iShares USD Green Bond ETF Annual Impact Report – 2024

BGRN

UNDERLYING INDEX:
Bloomberg MSCI USD Green Bond Select Index

Every year, BlackRock engages a growing number of issuers to release their green bond impact and allocation reports. In our attempt to align issuers' reported impact figures to a set of commonly tracked indicators, we seek to harmonize the reporting figures based on their latest available impact and allocation data.

In our impact tracking, we want to know how much green bond money issuers spent, understand what projects they financed, and how much impact these projects had. We developed a proprietary methodology for tracking impact of investments in green bonds at a portfolio level and have performed this exercise for 5 years and counting.

This impact report shows the estimated environmental and social impact per US$ 1 million investment in the fund.

A $1 million investment in BGRN's holdings would have created environmental impacts equivalent to…

43,838
new passengers on public transit annually

239
individuals benefiting from forest, agriculture, water/waste projects

17.2
homes' annual energy use or **189 MWh** of annual energy savings

177
cars off the road, equivalent to **742 tons of CO2e emissions** avoided annually

~26
soccer fields[1] or **18 hectares** of land area preserved, restored and/or re/afforested

~1.3
Olympic-sized swimming pools[2] or **3,148 m³** in annual water savings

930 MWh of renewable energy generated annually

Sources: BlackRock and Nasdaq analysis of publicly available environmental impact reports as communicated by issuers as of 6/28/2024 based on holdings as of 6/28/2024, updated annually. Holdings are subject to change. For current holdings visit iShares.com. 89% of iShares USD Green Bond ETF's constituents are covered by the analysis. The above results are shown for informational purposes only, to illustrate the positive environmental impact of a green bond portfolio. They are not meant to be a prediction or projection. Not every issuer reports on every metric, hence no linear extrapolation should be performed. BlackRock cannot be held responsible for inaccuracies in issuers' reporting. US EPA's Greenhouse Gas Equivalencies Calculator for CO2 and energy measures. **1** 1 soccer field = 7,000 m^2; **2** 1 Olympic pool = 2,500 m^3 of water.

Sustainable Impact

UN Sustainable Development Goals (SDGs) that BGRN aligns with include:

Affordable and Clean Energy | **Sustainable Cities & Communities** | **Responsible Consumption & Production** | **Climate Action**

KFW

Fund weight[1]: 3.3%

KfW has been building up a global green bond portfolio since 2015 with the support of the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU). KfW has issued ~US$86bn of green bond since.

The EUR 12.89bn net proceeds of KfW's 2023 green bond issuances contribute to the prevention of approx. 2.7 million tons of GHG emissions (tCO2e) per annum. The eligible projects generate an additional capacity of renewable energy estimated at around 2,893 MW annually, which delivers additional annual renewable energy generation of an estimated 4.9 million MWh.[2]

In 2024, KfW expanded its Green Bond Framework for the third time introducing two new project categories, "Biodiversity" and "Climate Protection Program for Corporates", which are not covered by this Allocation Report for KfW's Green Bond issuances in 2023 but could be for 2024.[2]

7 AFFORDABLE AND CLEAN ENERGY

Affordable & Clean Energy
Ensure access to affordable, reliable, sustainable and modern energy for all.

11 SUSTAINABLE CITIES AND COMMUNITIES

Sustainable Cities & Communities
Make cities and human settlements inclusive, safe, resilient and sustainable.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Responsible Consumption & Production
Ensure sustainable consumption and production patterns.

13 CLIMATE ACTION

Climate Action
Take urgent action to combat climate change and its impacts.

[1] Source: BlackRock as of 6/28/2024. Holdings are subject to change. For current holdings visit iShares.com. [2] Source:. Hong Kong SAR as of July 31, 2023, HKSAR Green Bond Report 2023. References to specific positions are strictly to highlight examples of Environmental, Social and Governance (ESG) impact and should not be construed as investment advice or recommendations regarding those companies. Details on the selection process are provided in the Appendix. This is a non-exhaustive list of UN SDGs aligned with the fund. Proceeds are approximate due to rounding.

