A SUSTAINABLE FOUNDATION

iShares Sustainable Bond ETFs

Key takeaways

Quality
Issuers with favorable environmental, social and governance (ESG) ratings may be better positioned for the long term.

Access
Sustainable fixed income building blocks for a portfolio.

Low cost
A cost-efficient way to build a fixed income portfolio.

Figure 1 - Effective duration / 30-day SEC Yield

Figure 1 Source: BlackRock as of 9/29/2023. Performance data represents past performance and does not guarantee future results. Investment return and principal value will fluctuate with market conditions and may be lower or higher when you sell your shares. Current performance may differ from the performance shown. See www.iShares.com for most recent month-end performance and the end of this document for standardized performance.

Expense ratios shown are all gross without additional fees, except for EUSB and EAGG, where net expense ratios are shown reflecting contractual fee waivers in place through 6/30/25 and 6/30/24 respectively. Gross expense ratios are 0.13% and 0.11% respectively.
# The iShares sustainable bond suite

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUSC</td>
<td>ESG Aware&lt;sup&gt;2&lt;/sup&gt; A broad range of U.S. dollar-denominated, investment grade corporate bonds from issuers with favorable ESG ratings and similar risk and return potential to the Bloomberg U.S. Corporate Index.</td>
</tr>
<tr>
<td>SUSB</td>
<td>ESG Aware&lt;sup&gt;2&lt;/sup&gt; A broad range of US dollar-denominated, investment grade corporate bonds having maturity between 1 and 5 years from issuers with favorable ESG ratings and similar risk and return potential to the Bloomberg U.S. Corporate 1-5 Years Index.</td>
</tr>
<tr>
<td>EAGG</td>
<td>ESG Aware&lt;sup&gt;2&lt;/sup&gt; A portfolio of bonds from issuers with favorable ESG ratings and similar risk and return potential to the Bloomberg US Aggregate Bond Index.</td>
</tr>
<tr>
<td>EUSB</td>
<td>ESG Advanced&lt;sup&gt;3&lt;/sup&gt; A broad range of U.S. dollar-denominated investment grade and high yield bonds from issuers with favorable ESG ratings.</td>
</tr>
<tr>
<td>ELQD</td>
<td>ESG Advanced&lt;sup&gt;3&lt;/sup&gt; A broad range of U.S. dollar-denominated investment grade corporate bonds from issuers with extensive climate-based screens and other extensive screens for involvement in controversial activities, as well as issuers with a favorable ESG rating.</td>
</tr>
<tr>
<td>HYXF</td>
<td>ESG Advanced&lt;sup&gt;3&lt;/sup&gt; A broad range of U.S. dollar-denominated high yield corporate bonds from issuers with extensive climate-based screens and other extensive screens for involvement in controversial activities, as well as issuers with a favorable ESG rating.</td>
</tr>
<tr>
<td>BGRN</td>
<td>Impact&lt;sup&gt;4&lt;/sup&gt; Investment grade US dollar-denominated green bonds that are directly tied to promoting climate or other environmental sustainability purposes.</td>
</tr>
</tbody>
</table>

<sup>2</sup> ESG Aware - Balance seeking a similar risk and return to the relevant broad market while tilting towards issuers with favorable ESG characteristics.<br>
<sup>3</sup> ESG Advanced - Prioritize higher-rated ESG companies while extensively screening out controversial activities.<br>
<sup>4</sup> Impact - Seek to achieve a measurable sustainable outcome alongside a financial return.
Consider iShares ESG Aware Bond ETFs for a portfolio’s core

SUSB and SUSC have achieved higher ESG Scores and reduced carbon intensity, compared to broad market indices.

<table>
<thead>
<tr>
<th>ESG Quality Scores⁵</th>
<th>Weighted Average Carbon Intensity⁶</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUSB 7.91 18% SUSC 7.58 15%</td>
<td>SUSB 86.31 -50% SUSC 119.57 -56%</td>
</tr>
<tr>
<td>BBg U.S. Corp 1-5 Yrs Index 6.7</td>
<td>BBg U.S. Corp 1-5 Yrs Index 173.25</td>
</tr>
<tr>
<td>BBg U.S. Corp Index 6.6</td>
<td>BBg U.S. Corp Index 270.76</td>
</tr>
</tbody>
</table>

