

FOR PROFESSIONAL INVESTORS ONLY

Incorporating Sustainability Insights






Our sustainable ACS offering for UK Investors

Capital at risk. The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested.

BlackRock

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BlackRock has a broad range of sustainable index strategies for UK investors

Screened Indices		ESG and Climate Indices		In-Portfolio ESG + Climate
ESG Screened	ESG + Climate	ESG + Factors	Climate Focus	Proprietary ESG + Climate ¹
<p>Eliminate exposures to companies or activities that pose certain risks or which violate investors' values</p>	<p>Maximise third-party ESG score and reduce emissions intensity, subject to a tracking error target</p>	<p>Gain exposure to target style factors while improving ESG profile and reducing carbon exposure</p>	<p>Minimise carbon exposure and exclude companies with exposure to Fossil Fuels, subject to a tracking error target</p>	<p>Maximise BlackRock proprietary BSI Intel Score and reduce emissions intensity, subject to a tracking error target</p>
<div></div> <ul style="list-style-type: none">Core replacement with screensBusiness involvement screens + controversy screenLower tracking error²Index maintains >90% of traditional parent universe namesDesigned for investors looking to screen out controversial business areas while maintaining a profile similar to traditional broad-market benchmarks <p>Example exposures:</p> <div><p><u>World:</u></p><ul style="list-style-type: none">ACS World ESG Screened Equity TrackerACS World Small Cap ESG Screened Equity Tracker<p><u>Regional:</u></p><ul style="list-style-type: none">ACS US Equity TrackerACS UK Equity TrackerACS Continental Europe Equity TrackerACS World ex UK Equity TrackerACS Japan Equity Tracker</div>	<div></div> <ul style="list-style-type: none">Core replacement with MSCI ESG tilt & carbon reduction + screensBusiness involvement + controversy screeningTarget tracking error^{2,3} budget at 50bps for Developed Markets50% carbon intensity⁴ reduction targetDesigned for investors building core & sustainable portfolios with controlled risk <p><u>World:</u></p> <ul style="list-style-type: none">ACS World ESG Equity Tracker <p><u>Emerging Markets:</u></p> <ul style="list-style-type: none">iShares Emerging Markets Equity ESG Index Fund (UK)	<div></div> <ul style="list-style-type: none">Maximises Alpha Score: combination of Value, Quality, Size, Momentum factorsBusiness involvement + controversy screen20% improvement in MSCI ESG score50% carbon intensity⁴ reduction targetTarget tracking error^{2,3} 300bps DMDesigned for investors interested in capturing long-term factor premia whilst improving portfolio sustainability characteristics <p><u>World:</u></p> <ul style="list-style-type: none">ACS World Multifactor ESG Equity Tracker	<div></div> <ul style="list-style-type: none">Traditional exposures with highest commitment to carbon reductionAchieves on average 70% reduction in carbon intensity⁵Target tracking error^{2,3} budget at 50bps for Developed MarketsSimilar risk profile to parent universe with tight sector and country constraintsDesigned for investors building core & climate-focused portfolios with controlled risk <p><u>World:</u></p> <ul style="list-style-type: none">ACS World Low Carbon Equity Tracker	<div></div> <ul style="list-style-type: none">Gain exposure to companies that are well-positioned to maximise the opportunities and minimise the potential risks associated with ESG themes, while reducing carbon.BSI Intel framework is based on Key Performance Indicators (KPIs)⁶ from different data providersFocus on financial materiality: materiality matrix crowdsourced across BlackRock investment & research teamsTarget tracking error^{2,3} 100bps DMIn-portfolio implementation allows for trading efficiencies ; calibration of sustainability objectives, risk, transaction costs. <p><u>World:</u></p> <ul style="list-style-type: none">ACS World ESG Insights <p><u>Regional:</u></p> <ul style="list-style-type: none">ACS North America ESG InsightsACS USA ESG InsightsACS Europe ex UK ESG InsightsACS UK ESG InsightsACS Japan ESG Insights

Source: BlackRock, as at 31 December 2022.

¹ These funds are classified as 'active', with Index Equity portfolio managers implementing investment and sustainability objectives in-portfolio. ² Tracking error compared to traditional parent indices ³ Ex-ante tracking error target set within optimisation. ⁴ Carbon emissions intensities relative to the Parent Index. ⁵ Relative to MSCI World Index, on average over the year 2022. Measured as weighted average Scope 1&2 emissions intensity (Sales). ⁶ KPIs refer to the most granular level of sustainable data (Key Performance Indicators)

Partnering on your sustainable journey...

