A. Summary

The Fund promotes environmental or social characteristics, but does not have as its objective sustainable investment.

The Fund seeks to (i) apply the exclusionary screens described below; and (ii) limit the greenhouse gas emissions intensity of the portfolio.

The Investment Adviser will exclude direct investment in corporate issuers which, in the opinion of the Investment Adviser, have exposure to, or ties with, certain sectors. The Investment Adviser intends the Fund to have a carbon emissions intensity score that is 5% lower than the Index. The binding elements of the investment strategy are as follows: 1. Maintain the Fund's carbon emissions intensity as 5% lower than that of the Fund's Index. 2. Application of the exclusionary screens.

A minimum of 80% of the Fund's total assets will be invested in investments that are aligned with the environmental and/or social characteristics (#1 Aligned with E/S characteristics). The Fund may invest up to 20% of its total assets in other investments (#2 Other investments).

BlackRock has developed a highly automated compliance process to help ensure that the Fund is managed in accordance with its stated investment guidelines and applicable regulatory requirements. This includes monitoring of the environmental or social characteristics of the Fund in accordance with the relevant methodology. BlackRock uses a number of methodologies to measure how the social or environmental characteristics promoted by the Fund are met.

BlackRock has access to research, data, tools, and analytics to integrate ESG insights into their investment process. ESG datasets are sourced from external third-party data providers, including but not limited to MSCI, Sustainalytics, Refinitiv, S&P and Clarity AI. BlackRock applies a comprehensive due diligence process to evaluate provider offerings with highly targeted methodology reviews and coverage assessments based on the sustainable investment strategy of the product. Data, including ESG data, received through our existing interfaces, and then processed through a series of quality control and completeness checks which seeks to ensure that data is high-quality data before being made available for use downstream within BlackRock systems and applications, such as Aladdin.

BlackRock strives to capture as much reported data from companies via 3rd party data providers as practicable, however, industry standards around disclosure frameworks are still evolving, particularly with respect to forward looking indicators. As a result, in certain cases we rely on estimated or proxy measures from data providers to cover our broad investible universe of issuers.

BlackRock applies a high standard of due diligence in the selection and ongoing monitoring of investments made by the Fund for the purpose of compliance with the investment, liquidity and risk guidelines of the Fund, as well as the sustainability risk and ESG criteria and general performance.

The Fund does not use engagement as a binding means of achieving its environmental or social characteristics or sustainable investment objective.

There is no specific index designated as a reference benchmark to determine whether this Fund is aligned with the environmental and/or social characteristics that it promotes.

B. No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

C. Environmental or social characteristics of the financial product

The Fund aims to promote environmental characteristics related to reduction of environmental pollution by excluding direct investment in companies that are involved in thermal coal and tar and sands extraction, as well as thermal coal-based power generation, through application of exclusionary screens.

The Fund aims to promote social characteristics related to: (a) reduction of the availability of weapons by excluding direct investment in issuers involved in the production of controversial weapons, nuclear warheads and nuclear missiles, and/or essential components for exclusive use in nuclear weapons, issuers that have ties to automatic/semi-automatic firearms or ammunition production intended for civilian use, or those that derive revenue from the production or distribution of firearms and/or small arms ammunition intended for civilian use, (b) better health and wellbeing by excluding direct investment in issuers involved in production of tobacco; and (c) support for human rights, labour standards, the environment and anticorruption by excluding direct investment in issuers deemed to have failed to comply with the 10 UN Global Compact Principles, through application of exclusionary screens. The definition of "involved" in relation to each activity may be based on generating or deriving a revenue from the activity that exceeds a percentage of revenue or a defined total revenue threshold, or any exposure to the activity regardless of the amount of revenue received. Further detail on the exclusions applied to promote environmental and/or social characteristics is included in the response to the question "What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?" below.