⁵ Source for the funds: MSCI ESG Fund Ratings as of 10/2/2023, based on holdings as of 8/31/2023. Source for the indexes: BlackRock computed the index metrics using the formula provided by MSCI ESG Research, index holdings data from the respective index provider, as of 8/31/2023, and security level carbon intensity data from MSCI ESG Research, as of 10/2/2023. There may be material differences between the fund’s index and the index shown including without limitation holdings, methodology and performance. The parent index of SUSB (100% of ESG ratings coverage, 99.53% carbon intensity coverage by MSCI ESG Fund Ratings) is the Bloomberg US Corporate Index (97.60% of ESG ratings coverage, 98.73% carbon intensity coverage by MSCI ESG Research). The parent index of SUSC (100% of ESG ratings coverage, 99.64% carbon intensity coverage by MSCI ESG Fund Ratings) is the Bloomberg US Corporate 1-5 Year Index (98.20% of ESG ratings coverage, 99.21% carbon intensity coverage by MSCI ESG Research). The MSCI ESG Quality Score (0 - 10) for funds is calculated using the weighted average of the ESG scores of fund holdings. MSCI rates underlying holdings according to their exposure to 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. Source for the funds: MSCI ESG Fund Ratings as of 10/2/2023, based on holdings as of 8/31/2023.. Source for the indexes: Blackrock, using carbon intensity data from MSCI ESG Research and holdings data from Bloomberg as of 10/2/2023, based on holdings as of 8/31/2023. The indexes shown are the parent indexes of the indexes that the funds seek to track. There may be material differences between the fund’s index and the index shown including without limitation holdings, methodology and performance. The Weighted Average Carbon Intensity measures a portfolio’s exposure to carbon intensive companies. This figure represents the estimated greenhouse gas emissions per $1 million in sales across the portfolio’s holdings. The figure is a sum of the normalized security weight multiplied by the security Carbon Intensity. This allows for comparisons between portfolios of different sizes. It is measured in tons CO2/$M sales.

How the indexes are built

**Bloomberg MSCI ESG Focus Indexes**

1. Screen out civilian firearms, controversial weapons, tobacco, thermal coal and oil sands.

2. Screen out issuers with severe controversies. Controversy scores consider a company’s significant social, environmental and governance impacts by identifying company involvement in major ESG controversies, adherence to international norms and principles, and assessing company performance with respect to these norms and principles.

3. Apply the following constraints:
   - Tracking error: Maximum 10 bps annualized of Parent Index
   - Option-adjusted duration: +/-0.1 year of Parent Index
   - Yield to worst: Greater than or equal to Parent Index
   - Sector weight: +/- 200 bps of Parent Index
   - Issuer weight: Maximum +150 bps of Parent Index
   - Issue weight: +/- 100 bps of Parent Index

4. Optimize constituents subject to above constraints using modified market cap weightings. Rebalanced monthly.

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Source: Bloomberg and MSCI. For illustrative purposes only. ⁵ Screens are based on revenue or percentage of revenue thresholds for certain categories and categorical exclusions for others. Please refer to the respective index methodology document for more information. ⁶ Only issuers with MSCI ESG Ratings are eligible. Excludes all issuers involved in one or more very severe ESG Controversies (MSCI ESG Controversies Score >1). MSCI ESG Controversies Scores are on a scale of 0-10 (0 represents most severe controversy). ⁷ Bps = basis points. A basis point is one hundredth of a percent. ⁸ Optimization is a quantitative process that considers the market capitalization weights from the Parent Index, ESG scores and additional optimization constraints to select and weight the constituents in the Index.
Pursue higher sustainability ratings with EUSB, HYXF and ELQD

Sustainable fixed income exposure for investors seeking to prioritize access to higher ESG-rated companies while extensively screening out controversial industries. Refer to the index methodology for additional details on each index screen.

How the indexes are built

1. Screen out various business activities and severe controversies.\(^\text{10,11}\)
2. Select issuers with an MSCI ESG Rating of 'BBB' or above for EUSB’s and ELQD’s index and 'BB' or above for HYXF’s index.\(^\text{12}\)
   - MSCI ESG Rating scale:
     
     | Leader | Average | Laggard |
     |--------|---------|---------|
     | AAA    | BB      | CCC     |

3. Apply the following constraints:
   - Currency exposure: USD denominated bonds.
   - Maturity: Minimum maturity requirements of 1y for EUSB and HYXF and 3y for ELQD.
   - Credit quality: EUSB and HYXF include high yield bonds whereas ELQD is investment grade only.
   - Sectors: Broad sectors with the exclusion of energy for EUSB and HYXF and exclusion of Oil & Gas for ELQD.
   - Minimum amount outstanding: Varies across exposures. Same as parent indices.
   - Issuer caps: 3% for ELQD, 2% for HYXF and no cap for EUSB.
4. Eligible constituents are market-cap weighted and rebalanced monthly.

Source: Bloomberg and MSCI. For illustrative purposes only.\(^\text{10}\) Screens are based on revenue or percentage of revenue thresholds for certain categories and categorical exclusions for others. Please refer to the respective index methodology document for more information.\(^\text{11}\) Excludes securities with an ESG Controversies Score lower than 3. MSCI ESG Controversies Scores are on a scale of 0-10 (0 represents most severe controversy).\(^\text{12}\) The MSCI ESG Rating indicates how well an issuer manages its most material ESG risks relative to sector peers. Issuers with low risk exposure and strong management of ESG risk factors score highest (AAA); issuers with high risk exposure and weak management of ESG risk factors score lowest (CCC). Ratings are based on a seven-letter scale: best (AAA) to worst (CCC).
Seek to make an impact with BGRN

Green bonds are fixed income instruments in which the proceeds will be exclusively applied towards environmental projects. A one million US dollar investment in BGRN’s holdings would have created the following environmental impacts equivalent to:

