

iShares
by BlackRock



**THINK
SUSTAINABLE
FIRST**

SUSTAINABLE IS ATTAINABLE

Sustainable investing is about investing in progress and recognizing that companies solving the world's biggest challenges may be best positioned for growth.

It's about pioneering better ways of doing business and creating the momentum to encourage more people to create a sustainable future.

In practice, sustainable investing is the combination of traditional investment approaches with environmental, social and governance (ESG) insights.

Investors large and small are adopting a sustainable approach. This guide answers four key questions to help get started with sustainable investing:

- 1 Why now for sustainable investing?
- 2 What are ESG insights?
- 3 How do I invest sustainably?
- 4 Why BlackRock for sustainable investing?

1. WHY NOW FOR SUSTAINABLE INVESTING?

Sustainable investing is on the rise...

Sustainable investing allows investors to align investment decisions with personal beliefs. It is on the rise, evidenced by the growth of sustainable exchange traded funds (ETFs). With \$62.6bn billion in sustainable ETF AUM, iShares is a leader in the space.¹

...and with good reason

Demand for sustainable investing is driven by:



Demographic shifts – a more diverse generation of young investors are seeking sustainable solutions for the heart of their investment portfolios



Government policies – evolving government policies are prompting large institutions around the world to put capital towards sustainable investments



Evolving views on risk – improving quality and availability of ESG data can help investors identify previously hidden risks and opportunities

¹ Source: BlackRock, Morningstar as of 9/30/2021. The U.S. sustainable ETF market has \$102.9bn in assets, \$62.6bn of which is in iShares sustainable ETFs.

Less wish, more do

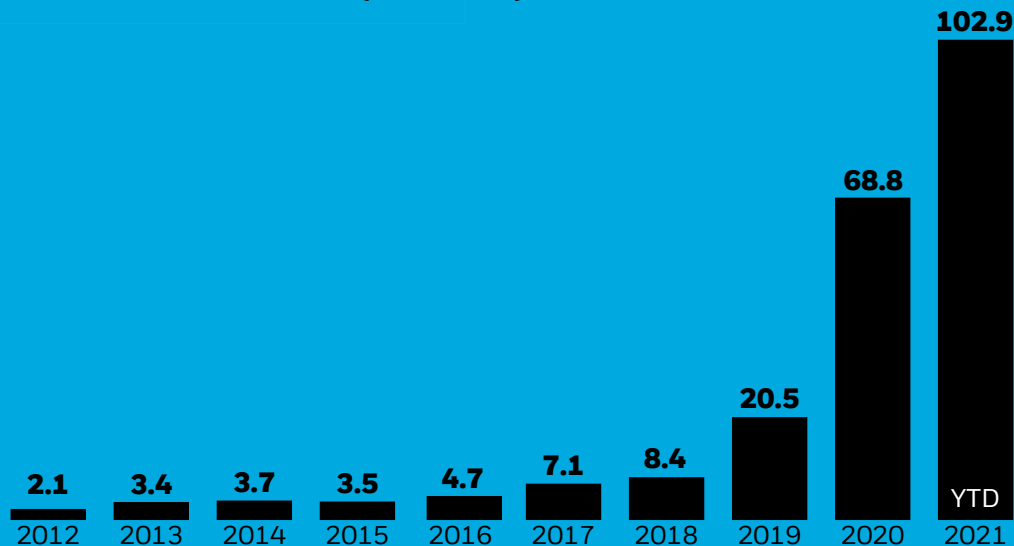
Sustainable investing has never been easier

With this growth has come an ever-expanding menu of choices for investors looking to implement sustainable investing strategies. ETFs provide an accessible and affordable option, allowing investors to take a transparent approach to sustainable investing.

U.S. SUSTAINABLE ETFS AUM (\$B)²

ETFs overall: 22% (5Y CAGR)³

Sustainable ETFs: 89% (5Y CAGR)⁴



Source: Morningstar as of 9/30/2021. Based on 145 U.S.-domiciled sustainable ETFs as defined by Morningstar to have a sustainability focus. This includes funds classified as ESG integration, impact, and sector funds.

² Source: Morningstar as of 9/30/2021. AUM refers to assets under management in the U.S. sustainable ETF market from 12/31/2012 – 9/30/2021. Based on 145 U.S.-listed sustainable ETFs as defined by Morningstar to have a sustainability focus. This includes funds classified as ESG integration, impact, and sector funds. ³ Source: BlackRock, overall U.S. ETF Market refers to all U.S.-listed ETFs as of 9/30/2021. Compound Annual Growth Rate (CAGR): a measure of an investment's annual growth rate over time, with the effect of compounding taken into account. CAGR growth figure refers to compound annual growth rate for AUM over the period 9/30/2016 - 9/30/2021. ⁴ 5 year period refers to the time period 9/30/2016 - 9/30/2021.

