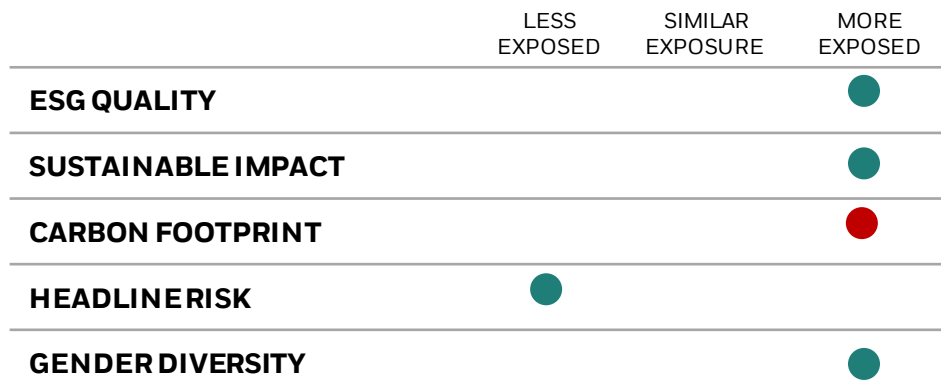


iShares ESG MSCI USA Small Cap ETF – ESML

REFERENCE BENCHMARK: MSCI USA SMALL CAP INDEX*

Fund ESG Profile

Comparing ESML to the reference benchmark on exposure to MSCI ESG Research key metrics



RELATIVE TO REFERENCE BENCHMARK: ● Unfavorable ● Neutral ● Favorable

ESML has higher ESG quality than its reference benchmark and is less exposed to controversial activities. It is exposed to higher carbon emissions, higher levels of gender diversity and is aligned to four Sustainable Development Goals, according to MSCI ESG Research.

*The Reference Benchmark is the parent index of the index that the fund seeks to track. The parent index is a broad-market index.

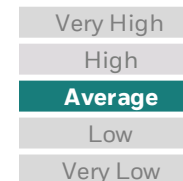
ESG Quality

ESML achieves an MSCI ESG Quality Score of 5.3 out of 10 from MSCI ESG Research:

26.4% higher than reference benchmark

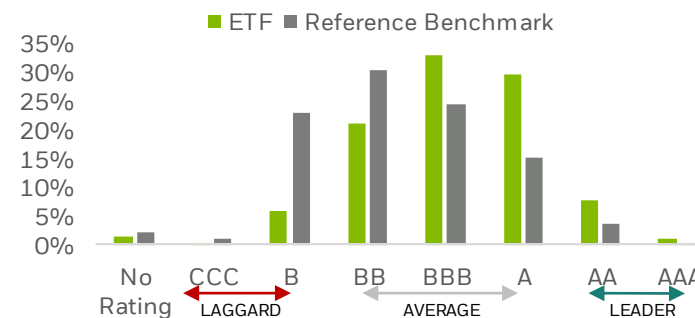
MSCI ESG % Coverage
ESML: 99% | Reference Benchmark: 98%

ESG Quality



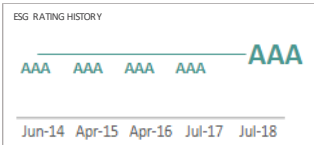
Peer Rank is based on 1,298 funds in the Equity US Small & Mid Cap peer group defined by the Thomson Reuters Lipper Global Classification and in the MSCI ESG Fund Metrics coverage universe.

High-ranking funds are invested in a higher proportion of ESG Leaders and/or a lower proportion of ESG Laggards.



ESG Leader in the portfolio JANUS HENDERSON GROUP PLC

Asset Management Group | Fund weight: 0.35%



HEADLINES:

- Post the 2017 merger, Janus Henderson has benefitted from increased scale and diversity in terms of geography as well as products. According to the firm reports, the resulting synergies have translated in around USD 18 million in terms of cost.
- For its combined AUM of USD 370 billion, Janus Henderson demonstrates a strong commitment to integrate ESG factors into its investment decision-making process. The firm also discloses its engagement and proxy voting policies that address ESG issues.
- We also note an increasing trend of women at senior management levels since 2017, reflecting the effectiveness of the firm's gender diversity strategy.

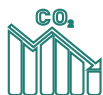
References to specific positions are strictly to highlight examples of ESG impact and should not be construed as investment advice or recommendations regarding those companies. For more information about the selection process, see the section entitled *Important Information regarding iShares Sustainable ETFs* at the end of this document.

