



**BlackRock.**

# Making sustainable our standard

Sustainable investing at BlackRock

**“Climate change has become a defining factor in companies’ long-term prospects... I believe we are on the edge of a fundamental reshaping of finance.”**

Larry Fink’s Annual Letter to CEOs, 2020

**BlackRock’s Purpose is to help more and more people experience financial well-being.**

In pursuit of our purpose, a focus on long-term sustainability is embedded across our business.

**Sustainability, and climate change in particular, are poised to transform investing.**

Sustainability will drive the way we manage risk, construct portfolios, design products, and engage with companies.

Source, as of January 2021.

## Investment processes

Integrate environmental, social and governance (ESG) considerations across investment research, risk management, portfolio construction, and stewardship processes.

## Sustainable solutions

Platform of dedicated sustainable investment solutions that provides choices to investors via screened, ESG, thematic and impact approaches.

## Investment stewardship

Largest global stewardship team in the industry<sup>1</sup> engaging with companies on material ESG and sustainability-related issues that can impact long-term performance.

Conducted over 3,000 engagements and voted at 16,200 shareholder meetings in the 12 months ending June 30<sup>th</sup>, 2020.<sup>2</sup>

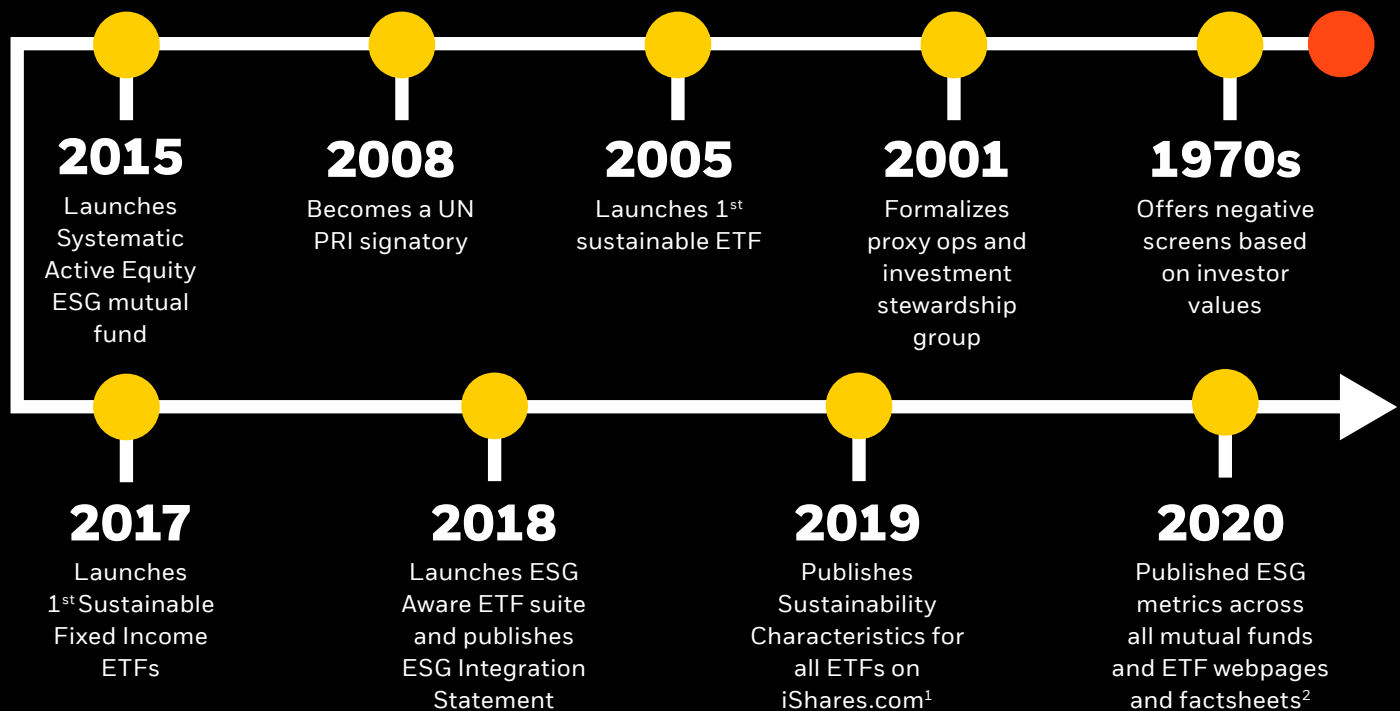
## Corporate sustainability

Managing our own organization sustainably to pursue the best outcomes for clients, shareholders, employees and the communities where we operate.

