

**Pre-contractual 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**

**Product name: iShares € Govt Bond Climate UCITS ETF  
Legal entity identifier: 549300KF2IWWFDRM5G17**

**Environmental and/or social characteristics**

*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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.*

**Does this financial product have a sustainable investment objective?**

●●□ Yes

- ☐ It will make a minimum of **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 will make a minimum of **sustainable investments with a social objective: \_\_\_%**

●○✓ No

- ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_% 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 promotes E/S characteristics, but **will not make any sustainable investments**



**What environmental and/or social characteristics are promoted by this financial product?**

The Fund is passively managed and seeks to promote certain environmental and social characteristics by tracking the performance of the FTSE Advanced Climate Risk-Adjusted European Monetary Union Government Bond Index, its Benchmark Index.

The environmental and social characteristics promoted by this Fund are to provide higher exposure to government issuers in countries less exposed to climate change risks with respect to resilience and preparedness to the risks of climate change. These environmental and social characteristics are incorporated through the selection and weighting of constituents in the Fund's Benchmark Index (as described below).

The Benchmark Index measures the performance of government bonds within the FTSE EMU Government Bond Index (the "Parent Index") while seeking to achieve a greater climate benefit by providing higher exposure to countries less exposed to climate change risks and lower exposures to countries that are more exposed to climate change risks. The Index provider weights each country based on the market capitalisation of its index eligible debt, as well as its relative climate risk exposure.

The exposure of each country to climate risk is measured across three distinct and quantitative climate-related pillars: (i) transition risk, which represents, the level of climate related risk exposure of the country's economy as measured by the distance to reach the modeled emissions needed to meet the temperature alignment target, as determined by the index provider; (ii) physical risk, which represents the level of climate related risk exposure to the country and its economy from the physical effects of climate change (for example, sea level exposure and climate related natural disasters); and (iii) resilience, which represents a country's preparedness (for example its governmental effectiveness and its disaster preparedness) and actions taken (for example, the percentage of the country's territory (terrestrial and marine) that is protected and the country's afforestation rate) to cope with its level of climate related risk exposure. A single combined score across these three pillars is derived for each

country in the Parent Index, and this score is applied to the market value weights of each country to reweight the exposure to the country within the Benchmark Index to provide higher exposure to countries less exposed to climate change risks, and lower exposures to countries that are more exposed to climate change risks.

For more information on where details of the methodology of the Benchmark Index can be found see Where can the methodology used for the calculation of the designated index be found? below.

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

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The following sustainability indicators form part of the ESG selection criteria of the Benchmark Index tracked by the Fund:

1. The index provider's country climate score as described above (see What environmental and/or social characteristics are promoted by this financial product?).
2. The consideration of the principal adverse impacts on sustainability factors as identified in the table below (see Does this financial product consider principal adverse impacts on sustainability factors?).

The ESG selection criteria of the Benchmark Index is applied by the index provider at each Index rebalance and the Benchmark Index seeks to achieve its stated targets. At each index rebalance (or as soon as possible and practicable thereafter), the portfolio of the Fund is also rebalanced in line with its Benchmark Index. Where the Fund's portfolio ceases to meet any of these characteristics in between index rebalances, the Fund's portfolio will be re-aligned at the next index rebalance (or as soon as possible and practicable thereafter) in accordance with the Benchmark Index.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

This Fund does not commit to investing in sustainable investments.



● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable as the Fund does not commit to investing in sustainable investments.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable as the Fund does not commit to investing in sustainable investments.

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

Not applicable as the Fund does not commit to investing in sustainable investments.

*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.*


**Does this financial product consider principal adverse impacts on sustainability factors?**
☒ Yes

☐ No

Yes, the Fund takes into consideration principal adverse impacts on sustainability factors by tracking the Benchmark Index which incorporates certain environmental and social criteria in the selection of index constituents. The Investment Manager has determined that those principal adverse impacts (PAIs) marked as "X" in the table below are considered as part of the selection criteria of the Benchmark Index at each index rebalance.

The Fund's annual report will include information on the principal adverse impacts on sustainability factors set out below.