Source: MSCI ESG Fund Metrics provided by MSCI ESG Research LLC as of 07/19/2019, based on holdings as of 05/31/2019. Updated annually. Holdings are subject to change. For current holdings visit iShares.com. Indexes are unmanaged and one cannot invest directly in an index. For more information about MSCI ESG Fund Metrics, see the section entitled *Important Information regarding iShares Sustainable ETFs* at the end of this document. Certain information ©2019 MSCI ESG Research LLC. Reproduced by permission; no further distribution.

iShares ESG MSCI USA Small Cap ETF – ESML

REFERENCE BENCHMARK: MSCI USA SMALL CAP INDEX

Carbon Footprint



0.21% higher carbon emissions

One million US dollars invested in ESML implied an annual emissions addition of **0.24 tons** of carbon dioxide equivalent compared to the reference benchmark based on MSCI ESG Research analysis of portfolio companies' carbon emissions, equivalent to the annual emissions of:



605 miles driven by an average passenger car for one year



0.04 homes' energy use for one year



27.7 gallons of gasoline consumed

Gender Diversity



2.16% more exposure to gender diverse boards*

* Corporate boards with at least 30% female directors based on MSCI ESG Research analysis of portfolio companies' board composition.

Business Involvement

ESML's index methodology excludes companies involved in the following activities*:

- Civilian Firearms
- Controversial Weapons
- Tobacco

*The specific exclusion criteria for the index screens, such as revenue thresholds, vary by industry. For more information about index construction parameters and screens, see the section entitled *Important Information regarding iShares Sustainable ETFs* at the end of this document.

Sustainable Impact



2.58% greater exposure to sustainable solutions compared to the reference benchmark

ESML is aligned with **4 Sustainable Development Goals** based on MSCI ESG Research analysis of portfolio companies' products and services.



Examples from the portfolio:

Bright Horizons Family Solutions Inc.

Fund weight: 0.7%
SDGs:



In FY 2017, BRIGHT HORIZONS FAMILY SOLUTIONS INC. derived an estimated 20.93 percent of revenues from education services and related products. The company offers pre-schooling and kindergarten services.

Kilroy Realty Corp

Fund weight: 0.6%
SDGs:



11

13

In FY 2017, KILROY REALTY CORPORATION derived an estimated 64.17 percent of revenues from the operation, management, development, or construction of green-certified properties. The company owns properties certified to the following green building standards: LEED and BOMA 360 such as Valley Centre Drive, Michelson Drive and Historic Decatur Road.

Douglas Emmett Inc

Fund weight: 0.5%
SDGs:



11

13

In FY 2017, DOUGLAS EMMETT, INC. derived an estimated 83.71 percent of revenues from the operation, management, development, or construction of green-certified properties. The company owns and operates Energy Star certified office properties. It also has some minimal involvement in affordable real estate.

References to specific positions are strictly to highlight examples of ESG impact and should not be construed as investment advice or recommendations regarding those companies. For more information about the selection process, see the section entitled *Important Information regarding iShares Sustainable ETFs* at the end of this document. *SDG 4 is Quality Education

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**IMPORTANT INFORMATION
REGARDING iSHARES
SUSTAINABLE ETFs**

Important information regarding iShares ETFs

Carefully consider the Funds' investment objectives, risk factors, and charges and expenses before investing. This and other information can be found in the Funds' prospectuses or, if available, the summary prospectuses which may be obtained by visiting www.iShares.com or www.blackrock.com. Read the prospectus carefully before investing.

Investing involves risk, including possible loss of principal.

Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments.

International investing involves risks, including risks related to foreign currency, limited liquidity, less government regulation and the possibility of substantial volatility due to adverse political, economic or other developments. These risks often are heightened for investments in emerging/developing markets, in concentrations of single countries or smaller capital markets.

A fund's environmental, social and governance ("ESG") investment strategy limits the types and number of investment opportunities available to the fund and, as a result, the fund may underperform other funds that do not have an ESG focus. A fund's ESG investment strategy may result in the fund investing in securities or industry sectors that underperform the market as a whole or underperform other funds screened for ESG standards.

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More Information about MSCI ESG Fund Metrics

ESG QUALITY

MSCI ESG Quality Score: The MSCI ESG Quality Score is calculated as the weighted average of the underlying holdings' ESG Scores. It is provided on a 0-10 scale, with 0 and 10 being the respective lowest and highest possible fund scores. MSCI rates underlying holdings according to their exposure to 37 industry specific ESG risks and their ability to manage those risks relative to peers. These issuer-level ESG ratings correspond to an issuer-level ESG Score.

MSCI ESG Quality Score		Description	
0.0	3.9	→	Very Low
4.0	4.9	→	Low
5.0	5.9	→	Average
6.0	6.9	→	High
7.0	10	→	Very High



MSCI ESG Quality Score Badge: ESG Fund Quality Badges are awarded to funds with qualifying ESG Quality Scores that rank in the top 10 or 20% within the peer group, which is defined by the Lipper Global Classification.

