

# iSHARES III plc

## SUSTAINABILITY-RELATED DISCLOSURES (UNAUDITED) (continued)

### iShares € Aggregate Bond ESG UCITS ETF

Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**Product name:**  
iShares € Aggregate Bond ESG UCITS ETF

**Legal entity identifier:**  
549300P1HZCP313RA515

## Environmental and/or social characteristics

### Did this financial product have a sustainable investment objective?

Yes

No

It made **sustainable investments with an environmental objective**: \_\_%

- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It made **sustainable investments with a social objective**: \_\_%

It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 16.58% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promoted E/S characteristics, but **did not make any sustainable investments**

### To what extent were the environmental and/or social characteristics promoted by this financial product met?

The following table lists the environmental and social characteristics which were promoted by the Fund throughout the reference period. Further information on these environmental and social characteristics is outlined in the Fund's prospectus. Please refer to the section below, "How did the sustainability indicators perform?", which provides information about the extent that the Fund met such environmental and social characteristics.

#### Environmental and social characteristics promoted by the Fund

Exposure to investments qualifying as Sustainable Investments

Exclusion of issuers involved in certain activities deemed to have negative environmental and/or social outcomes such as: alcohol, tobacco, gambling, adult entertainment, genetically modified organisms, nuclear weapons, civilian firearms, conventional weapons, controversial weapons, nuclear power (except for the green bond component of the benchmark index), thermal coal (except for the green bond component of the benchmark index), generation of thermal coal (except for the green bond component of the benchmark index), unconventional oil & gas (except for the green bond component of the benchmark index), fossil fuel reserves (except for the green bond component of the benchmark index)

Exclusion of issuers with a zero MSCI controversy score or no MSCI controversy score

Exclusion of issuers with an MSCI ESG rating below BBB

Exclusion of sovereign issuers subject to United Nation Security Council ("UNSC") Trade Sanctions

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## SUSTAINABILITY-RELATED DISCLOSURES (UNAUDITED) (continued)

### iShares € Aggregate Bond ESG UCITS ETF (continued)

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#### ● How did the sustainability indicators perform?

The following table provides information about the performance of the sustainability indicators used to measure the attainment of each of the environmental and social characteristics promoted by the Fund, as further detailed in the Fund's prospectus.

Sustainability Indicator	Metric	Performance for the reference period
Exposure to investments qualifying as Sustainable Investments	% market value exposure to Sustainable Investments	16.58%
Exclusion of issuers with an MSCI ESG rating below BBB	% market value exposure to issuers with an MSCI ESG rating below BBB	0.00%
Exclusion of issuers involved in certain activities deemed to have negative environmental and/or social outcomes (listed above)	% market value exposure to issuers involved in certain activities deemed to have negative environmental and/or social outcomes	0.00% <sup>1</sup>
Exclusion of sovereign issuers subject to UNSC Trade Sanctions	% market value exposure to sovereign issuers subject to UNSC Trade Sanctions	0.00%
Exclusion of issuers with a zero MSCI controversy score or no MSCI controversy score	% market value exposure to issuers with a zero MSCI controversy score or no MSCI controversy score	0.00%

<sup>1</sup>The index was updated to include additional SRI screens to certain issuer types in April 2023. The Fund/reference benchmark may have held exposure to issuers failing these screens prior to this date.

#### ● ...and compared to previous periods?

As this is the first reference period that the periodic disclosure for financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852 are effective, no comparatives are presented.

#### ● What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

During the reference period, the Fund invested 16.58% of its holdings in Sustainable Investments in pursuit of its investment objective.

##### **Environmental and social objectives**

The Fund invested in Sustainable Investments which contributed to a range of environmental and/or social objectives which may include but are not limited to, alternative and renewable energy, energy efficiency, pollution prevention or mitigation, reuse and recycling, health, nutrition, sanitation and education and the UN Sustainable Development Goals and other sustainability-related frameworks ("Environmental and Social Objectives").

##### **Economic activity assessment**

An investment was assessed as a Sustainable Investment where:

(i) Business activity: Where 20% or more of its revenue attributable to products and/or services was systematically mapped as contributing to environmental and/or social objectives using third-party vendor data.