Greenhouse gas emissions are categorised into three groups or 'scopes' by the most widely-used international accounting tool, the Greenhouse Gas (GHG) Protocol. Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting issuer. Scope 3 includes all other indirect emissions that occur in an issuer's value chain. The Fund seeks to have a lower greenhouse gas emissions intensity of the portfolio relative to the Index, which is the estimated greenhouse gas (Scope 1 and Scope 2) emissions per $1 million of sales revenue across the Fund's holdings.

The Fund does not use a reference benchmark for the purposes of attaining the ESG characteristics that it promotes, however, MSCI USA Index (the "Index") is used to compare certain ESG characteristics promoted by the Fund.

D. Investment strategy

The Investment Adviser will exclude direct investment in corporate issuers which, in the opinion of the Investment Adviser, have exposure to, or ties with, certain sectors, (in some cases subject to specific revenue thresholds), namely:

(i) Issuers which are engaged in, or are otherwise exposed to, the production of controversial weapons (including, but not limited to, cluster munitions, biological chemical, landmines, depleted uranium, blinding laser, nondetectable fragments and/or incendiary weapons).

(ii) Issuers deriving more than 5% of their revenue from thermal coal extraction and/or thermal coal-based power generation.

(iii) Issuers deriving more than 5% of their revenue from the production and generation of tar sands (also known as oil sands).

(iv) Issuers deriving any revenue from direct involvement in the production of nuclear warheads and nuclear missiles, or essential components for exclusive use in nuclear weapons.

(v) Issuers which produce tobacco products.

(vi) Issuers that have any ties to automatic/semi-automatic firearms or ammunition production intended for civilian use.

(vii) Issuers that derive more than 5% of their revenue from the production of firearms intended for civilian use.

(viii) Issuers that derive more than 5% of their revenue from distribution of firearms intended for civilian use.

(ix) Issuers which have been deemed to have failed to comply with UN Global Compact Principles (which cover human rights, labour standards, the environment and anticorruption).

To undertake this analysis, the Investment Adviser may use data provided by external ESG Providers, proprietary models and local intelligence and may undertake site visits. The Investment Adviser may also consider additional factors relating to good governance in its assessment of the sustainability related characteristics of underlying issuers depending on the particular ESG strategy applicable to the Fund.

The Investment Adviser intends the Fund to have a carbon emissions intensity score that is 5% lower than the Index.

The binding elements of the investment strategy are as follows:

1. Maintain the Fund's carbon emissions intensity as 5% lower than that of the Fund's Index.
2. Application of the exclusionary screens described above.

BlackRock assesses good governance practices of the investee companies by combining proprietary insights with data from external ESG research providers. BlackRock uses data from external ESG research providers to identify issuers which may not have satisfactory governance practices in relation to key performance indicators (KPIs) related to sound management structure, employee relations, remuneration of staff and tax compliance.

Issuers that do not satisfy BlackRock's assessment of good governance are excluded from the investment universe.



E. Proportion of investments

A minimum of 80% of the Fund's total assets will be invested in investments that are aligned with the environmental and/or social characteristics described above (#1 Aligned with E/S characteristics). The Fund may invest up to 20% of its total assets in other investments (#2 Other investments).



F. Monitoring of environmental or social characteristics

BlackRock operates a compliance framework to ensure the Fund adheres to its investment guidelines, regulatory requirements, and stated binding commitments relating to its environmental or social characteristics or sustainable objectives.

BlackRock assesses the funds against the sustainable indicators on an ongoing and periodic basis. Portfolio Managers are primarily responsible for compliance with the Fund's investment guidelines, regulatory requirements and any binding environmental, social or sustainable investment commitments, supported by internal systems including pre- and post-trade controls, and ongoing oversight. Trades are reviewed prior to execution and are monitored post-trade, with any breaches identified, escalated, recorded, and remediated through established compliance processes. Where the Fund holds issuers that no longer meet the relevant ESG criteria or binding commitments, by reference to the relevant sustainability indicators, third party data or proprietary methodologies, appropriate action will be taken, which may include divestment within a reasonable timeframe in accordance with the Fund's investment policy.