Headline Risk: Headline Risk represents the percentage of a portfolio's market value coming from holdings involved in very severe controversial events. An ESG controversy is an event reported by verifiable sources detailing a negative environmental, social, or governance-related impact linked to a company or multiple companies.

MSCI ESG % Coverage: Percent by weight of a fund's holdings that have ESG Data.

ESG Leaders: Companies leading their industry in managing the most material ESG risks and opportunities i.e. companies with an 'AAA' & 'AA' MSCI ESG Rating. Leading companies may be more resilient to disruptions arising from ESG events.

ESG Laggards: Companies lagging their industry & failing to demonstrate strong efforts to manage the most material ESG risks & opportunities. Laggard companies may be more vulnerable to disruptions arising from ESG events.

ESG Leader in the Impact Report: To be highlighted as an ESG Leader, a company must have an MSCI ESG Rating of AAA or AA. The ESG leader highlighted is selected by MSCI ESG Research using the following criteria:

1. Fund holding with the largest weight, then
2. Fund holding with highest Overall Controversy Score

CARBON FOOTPRINT

MSCI ESG Carbon Emissions: Carbon footprint helps to understand a portfolio's normalized carbon footprint per million dollars invested.

Tangible Equivalents: The carbon footprint is also transformed into metrics that may be more intuitive by using the US EPA's calculation for converting greenhouse gas emissions (tCO₂e) numbers into different types of equivalent units. More information on conversion methodology can be found at: epa.gov/energy

MSCI ESG Carbon Risk: Carbon Risk represents the fund's weighted average carbon intensity (tCO₂e / \$M sales) which is a measure of the fund's exposure to carbon intensive companies. The figure is the sum of security weight (normalized for corporate positions only) multiplied by the security Carbon Intensity.

GENDER DIVERSITY

MSCI ESG Gender Diversity: Gender diversity is defined as the percentage of the fund's market value exposed to companies where women comprise at least 30% of the board of directors. The report shows the difference between the percentage of the fund's market value exposed to companies where women comprise at least 30% of the board of directors, and the percentage of the reference benchmark's market value exposed to companies where women comprise at least 30% of the board of directors.

BUSINESS INVOLVEMENT

Civilian Firearms: Companies that have an industry tie to the manufacture or retail of civilian firearms.

Controversial Weapons: Companies with ties to landmines, cluster munitions, biological, chemical, depleted uranium, or nuclear weapons.

Tobacco: Companies with ties to tobacco products through the distributor, licensor, retailer, supplier, or ownership categories.

SUSTAINABLE IMPACT

The UN Sustainable Development Goals (SDGs) have emerged as the dominant framework for investing for impact. MSCI ESG Research assesses portfolio alignment with the UN SDGs mapping a portfolio's exposure to Sustainable Impact Solutions. This reflects the extent to which portfolio company revenue is exposed to products and services that help solve the world's major social and environmental challenges. It is calculated as a weighted average, using portfolio weights and each issuer's percent of revenue generated from Sustainable Impact Solutions. A fund must have at least 1% weighted average revenue exposure to a particular SDG to be considered aligned with the SDG.

To be eligible to contribute, an issuer must maintain "Minimum ESG Standards" as defined by MSCI ESG Research: MSCI ESG Rating of BB and above, controversy score greater than 2, and business involvement screens related to alcohol, tobacco, predatory lending, controversial weapons, nuclear weapons, and civilian firearms. For specific revenue thresholds, please refer to the index methodology document for the [MSCI ACWI Sustainable Impact Index](#).

Sustainable Impact Examples in the Portfolio: To be eligible to be highlighted, a company must satisfy the "Minimum ESG Standards" described above, and must have >50% revenue from sustainable impact solutions. The final highlighted companies are selected by MSCI ESG Research based on highest fund holding weight. If the fund doesn't have companies satisfying >50% revenue threshold, then a >20% revenue threshold can be applied. MSCI also picks highlighted companies across individual sustainable impact themes: alternative energy, major disease treatment, nutrition, green building, sanitation, and sustainable impact solutions.

MSCI FUND METRICS

To be included in MSCI ESG Fund Metrics, 65% of the fund's underlying holdings (excluding cash positions) must be covered by MSCI ESG Research, the fund's holdings date must be less than one year old, and the fund must have at least ten securities.

Important Information about MSCI

About MSCI ESG Research

MSCI ESG Research provides in-depth research, ratings and analysis of the environmental, social and governance-related business practices of thousands of companies worldwide. Our research is designed to provide critical insights that investors may use as part of their implementation of responsible investment objectives and to identify environmental, social and governance risks and opportunities that traditional investment research may overlook.

MSCI ESG Research data and ratings are used in the construction of the MSCI ESG Indexes. Our suite of over 900 equity and fixed income indexes are designed to help institutional investors more effectively benchmark ESG investment performance, issue index-based investment products, as well as manage, measure and report on ESG mandates.

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