<sup>1</sup> As of January 2021. <sup>2</sup> Reporting period is July 1, 2019 to June 30, 2020, representing the Securities and Exchange Commission’s (SEC) 12-month reporting period for U.S. mutual funds, including iShares.

# BlackRock's commitment to sustainable investing

## Legacy of sustainable investment leadership and solutions



## Industry engagement to promote a sustainable financial system

Over 90 memberships and affiliations including:

- Principles for Responsible Investment (PRI)
- Sustainability Accounting Standards Board (SASB)
- Task Force on Climate Related Financial Disclosure (TCFD)
- Climate Action 100+

<sup>1</sup> Sustainability Characteristics displayed for all ETFs with coverage from MSCI ESG Fund Ratings. <sup>2</sup> ESG metrics displayed for all ETFs and mutual funds with coverage from MSCI ESG Fund Ratings. <sup>3</sup> The PRI Reporting Framework is a key step in building an industry standard for reporting responsible investment (RI) activities. The module scale of evaluation goes from E to A+. <sup>4</sup> IIRI Survey 2019 is a 360° evaluation of the economics and dynamics in the SRI and corporate governance value chain. Findings are based on the analysis of 30,281 data points collected from 954 respondents in 44 different countries. <sup>5</sup> The ICSA Awards recognize and celebrate excellence in governance and annual reporting, rewarding the work and achievements of companies, teams and individuals across the governance profession.

**2 Sustainable investing at BlackRock**

## Awards and recognitions

**Rated A+ for Strategy and Governance** in the Principles for Responsible Investment (“PRI”) Assessment Report in 2020.<sup>3</sup>

**#1 Asset Manager** contributing to sustainable and responsible investing in the SRI Connect Independent Research in Responsible Investment (IRRI) Survey in 2019.<sup>4</sup>

Award for **Best Investor Engagement** Institute of Corporate Secretaries and Administrators (ICSA) in 2019.<sup>5</sup>

**For a full list, visit:** [blackrock.com/corporate/literature/publication/blk-awards-and-recognition-web.pdf](https://blackrock.com/corporate/literature/publication/blk-awards-and-recognition-web.pdf)

# Sustainable solutions

BlackRock seeks to provide investors choice across sustainable strategies to help achieve their financial and sustainable objectives.

Motivation	Avoid	Advance		
		ESG		
Approach	Screened	Broad	Thematic	Impact
Criteria	Designed to exclude controversial activities and companies that benefit from them, as defined by BlackRock's Baseline Screens.	Strategies with an explicit ESG objective which may include a targeted quantifiable ESG outcome.  Broad strategies do not choose between E, S, or G, but rather target outcomes across all three.	Strategies that capitalize on long-term transformative industry or societal trends through pursuit of specific Environmental, Social, or Governance themes.  Thematic strategies target outcomes in E, S, or G.	Strategies where investments are made with the intention to generate positive, measurable social and environmental impact alongside a financial return.

For a full list of BlackRock sustainable solutions in each category, please refer to the Appendix.

## Corporate Sustainability by the numbers

<p><b>#1</b> in the Capital Markets industry in America's Most JUST Companies for 2021, according to Forbes and JUST Capital.<sup>1</sup></p>	<p><b>8</b> consecutive years of perfect scores awarded by Human Rights Campaign's Corporate Equality Index from 2012-2019.<sup>3</sup></p>	<p><b>49%</b> female new hires in 2019.<sup>5</sup></p>	<p><b>\$589m</b> commitment to the firm's social impact efforts in the communities where we operate.<sup>7</sup></p>
<p><b>#1</b> in the Investment Banking &amp; Investment Services industry in Refinitiv's Top 25 Most Diverse &amp; Inclusive Index in 2020.<sup>2</sup></p>	<p><b>44%</b> reduction in paper consumption globally.<sup>4</sup></p>	<p><b>100%</b> of travel-related emissions offset since 2017.<sup>6</sup></p>	<p><b>100%</b> renewable energy achieved globally in 2020.<sup>8</sup></p>