2. WHAT ARE ESG INSIGHTS?

Sustainability and return potential

Investors no longer need to choose between purpose and performance. Some sustainable ETFs are designed to seek similar risk and returns as broad markets.

In fact, ESG criteria help review risks and opportunities that aren't typically captured in traditional financial analysis.

Breaking down the three pillars of ESG

Environmental	Social	Governance
Climate change, natural resources, pollution and waste, environmental opportunities	Human capital, product liability, stakeholder opposition, social opportunities	Corporate governance, diversity, corporate behavior, transparency

Comparison of traditional indexes and ESG equity ETFs by region, 2019–2021

	Name	1-Year Return (NAV) ⁵	1-Year Volatility ⁶	1-Year Sharpe ratio ⁶	Price-to-earnings ⁶	MSCI ESG Quality Score ⁷	MSCI ESG Quality Score Perc. ⁷	% AUM Coverage by MSCI ESG Research ⁷	Fund Lipper Global Class (# of funds) ⁷
U.S.	Traditional (MSCI USA)	30.51%	14.36%	1.94	24.10	6.03	--	100.00%	--
	iShares ESG Aware MSCI USA ETF	30.61%	14.32%	1.95	24.76	7.06	79.23	99.32%	Equity US (3,361)
International developed	Traditional (MSCI EAFE)	25.73%	17.25%	1.41	15.42	8.11	--	100.00%	--
	iShares ESG Aware MSCI EAFE ETF	26.04%	17.78%	1.39	15.52	9.06	95.72	99.84%	Equity Global ex US (842)
Emerging markets	Traditional (MSCI EM)	18.20%	15.10%	1.18	13.61	4.82	--	99.94%	--
	iShares ESG Aware MSCI EM ETF	19.04%	14.75%	1.25	14.38	7.82	98.96	99.83%	Equity Emerging Mkts Global (1,245)

Index performance is for illustrative purposes only. Index performance does not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. 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. For standardized fund performance, please see the end of this document.

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 indexes shown including without limitation holdings, methodology and performance. **1** Source: Morningstar as of 9/30/2021. Volatility is measured by Standard Deviation, which is a measure of the dispersion of a set of data from its mean. It is calculated as the square root of variance by determining the variation between each data point relative to the mean. **2** The Sharpe ratio is a measure of returns adjusted for risk; the higher the number, the better the risk-adjusted returns. Price-to-earnings based on a 12-month trailing period. The price-to-earnings ratio is a fundamental measure used to determine if an investment is valued appropriately. Each holding's P/E is the latest closing price divided by the latest fiscal year's earnings per share. **3** Source: for iShares ESG MSCI USA ETF, iShares ESG Aware MSCI EAFE ETF and iShares ESG Aware MSCI EM ETF data, MSCI ESG Fund Ratings as of 10/15/2021, using holdings as of 8/31/2021; for index data, Traditional (MSCI USA), Traditional (MSCI EAFE) and Traditional (MSCI EM), MSCI ESG Research as of 10/1/2021, using holdings as of 8/31/2021. The 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 (ratings B and CCC). 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. To be included in MSCI ESG Fund Ratings, 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. The MSCI ESG Quality Score Percentile measures how a fund's ESG Quality Score ranks relative to other funds in the same peer group. The peer group is based on the Lipper Global Classification and reflects the funds that are in the MSCI ESG Fund Ratings coverage universe.

3. HOW DO I INVEST SUSTAINABLY?

It's time to think sustainably

Investing for a sustainable future can be simple. iShares ESG Aware ETFs are designed for investors who are seeking sustainable outcomes while pursuing their financial goals. iShares ETFs enable investors to easily build a low-cost portfolio with broad exposures across stocks and bonds:

U.S. Equities

ESGU
0.15% iShares ESG Aware
MSCI USA ETF

ESML
0.17% iShares ESG Aware
MSCI USA
Small-Cap ETF

Int. Equities

ESGD
0.20% iShares ESG Aware
MSCI EAFE ETF

ESGE
0.25% iShares ESG Aware
MSCI EM ETF

Bonds

SUSB
0.12% iShares ESG Aware
1-5 Year USD
Corporate Bond ETF

SUSC
0.18% iShares ESG Aware
USD Corporate Bond
ETF

EAGG
0.12%⁸ iShares ESG Aware
U.S. Aggregate Bond
ETF

Expense ratios are shown below the ticker symbols.

Indexed to | MSCI 

⁸ Source: Net expense ratio shown for EAGG reflects contractual fee waiver in place until 6/30/24. Gross expense ratio is 0.11%.

