to access the PRC market will be adversely affected.

Differences in trading day

The Stock Connect will only operate on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC market but the Company cannot carry out any China A Shares trading via the Stock Connect. The Company may be subject to a risk of price fluctuations in China A Shares during the time when the Stock Connect is not trading as a result.

Restrictions on selling imposed by front-end monitoring

PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise the Shanghai Stock Exchange will reject the sell order concerned. SEHK will carry out pre-trade checking on China A Share sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling. If the Company intends to sell certain China A Shares it holds, it must transfer those China A Shares to the respective accounts of its broker(s) before the market opens on the day of selling ("trading day"). If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, the Company may not be able to dispose of its holdings of China A Shares in a timely manner.

Regulatory risk

The Stock Connect is a novel concept. The current regulations are untested and there is no certainty as to how they will be applied. In addition, the current regulations are subject to change and there can be no assurance that the Stock Connect will not be abolished. New regulations may be issued from time to time by the regulators/stock exchanges in the PRC and Hong Kong in connection with operations, legal enforcement and cross-border trades under the Stock Connect. The Company may be adversely affected as a result of such changes.

Recalling of eligible stocks

When a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold but restricted from being bought. This may restrict the ability of the Company to acquire shares.

No protection by investor compensation fund

Investment in China A Shares via the Stock Connect is conducted through brokers, and is subject to the risk of default by such brokers in their obligations. Investments of the Company are not covered by the Hong Kong's investor compensation fund, which has been established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Since default matters in respect of China A Shares invested in via the Stock Connect do not involve products listed or traded on the SEHK, they will not be covered by the investor compensation fund. Therefore the Company is exposed to the risks of default of the broker(s) it engages in its trading in China A Shares through the Stock Connect.

Operational risk

The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are permitted to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

The securities regimes and legal systems of the SEHK and the Shanghai Stock Exchange differ significantly and market participants may need to address issues arising from the differences on an on-going basis. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems fail to function properly, trading in both markets through the program could be disrupted. The Company's ability to access the China A Share market (and hence to pursue its investment strategy) may be adversely affected.

Taxation risks

The PRC tax authorities have also made announcements that gains derived from China A Shares investments via the Stock Connects would be temporarily exempted from PRC taxation effective from 17 November 2014. This temporary exemption applies to China A-Shares generally, including shares in PRC 'land-rich' companies. The duration of the period of temporary exemption has not been stated and may be subject to termination by the PRC tax authorities with or without notice and, in the worst case, retrospectively. If the temporary exemption is withdrawn the relevant Stock Connect Funds would be subject to PRC taxation in respect of gains on China A Shares and the resultant tax liability would eventually be borne by investors. However, this liability may be mitigated under the terms of an applicable tax treaty, and if so, such benefits will also be passed to investors.

Glossary

Alternative Performance Measures (APM)

An APM is a measure of performance or financial position that is not defined in applicable accounting standards and cannot be directly derived from the financial statements.

The Group's APMs are set out below and are cross-referenced where relevant to the financial inputs used to derive them as contained in other sections of the Annual Financial Report.

Closed-end company

An investment trust works along the same lines as a unit trust, in that it pools money from investors which is then managed on a collective basis. The main difference is that an investment trust is a company listed on the Stock Exchange and, in most cases, trading takes place in shares which have already been issued, rather than through the creation or redemption of units. As the number of shares which can be issued or cancelled at any one time is limited, and requires the approval of existing shareholders, investment trusts are known as closed end funds or companies. This means that investment trusts are not subject to the same liquidity constraints as open ended funds and can therefore invest in less liquid investments.

Discount and premium*

Investment trust shares can frequently trade at a discount to NAV. This occurs when the share price (based on the mid-market share price) is less than the NAV and investors may therefore buy shares at less than the value attributable to them by reference to the underlying assets. The discount is the difference between the share price and the NAV, expressed as a percentage of the NAV. As at 30 November 2022, the share price was 135.00p (2021: 96.70p) and the NAV per share was 144.92p (2021: 103.97p) giving a discount of 6.8% (2021: discount of 7.0%) (please see note 9 of the financial statements for the audited inputs to these calculations).

A premium occurs when the share price (based on the mid-market share price) is more than the NAV and investors would therefore be paying more than the value attributable to the shares by reference to the underlying assets. For example, if the share price was 370p and the NAV 365p, the premium would be 1.4%.