(ii) Business practices: Where the issuer set a de-carbonisation target in accordance with the Science Based Targets initiatives (SBTi) as validated by third-party vendor data. The SBTi seeks to provide a clearly defined pathway for companies and financial institutions to reduce greenhouse gas (GHG) emissions to align with the goals of the Paris Agreement and help prevent the worst impacts of climate change.

(iii) the use of proceeds was assessed as contributing to an environmental and/or social objective such as green bonds, social bonds, and sustainability bonds; or

(iv) the fixed income securities were aligned with an environmental and/or social objective.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

● **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

The Sustainable Investments held by the Fund during the reference period met the do no significant harm ("DNSH") requirements, as defined by applicable law and regulation. BlackRock has developed a set of criteria across all Sustainable Investments to assess whether an issuer or investment does significant harm. Investments considered to be causing significant harm do not qualify as Sustainable Investments.

- **How were the indicators for adverse impacts on sustainability factors taken into account?**

The mandatory indicators for adverse impacts on sustainability factors (as set out in the Regulatory Technical Standards ("RTS") under the SFDR) were considered at each index rebalance through the assessment of the Fund's investments qualifying as Sustainable Investments.

Following this assessment, the following investments did not qualify as Sustainable Investments: (1) issuers deemed to be deriving at least 1% of their revenue from thermal coal which is significantly carbon intensive and a major contributor to greenhouse gas emissions (taking into account indicators relating to GHG emissions) (2) issuers that have been deemed to be involved in severe ESG related controversies (taking into account indicators relating to greenhouse gas emissions, biodiversity, water, waste and social and employee matters), and (3) issuers which were deemed to be lagging industry peers based on their high exposure and failure to manage significant ESG risks (taking into account indicators relating to greenhouse gas emissions, biodiversity, water, waste, unadjusted gender pay gap and board gender diversity).

In respect of green bonds, the indicators for adverse impacts on sustainability factors were taken into account at each index rebalance and were assessed by the index provider at the issuance level based on an assessment of the use of proceeds of the bonds which must be formally and exclusively applied to promote climate or other environmental sustainability purposes. In addition, minimum safeguards and eligibility exclusions were applied by the index provider in the selection of green bonds to ensure the proceeds of which were not applied to activities with highly negative environmental and social outcomes. This includes through the minimum safeguards and eligibility exclusions of bonds with the use of proceeds linked to thermal coal extraction and power generation, significant biodiversity loss and controversial weapons.

The benchmark index also excluded: (1) issuers with a "red" MSCI ESG controversy flag which included issuers determined to be in violation of international and/or national standards (taking into account indicators concerning violations of United Nations Global Compact principles and OECD Guidelines for Multinational Enterprises) and (2) issuers determined to have any tie to controversial weapons (taking into account indicators concerning ties to controversial weapons).

- **Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

The Fund's benchmark index excluded companies which were classified as violating or were at risk of violating commonly accepted international norms and standards, enshrined in the United Nations Global Compact (UNGC) Principles, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights (UNGPs) and their underlying conventions. The benchmark index applied the above exclusionary criteria at each index rebalance.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

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## SUSTAINABILITY-RELATED DISCLOSURES (UNAUDITED) (continued)

### iShares € Aggregate Bond ESG UCITS ETF (continued)

Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852



#### How did this financial product consider principal adverse impacts on sustainability factors?

The following table provides information about the impact of the principal adverse sustainability indicators taken into consideration by this Fund. The Fund considered the impact of the principal adverse sustainability indicators through the application of these minimum ESG and exclusionary criteria in the methodology of its benchmark index. The Investment Manager has determined that those PAIs marked in the table below as “F” are fully considered or “P” are partially considered, as part of the investment selection criteria of the benchmark index at each index rebalance. A PAI is partially considered where a BlackRock internal assessment has determined the sustainability indicator partially meets the regulatory definition of the PAI outlined in Annex 1 supplementing Regulation (EU) 2019/2088 Regulatory Technical Standards (“RTS”). A PAI is fully considered where a BlackRock internal assessment has determined the sustainability indicator captures the full regulatory definition as outlined in Annex 1 supplementing Regulation (EU) 2019/2088 RTS.