	PAI Description	Benchmark Index Selection Criteria			
		Exclusion of issuers deriving % revenue from thermal coal	Exclusion of issuers classified as violating United Nations Global Compact principles	Exclusion of issuers determined to have any tie to controversial weapons	Increased weighted exposure for bonds labelled as "Green"
Greenhouse Gas (GHG) emissions	1. (a) GHG emissions (Scope 1/2)				
	1.(b) GHG emissions (Scope 3)				
	2. Carbon footprint				
	3. GHG intensity				
	4. % in Fossil Fuels				
	5. Non-Renewable / Renewable %				
Biodiversity	6. High impact sector energy consumption				
	7. Negative impact to Biodiversity sensitive areas				
Water	8. Emissions to Water				
Waste	9. Hazardous Waste				
Social and employee matters	10. UNGC+OECD Violations				
	11. UNGC+OECD Process, Monitoring				
	12. Unadjusted gender pay gap				
	13. Board gender diversity				
Indicators applicable to investments in sovereigns and supranationals	14. Controversial weapons				
	15. GHG intensity of investee countries	X			
	16. Investee countries subject to social violations	X			

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

**What investment strategy does this financial product follow?**

The investment policy of the Fund is to invest in a portfolio of fixed income securities that as far as possible and practicable consists of the component securities of the Benchmark Index and thereby comply with the environmental and social characteristics of its Benchmark Index. The index methodology of its Benchmark Index is described above (see What environmental and/or social characteristics are promoted by this financial product?).

By investing in the constituents of its Benchmark Index, the Fund's investment strategy enables it to comply with the environmental and social characteristics of its Benchmark Index as determined by the index provider. In the event that any investments cease to comply, the Fund may continue to hold such investments only until such time as the relevant securities cease to form part of the Benchmark Index and it is possible and practicable (in the Investment Manager's view) to liquidate the position.

The Fund may use optimisation techniques in order to achieve a similar return to the Benchmark Index which means that it is permitted to invest in securities that are not underlying constituents of the Benchmark Index where such securities provide similar performance (with matching risk profile) to certain securities that make up the Benchmark Index. If the Fund does so, its investment strategy is to invest only in issuers in the Benchmark Index or in issuers that meet the environmental and social characteristics of the Benchmark Index at the time of purchase. If such securities cease to



comply with the environmental and social characteristics of the Benchmark Index, the Fund may hold such securities only until the next portfolio rebalance and when it is possible and practicable (in the Investment Manager's view) to liquidate the position.

The strategy is implemented at each portfolio rebalance of the Fund, which follows the Index rebalance of its Benchmark Index.

#### Governance Processes

The Investment Manager carries out due diligence on the index providers and engages with them on an ongoing basis with regard to index methodologies including their assessment of good governance criteria set out by the SFDR which include sound management structures, employee relations, remuneration of staff and tax compliance at the level of investee companies.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy are that the Fund will invest in a portfolio of fixed income securities that as far as possible and practicable consists of the component securities of the Benchmark Index and thereby comply with the environmental and social characteristics of its Benchmark Index.

As the Fund is able to use optimisation techniques and may invest in securities that are not underlying constituents of the Benchmark Index, where it does so, its investment strategy is to invest only in issuers in the Benchmark Index or in issuers that otherwise meet the environmental and social characteristics of the Benchmark Index at the time of purchase.

In the event that any investments cease to comply with the environmental and social characteristics of the Benchmark Index, the Fund may continue to hold such investments only until such time as the relevant securities cease to form part of the Benchmark Index and/or it is possible and practicable (in the Investment Manager's view) to liquidate the position.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the Fund's investments.

The Fund's Benchmark Index seeks to reduce the number of constituents from the Parent Index through the application of the environmental and social selection criteria. However, there is no minimum rate of reduction applied or targeted by the index provider in the selection of constituents for the Benchmark Index.

The rate of reduction may vary over time depending on the issuers that make up the Parent Index. For example, if issuers in the Parent Index engage in fewer activities that are excluded from the Parent Index based on the environmental and social selection criteria applied by the Benchmark Index, the rate of reduction may reduce over time. Conversely, if the index provider increases the environmental and social selection criteria in the Benchmark Index as the environmental and social selection criteria standards evolve, the rate of reduction may increase over time.