Discounts and premiums are mainly the consequence of supply and demand for the shares on the stock market.

Gearing and borrowings*

Investment companies can borrow to purchase additional investments. This is called 'gearing'. It allows investment companies to take advantage of a long-term view on a sector or to take advantage of a favourable situation or a particularly attractive stock without having to sell existing investments.

Gearing works by magnifying a company's performance. If a company 'gears up' and then markets rise and returns on the investments outstrip the costs of borrowing, the overall returns to investors will be even greater. But if markets fall and the performance of the assets in the portfolio is poor, then losses suffered by the investor will also be magnified.

The Group may achieve gearing through borrowings or the effect of gearing through an appropriate balance of equity capital, investment in derivatives and structured financial instruments, and borrowings. Gearing through the use of derivatives is limited to a maximum of 30% of the Group's assets for the purposes of efficient portfolio management and to enhance portfolio returns. Gearing through borrowings is limited to 40% of the Group's gross assets; however borrowings are not envisaged to exceed 20% of the Group's gross assets at the date or drawdown.

Net gearing calculation	Page	30 November 2022 £'000	30 November 2021 £'000	
Net assets	93	194,708	120,828	(a)
Borrowings	93	14,345	12,927	(b)
Total assets (a+b)		209,053	133,755	(c)
Current assets[1]	93	8,582	11,487	(d)
Current liabilities (excluding borrowings)	93	(5,923)	(5,516)	(e)
Net current assets (d+e)		2,659	5,971	(f)
Net gearing figure (g=(c-f-a)/a)		**6.0%**	**5.8%**	**(g)**

[1] Includes cash at bank.

Gross assets

Gross assets is defined as the total of the Group's net assets and borrowings.

Leverage

Leverage is defined in the AIFM Directive as "any method by which the AIFM increases the exposure of an AIF it manages whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means".

Leverage is measured in terms of 'exposure' and is expressed as a ratio of net asset value:

$$\text{Leverage ratio} = \frac{\text{Exposure}}{\text{Net assets}}$$

The Directive sets out two methodologies for calculating exposure. These are the Gross Method and the Commitment Method. The treatment of cash and cash equivalent balances in terms of calculating what constitutes an "exposure" under AIFMD differs for these two methods. The definitions for calculating the Gross Method exposures require that "the value of any cash and cash equivalents which are highly

* Alternative Performance Measures.

Glossary
continued

liquid investments held in the base currency of the AIF, that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three-month high quality government bond" should be excluded from exposure calculations.

NAV and share price return (with dividends reinvested)*

Performance statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. The performance measures the combined effect of any dividends paid, together with the rise or fall in the share price or NAV. This is calculated by the movement in the share price or NAV plus the dividends paid by the Group assuming these are reinvested in the Group at the prevailing NAV/share price (please see note 9 of the financial statements for the inputs to the calculations).

NAV total return	Page	30 November 2022	30 November 2021	
Closing NAV per share (pence)	102	144.92	103.97	
Add back interim and final dividends (pence)	102	4.40	4.00	
Effect of dividend reinvestment (pence)		0.96	0.55	
Adjusted closing NAV (pence)		150.28	108.52	(a)
Opening NAV per share (pence)	102	103.97	80.76	(b)
NAV total return (c = ((a - b)/b)) (%)		**44.5**	**34.4**	**(c)**

Share price total return	Page	30 November 2022	30 November 2021	
Closing share price (pence)	102	135.00	96.70	
Add back interim and final dividends (pence)	102	4.40	4.00	
Effect of dividend reinvestment (pence)		0.65	0.44	
Adjusted closing share price (pence)		140.05	101.14	(a)
Opening share price (pence)	102	96.70	71.40	(b)
Share price total return (c = ((a - b)/b)) (%)		**44.8**	**41.7**	**(c)**

Net asset value per share (Cum income NAV)

This is the value of the Group's assets attributable to one ordinary share. It is calculated by dividing 'equity shareholders' funds' by the total number of ordinary shares in issue (excluding treasury shares). For example, as at 30 November 2022, equity shareholders' funds were worth £194,708,000 (2021: £120,828,000) and there were 134,356,194 (2021: 116,218,357) ordinary shares in issue (excluding treasury shares); the undiluted NAV was therefore 144.92 pence per ordinary share (2021: 103.97 pence per ordinary share) (please see note 9 of the financial statements for the inputs to the calculations).