Sustainable Indexing Services

A tectonic shift of capital into sustainable funds is happening in UK investors’ portfolios. The transformation of portfolios will look different depending on an investor’s sustainable outcomes and risk return objectives, and you may have questions about implementation.

We understand each investor is at different stages of their sustainable transformation, and we are committed to partnering with you as you go through this journey.

PORTFOLIO CONSTRUCTION	INDEX INSIGHTS	PRODUCT SELECTION	TRADING IMPLEMENTATION
Implementing an investment strategy within a portfolio to reflect an investor’s views and balance for risk while improving the sustainable profile.	With more sustainable indices than standard indices now available, there are various dimensions to the benchmark selection process - and accessing information is not always easy.	An increase in the number of sustainable investment vehicles available means investors must be able to compare the cost, returns and risk profile of each.	The switch into sustainable building blocks can be costly if not executed optimally; and custodians may have different limitations in their asset transfer capabilities.
HOW CAN BLACKROCK HELP?			
Portfolio insights from the BlackRock Investment Institute (BII) and bespoke portfolio construction analysis from the BlackRock Portfolio Analysis & Solutions (BPAS) team, to help you gain greater visibility of your portfolio’s sustainable profile and blend index and active building blocks to meet your goals.	Comparisons and analysis of a range of different sustainable and non sustainable indices are available, including ESG and climate data , index construction methodologies, regional and sector differences. BlackRock is helping investors make investment decisions through indexing by providing a deeper understanding of the impact of index selection.	A detailed analysis of the key differences between products aligned to your chosen sustainable indices, including total cost of ownership and operational implications, from the Index Equity and Fixed Income Product Strategy teams.	A dedicated team of experts can help understand different trading approaches to enable you to pick the right option for you, using tools and analysis provided by a subgroup of experts in the Transition Management team.

Find out more: <https://www.blackrock.com/uk/professionals/solutions/index-investing>

Partnering on your sustainable journey...

Investment Stewardship: Looking after our clients’ assets for the long-term

Our goal is to support the long-term, durable shareholder value creation that our clients depend on to achieve their financial goals. BIS plays a central role in our approach to serving our clients’ interests. This is particularly important for our index holdings on behalf of clients, in which we are essentially permanent shareholders.

Engaging with companies as they make progress on their climate commitments

Voting against management when companies show insufficient progress

Engaging and voting against non-sustainable business practices

71

member team²

71

voting markets¹

18

languages²

25

professional certifications²

31

academic disciplines²

50+

organizational affiliations²

Leveraging the global expertise of our:

Investment analysts
Researchers

Specialists
Active investors

Voting Choice

At BlackRock, we seek to **enable clients to be more involved in the voting of index equity positions**, should they wish to do so, whenever legally and operationally viable.

Full Delegation of Voting

BlackRock votes proxies on behalf of client, according to BlackRock’s voting policy using BlackRock’s voting infrastructure.

Full Ownership of Voting

Client votes proxies according to their own policy and transmits their votes using their own voting infrastructure.

Selected Proxy Voting Policies

Client selects from a menu of third-party proxy voting policies, and votes are cast according to the selected policy using BlackRock’s voting infrastructure.

Voting on Select Resolutions/Firms

Client in separately managed accounts can direct votes on individual resolutions or companies of their choice using BlackRock’s voting infrastructure.

¹ Source: BlackRock. Reflects data from July 1, 2021 to June 30, 2022. ² Source: BlackRock. February 1, 2023

Risk Warnings

Capital at risk. The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested. Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.

Changes in the rates of exchange between currencies may cause the value of investments to diminish or increase. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Levels and basis of taxation may change from time to time.

ESG Investment Statements This information should not be relied upon as research, investment advice, or a recommendation regarding any products, strategies, or any security in particular. This is for illustrative and informational purposes and is subject to change. It has not been approved by any regulatory authority or securities regulator. The environmental, social, and governance (“ESG”) considerations discussed herein may affect an investment team’s decision to invest in certain companies or industries from time to time. Results may differ from portfolios that do not apply similar ESG considerations to their investment process.

For ACS UK Equity Tracker Fund, ACS Japan Equity Tracker Fund, ACS World ESG Equity Tracker Fund, ACS World Multifactor ESG Equity Tracker Fund, ACS World ESG Insights Fund, ACS North America ESG Insights Fund, ACS USA ESG Insights Fund, ACS Europe ex UK ESG Insights Fund, ACS UK ESG Insights Fund, ACS Japan ESG Insights Fund:

Concentration risk. Investment risk is concentrated in specific sectors, countries, currencies or companies or because the Fund has only a small number of investments. This means the Fund is more sensitive to any localised economic, market, political or regulatory events. Concentrated investment exposure by the Fund could magnify the other risks to which the Fund is exposed.