**1** The 2021 list of America's Most JUST Companies celebrates U.S. corporations that outperform their peers in the Russell 1000 on the priorities of the American people, including issues like fair pay, ethical leadership, good benefits, among others. **2** The D&I Index, launched in 2016, ranks the top 100 publicly traded companies globally with the most diverse and inclusive workplaces, as measured by 24 metrics across four key categories: Diversity, Inclusion, People Development and News Controversies. **3** Source: <https://www.hrc.org/resources/corporate-equality-index-archives>. **4** As of December 31, 2019, using 2014 as a baseline. **5** Representation as of January 1, 2020. **6** BlackRock's support for this initiative is made via grants recommended to and paid by the BlackRock Charitable Trust, a donor-advised fund. **7** Source: <https://www.blackrock.com/corporate/newsroom/press-releases/article/corporate-one/press-releases/blackrock-creates-the-blackrock-foundation>. **8** In June 2020, we achieved our 100% renewable energy goal to match the same amount of renewable electricity as the electricity that our global operations (including data centers) consume annually through procuring renewable energy directly where possible and through purchasing environmental attribute credits where we do not have operational control or renewable energy is not available.

# Appendix

## Screened

Type	Suite	Name	Ticker	Asset class	Expense ratio (%)	Inception date	AUM (\$mm)
ETF	ESG Screened <sup>1</sup>	iShares ESG Screened S&P 500 ETF	XVV	US Large Cap Equity	0.08	09/22/2020	\$69
		iShares ESG Screened S&P Mid-Cap ETF	XJH	US Mid Cap Equity	0.12	09/22/2020	\$10
		iShares ESG Screened S&P Small-Cap ETF	XJR	US Small Cap Equity	0.12	09/22/2020	\$26

## Broad ESG

Type	Suite	Name	Ticker	Asset class	Expense ratio (%)	Inception date	AUM (\$mm)
ETF	ESG Aware <sup>2</sup>	iShares ESG Aware MSCI USA ETF	ESGU	US Large & Mid Cap Equity	0.15	12/01/2016	\$16,838
		iShares ESG Aware MSCI USA Small-Cap ETF	ESML	US Small Cap Equity	0.17	04/10/2018	\$826
		iShares ESG Aware MSCI EAFE ETF	ESGD	International Developed Equity	0.20	06/28/2016	\$5,387
		iShares ESG Aware MSCI EM ETF	ESGE	Emerging Markets Equity	0.25	06/28/2016	\$7,293
		iShares ESG Aware U.S. Aggregate Bond ETF	EAGG	US Aggregate Bond	0.10 <sup>5</sup>	10/18/2018	\$1,256
		iShares ESG Aware USD Corporate Bond ETF	SUSC	US Corporate Bond	0.18	07/11/2017	\$876
		iShares ESG Aware 1-5 Year USD Corporate Bond ETF	SUSB	US 1-5Y Corporate Bond	0.12	07/11/2017	\$758
		iShares ESG Aware Conservative Allocation ETF	EAOK	Asset Allocation	0.18 <sup>6</sup>	06/12/2020	\$7
		iShares ESG Aware Moderate Allocation ETF	EAOM	Asset Allocation	0.18 <sup>6</sup>	06/12/2020	\$7
		iShares ESG Aware Growth Allocation ETF	EAOR	Asset Allocation	0.18 <sup>6</sup>	06/12/2020	\$8
		iShares ESG Aware Aggressive Allocation ETF	EAOA	Asset Allocation	0.18 <sup>6</sup>	06/12/2020	\$20
		ESG Sector Leaders <sup>3</sup>	iShares ESG MSCI USA Leaders ETF	SUSL	US Large & Mid Cap Equity	0.10	05/07/2019
	iShares ESG MSCI EM Leaders ETF		LDEM	Emerging Markets Equity	0.16	02/05/2020	\$879
	ESG Advanced <sup>4</sup>	iShares ESG Advanced MSCI USA ETF	USXF	US Large & Mid Cap Equity	0.10	06/16/2020	\$193
		iShares ESG Advanced MSCI EAFE ETF	DMXF	International Developed Equity	0.12	06/16/2020	\$147
		iShares ESG Advanced MSCI EM ETF	EMXF	Emerging Markets Equity	0.16	10/06/2020	\$13

Source: BlackRock as of 4/30/2021, unless stated otherwise.

