



iShares

iShares ESG Aware MSCI Index ETFs

XESG

iShares ESG Aware MSCI Canada Index ETF

XSUS

iShares ESG Aware MSCI USA Index ETF

XSEA

iShares ESG Aware MSCI EAFE Index ETF

XSEM

iShares ESG Aware MSCI Emerging Markets Index ETF

XSAB

iShares ESG Aware Canadian Aggregate Bond Index ETF

XSTB

iShares ESG Aware Canadian Short Term Bond Index ETF

What is sustainable investing?

Sustainable investing is about investing in progress and recognizing that companies solving the world's biggest challenges may be best positioned for growth.

It's about pioneering better ways of doing business and creating the momentum to encourage more people to create a sustainable future.

In practice, sustainable investing is the combination of traditional investment approaches with environmental, social and governance (ESG) insights.

Build a better future with your investments

Investors are increasingly seeking ways to align their sustainability goals with their investments. The iShares ESG Aware MSCI Index ETFs ("ESG Aware ETFs") enable investors to easily build a cost-efficient ESG portfolio with diversified exposures across equities and fixed income.

Key Benefits:

1. Purpose | 2. Performance | 3. Access | 4. Low cost

1. Purpose

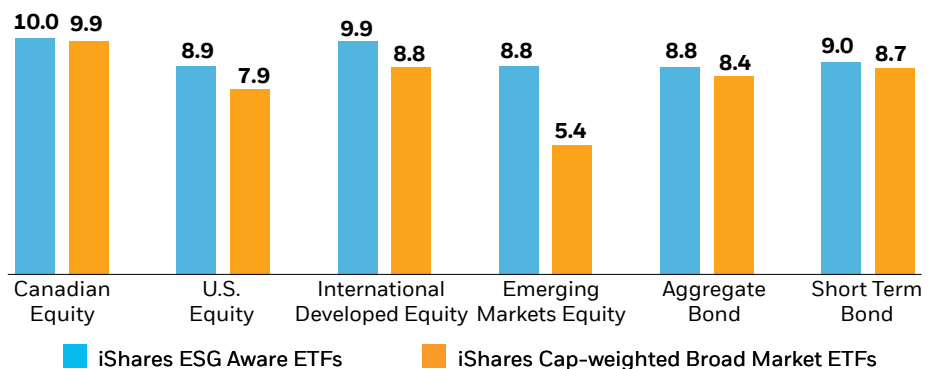
iShares ESG Aware ETFs screen and weight companies based on their ability to manage ESG matters, which we believe are essential to sustainable growth. Matters include:

- **Environmental (E):** climate change, natural resources, pollution and waste and environmental opportunities;
- **Social (S):** human capital, product liability, stakeholder opposition and social opportunities;
- **Governance (G):** corporate governance, diversity, corporate behaviour and transparency;
- **Severe controversies:** exclusion of companies involved in severe controversies;
- **Business involvement screens:** exclusion of companies involved in business related to civilian firearms, controversial weapons and tobacco.

We show the overall ESG score improvement of each fund over its parent benchmark below.

ESG Quality Score¹

0-10, 10 represents highest score



¹Source: MSCI; Based on holdings data as of Apr 30, 2022. See the corresponding ESG Aware ETFs and Cap-weighted Broad Market ETFs next page. ESG Quality Scores are provided by MSCI. As of the date indicated, MSCI ESG data was available for at least 93% of the holdings of the ETFs shown. For more information about the ESG characteristics of the ETFs, please refer to the Appendix and to the ETF's website available at www.blackrock.com/ca, where ESG Quality Scores are updated on a monthly basis and additional ESG-related information is provided. Other providers may also prepared fund-level ESG ratings or scores using their own methodologies, which may differ from the methodology used by MSCI. Please refer to the ETFs' prospectus for more information about the funds' investment objectives and strategies.

iShares ESG Aware MSCI Index ETFs

2. Performance

Investors no longer need to choose between purpose and performance. iShares ESG Aware ETFs are designed to seek similar risk and return as broad markets. Each ETF constrains category weights to a certain range of the broad market benchmark, including sector, country and individual constituent weights. For the fixed income ETFs within the iShares ESG Aware suite, duration and yield constraints are also considered.