Adverse Sustainability Indicator	Sustainability indicator			
	Exclusion of issuers based on certain environmental screens (listed above)	Exclusion of issuers based on an MSCI ESG Controversy Score	Exclusion of issuers determined to have any tie to controversial weapons	Exclusion of issuers based on UN Sanctions screens
Exposure to companies active in the fossil fuel sector	P			
Activities negatively affecting biodiversity-sensitive areas		P		
Emissions to water		P		
Hazardous waste and radioactive waste ratio		P		
Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises		F		
Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)			F	
Investee countries subject to social violations				F

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## SUSTAINABILITY-RELATED DISCLOSURES (UNAUDITED) (continued)

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Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852



#### What were the top investments of this financial product?

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: From 1 July 2022 to 30 June 2023.

Largest investments	Sector	% Assets	Country
France (Republic of) Regs 2027-10-25	Treasuries	0.66%	France
France (Republic of) 2039-06-25	Treasuries	0.64%	France
France (Republic of) Regs 2026-04-25	Treasuries	0.45%	France
France (Republic of) Regs 2030-05-25	Treasuries	0.44%	France
France (Republic of) Regs 2029-05-25	Treasuries	0.43%	France
France (Republic of) Regs 2028-05-25	Treasuries	0.42%	France
France (Republic of) Regs 2031-05-25	Treasuries	0.41%	France
Germany (Federal Republic of) Regs 2027-11-15	Treasuries	0.41%	Germany
France (Republic of) Regs 2025-03-25	Treasuries	0.40%	France
France (Republic of) Regs 2032-10-25	Treasuries	0.39%	France
France (Republic of) Regs 2027-05-25	Treasuries	0.39%	France
France (Republic of) Regs 2026-05-25	Treasuries	0.38%	France
France (Republic of) Regs 2029-04-25	Treasuries	0.37%	France
France (Republic of) Regs 2024-11-25	Treasuries	0.37%	France
France (Republic of) Regs 2030-11-25	Treasuries	0.37%	France

# iSHARES III plc

## SUSTAINABILITY-RELATED DISCLOSURES (UNAUDITED) (continued)

### iShares € Aggregate Bond ESG UCITS ETF (continued)

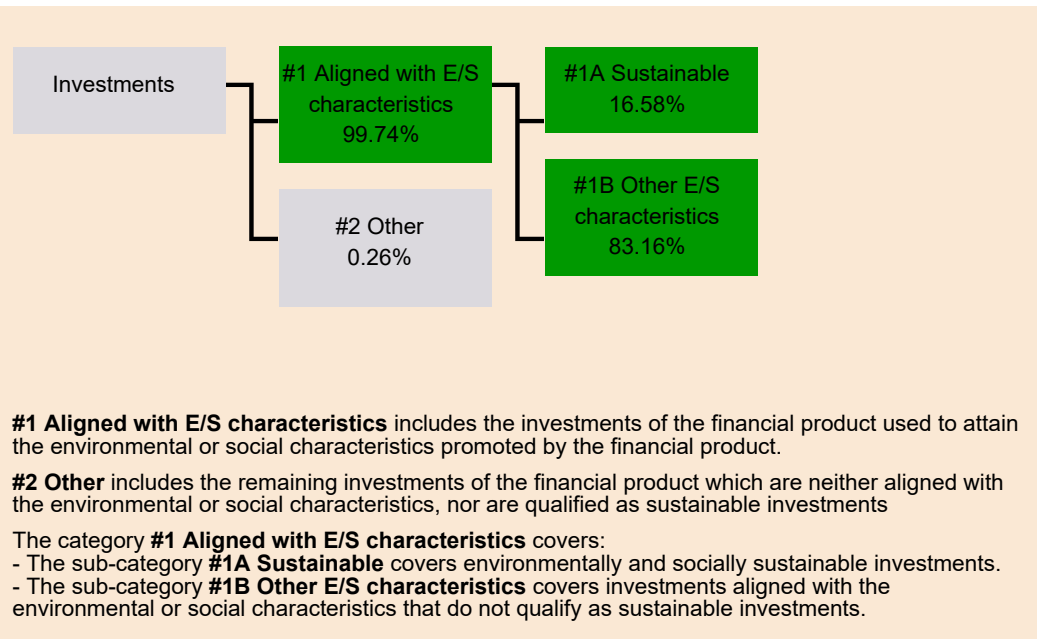
Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852



What was the proportion of sustainability-related investments?