For ACS UK Equity Tracker Fund, ACS US Equity Tracker Fund, ACS World ex-UK Equity Tracker Fund, ACS Japan Equity Tracker Fund, ACS Continental European Equity Tracker Fund, ACS World Low Carbon Equity Tracker Fund, ACS World Multifactor Equity Tracker Fund, ACS World ESG Equity Tracker Fund, ACS World Multifactor ESG Equity Tracker Fund, ACS World ESG Screened Equity Tracker Fund, ACS World Small Cap ESG Screened Equity Tracker Fund, ACS World ESG Insights Fund, ACS North America ESG Insights Fund, ACS USA ESG Insights Fund, ACS Europe ex UK ESG Insights Fund, ACS UK ESG Insights Fund, ACS Japan ESG Insights Fund, iShares Emerging Markets Equity ESG Index Fund (UK):

Equity Risk: The value of equities and equity-related securities can be affected by daily stock market movements. Other influential factors include political, economic news, company earnings and significant corporate events.

For ACS UK Equity Tracker Fund, ACS US Equity Tracker Fund, ACS World ex-UK Equity Tracker Fund, ACS Japan Equity Tracker Fund, ACS Continental European Equity Tracker Fund, ACS World Low Carbon Equity Tracker Fund, ACS World Multifactor Equity Tracker Fund, ACS World ESG Equity Tracker Fund, ACS World Multifactor ESG Equity Tracker Fund, ACS World ESG Screened Equity Tracker Fund, ACS World Small Cap ESG Screened Equity Tracker Fund, ACS World ESG Insights Fund, ACS North America ESG Insights Fund, ACS USA ESG Insights Fund, ACS Europe ex UK ESG Insights Fund, ACS UK ESG Insights Fund, ACS Japan ESG Insights Fund, iShares Emerging Markets Equity ESG Index Fund (UK):

Counterparty risk: The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Fund to financial loss.

For ACS UK Equity Tracker Fund, ACS US Equity Tracker Fund, ACS World ex-UK Equity Tracker Fund, ACS Japan Equity Tracker Fund, ACS Continental European Equity Tracker Fund, ACS World Low Carbon Equity Tracker Fund, ACS World ESG Equity Tracker Fund, ACS World Multifactor ESG Equity Tracker Fund, ACS World ESG Screened Equity Tracker Fund, ACS World Small Cap ESG Screened Equity Tracker Fund, ACS World ESG Insights Fund, ACS North America ESG Insights Fund, ACS USA ESG Insights Fund, ACS Europe ex UK ESG Insights Fund, ACS UK ESG Insights Fund, ACS Japan ESG Insights Fund:

Tax treatment of Fund: The tax treatment of the Fund structure is so far untested which could lead to adverse tax consequences for the investor. Changes to the tax status of the Fund could lead to taxation being due.

For ACS World Multifactor Equity Tracker Fund, ACS World Multifactor ESG Equity Tracker Fund:

Index Methodology Risk: Although the Index was created to select securities within the Parent Index which have a relatively higher exposure to four investment style factors, there is no guarantee this objective will be achieved.

Risk Warnings

For ACS World Multifactor Equity Tracker Fund, ACS World Multifactor ESG Equity Tracker Fund:

Multi-Factor Focus Risk: Indices with a multi-factor focus are less diversified than their parent index because they focus on four investment style factors rather than a broader market exposure. Therefore they will be more exposed to factor related market movements. Investors should consider this Fund as part of a broader investment strategy.

For ACS World ESG Equity Tracker Fund, ACS World Multifactor ESG Equity Tracker Fund, ACS World ESG Screened Equity Tracker Fund, ACS World Small Cap ESG Screened Equity Tracker Fund, ACS World ESG Insights Fund, ACS North America ESG Insights Fund, ACS USA ESG Insights Fund, ACS Europe ex UK ESG Insights Fund, ACS UK ESG Insights Fund, ACS Japan ESG Insights Fund, iShares Emerging Markets Equity ESG Index Fund (UK):

Environmental, Social and Governance (ESG) risk: The benchmark index only excludes companies engaging in certain activities inconsistent with ESG criteria if such activities exceed the thresholds determined by the index provider. Investors should therefore make a personal ethical assessment of the benchmark index's ESG screening prior to investing in the Fund. Such ESG screening may adversely affect the value of the Fund's investments compared to a fund without such screening.

Important Information

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