iShares ESG Aware ETFs exhibit similar characteristics as the broad market ETFs²

	Asset Class	Category	Ticker	P/B Ratio	P/E Ratio	Sector Deviation ³	Name
EQUITY	Canada	ESG Aware	XESG	2.00	14.16	7.33%	iShares ESG Aware MSCI Canada Index ETF
		Broad Market	XIC	2.01	14.07	-	iShares Core S&P/TSX Capped Composite Index ETF
	USA	ESG Aware	XSUS	4.02	20.40	2.38%	iShares ESG Aware MSCI USA Index ETF
		Broad Market	XUS	3.89	20.17	-	iShares Core S&P 500 Index ETF
	International Developed	ESG Aware	XSEA	1.59	13.42	2.83%	iShares ESG Aware MSCI EAFE Index ETF
		Broad Market	XEF	1.49	13.21	-	iShares Core MSCI EAFE IMI Index ETF
	Emerging Markets	ESG Aware	XSEM	1.84	12.15	8.68%	iShares ESG Aware MSCI Emerging Markets Index ETF
		Broad Market	XEC	1.80	12.18	-	iShares Core MSCI Emerging Markets IMI Index ETF

	Asset Class	Category	Ticker	Yield-to-Maturity (%)	Duration (yrs)	Sector Deviation (%) ³	Name
FIXED INCOME	Canada Aggregate	ESG Aware	XSAB	3.35	7.37	4.28%	iShares ESG Aware Canadian Aggregate Bond Index ETF
		Broad Market	XBB	3.48	7.51	-	iShares Core Canadian Universe Bond Index ETF
	Canada Short Term	ESG Aware	XSTB	3.05	2.54	5.06%	iShares ESG Aware Canadian Short Term Bond Index ETF
		Broad Market	XSB	3.15	2.60	-	iShares Core Canadian Short Term Bond Index ETF

² BlackRock; Data as of Apr 30, 2022

³ Sector Deviation represents the active share based on GICS sectors. 0% means no sector deviation from the broad market ETFs, and 100% means completely different sector exposure.