Equity shareholders' funds are calculated by deducting from the Group's total assets, its current and long-term liabilities and any provision for liabilities and charges.

Net asset value per share (Capital only NAV)*

The capital only NAV is a popular point of reference when comparing a range of investment trusts. This NAV focuses on the value of the Group's assets disregarding the current period revenue income, on the basis that most trusts will distribute substantially all of their income in any financial period. It is also the measure adopted by the Association of Investment Companies for preparation of statistical data. It is calculated by dividing 'equity shareholders' funds' (excluding current period revenue) by the total number of ordinary shares in issue.

As at 30 November 2022, equity shareholders' funds less the current year net revenue return (after interim dividends) amounted to £192,616,000 (2021: £118,583,000) and there were 134,356,194 (2021: 116,218,357) ordinary shares in issue (excluding treasury shares); therefore the capital only NAV was 143.36 pence (2021: 102.03 pence).

Equity shareholders' funds (excluding current period revenue) of £192,616,000 (2021: £118,583,000) are calculated by deducting from the Group's net assets (£194,708,000 (2021: £120,828,000)) its current period revenue (£6,394,000 (2021: £5,704,000)) and adding back the interim dividends paid from revenue (£4,302,000 (2021: £3,459,000)).

Ongoing charges ratio*

$$\text{Ongoing charges (\%)} = \frac{\text{Annualised ongoing charges}}{\text{Average undiluted net asset value in the period}}$$

Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company as a collective fund. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs and include the annual management charge.

* Alternative Performance Measures.

As recommended by the AIC in its guidance, ongoing charges are calculated using the Group's annualised recurring revenue and capital expenses (excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation, prior year expenses written back and certain non-recurring items) expressed as a percentage of the average daily net assets of the Group during the year.

The inputs that have been used to calculate the ongoing charges percentage are set out in the following table.

Ongoing charges calculation	**Page**	**30 November 2022 £'000**	**30 November 2021 £'000**	
Management fee	99	1,358	940	
Other operating expenses[1]	99	457	419	
Total management fee and other operating expenses		1,815	1,359	(a)
Average daily net assets in the year		160,532	112,098	(b)
Ongoing charges (c = a/b)		**1.13%**	**1.21%**	**(c)**

[1] Excluding non-recurring expenses relating to stock exchange listing fees of £49,000 incurred during the year ended 30 November 2022 (30 November 2021: £nil) and provision for doubtful debts of £380,000 (30 November 2021: £nil).

The Company's ongoing charges (including the investment management fee), are capped at 1.25% per annum of average daily net assets.

Options and options overwriting strategy

An option is a contract that offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date) for a fee (the premium). The sale of call or put options on stocks that are believed to be overpriced or underpriced, based on the assumption that the options will not be exercised, is referred to as an 'options overwriting' strategy.

The seller of the option collects a premium but, if the option subsequently expires without being exercised, there will be no down side for the seller. However, if the stock rises above the exercise price the holder of the option is likely to exercise the option and this strategy can reduce returns in a rising market.

The Group employs an options overwriting strategy but seeks to mitigate risk by utilising predominantly covered call options (meaning that call options are only written in respect of stocks already owned within the Group's portfolio such that, if the options are exercised, the Group does not need to purchase stock externally at fluctuating market prices to meet its obligations under the options contract). Any use of derivatives for efficient portfolio management and options for investment purposes will be made on the basis of the same principles of risk spreading and diversification that apply to the Group's direct investments.

Quoted securities and unquoted securities

Securities that trade on an exchange for which there is a publicly quoted price. Unquoted securities are financial securities that do not trade on an exchange and for which there is not a publicly quoted price.

Revenue profit and revenue reserves

Revenue profit is the net revenue income earned after deduction of fees and expenses allocated to the revenue account and taxation suffered by the Group. Revenue reserves is the undistributed income that the Group keeps as reserves. Investment trusts do not have to distribute all the income they generate, after expenses. They may retain up to 15% of revenue generated which will be held in a revenue reserve. This reserve can be used at a later date to supplement dividend payments to shareholders.

