

iShares ESG MSCI USA Leaders ETF- SUSL

REFERENCE BENCHMARK: MSCI USA INDEX*

Fund ESG Profile

Comparing SUSL 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

SUSL 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 five 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

SUSL achieves an MSCI ESG Quality Score of **7.5** out of 10 from MSCI ESG Research:

19.7% higher than reference benchmark

MSCI ESG % Coverage:
SUSL: 99%
Reference Benchmark: 99%

MSCI ESG RATINGS



CCC B BB BBB A AA AAA

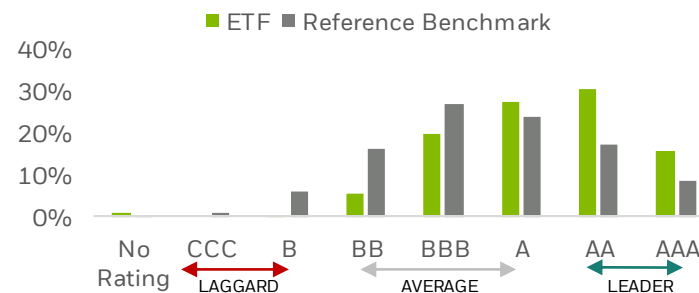
Reference Benchmark Rating: A

Peer Percentile: 98th

Peer Percentile is based on 2,718 funds in the Equity US peer group defined by Lipper's Global Classification.

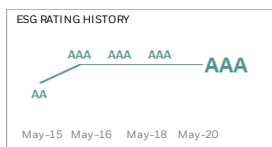


High-ranking funds are invested in a higher proportion of ESG Leaders and/or a lower proportion of ESG Laggards.



ESG Leader in the portfolio MICROSOFT CORPORATION

Software & Services | Fund weight: 10.3%



HIGHLIGHTS:

- Microsoft's rating is unchanged at 'AAA'. Microsoft continues to be among the strongest performers in Privacy and Data Security. It has reportedly committed a significant portion of its ongoing R&D budget to cybersecurity.
- Microsoft appears to offer a strong combination of pay, benefits and professional development pathways in order to continue attracting some of the industry's best talent.
- Microsoft has made strong commitments towards reducing the environmental footprint of its operations. Its cloud software, storage and computing also offer significant energy efficiencies for its clients.

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 06/02/2020, based on holdings as of 04/30/2020. 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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Carbon Footprint



7.32% lower carbon emissions

One million US dollars invested in SUSL implied an annual emissions reduction of **5.79 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:



14,361 miles driven by an average passenger car for one year



0.98 homes' energy use for one year



651 gallons of gasoline consumed

Gender Diversity



0.88% 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

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

- Alcohol
- Controversial Weapons
- Nuclear Weapons
- Civilian Firearms
- Conventional Weapons
- Nuclear Power
- Gambling
- Tobacco

*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



4.02% greater exposure to sustainable solutions compared to the reference benchmark

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



Examples from the portfolio:

Alphabet Inc.

Fund weight: 3.3%

SDGs:



In FY 2019, ALPHABET INC. derived an estimated 1.53 percent of its revenues from products or services that help reduce energy consumption. Through its subsidiary Google Inc., the company provides IT Optimization Services & Infrastructure, such as Infrastructure as a service, Platform as a service, and web conference technology.

The Procter & Gamble Company

Fund weight: 2.3%

SDGs:



In FY 2019, THE PROCTER & GAMBLE COMPANY derived an estimated 50.5 percent of its revenues from the sale of basic sanitary products. This includes products such as shampoos, personal cleansing, toothbrushes, and other personal and home care products.

The Coca-Cola Company

Fund weight: 1.5%

SDGs:



In FY 2019, THE COCA-COLA COMPANY derived an estimated 1.21 percent of its revenues from the sale of basic food products. This includes products such as mineral and sparkling water.

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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.

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.

The iShares Funds are distributed by BlackRock Investments, LLC.

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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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