

# ESG Overview

## iShares Future Tech Innovators ETF (ITEK)

### How ITEK works

ITEK is designed to allocate across six iShares thematic ETFs equally, providing investors exposure to technological innovation around the world in a well-diversified manner. These themes include: iShares Automation & Robotics UCITS ETF, iShares Healthcare Innovation UCITS ETF, iShares Digitalisation UCITS ETF, iShares Electric Vehicles & Driving Technology UCITS ETF, iShares Smart City Infrastructure UCITS ETF, iShares Global Clean Energy ETF.

### ITEK Underlying ESG Screens

Sustainalytics Product Involvement	Automation & Robotics, Digitalisation, Breakthrough Healthcare, Electric Vehicles, Smart City	Clean Energy
Global Standard Non-Compliance	<ul style="list-style-type: none"> <li>Exclude companies that are non-compliant based on the Sustainalytics Global Standards Screening assessment.               <ul style="list-style-type: none"> <li>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 UN Global Compact ("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.</li> </ul> </li> </ul>	
Controversial Weapons	<p>Exclude the companies that Sustainalytics identifies to be involved with controversial weapons.</p> <ul style="list-style-type: none"> <li><b>Tailor Made and Essential:</b> 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</li> <li><b>Non-Tailor Made or Non-Essential:</b> 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.</li> </ul>	
Tobacco	<ul style="list-style-type: none"> <li>More than 0% revenues from manufacturing tobacco products</li> <li>More than 0% revenues from supplying tobacco-related products/services</li> <li>More than 0% revenue from the distribution and/or retail sale of tobacco products.</li> </ul>	<ul style="list-style-type: none"> <li>More than 0% revenues from manufacturing tobacco products</li> <li>5% or more revenue from supplying tobacco-related products/services</li> <li>5% of more revenue from the distribution and/or retail sale of tobacco products.</li> </ul>

Sustainalytics Product Involvement	Automation & Robotics, Digitalisation, Breakthrough Healthcare, Electric Vehicles Smart City	Clean Energy
Nuclear Power	<ul style="list-style-type: none"> <li>• 25% or more revenues from nuclear power production:               <ul style="list-style-type: none"> <li>• Utilities that own/operate nuclear power generators Note: in this category Sustainalytics tracks the percentage of a company’s generating capacity that is based on nuclear power</li> </ul> </li> <li>• 25% or more revenues from products / services supporting nuclear power, including:               <ul style="list-style-type: none"> <li>• Design and construction of nuclear power plants</li> <li>• Design and manufacture of specialized parts for use in nuclear power plants, including steam generators, control rod drive mechanisms, reactor vessels, cooling systems, containment structures, fuel assemblies, and digital instrumentation and control</li> <li>• Special services, such as the transport of nuclear power materials, and nuclear plant maintenance;</li> <li>• Uranium mining and exploration, including companies that mine uranium and convert, enrich, and fabricate</li> </ul> </li> <li>• 25% or more revenues from nuclear power distribution, including:               <ul style="list-style-type: none"> <li>• The resale or distribution of electricity generated from nuclear power;</li> <li>• This applies to distributors, resellers and utilities that distribute nuclear power as a part of their energy mix Note: In this category Sustainalytics tracks the percentage of a company’s energy mix that is generated from nuclear power</li> </ul> </li> </ul>	Not Applicable
Conventional Oil & Gas	<ul style="list-style-type: none"> <li>• More than 0% revenue from oil and gas exploration, production, refining, transportation and/or storage This category evaluates oil and gas related activities’ share of total company’s revenue. Assessments are made for producers, refiners, transporters, and companies engaged in storage (proxy: revenues).</li> <li>• 10% or more significant ownership of a company that is involved in exploration, production, refining, transportation and storage of oil and/or gas</li> <li>• 25% or more revenue from providing tailor-made products and services that support oil and gas exploration, production, refining, transportation and storage (proxy: revenues)</li> <li>• 25% or more revenue from generating electricity from oil and/or gas (proxy: generating capacity)</li> </ul>	Not applicable
Thermal Coal	<ul style="list-style-type: none"> <li>• More than 0% revenue from thermal coal extraction (including thermal coal mining and exploration)</li> <li>• More than 0% power generation capacity: coal-fired electricity, heat or steam generation capacity / thermal coal electricity production (including utilities that own/operates coal-fired power plants)</li> </ul>	<ul style="list-style-type: none"> <li>• 5% or more revenue from thermal coal extraction</li> <li>• 25% or more revenue from power generation capacity</li> </ul>