Treasury shares

Treasury shares are shares that a company keeps in its own treasury which are not currently issued to the public. These shares do not pay dividends, have no voting rights and are not included in a company's total issued share capital amount for calculating percentage ownership. Treasury stock may have come from a repurchase or buy back from shareholders, or it may never have been issued to the public in the first place. Treasury shares may be reissued from treasury to the public to meet demand for a company's shares in certain circumstances.

Yield*

The yield is the amount of cash (in percentage terms) that is returned to the owners of the security, in the form of interest or dividends received from it. Normally, it does not include the price variations, distinguishing it from the total return.

	Page	**30 November 2022**	**30 November 2021**	
Interim dividends paid/payable (pence)[1]	102	4.40	4.10	(a)
Ordinary share price (pence)	102	135.00	96.70	(b)
Yield (c = a/b) (%)		**3.3%**	**4.2%**	**(c)**

[1] Comprising dividends declared/paid for the twelve months to 30 November.

* Alternative Performance Measures.

Annual general meeting

Notice of annual general meeting

Notice is hereby given that the next Annual General Meeting of BlackRock Energy and Resources Income Trust plc (the **"Company"**) will be held at the offices of BlackRock at 12 Throgmorton Avenue, London EC2N 2DL on Monday, 13 March 2023 at 12.00 noon for the purpose of considering and, if thought fit, passing the following resolutions (which will be proposed in the case of resolutions 1 to 12, as ordinary resolutions and, in the case of resolutions 13 to 16, as special resolutions). More information in respect of the contribution of each Director to support their re-election or election is given in the Directors' Report on pages 56 to 63.

Ordinary business

1. To receive the report of the Directors of the **Company** and the financial statements for the year ended 30 November 2022, together with the report of the Auditor thereon.

2. To approve the Directors' Remuneration Report for the year ended 30 November 2022.

3. To approve the Directors' Remuneration Policy as set out on pages 68 and 69.

4. That the shareholders approve the **Company's** dividend policy to continue to pay four quarterly interim dividends, which in the year under review totalled 4.40p per share.

5. To re-elect Dr Bell as a Director.

6. To re-elect Mr Brown as a Director.

7. To re-elect Mr Robson as a Director.

8. To re-elect Mrs Ferguson as a Director.

9. To reappoint Ernst & Young LLP as Auditor of the **Company** to hold office until the conclusion of the next Annual General Meeting of the **Company**.

10. To authorise the Audit and Management Engagement Committee to determine the Auditor's remuneration.

Special business

Ordinary resolutions

11. That, in addition to all existing authorities, the Directors of the **Company** be and they are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the **"Act"**), to exercise all the powers of the **Company** to allot ordinary shares of 1p each in the capital of the **Company** (the "**Ordinary Shares**") and to grant rights to subscribe for or to convert any security into Ordinary Shares (together the "**Securities**") up to an aggregate nominal amount of £134,906 (equivalent to 13,490,619 Ordinary Shares representing approximately 10% of the aggregate nominal amount of the issued Ordinary Share capital, excluding any treasury shares of the **Company** at the date of this notice) provided that this authority shall (unless previously revoked) expire at the conclusion of the next Annual General Meeting of the **Company** to be held in 2024, but the **Company** shall be entitled to make offers or agreements before the expiry of this authority which would or might require Securities to be allotted after such expiry and the Directors may allot such Securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

12. That, in addition to resolution 11 above and in addition to the authority granted under resolution 11 above and all existing authorities, the Directors of the **Company** be and they are hereby generally and unconditionally authorised pursuant to Section 551 of the **Act**, to exercise all the powers of the **Company** to allot Ordinary Shares and to grant rights to subscribe for or to convert any security into Ordinary Shares (together the "**Securities**") up to a further aggregate nominal amount of £134,906 equivalent to 13,490,619 Ordinary Shares representing approximately a further 10% of the aggregate nominal amount of the issued Ordinary Share capital, excluding any treasury shares, of the **Company** at the date of this notice) provided that this authority shall (unless previously revoked) expire at the conclusion of the next Annual General Meeting of the **Company** to be held in 2024, but the **Company** shall be entitled to make offers or agreements before the expiry of this authority which would or might require Securities to be allotted after such expiry and the Directors may allot such Securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

