iShares USD Green Bond ETF Annual Impact Report – 2023

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 our set of commonly tracked indicators, we ask each to complete a template 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…

37,584
new passengers on public transit annually

384
individuals benefiting from forest, agriculture, water/waste projects

9
homes' annual energy use or **65 MWh** of annual energy savings

265
cars off the road, equivalent to **1,190 tons of CO2e emissions** avoided annually

~24
soccer fields[1] or **17 hectares** of land area re/afforested or preserved

~4
Olympic-sized swimming pools[1] or **10,110 m³** in annual water savings

990 MWh of renewable energy generated annually

Sources: BlackRock analysis of publicly available environmental impact reports as communicated by issuers as of 5/31/2023 based on holdings as of 5/31/2023, updated annually. Holdings are subject to change. For current holdings visit iShares.com. 81% of iShares USD Green Bond ETF's constituents are covered by BlackRock's 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; 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]: 2.9%

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$60bn of green bond since.

The EUR10.5bn net proceeds of KfW's 2022 green bond issuances contribute to the prevention of approx. 2.1 million tons of GHG emissions (tCO2e) per annum. The eligible projects generate an additional capacity of renewable energy estimated at around 2,400 MW annually, which delivers additional annual renewable energy generation of an estimated 3.97 million MWh.

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 5/31/2023. Holdings are subject to change. For current holdings visit iShares.com. [2] Source: KFW as of March 2023, 2022 green bond allocation 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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Republic of Indonesia

Fund weight[1]: 1.9%

Republic of Indonesia entered the green bond market in February 2018 and has issued US$5.75 billion of USD-denominated green bonds. So far, proceeds have been disbursed across sustainable transport (38.4%), climate change adaptation (35.6%), energy efficiency (8.8%), renewable energy (8.7%), waste and waste to energy management (8.4%), and green buildings (0.2%). The allocated proceeds realized an annual reduction of ~7.5 million tons of GHG emissions (tCO2e) across financed projects.[2]

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[1] Source: BlackRock as of 5/31/2023. Holdings are subject to change. For current holdings visit iShares.com. [2] Source:. Republic of Indonesia as of July 2023, Green Sukuk Allocation and Impact 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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Avangrid Inc.

Fund weight[1]: 0.6%

Avangrid, a US sustainable energy and utility company engaged in the regulated energy distribution business and in the renewable energy generation, has been using green bonds to finance its energy transition since 2017. Their US$2.85 billion green bond portfolio contains renewable energy projects, namely solar plants and wind farms. Projects financed represent 5974 GWh of renewable energy output.[2]

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[1] Source: BlackRock as of 5/31/2023. Holdings are subject to change. For current holdings visit iShares.com. [2] Source: Avangrid as of April 2023, 2022 Sustainability 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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Asian Development Bank (ADB)

Fund weight[1]: 1.4%

ADB has been issuing green bonds since 2012. More than US$5.8 billion has been committed and disbursed to their green project portfolio. 22% is funded towards renewable energy, 5% towards energy efficiency, 71% towards clean transport, 2% towards sustainable water and wastewater. The allocated proceeds realized an annual reduction of ~ 25 million tons of GHG emissions (tCO2e) across financed projects.[2]

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[1] Source: BlackRock as of 5/31/2023. Holdings are subject to change. For current holdings visit iShares.com. [2] Source: Asian Development Bank as of June 2022, ADB Green and Blue Bonds Newsletter and Impact Report 2022. 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: Verizon Communications Inc

Corporate | Fund weight: 1.7%

Verizon has been a consistent issuer of green bonds since 2019. In their latest green bond framework, the issuer has outlined their plans to build out their Renewable Energy Program which include solar and wind energy generation. They are doing so through virtual power purchase agreements (VPPAs) and onsite renewable energy generation. As of May 2023, Verizon has allocated their ~US$3.96 billion of their US$4 billion issued green bonds' net proceeds. The issuer has allocated proceeds primarily to finance, in part or in whole, VPPAs for new renewable energy projects signed long-term VPPAs, totalling ~3.6 GW of capacity. Verizon already has secured sufficient projects that are expected to meet more than 2/3rd of their 2025 commitment to source or generate renewable energy equivalent to 50% of their annual energy consumption.

Impact by the numbers (2023 impact report for 4th green bond)

873,480
Metric tons of CO2 avoided annually

188,208
Passenger vehicles driven in one year (equivalent)

179,332
number of homes' electricity use for one year

Source: Verizon as of February 2023, Green Bond Impact Report February 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 5/31/2023 based on holdings as of 5/31/2023, 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.

Example in the portfolio: European Investment Bank (EIB)

Supranational Finance | Fund weight: 6.2%

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. Its annual funding program for 2020 is EUR 60 billion. As of May 2023, EIB has over EUR 58 billion in green bonds outstanding and around EUR 68 billion in cumulative green bond issuance. In 2021, EIB's green bonds, which the issuer has named 'climate awareness bonds' have funded **103** individual projects and 3 intermediated loans that focus on the environment. As of year-end 2021:

- Renewable energy projects account for 33% of the green bond use of proceeds, clean transport projects make up 57%, energy efficiency projects account for 7%, and green buildings represents 3%.
- Based on EIB's 2021 green bond **allocations to eligible projects**, the greenhouse gas savings attributable to EIB finance is estimated to achieve greenhouse gas (GHG) reduction of 805,810 tons of GHG emissions (tCO2e) each year (across categories), produce ~ 2 million MWh of renewable energy per annum, and save 134,048 MWh of energy per year.

Impact by the numbers (FY 2021)

103
number of projects

1,946,350 MWh
annual renewable energy produced

134,048 MWh
annual energy savings

530,428
tons of annual GHG emissions avoided from renewable energy

201,708
tons of annual GHG emissions avoided from clean transport

73,674
tons of annual GHG emissions avoided from energy efficiency and green buildings

Source: EIB as of February 2023, CAB Impact Report 2021, Climate Awareness Bonds accessed as of 5/31/2023.

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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 annual basis in May. 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 May 1st. The issuers' absolute 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

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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