Sustainalytics Product Involvement	Automation & Robotics, Digitalisation, Breakthrough Healthcare, Electric Vehicles Smart City	Clean Energy
Arctic oil & gas	<ul style="list-style-type: none"> <li>• More than 0% revenues from Oil &amp; Gas exploration &amp; extraction in Arctic regions</li> <li>• 10% or more significant ownership of a company that is involved in Oil &amp; Gas exploration &amp; extraction in Arctic regions</li> </ul>	<ul style="list-style-type: none"> <li>• 5% or more revenues Oil &amp; Gas exploration &amp; extraction in Arctic regions</li> </ul>
Oil Sands	<ul style="list-style-type: none"> <li>• More than 0% revenues from extracting oil sands. This category evaluates oil sands' share of total oil and gas average production in barrels of oil equivalent per day</li> </ul>	<ul style="list-style-type: none"> <li>• 5% or more revenue from extracting oil sands</li> </ul>
Shale energy	<ul style="list-style-type: none"> <li>• More than 0% revenue from shale energy exploration and/or production</li> <li>• 10% or more significant ownership of a company that is involved in shale energy exploration and/or production</li> </ul>	<ul style="list-style-type: none"> <li>• 5% or more revenue from shale energy exploration and/or production</li> </ul>
Military contracting	<ul style="list-style-type: none"> <li>• 10% or more of aggregated revenue from manufacturing military weapon systems and/or integral, tailor-made components of these weapons.</li> <li>• 10% or more of aggregated revenues from tailor made products and/or services that support military weapons</li> </ul>	<ul style="list-style-type: none"> <li>• 5% or more of aggregated revenue from manufacturing military weapon systems and/or integral, tailor-made components of these weapons.</li> <li>• 10% or more of aggregated revenue from tailor made products and/or services that support military weapons</li> </ul>
Small arms	<ul style="list-style-type: none"> <li>• 0% or more revenue from manufacturing and selling assault weapons to civilian customers</li> <li>• More than 0% revenues from manufacturing and selling small arms (non-assault weapons) to civilian customers</li> <li>• 10% or more revenue from manufacturing and selling small arms to military / law enforcement customers</li> <li>• 5% or more revenue from manufacturing and selling key components of small arms</li> <li>• 5% or more revenue from retail and/or distribution of assault weapons</li> <li>• 5% or more revenue from retail and/or distribution of small arms (non-assault weapons)</li> </ul>	<ul style="list-style-type: none"> <li>• More than 0% revenues from:               <ul style="list-style-type: none"> <li>• Manufacturing and selling assault weapons to civilian customers</li> <li>• Manufacturing and selling small arms to military / law enforcement customers</li> <li>• Manufacturing and selling key components of small arms</li> <li>• Retail and/or distribution of assault weapons</li> <li>• Retail and/or distribution of small arms (non-assault weapons)</li> <li>• Manufacturing and selling small arms (non-assault weapons) to civilian customers</li> </ul> </li> </ul>

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Controversies rating/ Media overlay	<ul style="list-style-type: none"> <li>STOXX will exclude companies that Sustainalytics identifies to have a Controversy Rating of Category 5 (Severe).               <ul style="list-style-type: none"> <li>Sustainalytics assesses companies' involvement in incidents with negative environmental, social and governance (ESG) implications. Controversy involvement is one key measure of ESG performance. A controversy is defined as an event or aggregation of events relating to an ESG topic.</li> <li>An event is assessed on its severity on a scale of 1 to 5 (1- Low, 2- Moderate, 3- Significant, 4- High, 5- Severe). The highest Event rating under a controversy indicator, automatically becomes the Controversy Rating for a given company.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>S&amp;P Global uses RepRisk, a leading provider of business intelligence on ESG risks, for daily filtering, screening and analysis of controversies related to companies within the index.</li> <li>S&amp;P Global releases a Media and Stakeholder Analysis (MSA)</li> <li>The Index Committee will review constituents that have been flagged by S&amp;P Global's MSA to evaluate the potential impact of controversial company activities on the composition of the indices.</li> <li>If the Index Committee decides to remove a company in question, that company would not be eligible for re-entry into the indices for one full calendar year.</li> </ul>
ESG Risk Rating	<ul style="list-style-type: none"> <li>Exclude companies that Sustainalytics identifies to have a "Severe" ESG Risk Rating.               <ul style="list-style-type: none"> <li>The ESG Risk Rating evaluates the degree of a company's unmanaged material ESG risk by assessing a company's exposure to, and management of, the ESG issues that are considered most material for that company from a financial perspective. Sustainalytics assess and categorizes companies into five risk categories (Negligible, Low, Medium, High, Severe).</li> <li>Note: in addition to the above, the index will exclude companies with a "High" ESG Risk Rating, that also has a Controversy Rating of Category 2 or higher (i.e. Moderate, Significant or High).</li> </ul> </li> </ul>	Not applicable
Carbon intensity Score	Not applicable	<ul style="list-style-type: none"> <li>Exclude companies with a high (above 3) Trucost carbon-to-revenue footprint standard score</li> </ul>

These screens and index construction methodology are detailed in more detail in the index methodology document [Global Clean Energy](https://www.spglobal.com/spdji/en/documents/methodologies/methodology-sp-thematic-indices.pdf) <https://www.spglobal.com/spdji/en/documents/methodologies/methodology-sp-thematic-indices.pdf>

Other exposure tracking Stoxx indices: [https://www.stoxx.com/document/Indices/Common/Indexguide/stoxx\\_index\\_guide.pdf](https://www.stoxx.com/document/Indices/Common/Indexguide/stoxx_index_guide.pdf)

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

## Want to know more?

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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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