- 37,584 new passengers/year on public transit
- 990 MWh/year of renewable energy generated
- 384 people benefitting from forest, agriculture, water/waste projects

Sources: BlackRock analysis of publicly available environmental impact reports as communicated by issuers as of 5/31/2023 based on holdings as of 5/31/2023, updated annually. Holdings are subject to change. For current holdings visit iShares.com. 81% of iShares USD Green Bond ETF’s constituents are covered by BlackRock’s analysis. The above results are shown for informational purposes only, to illustrate the positive environmental impact of a green bond portfolio. They are not meant to be a prediction or projection. Not every issuer reports on every metric, hence no linear extrapolation should be performed. BlackRock cannot be held responsible for inaccuracies in issuers’ reporting. US EPA’s Greenhouse Gas Equivalencies Calculator for CO2 and energy measures.

How the index is built

**Bloomberg MSCI USD Green Bond Select Index**

1. The index includes bonds that meet the Green Bond Principles, as determined by MSCI ESG Research. The Green Bond Principles (GBP) are voluntary process guidelines for issuing green bonds, published by the International Capital Market Association (ICMA). GBP promotes best practices in issuing bonds serving social and/or environmental purposes through guidelines that recommend transparency, disclosure and reporting.13

2. Apply the following constraints:
   - Currency exposure: Principal and interest must be denominated in USD
   - Maturity: Holds bonds until final maturity (0 to 30+ years)
   - Credit quality: Investment grade only (Baa3/BBB-/BBB- or higher)
   - Optionality: Fixed-rate bullet, puttable, sinkable/amortizing andcallable bonds are included
   - Sectors: Treasury, corporate, government-related, securitized bonds and taxable municipals are included; general purpose bonds are excluded
   - Minimum issue size: 300mn: USD | 25mn: USD (ABS and CMBS)

3. Eligible constituents are market-cap weighted and rebalanced monthly.

Source: Bloomberg and MSCI. For illustrative purposes only. Please refer to the index methodology document for more information.13 Securities for inclusion are independently evaluated by MSCI ESG Research to determine whether a fixed-income security should be classified as a green bond. These eligibility criteria reflect themes articulated in the Green Bond Principles.
### Standardized performance as of 9/29/2023

<table>
<thead>
<tr>
<th>Ticker</th>
<th>Expense ratio (Net/ Gross)</th>
<th>Inception date</th>
<th>30-day SEC yield (with/ without waiver)</th>
<th>Contractual fee waiver expiration (if applicable)</th>
<th>1 Year returns</th>
<th>5 Year returns</th>
<th>Since inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUSB</td>
<td>0.12%</td>
<td>7/11/2017</td>
<td>5.59%</td>
<td>-</td>
<td>3.80%</td>
<td>3.79%</td>
<td>1.55%</td>
</tr>
<tr>
<td>SUCS</td>
<td>0.18%</td>
<td>7/11/2017</td>
<td>5.76%</td>
<td>-</td>
<td>3.49%</td>
<td>3.64%</td>
<td>0.78%</td>
</tr>
<tr>
<td>EAGG</td>
<td>0.1% / 0.11%</td>
<td>10/18/2018</td>
<td>4.38% / 4.38%</td>
<td>June 30, 2024</td>
<td>0.59%</td>
<td>0.47%</td>
<td>--</td>
</tr>
<tr>
<td>BGNR</td>
<td>0.20%</td>
<td>11/13/2018</td>
<td>5.49%</td>
<td>-</td>
<td>2.59%</td>
<td>2.49%</td>
<td>--</td>
</tr>
<tr>
<td>HYXF</td>
<td>0.35%</td>
<td>6/14/2016</td>
<td>8.61%</td>
<td>-</td>
<td>8.30%</td>
<td>8.66%</td>
<td>2.16%</td>
</tr>
<tr>
<td>EUSB</td>
<td>0.12% / 0.13%</td>
<td>6/23/2020</td>
<td>4.94% / 4.93%</td>
<td>June 30, 2025</td>
<td>1.07%</td>
<td>0.52%</td>
<td>--</td>
</tr>
<tr>
<td>ELQD</td>
<td>0.18%</td>
<td>11/08/2021</td>
<td>5.73%</td>
<td>-</td>
<td>3.09%</td>
<td>3.20%</td>
<td>--</td>
</tr>
</tbody>
</table>

The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor’s shares, when sold or redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by visiting www.ishares.com or www.blackrock.com. Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemed from the fund. Any applicable brokerage commissions will reduce returns. Beginning August 10, 2020, market price returns for BlackRock and iShares ETFs are calculated using the closing price and account for distributions from the fund. Prior to August 10, 2020, market price returns for BlackRock and iShares ETFs were calculated using the midpoint price and accounted for distributions from the fund. The midpoint is the average of the bid/ask prices at 4:00 PM ET (when NAV is normally determined for most ETFs). The returns shown do not represent the returns you would receive if you traded shares at other times. Performance shown reflects fee waivers and/or expense reimbursements by the investment advisor to the fund for some or all of the periods shown. Performance would have been lower without such waivers.

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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 in industries or 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.

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GELM-1909-03-23-US