Special resolutions

13. That, subject to the passing of resolution 11 above and in addition to all existing authorities, the Directors of the **Company** be and are hereby empowered pursuant to Sections 570 and 573 of the **Act** to allot equity securities (as defined in Section 560 of the **Act**) pursuant to the authority granted in resolution 11 above, and to sell equity securities held by the **Company** as treasury shares (as defined in Section 724 of the **Act**) for cash, as if Section 561(1) of the **Act** did not apply to any such allotments and sales of equity securities, provided that this authority:

    (a) shall expire at the conclusion of the next Annual General Meeting of the **Company** to be held in 2024, except that the **Company** may before such expiry make offers or agreements which would or might require equity securities to be allotted or sold after such expiry and notwithstanding such expiry the Directors may allot and sell equity securities in pursuance of such offers or agreements;

    (b) shall be limited to the allotment of equity securities and/or sale of equity securities held in treasury for cash up to an aggregate nominal amount of £134,906 (equivalent to 13,490,619 Ordinary Shares representing approximately 10% of the aggregate nominal amount of the issued Ordinary Share capital, excluding treasury shares of the **Company** at the date of this notice); and

(c) shall be limited to the allotment of equity securities and/or the sale of equity securities held in treasury at a price of not less than the net asset value per Ordinary Share as close as practicable to the allotment or sale.

14. That, subject to the passing of resolution 12 above and in addition to any authority granted under resolution 13 above and all existing authorities, the Directors of the **Company** be and are hereby empowered pursuant to Sections 570 and 573 of the **Act** to allot equity securities (as defined in Section 560 of the **Act**) pursuant to the authority granted in resolution 12 above, and to sell equity securities held by the **Company** as treasury shares (as defined in Section 724 of the **Act**) for cash, as if Section 561(1) of the **Act** did not apply to any such allotments and sales of equity securities, provided that this authority:

(a) shall expire at the conclusion of the next Annual General Meeting of the **Company** to be held in 2024, except that the **Company** may before such expiry make offers or agreements which would or might require equity securities to be allotted or sold after such expiry and notwithstanding such expiry the Directors may allot and sell equity securities in pursuance of such offers or agreements;

(b) shall be limited to the allotment of equity securities and/or sale of equity securities held in treasury for cash up to an aggregate nominal amount of £134,906 (equivalent to 13,490,619 Ordinary Shares representing approximately 10% of the aggregate nominal amount of the issued Ordinary Share capital, excluding treasury shares of the **Company** as at 30 January 2023; and

(c) shall be limited to the allotment of equity securities and/or the sale of equity securities held in treasury at a price of not less than the net asset value per Ordinary Share as close as practicable to the allotment or sale.

15. That, in substitution for the **Company's** existing authority to make market purchases of Ordinary Shares, the **Company** be and is hereby generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the **Act** to make market purchases of Ordinary Shares (within the meaning of Section 693 of the **Act**) provided that:

(a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 20,222,438 or, if less, that number of Ordinary Shares which is equal to 14.99% of the **Company's** issued Ordinary Share capital (excluding any treasury shares) at the date of the Annual General Meeting;

(b) the minimum price (exclusive of expenses) which may be paid for any such Ordinary Share shall be 1p being the nominal value per Ordinary Share;

(c) the maximum price (exclusive of expenses) which may be paid for any such Ordinary Share shall be no more than the higher of (i) an amount equal to 105% of the average of the middle market quotations of an Ordinary Share taken from the London Stock Exchange Daily Official List for the five business days prior to the day on which the market purchase is made and (ii) an amount equal to the higher of the price quoted for (a) the last independent trade of; and (b) the highest current independent bid for, any number of Ordinary Shares on the trading venue where the purchase is carried out; and

(d) unless renewed varied or revoked by the **Company** in general meeting, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the **Company** to be held in 2024 save that the **Company** may, prior to such expiry, enter into a contract to purchase Ordinary Shares under the authority hereby conferred and may make a purchase of Ordinary Shares pursuant to any such contract notwithstanding such expiry.

All Ordinary Shares purchased pursuant to the above authority shall be either:

(a) cancelled immediately on completion of the purchase; or

(b) held, sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the **Act**.

