

PRODUCT: iShares US Equity ESG Screened and Optimised Index Fund (UK) (the "**Fund**")

MANAGER: BlackRock Fund Managers Limited (the "**Manager**")

DATE: 29 November 2024

FCA PRODUCT REFERENCE NUMBER: 970236

This Fund does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The Fund does not use a sustainability label because whilst the Fund tracks an index which applies environmental, social or governance criteria (as described below), the Fund does not have a specific sustainability goal. This is because the Fund follows a passive strategy and the index which the Fund tracks may not meet the criteria of any sustainability label.

The Fund name currently disclosed in this document is effective from 17 December 2024. Prior to this date, the Fund name was "iShares US Equity ESG Index Fund (UK)".

Sustainability Approach

The Fund tracks the performance of the Morningstar US Markets ESG Enhanced Index (the "**Benchmark Index**"). The Benchmark Index aims to reflect the performance of a sub-set of equity securities within the Morningstar US Target Market Exposure Index (the "**Parent Index**") which remain after the index provider has excluded securities using pre-defined ESG screens and weighted securities using an optimisation process, as described below. These ESG criteria may not apply to investments held by the Fund for efficient portfolio management and liquidity purposes which are not included in the Benchmark Index (including derivatives, money market instruments, deposits and units in collective investment schemes). However, exposure to such assets will not exceed 20% of the Fund's total assets.

The Benchmark Index excludes issuers based on their involvement in certain activities deemed by the index provider to have negative environmental or social outcomes. Issuers are excluded from the Benchmark Index based on their involvement in the following business lines/activities (or related activities): (i) civilian firearms; (ii) thermal coal; (iii) oil sands; (iv) tobacco; (v) controversial weapons (including nuclear weapons); (vi) adult entertainment; (vii) alcohol; and (viii) gambling.

The index provider's definition of "involvement" in each activity may be based on specific revenue thresholds, or any connection to an activity regardless of the amount of revenue received.

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

The Benchmark Index also excludes issuers with a 'severe' Sustainability controversy rating. A controversy rating measures an issuer's involvement (or alleged involvement) in serious controversies based on an assessment of an issuer's operations and/or products which are deemed to have a negative ESG impact.

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

Once the exclusion screens are applied, the Benchmark Index is constructed using an optimisation process which aims to: (a) minimise the ESG risk rating of the portfolio and at a minimum, create a portfolio which, overall, has an ESG risk rating which is lower than or equal to the ESG risk rating of the Parent Index; and (b) create a portfolio with at least a 30% lower carbon intensity relative to the Parent Index; subject to, in each case, a turnover budget (i.e. a limit on the trading activity), a tracking error budget and the other optimisation parameters applicable to the portfolio. Please refer to the Benchmark Index methodology set out below and the risk factor set out in section 20 (*Use of optimisers in Benchmark Indices*) of the Fund's prospectus for more information.

The ESG risk rating is defined by Sustainability and it evaluates the degree of a company's unmanaged material ESG risk by assessing a company's exposure to, and management of, the ESG issues that are considered most material for that company from a financial perspective. Where data is unavailable in respect of an issuer's ESG risk rating, that issuer will be excluded from the Benchmark Index.

Carbon intensity is a measurement of issuers' carbon emissions, in tonnes of greenhouse gases equivalent, divided by revenue in millions (USD). The calculation of carbon intensity includes Scope 1 greenhouse gas ("**GHG**") emissions and Scope 2 GHG emissions but excludes Scope 3 GHG emissions. Please refer to the risk factor set out in section 20 (*Carbon emission intensity calculations and greenhouse gas (GHG) emissions data*) of the Fund's prospectus for more information on GHG emissions. Where data is unavailable in respect of an issuer's carbon emissions, the carbon intensity of that issuer will be estimated as the Morningstar industry group average.

Further details regarding the Benchmark Index and the Parent Index (including their constituents and the ESG methodology for the Benchmark Index (including any specific revenue thresholds)) are available on the index provider's website at <https://indexes.morningstar.com/indexes/screener>.

Sustainability Metrics

The ESG criteria described above were met through the Fund closely tracking the Benchmark Index. The following table provides information about the performance of the Fund's ESG criteria during the reference period which is from 1 March 2024 to 31 August 2024. The figures presented are based on the data as at the rebalance date(s) during this reference period, which are averaged to produce the single figure shown in the table below.

Sustainability Metric	Description	Fund	Parent Index
ESG risk rating	Weighted average ESG risk rating Target: lower than or equal to Parent Index	18.75 (10.19% lower than the Parent Index)	20.88
Carbon emissions intensity	Weighted average scope 1, 2 carbon intensity (tonnes of greenhouse gases equivalent, divided by revenue in millions (USD)) Target: 30% lower than Parent Index	66.59 (28.54% lower than the Parent Index*)	93.16
Exclusion of issuers involved in certain restricted activities (as described above)	% market value exposure to issuers involved in certain activities deemed to have negative environmental and/or social outcomes	0.00%	3.42%
Exclusion of issuers classified as violating UNGC Principles	% market value exposure to companies classified as violating UNGC Principles	0.00%	0.73%
Exclusion of issuers with a 'severe' controversy rating	% market value exposure to issuers with a 'severe' Sustainalytics controversy rating	0.00%	0.57%

*The results are calculated as an average of the results across the relevant index rebalances during the financial period. During two of those rebalances, the Benchmark Index met the target at the point of index constitution (nine business days before the actual index rebalance date) but did not meet it on the actual index rebalance date.

Additional Information

Pre-contractual disclosure: Please see the Fund's prospectus, which is available by searching the name of the Fund on the following website: www.blackrock.com/uk/education/library.

Product-level sustainability report: Not currently available.

Sustainability entity report: Not currently available.

Other non-sustainability related information: Please see the Fund's key investor information document, which is available by searching the name of the Fund on the following website: <https://www.blackrock.com/uk/solutions/library/gls-library-uk?materialType=kiid>.