● What was the asset allocation?

**Asset allocation** describes the share of investments in specific assets.



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## SUSTAINABILITY-RELATED DISCLOSURES (UNAUDITED) (continued)

### iShares € Aggregate Bond ESG UCITS ETF (continued)

Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

#### ● In which economic sectors were the investments made?

The following table details the economic sectors that the Fund was exposed to during the reference period.

Sector	Sub-Sector	% of Investments
Treasuries	Treasuries	56.08%
Banking	Banking	7.59%
Government Related	Supranational	6.51%
Securitized	Covered	6.35%
Government Related	Agency	6.22%
Government Related	Local Authority	4.16%
Government Related	Sovereign	1.21%
Electric	Electric	1.02%
Energy	Independent	0.01%
Energy	Refining	0.00%

During the reference period, none of the Fund's investments were held in the following sub-sectors (as defined by the Barclays Industry Classification System): integrated, midstream, oil field services, or metals and mining.

Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?**

For the reference period, the Fund's investment alignment with EU Taxonomy is shown in the graphs below.

**Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?**

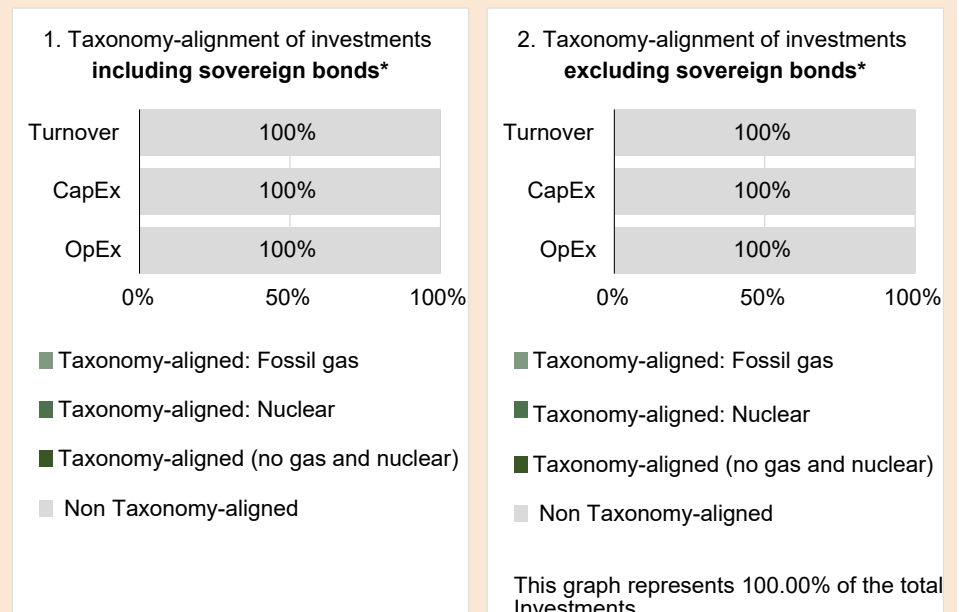
Yes:

In fossil gas       In nuclear energy

No

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.



Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

● **What was the share of investments made in transitional and enabling activities?**

For the reference period, 0% of the Fund's investments were in transitional and enabling activities.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

As this is the first reference period that the periodic disclosure for financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852 are effective, no comparatives are presented.



Sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



● **What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

For the reference period, 16.58% of the Fund's investments were classified as Sustainable Investments. These Sustainable Investments will be a mix of Sustainable Investments with an environmental objective that is not aligned with the EU Taxonomy or a social objective or a combination of both, and the exact composition may fluctuate.