16. That, the period of notice required for general meetings of the **Company** (other than Annual General Meetings) shall be not less than 14 clear days' notice.

By order of the Board

GRAHAM VENABLES
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
1 February 2023

Registered Office:
12 Throgmorton Avenue
London EC2N 2DL

Notice of annual general meeting

continued

Notes:

1. A member entitled to attend and vote at the meeting convened by the above Notice is also entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend, speak and vote in his place. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member.

2. To appoint a proxy you may use the Form of Proxy enclosed with this Notice of Annual General Meeting. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned to the office of the Company's registrar in accordance with the instructions thereon as soon as possible and in any event by not later than 12.00 noon on 9 March 2023 (Saturdays, Sundays and public holidays excepted). Amended instructions must also be received by the Company's registrar by the deadline for receipt of forms of proxy. Alternatively you can vote or appoint a proxy electronically by visiting eproxyappointment.com. You will be asked to enter the Control Number, the Shareholder Reference Number and PIN which are printed on the Form of Proxy. The latest time for the submission of proxy votes electronically is 12.00 noon on 9 March 2023 (Saturdays, Sundays and public holidays excepted).

3. Proxymity Voting – if you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 12.00 noon on 9 March 2023 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

4. Completion and return of the Form of Proxy will not prevent a member from attending the meeting and voting in person.

5. Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a Nominated Person) should note that the provisions in notes 1 and 2 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only ordinary shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such agreement to give instructions to the member as to the exercise of voting rights at the meeting.

6. Nominated Persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy the information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from the Nominated Person.

7. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only ordinary shareholders registered in the register of members of the Company by not later than 6.00 p.m. two days prior to the time fixed for the meeting shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their name at such time. If the meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is 6.00 p.m. two days prior to the time of adjournment. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.

8. In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

9. Shareholders who hold their ordinary shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's registrar not later than 48 hours before the start of the meeting (excluding non-working days). Instructions on how to vote through CREST can be found by accessing the following website: euroclear.com/CREST. Shareholders are advised that CREST and the internet are the only methods by which completed proxies can be submitted electronically.

10. If you are a CREST system user (including a CREST personal member) you can appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by Computershare (ID number 3RA50) not later than 48 hours before the time appointed for holding the meeting (excluding non-working days). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which Computershare is able to retrieve the message. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of The Uncertificated Securities Regulations 2001.

11. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interest in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3% or more of the voting rights in the Company, who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.

12. Any questions relevant to the business of the meeting may be asked at the meeting by anyone permitted to speak at the meeting. A shareholder may alternatively submit a question in advance by a letter addressed to the Company Secretary at the Company's registered office. Under Section 319A of the Companies Act 2006, the Company must answer any question a shareholder asks relating to the business being dealt with at the meeting, unless (i) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer had already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

13. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

14. Under Section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:

    (i) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are laid before the meeting; or

    (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006.

    The Company may not require the members requesting such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

15. Under Sections 338 and 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company:

    (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or

    (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business.

    A resolution may properly be moved or a matter may properly be included in the business unless:

    (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise);

    (b) it is defamatory of any person; or

    (c) it is frivolous or vexatious.

    Such a request may be in hard copy form or in electronic form, and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than on 6 February 2023, being the date five clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

16. As at 30 January 2023 (being the last practicable date prior to the publication of this Notice of Annual General Meeting), the Company's issued share capital consisted of 134,906,194 ordinary shares of 1p each. Each ordinary share carries the right to one vote and therefore the total voting rights in the Company as at 30 January 2023 are 134,906,194.

17. Further information regarding the meeting which the Company is required by Section 311A of the Companies Act 2006 to publish on a website in advance of the meeting (including this Notice), can be accessed at blackrock.com/uk/beri.

18. No service contracts exist between the Company and any of the Directors, who hold office in accordance with letters of appointment and the Articles of Association.

Printed by Park Communications on FSC® certified paper.

Park works to the EMAS standard and its Environmental Management System is certified to ISO 14001.

This publication has been manufactured using 100% offshore wind electricity sourced from UK wind.

100% of the inks used are vegetable oil based, 95% of press chemicals are recycled for further use and, on average 99% of any waste associated with this production will be recycled and the remaining 1% used to generate energy.

This document is printed on paper made of material from well-managed FSC®-certified forests and other controlled sources.