ESG characteristics that cannot be systematically monitored are subject to periodic review and where deviation against the Fund's investment guidelines, regulatory requirements or binding commitments is identified, appropriate action will be taken within a reasonable timeframe. Where investment management is delegated, third-party managers are responsible for compliance under agreed terms, with BlackRock conducting ongoing monitoring of fund holdings, performing independent checks, and undertaking periodic due diligence. The performance of the Fund against the sustainable indicators is reported on an annual basis in periodic disclosures.

The Investment Manager reports on and monitors the sustainable indicators used to measure the attainment of each of the environmental or social characteristics promoted by the Fund as outlined in Section C.



G. Methodologies

BlackRock has adopted the following methodologies in respect of this Fund:

1. The Fund applies a set of exclusionary screens. Further details on the methodology of the exclusionary screens are set out in 'Section D – Investment strategy' above.
2. The Fund measures the greenhouse gas emissions intensity of the portfolio. Further details on the methodology for calculating greenhouse gas emissions intensity are set out in 'Section C – Environmental or social characteristics of the financial product' above.



H. Data sources and processing

BlackRock portfolio managers have access to research, data, tools and analytics, including third-party data and inputs from providers such as MSCI, Sustainalytics, Refinitiv and S&P. These datasets may include business involvement metrics, Science Based Targets initiative information, norm violations, controversies, ESG ratings and carbon-emissions data, and may be incorporated into BlackRock's investment and monitoring systems, including Aladdin. These tools support research, portfolio construction and modelling, monitoring and reporting. Depending on the fund's investment approach, proprietary methodologies may draw on multiple data sources; for index-tracking funds, the relevant ESG characteristics and commitments are implemented by reference to the benchmark index methodology, including the data sources and indicators selected by the index provider.

BlackRock reviews third-party data providers and, where relevant, index providers, including their data, metrics and methodologies, to assess whether they are robust, transparent and suitable for the needs of investment teams and the relevant fund. Data received for use in BlackRock systems, such as Aladdin, is subject to quality-control and completeness checks. BlackRock makes data across a range of environmental, social and governance measures available to investment, risk and other oversight teams. For index-tracking funds, the benchmark index is constructed by the index provider in accordance with its methodology, and BlackRock relies on the provider's methodology, data sources and constituent-selection process in seeking to track that index.

BlackRock seeks to obtain as much reported company data as practicable, directly or through third-party providers. However, providers, including index providers, may use different data sources, methodologies and estimation techniques, so data availability, coverage and the proportion of estimated data may vary by measure, provider and underlying investment. Where data is unavailable or coverage is limited, proxy data or alternative sources may be used. As part of its due diligence, BlackRock seeks to understand the use of estimates in provider methodologies, engages with data and index providers on methodology developments where appropriate, and continues to enhance the data available to its teams. For index-tracking funds, the fund follows the benchmark index methodology and therefore relies on the index provider's choices regarding data sources, estimates and proxies.



I. Limitations to methodologies and data

BlackRock leverages third-party data in the implementation and monitoring of funds investment strategies, including in its proprietary methodologies. ESG data and methodologies can include assumptions, estimations, forecasts and opinions which differ from provider to provider, and which may be impacted by market events or changing information over time. Whilst each ESG metric may come with its own individual limitations, data limitations may include:

- Evolving and differing reporting and disclosure standards based on issuer, asset class, geography or sector leading to different levels of data availability across issuers and fund holdings. Certain asset classes or issuer types may have lower levels of coverage by third party providers.
- Data coverage from third party providers may be subject to a lag in certain circumstances such as Initial public offerings, corporate actions or corporate restructures.
- Differing and inconsistent methodologies including regarding the use of reported and estimated ESG data across different data providers
- Differing views, assumptions or assessments of issuer, their revenue streams, or structures or use of differing subjective and objective criteria between data providers.
- Certain annual or semi-annual reporting by issuers is often done on a lag, and updated by providers on different timescales meaning that metrics may not reflect the most recent actions taken or may be stale.
- Forward looking data, such as climate related targets may vary significantly from historic and current point in time metrics. Carbon emissions data may differ based on the scope of emissions included, the quality of issuer disclosures and the methodologies used by third-party data providers. In particular, Scope 3 emissions data can be incomplete, estimated, inconsistent or subject to later revision, and may involve double counting where emissions are reflected across multiple companies in a supply chain.

Such limitations are common across the industry and providers, and where necessary are disclosed in fund documentation. BlackRock has put in place robust governance, clear disclosure and takes reasonable steps to review and oversee the ESG data and third party providers, including initial and ongoing due diligence of those data providers. BlackRock seeks to ensure that investment managers have access to a range of data sources, in line with evolving disclosure standards, regulatory frameworks and industry practice evolve and continues to engage with third party data providers on their approach to improving data quality. There may be some circumstances where data is unavailable, incomplete, or inaccurate, in which case efforts may be undertaken to conduct additional analysis, or to leverage alternative sources of data.



J. Due diligence

BlackRock's Investment Managers leverage sustainability-related data, research and analytical tools to support them in their investment decision making and associated due diligence, including information on sustainability risks and Principal adverse impacts where available. Investment Managers are also subject to robust investment oversight processes and second line controls to ensure the Fund complies with its investment objective and policy, investment restrictions and sustainability-related commitments, including systematic controls, monitoring and due diligence exercises.

Portfolio managers are supported by investment and risk management systems that include pre-trade and post-trade controls designed to monitor the attainment of the Fund's environmental and social characteristics, sustainable investment commitments (where applicable) and other investment restrictions.

BlackRock's Investment Oversight, Risk and Compliance functions provide independent oversight of these processes. These teams monitor compliance with applicable sustainability-related requirements, conduct regular reviews and challenge investment decisions where necessary supported by appropriate policies and procedures.

While the availability and coverage of sustainability data continue to develop across markets, asset classes and sectors, BlackRock performs due diligence on the data and methodologies used and continues to enhance the quality and availability of sustainability information.

Further information on how sustainability risks and principal adverse impacts are considered in the Fund's investment process is available in the Fund's prospectus.

For funds that track an index, BlackRock will track the performance of the Benchmark Index which incorporates certain ESG criteria in the selection of constituents according to the index methodology. Investment managers leverage internal tools and data to manage the fund according to that index. BlackRock undertakes due diligence on index providers on an ongoing basis and reviews index composition on each rebalance.

K. Engagement policies

The Fund does not use engagement as a binding means of achieving its environmental or social characteristics or sustainable investment objective.

Where relevant, portfolio managers may engage with companies as part of their investment analysis and ongoing monitoring. These discussions may cover topics such as governance, sustainability-related risks and opportunities, business strategy and long-term value creation.

Separately, BlackRock, via its BlackRock Active Investment Stewardship and portfolio managers for Active funds or via the BlackRock Investment Stewardship team for Index funds undertakes investment stewardship activities on behalf of clients, including engagement with companies and, where applicable, the exercise of voting rights. These activities seek to protect and enhance long-term shareholder value and may inform BlackRock's understanding of sustainability-related risks and opportunities.

Further information about BlackRock's stewardship approach, engagement activities and proxy voting policies is available on the https://www.blackrock.com/corporate/insights/investment-stewardship.

L. Designated reference benchmark

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No. Please note that the MSCI USA Index (the "Index") is used to compare certain ESG characteristics promoted by the Fund.

Where can more product-specific information be found?

More product-specific information can be found in the periodic reports:

Please refer to the website page for the Fund, which can be found by typing the name of the Fund into the search bar on the BlackRock website: www.blackrock.com