The Fund invested in Sustainable Investments that were not aligned with the EU Taxonomy for the following reasons: (i) it is part of the investment strategy of the Fund; (ii) data to determine EU Taxonomy-alignment was unavailable; and/or (iii) underlying economic activities were not eligible under the EU Taxonomy's available technical screening criteria or did not comply with all requirements set out in such technical screening criteria.



● **What was the share of socially sustainable investments?**

For the reference period, 16.58% of the Fund's investments were classified as Sustainable Investments. As noted above, these Sustainable Investments will be a mix of Sustainable Investments with an environmental objective that is not aligned with the EU Taxonomy or a social objective or a combination of both, and the exact composition may fluctuate.



● **What investments were included under "Other", what was their purpose and were there any minimum environmental or social safeguards?**

Investments included under "#2 Other" included cash, money market funds and derivatives, however such holdings did not exceed 20%. Such investments were used for the purpose of efficient portfolio management, except for derivatives used for currency hedging for any currency hedged share class. Any ESG rating or analyses applied by the index provider applied only to the derivatives relating to individual issuers used by the Fund. Derivatives based on financial indices, interest rates, or foreign exchange instruments were not considered against minimum environment or social safeguards.



● **What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

The Fund met the environmental and social characteristics by tracking the environment and social characteristics of the benchmark index. The benchmark index methodology incorporates the environmental and social characteristics outlined (see section To what extent were the environmental and/or social characteristics of the Fund met?).

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**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

#### How did this financial product perform compared to the reference benchmark?

For the reference period, the Fund has designated the benchmark index as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Fund. The performance of the Fund compared to the benchmark index is outlined below.

#### How does the reference benchmark differ from a broad market index?

The benchmark index excludes issuers that do not meet its ESG selection criteria from its broad market index, the Bloomberg Euro Aggregate Index. The ESG selection criteria that is excluded is set out above (see To what extent were the environmental and/or social characteristics promoted by this financial product met?). Further details regarding the methodology of the benchmark index (including its constituents) are available on the index provider's website at <https://www.bloomberg.com/professional/product/indices>.

#### How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?

The Fund achieved the environmental and social characteristics it promotes through a portfolio that is primarily made up of securities that represent the Fund's benchmark index.

#### How did this financial product perform compared with the reference benchmark?

Sustainability Indicator	Metric	Fund	Reference benchmark
Exposure to investments qualifying as sustainable investments	% market value exposure to Sustainable Investments	16.58%	15.31%
Exclusion of issuers involved in certain activities deemed to have negative environmental and/or social outcomes	% market value exposure to issuers involved in certain activities deemed to have negative environmental and/or social outcomes	0.00%	0.00%
Exclusion of issuers with a zero MSCI controversy score or no MSCI controversy score	% market value exposure to issuers with a zero MSCI controversy score or no MSCI controversy score	0.00%	0.00%
Exclusion of issuers with an MSCI ESG rating below BBB	% market value exposure to issuers with an MSCI ESG rating below BBB	0.00%	0.00%
Exclusion of sovereign issuers subject to UNSC Trade Sanctions	% market value exposure to sovereign issuers subject to UNSC Trade Sanctions	0.00%	0.00%

#### How did this financial product perform compared with the broad market index?

Sustainability Indicator	Metric	Fund	Broad market index
Exposure to investments qualifying as sustainable investments	% market value exposure to Sustainable Investments	16.58%	10.39%
Exclusion of issuers involved in certain activities deemed to have negative environmental and/or social outcomes	% market value exposure to issuers involved in certain activities deemed to have negative environmental and/or social	0.00%	2.52%

# iSHARES III plc

## SUSTAINABILITY-RELATED DISCLOSURES (UNAUDITED) (continued)

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Exclusion of issuers with a zero MSCI controversy score or no MSCI controversy score	outcomes % market value exposure to issuers with a zero MSCI controversy score or no MSCI controversy score	0.00%	1.03%
Exclusion of issuers with an MSCI ESG rating below BBB	% market value exposure to issuers with an MSCI ESG rating below BBB	0.00%	3.30%
Exclusion of sovereign issuers subject to UNSC Trade Sanctions	% market value exposure to sovereign issuers subject to UNSC Trade Sanctions	0.00%	0.00%

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