SUSTAINABLE INVESTING IS THE NEW STANDARD



Minimize your carbon footprint

A hypothetical \$1 million invested in ESGU implies an annual carbon emissions reduction of 17.51 tons of carbon dioxide equivalent compared to the MSCI USA index. This is equivalent to the annual emissions of 43,441 miles driven by an average passenger car for one year, 3.0 homes' energy use for one year and 1,970 gallons of gasoline consumed.⁹

⁹ Source: MSCI ESG Fund Ratings provided by MSCI ESG Research LLC as of 7/19/2021, based on holdings as of 5/31/2021. MSCI ESG Carbon Coverage: 98.71% of ESGU's holdings covered by MSCI ESG Fund Ratings; 99.84% of MSCI USA Index's constituents covered by MSCI ESG Research.

4. WHY BLACKROCK FOR SUSTAINABLE INVESTING?

The world is changing and we are changing with it

We are experts in the sustainable investing space

BlackRock is committed to being an industry leader in sustainable investing. We provide sustainable solutions and insights across our entire organization, enabling investors to take a total-portfolio approach to sustainable investing. BlackRock currently manages \$200 billion of assets in dedicated sustainable investment platform and an additional \$616 billion billion in screened investment solutions.⁴

We engage with companies to drive sustainability

As described by BlackRock CEO Larry Fink in his letter to CEOs, BlackRock has a fiduciary responsibility to engage with companies and encourage their consideration of ESG matters.

We focus on the long-term sustainability of our own firm

BlackRock is committed to using our resources responsibly to support the long-term sustainability of our firm and of the global environment in which we and our clients live and operate. The long-term sustainability of our firm is heavily dependent on our people. We are committed to fostering a unifying culture, ensuring that we are developing, retaining and recruiting the best talent and incorporating inclusion and diversity into all levels of our business. As vocal advocates for the adoption of sound corporate governance policies, we have implemented such a framework at BlackRock through a set of principles, guidelines and practices that support sustainable financial performance and long-term value creation for shareholders.

¹⁰ Source: As of December 21, 2020.

”A company’s ability to manage environmental, social, and governance matters demonstrates the leadership and good governance that is so essential to sustainable growth, which is why we are increasingly integrating these issues into our investment process.”

Larry Fink, BlackRock CEO



Committed to achieving 30% female representation in senior management by the end of 2020

Larry Fink is a founding member of the 30% Club in the U.S., a group that aims to achieve gender balance on boards and throughout organizations.

Committed to using 100% renewable energy globally by June 2020

BlackRock has reported to the CDP¹¹ since 2013 as part of our effort to reduce carbon emissions and decouple our business growth from our environmental impact.

11 Source: CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

Standardized performance as of 9/30/2021

Fund name	Fund inception date	Gross expense ratio	30-Day SEC Yield (with / without Waiver)	Contractual Fee Waiver Expiration (If Applicable)	1-year returns		Since inception	
					NAV	Mkt price	NAV	Mkt price
iShares ESG Aware MSCI USA ETF (ESGU)	12/1/2016	0.15%	1.17%	--	30.61%	30.78%	17.95%	17.96%
iShares ESG Aware MSCI EAFE ETF (ESGD)	6/28/2016	0.20%	1.91%	--	26.04%	26.15%	10.85%	10.89%
iShares ESG Aware MSCI EM ETF (ESGE)	6/28/2016	0.25%	1.60%	--	19.04%	17.93%	11.87%	11.83%
iShares ESG Aware MSCI USA Small-Cap ETF (ESML)	4/10/2018	0.17%	0.86%	--	48.81%	48.75%	14.38%	14.40%
iShares ESG Aware 1-5 Year USD Corporate Bond ETF (SUSB)	7/11/2017	0.12%	0.77%	--	1.12%	0.81%	3.11%	3.12%
iShares ESG Aware USD Corporate Bond ETF (SUSC)	7/11/2017	0.18%	1.87%	--	1.51%	1.10%	5.15%	5.09%
iShares ESG Aware U.S. Aggregate Bond ETF (EAGG)	10/18/2018	0.12%	1.06% / 1.05%	June 30, 2024	-1.03%	-1.14%	5.65%	5.63%

Fees as of Current Prospectus. 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.

WANT TO KNOW MORE?

iShares.com/sustainable | 1-800-iShares (1-800-474-2737)

Carefully consider the iShares 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.

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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 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. Buying and selling shares of ETFs may result in brokerage commissions.

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 and in concentrations of single countries.

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 than the general securities market.

Small-capitalization companies may be less stable and more susceptible to adverse developments, and their securities may be more volatile and less liquid than larger capitalization companies.

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