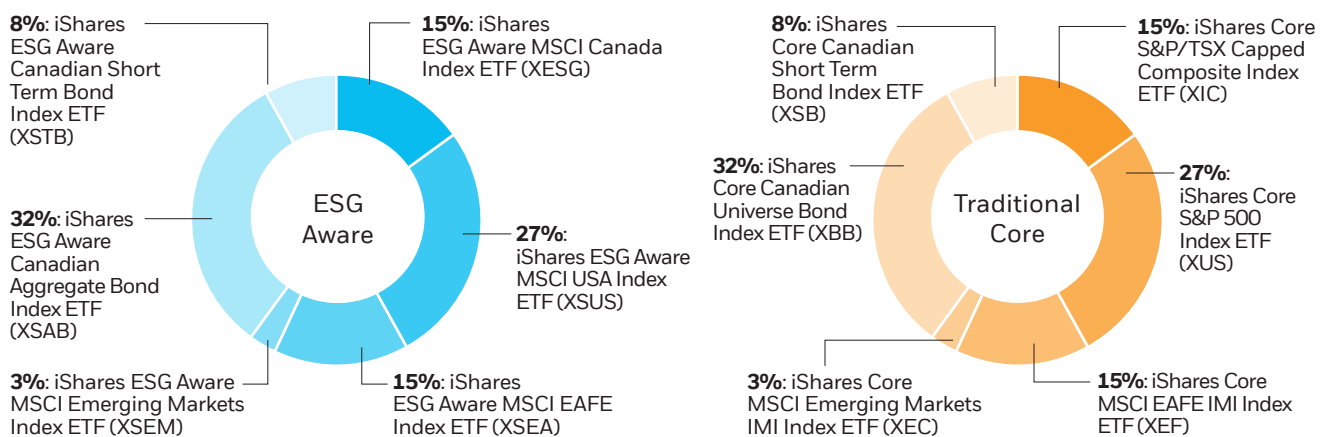
iShares ESG Aware MSCI Index ETFs

3. Access

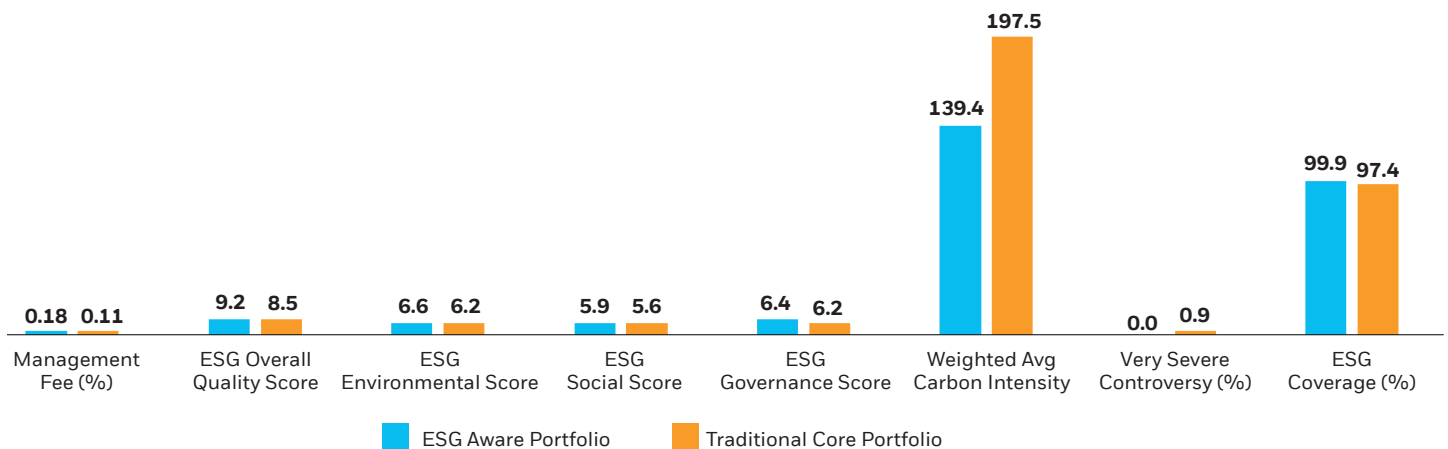
iShares ESG Aware ETFs provide an easily accessible and affordable option, allowing investors to take a transparent approach to sustainable investing. They can be used as sustainable building blocks for the core of your portfolio.

We illustrate with two sample portfolios⁴, one is comprised of iShares ESG Aware ETFs and the other is comprised of cap-weighted broad market iShares ETFs (Traditional Core). We show that the ESG Aware portfolio has improved ESG scores over the Traditional Core portfolio.

Balanced portfolios using ESG Aware and Traditional Core ETFs⁴



Portfolio characteristics⁴



4. Low Cost

iShares ESG Aware ETFs are offered at a competitive price. Each ETF charges an annual management fee ranging from 0.15% to 0.30%. When used in a portfolio setting, the illustrated ESG Aware portfolio has a competitively low weighted average fee of 0.18% compared to 0.11% for the Traditional Core portfolio.

⁴ Examples provided for illustrative purposes only. This is not meant as a guarantee of any future result or experience. This information should not be relied upon as research, investment advice or a recommendation regarding any security or investment strategy. Past performance does not guarantee future results. Source: BlackRock, MSCI; Based on holdings data as of Apr 30, 2022. ESG metrics are subject to change. Please see the Appendix for more information, and refer to the ETFs' website

iShares ESG Aware MSCI Index ETFs

Index Methodologies

1. Screen out civilian firearms, controversial weapons and tobacco⁵
2. Screen out securities without ESG rating and/or with severe controversies
3. Apply the constraints:

