

iShares ESG Aware USD Corporate Bond ETF – SUSC

REFERENCE BENCHMARK: **BLOOMBERG BARCLAYS US CORPORATE INDEX***

Fund ESG Profile

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

	LESS EXPOSED	SIMILAR EXPOSURE	MORE EXPOSED
ESG QUALITY			●
SUSTAINABLE IMPACT			●
CARBON FOOTPRINT	●		
HEADLINERISK	●		
GENDER DIVERSITY			●

RELATIVE TO REFERENCE BENCHMARK: ● Unfavorable ● Neutral ● Favorable

SUSC has higher ESG quality than its reference benchmark and is less exposed to controversial activities. It is exposed to lower 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

SUSC achieves an MSCI ESG Quality Score of **6.8** out of 10 from MSCI ESG Research:

26.2% higher than reference benchmark

MSCI ESG % Coverage:

SUSC: 99%

Reference Benchmark: 98%

MSCI
ESG RATINGS



CCC B BB BBB A AA AAA

Reference Benchmark Rating: BBB

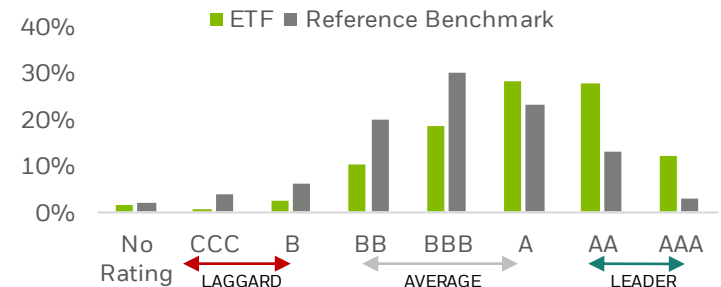
Peer Percentile: 97th

Peer Percentile is based on 165 funds in the Bond USD Medium

Term peer group defined by Lipper's Global Classification.



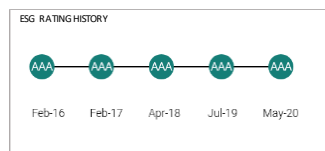
High-ranking funds are invested in a higher proportion of ESG Leaders and/or a lower proportion of ESG Laggards.



ESG Leader in the portfolio

Ecolab Inc.

Specialty Chemicals | Fund weight: 0.44%



HIGHLIGHTS:

- Ecolab's rating is unchanged at 'AAA'. Ecolab maintains a comprehensive environmental strategy that includes waste reduction programs, and targets to reduce its water consumption and greenhouse gas (GHG) emissions to manage environmental risks.
- Ecolab continues to enhance its digital capabilities of monitoring customer accounts and production and marketing efficiency, which could help its customers optimize water usage.
- The company has a strong chemical safety management system, which includes plans to phase out chemicals of high concern from its product portfolio, a practice displayed by only 7.5% of the companies in the MSCI ACWI constituents in specialty chemicals sub-industry, as of May 2020.

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 Ratings provided by MSCI ESG Research LLC as of 07/13/2020, based on holdings as of 05/31/2020. 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 Ratings, see the section entitled *Important Information regarding iShares Sustainable ETFs* at the end of this document. Certain information ©2020 MSCI ESG Research LLC. Reproduced by permission; no further distribution.

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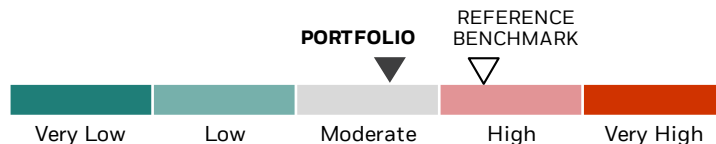
REFERENCE BENCHMARK: **BLOOMBERG BARCLAYS US CORPORATE INDEX**

Carbon Risk



42.80% lower carbon intensity

SUSC has lower exposure to carbon intensive companies compared to the reference benchmark based on MSCI ESG Research analysis of portfolio companies' carbon intensity.



Gender Diversity



2.51% 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

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

- Civilian Firearms ■ Tobacco ■ Oil Sands
- Controversial Weapons ■ Thermal Coal

*Exclusionary screens are based on revenue or percentage of revenue thresholds for certain categories and categorical exclusions for others. Please refer to the index methodology document for more information.

Sustainable Impact



1.97% greater exposure to sustainable solutions compared to the reference benchmark

SUSC is aligned with **5 Sustainable Development Goals** based on MSCI ESG Research analysis of portfolio companies' products and services.



Examples from the portfolio:

Florida Power & Light Company

Fund weight: 0.3%
SDGs:



In FY 2018, FLORIDA POWER & LIGHT COMPANY derived an estimated 10.05 percent of its revenues from products or services that help reduce energy consumption and 3.67 percent of revenues from supplying alternative energy or providing products or services that support alternative energy. The company generates electricity from solar power plants. It also provides energy storage, EV charging stations, smart grid, and smart lighting.

Microsoft Corporation

Fund weight: 0.3%
SDGs:



In FY 2019, MICROSOFT CORPORATION derived an estimated 18.22 percent of its revenues from products or services that help reduce energy consumption. The company provides IT optimization services & infrastructure, such as virtualization and telepresence and cloud services through its Productivity and Business Processes and Intelligent Cloud segments, respectively.

Hewlett Packard Enterprise Co.

Fund weight: 0.2%
SDGs:



In FY 2019, HEWLETT PACKARD ENTERPRISE COMPANY derived an estimated 26.11 percent of its revenues from products or services that help reduce energy consumption. The company provides data storage platforms for cloud services and virtualization, and data center optimization solutions.

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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. In addition, companies selected by the index provider may not exhibit positive or favorable ESG characteristics.

Funds that concentrate investments in specific industries, sectors, markets or asset classes may underperform or be more volatile than other industries, sectors, markets or asset classes and the general securities market.

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More Information about MSCI ESG Fund Ratings

ESG QUALITY

MSCI ESG Quality Score: (0 - 10) for funds is calculated using the weighted average of the ESG scores of fund holdings. The Score also considers ESG Rating trend of holdings and the fund exposure to holdings in the laggard category. 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 Fund ESG Rating: is calculated as a direct mapping of "Fund ESG Quality Score" to letter rating categories.

MSCI ESG Quality Score	MSCI Fund ESG Rating	Description
8.6* - 10	AAA	Leaders
7.1 - 8.6	AA	
5.7 - 7.1	A	
4.3 - 5.7	BBB	Average
2.9 - 4.3	BB	
1.4 - 2.9	B	Laggards
0.0 - 1.4	CCC	

*Appearance of overlap in the score ranges is due to rounding. The 0 to 10 scale is divided into 7 equal parts, each corresponding to a letter rating.



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.

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 RATINGS

To be included in MSCI ESG Fund Ratings, 65% of the fund's gross weight must come from securities covered by MSCI ESG Research (certain cash positions and other asset types deemed not relevant for ESG analysis by MSCI are removed prior to calculating a fund's gross weight; the absolute values of short positions are included but treated as uncovered), the fund's holdings date must be less than one year old, and the fund must have at least ten securities. Please refer to the MSCI ESG Fund Ratings Methodology for more information.

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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