

ESG Overview

iShares S&P/ ASX Dividend Opportunities ESG Screened ETF (IHD)

The S&P/ASX Sustainability Screened Dividend Opportunities Index applies exclusions based on companies' involvement in specific business activities, compliance with the principles of the United Nations' Global Compact (UNGC), and involvement in relevant ESG controversies.

Exclusions Based on Business Activity

As of each rebalancing reference date,* companies with the following specific business activities, as determined by Sustainalytics, and/or companies that do not comply with the UN Global Compact ("UNGC") principles, also as determined by Sustainalytics, are excluded:

Sustainalytics Product Involvement	Sustainalytics Category of Involvement & Description	S&P DJI Level of Revenue Involvement Threshold
Controversial Weapons	Tailor Made and Essential: The company is involved in the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon.	More than 0%
	Non-Tailor Made or Non-Essential: The company provides components/ services for the core weapon system which are either not considered tailor-made or not essential to the lethal use of the weapon.	More than 0%
Small Arms	Civilian customers (assault weapons): The company manufactures and sells assault weapons to civilian customers.	More than 0%
	Civilian customers (non-assault weapons): The company manufactures and sells small arms (non-assault weapons) to civilian customers.	More than 0%
	Military/law enforcement customers: The company manufactures and sells small arms to military/law enforcement.	More than 0%
	Key components: The company manufactures and sells key components of small arms.	More than 0%
	Retail/Distribution (assault weapons): The company is involved in the retail and/or distribution of assault weapons.	5% or more
	Retail/Distribution (non-assault weapons): The company is involved in the retail and/or distribution of small arms (non-assault weapons).	5% or more
Military Contracting	Weapons: The company manufactures military weapon systems and/or integral, tailor-made components of these weapons.	10% or more
	Weapon-related products and services: The company provides tailor-made products and/or services that support military weapons.	10% or more

Sustainalytics Product Involvement	Sustainalytics Category of Involvement & Description	S&P DJI Level of Revenue Involvement Threshold
Thermal Coal	Extraction: The company extracts thermal coal.	5% or more
	Generation: The company generates electricity from thermal coal.	5% or more
Oil Sands	Extraction: The company extracts oil sands.	5% or more
Shale Energy	Extraction: The company is involved in shale energy exploration and/or production.	5% or more
Oil & Gas	Production: The company is involved in oil and gas exploration, production, refining, transportation and/or storage.	10% or more
Tobacco Products	Production: The company manufactures tobacco products.	More than 0%
	Related Products/Services: The company supplies tobacco-related products/services.	5% or more
	Retail: The company derives revenues from the distribution and/or retail sale of tobacco products.	5% or more
Alcoholic Beverages	Production: The company manufactures alcoholic beverages.	5% or more
Gambling	Operations: The company owns and/or operates a gambling establishment.	5% or more
Nuclear Power	Production: The company produces nuclear power.	5% or more
Adult Entertainment	Production: The company is involved in the production of adult entertainment and/or owns/ operates adult entertainment establishments.	5% or more

Significant Ownership where the company has indirect involvement via some specified level of ownership of a subsidiary company with involvement is detailed in the index methodology ¹

Companies without Sustainalytics coverage are ineligible for index inclusion until receiving such coverage.

Exclusions Based on Sustainalytics' Global Standards Screening

Sustainalytics' Global Standards Screening (GSS) provides an assessment of a company's impact on stakeholders and the extent to which a company causes, contributes, or is linked to violations of international norms and standards. The basis of the GSS assessment is the UNGC Principles. Information regarding related standards is also provided in the screening, including the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, as well as their underlying conventions. Sustainalytics classifies companies into the following three statuses:

Non-Compliant (Excluded)	<ul style="list-style-type: none"> Classification given to companies that do not act in accordance with the UNGC principles and their associated standards, conventions, and treaties.
Watchlist	<ul style="list-style-type: none"> Classification given to companies that are at risk of violating one or more principles, for which all dimensions for Non-Compliant status could not be established or confirmed.
Compliant	<ul style="list-style-type: none"> Classification given to companies that act in accordance with the UNGC principles and their associated standards, conventions, and treaties.

As of each rebalancing reference date,* **companies classified as Non-Compliant, according to Sustainalytics, are ineligible for index inclusion.** S&P Dow Jones Indices: S&P/ASX Sustainability Screened Dividend Opportunities Index Methodology. Companies without Sustainalytics coverage are ineligible for index inclusion until receiving such coverage.

Controversies: Media and Stakeholder Analysis Overlay

In addition to the above, S&P Global uses RepRisk for daily filtering, screening, and analysis of ESG risk incidents and controversial activities related to companies within the indices.

In cases where risks are presented, S&P Global releases a Media and Stakeholder Analysis (MSA) which includes a range of issues such as economic crime and corruption, fraud, illegal commercial practices, human rights issues, labor disputes, workplace safety, catastrophic accidents, and environmental disasters.

The Index Committee reviews constituents flagged by S&P Global's MSA to evaluate the potential impact of controversial company activities on the composition of the indices. **In the event that the Index Committee decides to remove a company in question, that company is ineligible for re-entry into the index for one full calendar year, beginning with the subsequent rebalancing.**

For more information on RepRisk, please refer to www.reprisk.com. This service is not considered a direct contribution to the index construction process.

*The index rebalances semi-annually, effective after the close of trading on the last business day of January and July. The rebalancing reference date is the last business day of December and June. Since index shares are assigned based on the price reference date of seven business days prior to the rebalancing, the actual weight of each stock at the rebalancing will differ from the target weights due to market movements.

Source: BlackRock and S&P Dow Jones Indices

1: Exclusions Based on Business Activities: Sustainability Screens with Controversial Weapons and Thermal Coal Sustainalytics Product Involvement also involve S&P DJI Significant Ownership Thresholds. For details please see the Index Methodology: [Table of Contents \(spglobal.com\)](#)

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Limitations to ESG investing: There may be instances where funds hold securities that are issued by entities that are involved in, or derive revenue from, activities that may be considered controversial, sensitive, or to have an adverse ESG impact. Reasons for this include, for example, screens are dependent on sector involvement, and subject to revenue thresholds, and issuers may not be screened out if insufficient data is available in relation to them. Please refer to the fund's the latest product disclosure statement (**PDS**) for further details regarding limitations to ESG investing.

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