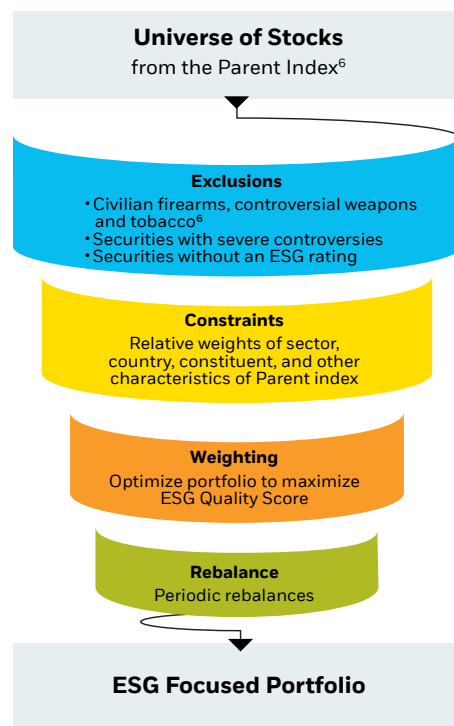
MSCI ESG Equity Indices:

- Tracking Error: Maximum 0.5% - 1.0% annualized vs. the Parent Index⁶
- Constrain sectors and country weights to +/- 5% and
- Constrain constituent weights to +/- 2% vs. the Parent index

Bloomberg Barclays MSCI Fixed Income Indices:

- Tracking Error: Maximum 0.1% annualized vs. the Parent Index
- Option-adjusted Duration: +/-0.1 year of the Parent Index
- Yield to worst: Greater than or equal to the Parent Index
- Sector weight: +/- 2% of the Parent Index
- Issuer Weight: Maximum +1.5% of the Parent Index
- Issue Weight: +/- 1% of the Parent Index

4. Optimize portfolio to maximize ESG Quality Score subject to above constraints.



The above is a summary of the index methodologies of the ETFs. For more information, please refer to the prospectus available on our website, and to the index methodology available at www.msci.com.

⁵XSUS, XSEA and XSEM also screen out thermal coal and oil sands.

⁶See the corresponding parent index name in Key Facts table.

Key Facts

	Ticker	Inception Date	Management Fee (%)	# of Underlying Holdings	Rebalance Schedule	ETF Name	Benchmark Index	Parent Index
EQUITY	XESG	Mar 18, 2019	0.15	120	Quarterly	iShares ESG Aware MSCI Canada Index ETF	MSCI Canada IMI Extended ESG Focus Index	MSCI Canada IMI Index
	XSUS	Mar 18, 2019	0.20	320	Quarterly	iShares ESG Aware MSCI USA Index ETF	MSCI USA Extended ESG Focus Index	MSCI USA Index
	XSEA	Mar 18, 2019	0.25	452	Quarterly	iShares ESG Aware MSCI EAFE Index ETF	MSCI EAFE Extended ESG Focus Index	MSCI EAFE Index
	XSEM	Mar 18, 2019	0.30	331	Quarterly	iShares ESG Aware MSCI Emerging Markets Index ETF	MSCI Emerging Markets Extended ESG Focus Index	MSCI Emerging Markets Index
FIXED INCOME	XSAB	Mar 18, 2019	0.15	460	Monthly	iShares ESG Aware Canadian Aggregate Bond Index ETF	Bloomberg MSCI Canadian Aggregate ESG Focus Index	Bloomberg Canadian Aggregate Index
	XSTB	Mar 18, 2019	0.15	193	Monthly	iShares ESG Aware Canadian Short Term Bond Index ETF	Bloomberg MSCI 1-5 Year Canadian Aggregate ESG Focus Index	Bloomberg 1-5 Year Canadian Aggregate Index

Source: BlackRock; Data as of Apr 30, 2022.

iShares ESG Aware MSCI Index 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 measures the ability of underlying holdings to manage key medium to long term risks and opportunities arising from environmental, social, and governance factors, and 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.

iShares ESG Aware MSCI Index ETFs

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The ETF's environmental, social and governance (ESG) investment strategy limits the types and number of investment opportunities available to the ETF and, as a result, the ETF may underperform other ETFs that do not have an ESG focus. The ETF's ESG investment strategy may result in the ETF investing in securities or industry sectors that underperform the market as a whole or underperform other funds screened for ESG standards.

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