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Hong Kong SAR

Fund weight[1]: 3.2%

Hong Kong SAR entered the green bond market in February 2021 and has issued ~US$25bn worth of green bonds since. So far, proceeds have been disbursed across green buildings (58.5%), sustainable water and wastewater management (22.3%), pollution prevention and control (15.2%), energy efficiency (3.55%), climate change adaptation (0.4%).[2]

The allocated proceeds realized an annual reduction or avoidance of ~675k tons of GHG emissions (tCO2e), 180k MWh of energy savings, ~550k MWh of renewable energy from financed projects, among other environmental and social results.[2]

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Xylem Inc.

Fund weight[1]: 0.4%

Xylem Inc. is a global water technology company that aims to solve critical water and infrastructure challenges. Xylem issued their inaugural green bonds totaling US$1bn in June 2020 where net proceeds were allocated to projects that improve water-security and advance water efficiency or reduce water leakage.

Their US$1.3bn green bond portfolio contains sustainable water projects and eco-efficient products projects, namely smart utility water networks and eco-efficient products such as smart meters and leak detection tools. Projects financed resulted in ~0.5 million tons of GHG emissions avoided/reduced per annum, and 2.4 billion m^3 of water for reuse per year.[2]

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[1] Source: BlackRock as of 6/28/2024. Holdings are subject to change. For current holdings visit iShares.com. [2] Source: Xylem Inc. as of June 2021, Green Bond Report. References to specific positions are strictly to highlight examples of Environmental, Social and Governance (ESG) impact and should not be construed as investment advice or recommendations regarding those companies. Details on the selection process are provided in the Appendix. This is a non-exhaustive list of UN SDGs aligned with the fund.

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Equinix Inc

Fund weight[1]: 1.4%

Equinix is a digital infrastructure company known for their data center hosting services. The issuer has been issuing green bonds since 2020 and has issued ~US$5bn in green bonds since.

The majority of their green bonds (>95%) have funded expenditures related to the design, construction and maintenance of energy efficient data centers falling below an average Power Usage Effectiveness (PUE).[2]

The allocated proceeds resulted in annual expected environmental impacts including an annual avoided ~670k tons of GHG emissions (tCO2e) due to improved data center PUE, reduced energy demand, and addition of renewable generation to the grid, across financed projects.[2]

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[1] Source: BlackRock as of 6/28/2024. Holdings are subject to change. For current holdings visit iShares.com. [2] Source: Equinix as of December 2023, Equinix Green Bond Allocation and Impact Report 2023. References to specific positions are strictly to highlight examples of Environmental, Social and Governance (ESG) impact and should not be construed as investment advice or recommendations regarding those companies. Details on the selection process are provided in the Appendix. This is a non-exhaustive list of UN SDGs aligned with the fund.

Example in the portfolio: European Investment Bank (EIB)

Supranational Finance | Fund weight: 6.3%

Owned by the 27 Member States of the European Union (EU), the European Investment Bank (EIB) is the EU's long-term lending institution. As a public bank with objectives driven by EU policies, its leading priority is to promote European economic development and integration. EIB's lending activities are mainly funded via bond issuance in the international capital markets. As of June 2024, EIB has ~EUR 80bn in green bonds outstanding and around EUR 68bn in cumulative green bond issuance.

In 2022, EIB's green bonds, which the issuer has named 'climate awareness bonds' (CABs) have funded **119** individual projects and 19 intermediated loans that focus on the environment. As of year-end 2022:

- Renewable energy projects account for 17% of the green bond use of proceeds, clean transport projects make up 27%, energy efficiency projects account for 38%, and green buildings represent 8.5%, with the remainder across other green projects.
- Based on EIB's 2022 green bond **allocations to eligible projects**, the greenhouse gas savings attributable to EIB finance is estimated to achieve greenhouse gas (GHG) reduction of 2.1 million tons of GHG emissions (tCO2e) per annum (across categories), among other results as outlined in the table on the right.