**1** Seek to eliminate exposure to certain controversial business activities that pose risks or do not align with an investor's preferences. **2** Balance seeking a similar risk and return to the relevant broad market with seeking a more sustainable outcome. **3** Seeks to provide exposure to companies with high environmental, social, and governance performance relative to their sector peers. **4** Prioritize higher-rated ESG companies while extensively screening out controversial activities. **5** Net expense ratio shown for EAGG reflects contractual fee waiver in place through 6/30/2024. Gross expense ratio is 0.11%. **6** Net expense ratio for EAOK, EAOM, EAOR, EAOA reflects contractual fee waiver in place until 11/30/2025. Gross expense ratio is 0.30%, 0.31%, 0.32%, and 0.33%, respectively.

## Broad ESG (continued)

Type	Suite	Name	Ticker	Asset class	Expense ratio (%)	Inception date	AUM (\$mm)
ETF	ESG Advanced (continued) <sup>1</sup>	iShares ESG Advanced Total USD Bond Market ETF	EUSB	US Total Bond	0.12 <sup>2</sup>	06/23/2020	\$127
		iShares ESG Advanced High Yield Corporate Bond ETF	HYXF	US High Yield Bond	0.35	06/14/2016	\$107
	N/A	iShares MSCI USA ESG Select ETF	SUSA	US Large & Mid Cap Equity	0.25	01/24/2005	\$3,058
		iShares MSCI KLD 400 Social ETF	DSI	US All Cap Equity	0.25	11/14/2006	\$3,109
Mutual Fund	ESG Advantage	BlackRock Advantage ESG US Equity Fund	BIRIX	US Large Cap Equity	0.48 <sup>3</sup>	10/05/2015	\$305
		BlackRock Advantage ESG International Equity Fund	BRZIX	International Developed Equity	0.50 <sup>4</sup>	08/18/2020	\$12
		BlackRock Advantage ESG EM Equity Fund	BLZIX	Emerging Markets Equity	0.86 <sup>5</sup>	08/18/2020	\$12
	ESG Systematic	BlackRock Systematic ESG Bond Fund	BIIIX	US Aggregate Bond	0.43 <sup>6</sup>	08/23/2016	\$61
Model Portfolios	BlackRock Target Allocation ESG ETF Models	BlackRock Target Allocation ESG 40/60	-	Asset Allocation	0.14 <sup>7</sup>	04/03/2018	-
		BlackRock Target Allocation ESG 60/40	-	Asset Allocation	0.16 <sup>7</sup>	04/30/2017	-
		BlackRock Target Allocation ESG 80/20	-	Asset Allocation	0.18 <sup>7</sup>	04/30/2017	-
		BlackRock Target Allocation ESG 100/0	-	Asset Allocation	0.18 <sup>7</sup>	04/30/2017	-

## Thematic ESG

Type	Suite	Name	Ticker	Asset class	Expense ratio (%)	Inception date	AUM (\$mm)
ETF	N/A	BlackRock U.S. Carbon Transition Readiness ETF	LCTU	US Large & Mid Cap Equity	0.15 <sup>8</sup>	04/06/2021	\$1,342
		BlackRock World ex U.S. Carbon Transition Readiness ETF	LCTD	International Developed Equity	0.20 <sup>8</sup>	04/06/2021	\$591
		iShares Global Clean Energy ETF	ICLN	Global Equity	0.46	06/24/2008	\$4,688
		iShares MSCI Global Impact ETF	SDG	Global Equity	0.49	04/20/2016	\$308
		iShares MSCI ACWI Low Carbon Target ETF	CRBN	Global Equity	0.20 <sup>9</sup>	12/08/2014	\$619
Mutual Fund	N/A	BlackRock Liquid Environmentally Aware Fund	LEFXX	Institutional Prime Money Market Fund	0.20 <sup>10</sup>	04/09/2019	\$1,196
		BlackRock Wealth Liquid Environmentally Aware Fund	PINXX	Retail Prime Money Market Fund	0.55 <sup>11</sup>	01/02/1994 <sup>12</sup>	\$1,895

Source: BlackRock as of 4/30/2021, unless stated otherwise.

