



XCSR

iShares ESG Advanced MSCI Canada Index ETF

XUSR

iShares ESG Advanced MSCI USA Index ETF

XDSR

iShares ESG Advanced MSCI EAFE Index ETF

XCBG

iShares ESG Advanced Canadian Corporate Bond Index ETF

XSHG

iShares ESG Advanced 1-5 Year Canadian Corporate Bond Index ETF

Key benefits:

- Potential for better long-term investment outcomes
- Extensive screening allows for ESG risk mitigation
- Quality products at low cost

Advanced integration of sustainability-related insights

The iShares ESG Advanced ETFs (“ESG Advanced ETFs”) are designed for investors with high conviction in sustainable investing. The funds prioritize access to higher-rated ESG companies while extensively screening out controversial industries that may pose elevated ESG risks.

Key Facts

ETF Ticker	Management Fee	Number of underlying holdings	Inception Date	Index Name
XCSR	0.15%	150	15-Apr-20	MSCI Canada IMI Choice ESG Screened 10% Issuer Capped Index
XUSR	0.20%	320	15-Apr-20	MSCI USA Choice ESG Screened Index
XDSR	0.25%	533	15-Apr-20	MSCI EAFE Choice ESG Screened Index
XCBG	0.15%	430*	6-Aug-21	Bloomberg Barclays MSCI Canada Corporate Choice ESG Screened 10% Issuer Capped Index
XSHG	0.15%	203*	6-Aug-21	Bloomberg Barclays MSCI 1-5 year Canada Corporate Choice ESG Screened 10% Issuer Capped Index

Source: BlackRock; Data as of June 30, 2021. *The figures represent the number of Index constituents.

1.

Potential for better long-term investment outcomes

The ESG Advanced suite considers environmental, social, and governance (ESG) related risks, both by selecting higher-rated ESG companies (with MSCI ESG Rating of “BBB” or above) and by screening out controversial businesses.

We think a transformative shift is taking place in financial markets as investors grow increasingly wary about allocating capital to companies that fail to demonstrate a commitment to sustainability. Our view is that material ESG risks have not been fully priced into asset values by the market. By integrating ESG considerations into investment decision-making processes, investors are better able to assess a company’s long-term risk and enhance their portfolio’s long-term returns.

iShares ESG Advanced ETFs

2. Extensive screening allows for ESG risk mitigation

The ESG Advanced suite applies extensive ESG screens to exclude controversial industries with elevated ESG risks and to exclude companies that are involved in severe ESG controversies.

- Controversies:** the funds exclude companies that are involved in very serious ESG controversies. The controversy evaluation framework is designed to be consistent with international norms represented by the United Nations (“UN”) Declaration of Human Rights, the International Labor Organization (“ILO”) Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact.
- Fossil fuels:** the funds incorporate strong screening to fossil fuels-related companies by excluding all businesses with an industry tie to fossil fuels (thermal coal, oil and gas). An exception is provided within the equity funds to companies with over 50% revenue from renewable energy and alternative fuels.
- Business involvement:** the funds exclude an additional 13 industries that are potentially subject to elevated ESG risks and headline risks. These industries include Adult Entertainment, Alcohol, Civilian Firearms, Controversial Weapons, Conventional Weapons, For-Profit Prisons, Gambling, Genetically Modified Organisms (GMO), Nuclear Power, Nuclear Weapons, Palm Oil, Predatory Lending and Tobacco.

As illustrated below, the resulting ESG Advanced portfolios have significantly higher ESG scores, larger portfolio weights to ESG Leaders, lower carbon intensities, and fewer controversies compared with the broad market portfolios.

ESG Characteristics

Asset Class	Category	Fund name & ticker	ESG Overall Quality Score	% of ESG Leaders	Weighted Avg Carbon Intensity	Very Severe Controversy (%)
Canadian Equity	ESG Advanced	iShares ESG Advanced MSCI Canada Index ETF (XCSR)	9.6	45.5	114.4	0.0
	Broad Market	iShares Core S&P/TSX Capped Composite Index ETF (XIC)	8.3	36.5	314.5	1.6
U.S. Equity	ESG Advanced	iShares ESG Advanced MSCI USA Index ETF (XUSR)	8.2	37.9	78.5	0.0
	Broad Market	iShares Core S&P 500 Index ETF (XUS)	5.8	25.3	134.9	1.6
International Developed Equity	ESG Advanced	iShares ESG Advanced MSCI EAFE Index ETF (XDSR)	8.7	60.0	71.3	0.0
	Broad Market	iShares Core MSCI EAFE IMI Index ETF (XEF)	7.5	45.1	129.7	2.0
Canadian Fixed Income	ESG Advanced	iShares ESG Advanced Canadian Corporate Bond Index ETF (XCBG)	7.2	49.7	14.4	0.0
	Broad Market	iShares Core Canadian Corporate Bond Index ETF (XCB)	6.5	32.1	205.1	0.1
	ESG Advanced	iShares ESG Advanced 1-5 Year Canadian Corporate Bond Index ETF (XSHG)	7.2	50.6	10.4	0.0
	Broad Market	iShares Core Canadian Short Term Corporate Bond Index ETF (XSH)	6.6	36.2	124.3	2.4

Source: BlackRock, MSCI; Based on holdings data as of June 30, 2021. For more information about the ESG characteristics shown in this table, please refer to the Definitions section on page 4.

iShares ESG Advanced ETFs

3. Quality products at low cost

The iShares ESG Advanced ETFs take into consideration multiple aspects of ESG risks and opportunities, and integrate a deep and rich data set from MSCI ESG Research, a leading ESG rating company. The ESG Advanced ETFs consider ESG quality ratings, controversies, and material business involvements.