Impact by the numbers (FY 2022)

119
number of projects

15,171,500 MWh
annual renewable energy produced by CAB eligible activities

943,119 MWh
annual energy savings from by CAB eligible activities

175
tons of GHG emissions reduced/avoided per EUR 1m CAB-eligible share of project cost, weighted by CAB-relevant disbursement in 2022 (non-intermediated operations only)

27,00,000
passengers on public transport per annum by CAB eligible activities

Source: EIB as of April 2024, CAB Impact Report 2022, Climate Awareness Bonds accessed as of 6/28/2024.

References to specific positions are strictly to highlight examples of ESG impact and should not be construed as investment advice or recommendations regarding those companies. More details on the selection process are provided in the Appendix. Source: BlackRock & publicly available environmental impact reports as communicated by issuers as of 6/28/2024, updated annually. Holdings are subject to change. For current holdings visit iShares.com. Currency shown EUR. Not every issuer reports on every metric, hence no linear extrapolation should be performed; BlackRock cannot be held responsible for inaccuracies in issuers' reporting.

Example in the portfolio: Public Investment Fund (PIF)

Corporate | Fund weight: 3.6%

In March 2022, PIF released their inaugural green finance framework aimed to drive an inaugural green bond issuance. The issuer issued their first green bonds in October 2022, followed by their second set of green bond issuances in February 2023. PIF currently has US$8.5bn in green bonds outstanding.

As of June 2023, PIF has deployed and invested ~US$1.3bn into eligible green projects under the Framework from the two issuances. The issuer has allocated proceeds across 7 eligible green project categories to 35 eligible projects. The project allocations are expected to produce the following environmental impacts: ~3.5 million tons of expected avoided GHG emissions, and ~5.5 million MWh of energy savings.

Impact by the numbers (2023 impact report) for deployed proceeds from combined issuances

35
Eligible projects across 7 Green Bond categories

3,463,408
Metric tons of CO2 avoided annually

5,568,963
MWh of energy savings

Source: PIF as of September 2023, Green Bond Allocation and Impact Report September 2023.
References to specific positions are strictly to highlight examples of ESG impact and should not be construed as investment advice or recommendations regarding those companies. More details on the selection process are provided in the Appendix. Source: BlackRock & publicly available environmental impact reports as communicated by issuers as of 6/28/20024 based on holdings as of 6/28/20024, updated annually. Holdings are subject to change. For current holdings visit iShares.com. Currency shown USD. Not every issuer reports on every metric, hence no linear extrapolation should be performed; BlackRock cannot be held responsible for inaccuracies in issuers' reporting. Forward looking estimates may not come to pass.

Definitions and Other Important Information

GREEN BONDS

Green bonds are fixed income securities in which the proceeds will be exclusively and formally applied to projects or activities that promote climate or other environmental sustainability purposes through their use of proceeds

GREEN BOND PRINCIPLES & MSCI

For the Bloomberg MSCI USD Green Bond Select Index, securities are independently evaluated by MSCI ESG Research along four dimensions to determine whether they should be classified as a green bond. These eligibility criteria reflect themes articulated in the Green Bond Principles[1] and require commitments about a bond's:

1. *Use of proceeds*: Proceeds should fund projects with clear environmental benefits defined by MSCI ESG Research, including alternative energy, energy efficiency, pollution prevention and control, sustainable water, green building, and climate adaption, with clear disclosure in legal documentation
2. *Project evaluation and selection*: Issuers should outline a process to determine project eligibility and sustainability objectives
3. *Management of proceeds*: Proceeds should be ring-fenced or tracked through a formal internal process
4. *Reporting*: Annual disclosure of the use of proceeds and qualitative and quantitative performance measures

EXAMPLES IN THE IMPACT REPORT

To be highlighted as an example, BlackRock selects issuers with a relatively high fund-weighting and have an annual impact report on their Green Bond portfolio that is publically available and accessible to U.S. investors, with concrete environmental and social metrics. The example highlighted is selected by BlackRock using the following criteria:

1. Fund holding with relatively high fund-weighting,
2. With a recent annual impact report on their Green Bond portfolio that is publically available and accessible to U.S. investors, and
3. Has concrete environmental and social performance results that can be converted into tangible impact metrics.