**1** Prioritize higher-rated ESG companies while extensively screening out controversial activities. **2** Net expense ratio shown for EUSB reflects contractual fee waiver in place through 6/30/2025. Gross expense ratio is 0.13%. **3** Institutional Shares Total/Net, Including Investment Related expenses are 0.79%/0.48% and have contractual waivers with an end date of 9/30/21 terminable upon 90 days' notice. **4** Institutional Shares Total/Net, Including Investment Related expenses are 1.45%/0.50% and have contractual waivers with an end date of 8/31/22 terminable upon 90 days' notice. **5** Institutional Shares Total/Net, Including Investment Related expenses are 1.88%/0.86% and have contractual waivers with an end date of 8/31/22 terminable upon 90 days' notice. **6** Institutional Shares Total/Net, Including Investment Related expenses are 1.57%/0.43% and have contractual waivers with an end date of 9/30/21 terminable upon 90 days' notice. **7** Weighted average net expense ratio of underlying ETFs as of 1/14/2021. **8** Net expense ratios shown for LCTU and LCTD reflect contractual fee waivers in place through 6/30/24. Gross expense ratios are 0.30% and 0.35%, respectively. **9** Institutional Shares Total/Net, Including Investment Related expenses at 0.23%/0.20% and have contractual waivers with an end date of 11/30/31 terminable upon 90 days' notice. **10** Institutional Shares Total/Net, Including Investment Related expenses at 0.23%/0.20% and have contractual waivers with an end date of 11/30/31 terminable upon 90 days' notice. **11** A shares Total/Net, Including Investment Related expenses at 0.81%/0.55% and have contractual waivers with an end date of 7/31/21 terminable upon 90 days' notice. **12** May 11, 2020 WeLEAF incorporated environmental considerations into the Fund's principal investment strategies.

# Impact

Type	Suite	Name	Ticker	Asset class	Expense ratio (%)	Inception date	AUM (\$mm)
ETF	N/A	iShares Global Green Bond ETF	BGRN	Global Bond	0.20 <sup>14</sup>	11/13/2018	\$212
Mutual Fund	Impact <sup>13</sup>	BlackRock US Impact	BIBFX	US All Cap Equity	0.85 <sup>15</sup>	06/30/2020	\$7
		BlackRock International Impact	BIBHX	International Developed Equity	0.85 <sup>15</sup>	06/30/2020	\$8
		BlackRock Global Impact	BGIMX	Global Equity	0.85 <sup>15</sup>	05/27/2020	\$52

**13** Pursue a measurable sustainable outcome alongside a financial return. **14** Net expense ratio shown for BGRN reflects contractual fee waiver in place through 3/1/2021. Gross expense ratio is 0.25%. **15** Net expense ratio shown for BIBFX, BIBHX, BGIMX. Contractual fee waiver in place through 10/31/2021. Gross expense ratio is 0.92%.

## Important information

**Carefully consider the Funds' investment objectives, risk factors, and charges and expenses before investing. This and other information can be found in the Funds' prospectuses or, if available, the summary prospectuses which may be obtained by visiting [www.iShares.com](http://www.iShares.com) or [www.blackrock.com](http://www.blackrock.com). Read the prospectus carefully before investing. Investing involves risk, including possible loss of principal.**

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A fund's environmental, social and governance ("ESG") investment strategy limits the types and number of investment opportunities available to the fund and, as a result, the fund may underperform other funds that do not have an ESG focus. A fund's ESG investment strategy may result in the fund investing in securities or industry sectors that underperform the market as a whole or underperform other funds screened for ESG standards. In addition, companies selected by the index provider may not exhibit positive or favorable ESG characteristics.

International investing involves risks, including risks related to foreign currency, limited liquidity, less government regulation and the possibility of substantial volatility due to adverse political, economic or other developments. These risks often are heightened for investments in emerging/developing markets and in concentrations of single countries.

Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments.

The BlackRock funds are actively managed and their characteristics will vary. Actively managed funds do not seek to replicate the performance of a specified index. Actively managed funds may have higher portfolio turnover than index funds.

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