At the same time, these ETFs are offered at very low management fees, ranging from 0.15% - 0.25%. This lowers the hurdle for those who want to act, and ensures accessibility to these important investment strategies.

Index Methodology

	MSCI Canada IMI Choice ESG Screened 10% Issuer Capped Index	MSCI USA Choice ESG Screened Index MSCI EAFE Choice ESG Screened Index	Bloomberg Barclays MSCI 1-5 year Canada Corporate Choice ESG Screened 10% Issuer Capped Index Bloomberg Barclays MSCI Canada Corporate Choice ESG Screened 10% Issuer Capped Index
1. Screening			
ESG Ratings	ESG Rating >= BBB		
Controversies	Exclude companies with a Controversy Score of 0 (i.e. Very Severe Controversy)	Exclude companies with a Controversy Score less than 3	Exclude companies with a Controversy Score of 0 (i.e. Very Severe Controversy)
Fossil Fuels	Exclude all businesses with an industry tie to fossil fuels (thermal coal, oil, gas and the entire Energy sector) An exception is provided to companies with over 50% revenue from renewable energy and alternative fuels.		Exclude all businesses with an industry tie to fossil fuels (thermal coal, oil, gas and the entire Energy sector)
Other screens	Exclude companies with material business involvement in: Adult Entertainment, Alcohol, Civilian Firearms, Controversial Weapons, Conventional Weapons, For Profit Prisons, Gambling, Genetically Modified Organisms (GMO), Nuclear Power, Nuclear Weapons, Palm Oil, Predatory Lending, Tobacco		
	Exclude Cannabis	-	Exclude Cannabis
2. Weighting			
	Market cap weighted, with 10% issuer cap	Market cap weighted	Market cap weighted, with 10% issuer cap
3. Rebalancing			
	Quarterly		Monthly

Source: MSCI. The above is a summary only. For more information regarding the methodology of the relevant indexes, please refer to <http://www.msci.com>

iShares ESG Advanced ETFs

Definitions

- **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.
- **MSCI ESG Controversy Score:** The score signals whether a company has a notable controversy related to the company's operations and/or products, and signals the severity of the social or environmental impact of the controversy. The score is on a 0-10 scale, with 0 meaning having the most severe controversy and 10 meaning having no notable controversy.
- **MSCI ESG Quality Score:** The score is calculated as the weighted average of the underlying holdings' ESG Scores. It is provided on a 0-10 scale, with 0 and 10 being the respective lowest and highest possible fund scores. 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 ESG Quality Score Range			Description
Min.	Max		
7.0	10.0	→	Very High
6.0	6.9	→	High
5.0	5.9	→	Average
4.0	4.9	→	Low
0.0	3.9	→	Very Low

- **Very Severe Controversy (%):** represents the percentage of a portfolio's market value coming from holdings involved in very severe controversial events (i.e. an MSCI ESG Controversy Score of 0). 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.
- **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.

RBC iShares ETFs are comprised of RBC ETFs managed by RBC Global Asset Management Inc. and iShares ETFs managed by BlackRock Asset Management Canada Limited ("BlackRock Canada"). Commissions, trailing commissions, management fees and expenses all may be associated with investing in exchange-traded funds (ETFs). Please read the relevant prospectus before investing. ETFs are not guaranteed, their values change frequently and past performance may not be repeated. Tax, investment and all other decisions should be made, as appropriate, only with guidance from a qualified professional.

MSCI and EAFE are trademarks of MSCI, Inc. ("MSCI"). XCSR, XUSR and XDSR are permitted to use the MSCI mark and, as applicable, the EAFE mark pursuant to a license agreement between MSCI and BlackRock Institutional Trust Company, N.A., relating to, among other things, the license granted to BlackRock Institutional Trust Company, N.A. to use the indices. BlackRock Institutional Trust Company, N.A. has sublicensed the use of these trademarks to BlackRock Asset Management Canada Limited. XCSR, XUSR and XDSR are not sponsored, endorsed, sold or promoted by MSCI and MSCI makes no representation, condition or warranty regarding the advisability of investing in XCSR, XUSR and XDSR.

XSAB, XSTB, XSHG and XCBG are not sponsored, endorsed or promoted by MSCI ESG Research, Bloomberg or Barclays, and MSCI ESG Research, Bloomberg and Barclays bear no liability with respect to any such funds or securities or any index on which such funds or securities are based. The Prospectus contains a more detailed description of the limited relationship MSCI ESG Research, Bloomberg, and Barclays have with BlackRock and any related funds.

®/™ Trademark(s) of Royal Bank of Canada. Used under licence. iSHARES is a registered trademark of BlackRock, Inc., or its subsidiaries in the United States and elsewhere. Used under licence.
© 2021 BlackRock Asset Management Canada Limited and RBC Global Asset Management Inc. All rights reserved.