SUSTAINABLE IMPACT

The UN Sustainable Development Goals (SDGs) have emerged as the dominant framework for investing for impact. To be eligible to be highlighted, a company must satisfy the "EXAMPLES IN THE IMPACT REPORT" criteria described. BlackRock assesses portfolio alignment with the UN SDGs, based on the issuers' self-identification of the SDGs in their annual reports. In addition, BlackRock highlights examples of SDGs by issuer that are also self-identified. [2]

ENVIRONMENTAL IMPACT

The greenhouse gas equivalencies calculator can help you understand just that, translating abstract measurements into concrete terms you can understand, such as the annual emissions from cars, households, or power plants. For more information on the calculation please visit the EPA website.[3]

IMPACT DATA AGGREGATION

The process of compiling portfolio-level impact report for green bond portfolios begins with a BlackRock analysis on publicly available environmental impact reports as communicated by issuers. It is important to note that not every issuer reports on every metric, hence no linear extrapolation should be performed. Issuers may sometimes report impact by green bond issuance; in this case we attribute impact to the issuer's total outstanding green bonds and scale accordingly to process below. BlackRock's analysis is conducted on an ongoing basis leveraging publicly provided data from issuers as well as data available on the Nasdaq Sustainable Bond Network (NSBN). Issuers are required to report annually on their green bond projects, however, given the variances in issuance dates, BlackRock will assess each issuer's most recent impact report as of the reporting date. The issuers' reported metrics are uploaded into Aladdin®, BlackRock's internal research platform, by the portfolio management team, and assigned to their corresponding ISIN. Once the BlackRock team inputs the issuers' reported information into Aladdin, we are able to run a report on those ISINs in any portfolio, which provides an automated and standardized process. Portfolio-level impacts are the sum of the program-level impacts of an issuer's investments, which BlackRock scales to the market value of the ISINs we hold.

Sources: 1. The Green Bond Principles (GBP), updated as of June 2022, are voluntary process guidelines for issuing green bonds, published by the International Capital Market Association (ICMA). GBP promote integrity in the green bond market through guidelines that recommend transparency, disclosure and reporting.. 2. https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Mapping-SDGs-to-Social-and-Sustainability-Bonds-Final-030818.pdf. 3. https://www.epa.gov/energy/greenhouse-gases-equivalencies-calculator-calculations-and-references

Definitions and Other Important Information

Nasdaq Sustainable Bond Network ("NSBN") Disclosure

The Nasdaq Sustainable Bond Network ("NSBN") is an informational service that describes bonds that purport to meet certain sustainability criteria as described on the NSBN website. These criteria are not listing requirements nor are they approved by the SEC. NSBN is not a part of The Nasdaq Stock Market LLC ("Nasdaq") or its affiliated exchanges, and bonds included on NSBN might not be listed on Nasdaq or any other national securities exchange. Information about NSBN and the inclusion of a security in NSBN should not be construed as investment advice, either on behalf of a particular security or an overall investment strategy. Neither Nasdaq, Inc. nor any of its affiliates makes any recommendation to buy or sell any security or any representation about the financial condition of any company. Actual results may differ materially from those expressed or implied. Past performance is not indicative of future results. Investors should undertake their own due diligence and carefully evaluate companies before investing. ADVICE FROM A SECURITIES PROFESSIONAL IS STRONGLY ADVISED. Please view our disclaimers here (https://www.nasdaq.com/green-bonds-disclaimer).

Sources: NASDAQ, as of June 28, 2024.

Important information regarding iShares ETFs

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 or www.blackrock.com. Read the prospectus carefully before investing.

Investing involves risk, including possible loss of principal.

The Fund's green bond 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 a green bond focus. The Fund's green bond investment strategy may result in the Fund investing in securities or industry sectors that underperform the market as a whole or underperform other funds with a green bond focus. In addition, projects funded by green bonds may not result in direct environmental benefits.

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.

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, i n concentrations of single countries or smaller capital markets.

Funds that concentrate investments in specific industries, sectors, markets or asset classes may underperform or be more volatile than other industries, sectors, markets or asset classes and than the general securities market.

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