- ***What is the policy to assess good governance practices of the investee companies?***

Not applicable. Save for other holdings (which may include cash, money market funds and derivatives), the Fund will only invest in sovereign bonds within the Benchmark Index, or that otherwise meet the selection criteria of the Benchmark Index, in accordance with the Fund's investment strategy.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

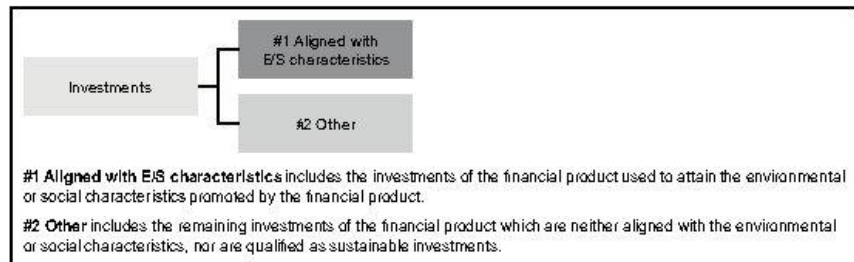
- turnover reflecting the share of revenue from green activities of investee companies

### What is the asset allocation planned for this financial product?

The Fund seeks to invest in a portfolio of securities that as far as possible and practicable consists of the component securities of the Benchmark Index.

It is expected that at least 80% of the Fund's assets will be invested in either securities within the Benchmark Index or in securities that meet the environmental and social selection criteria of the Benchmark Index. As such, at each index rebalance (or as soon as reasonably possible and practicable thereafter), the portfolio of the Fund will be rebalanced in line with its Benchmark Index so that at least 80% of the Fund's assets will be aligned with the environmental and social characteristics of the Benchmark Index (as determined at that rebalance). In the event that any investments cease to comply with the environmental and social selection criteria of the Benchmark Index, the Fund may continue to hold such investments until such time as the relevant securities cease to form part of the Benchmark Index (or otherwise cease to meet the environmental and social selection criteria of the Benchmark Index) and it is possible and practicable (in the Investment Manager's view) to liquidate the position.

The Fund may invest up to 20% of its assets in other investments ("#2 Other").



### How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

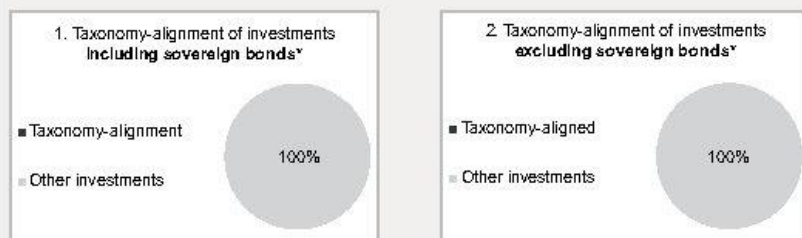
The Fund may use derivatives for investment purposes and for the purposes of efficient portfolio management in connection with the environmental or social characteristics promoted by the Fund. Where the Fund uses derivatives for promoting environmental or social characteristics, any ESG rating or analyses referenced above will apply to the underlying investment.



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

This Fund does not currently commit to investing more than 0% of its assets in investments in environmentally sustainable economic activities within the meaning of the Taxonomy Regulation.

*The two graphs below show the minimum percentage of investments that are 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*

**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.



are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

● **What is the minimum share of investments in transitional and enabling activities?**

This Fund does not currently commit to investing more than 0% of its assets in investments in transitional and enabling activities within the meaning of the Taxonomy Regulation.



● **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable as the Fund does not commit to investing in sustainable investments with an environmental objective.



● **What is the minimum share of socially sustainable investments?**

This Fund does not currently commit to investing more than 0% of its assets in investments in socially sustainable investments.



● **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

Other holdings may include cash, money market funds and derivatives. Such investments may only be used for the purpose of efficient portfolio management, except for derivatives used for currency hedging for any currency hedged share class.

Any environmental or social rating or analyses applied by the index provider will apply only to the derivatives relating to individual issuers used by the Fund. Derivatives based on financial indices, interest rates, or foreign exchange instruments will not be considered against minimum environmental or social safeguards.



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

● **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Yes, this Fund seeks to achieve the environmental and social characteristics it promotes by tracking the performance of the FTSE Advanced Climate Risk-Adjusted European Monetary Union Government Bond Index, its Benchmark Index which incorporates the Index provider's environmental and social selection criteria.

● **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

At each Index rebalance, the Index provider applies the environmental and social selection criteria to the Parent Index to exclude issuers that do not meet such selection criteria.

● **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

At each index rebalance (or as soon as reasonably possible and practicable thereafter), the portfolio of the Fund is also rebalanced in line with its Benchmark Index.

● **How does the designated index differ from a relevant broad market index?**

As a result of the application of the environmental and social selection criteria of the Benchmark Index, the portfolio of the Fund is expected to be reduced compared to the Parent Index, a broad market index comprised of fixed income securities.

● **Where can the methodology used for the calculation of the designated index be found?**



#### SCHEDULE VII

The methodology of the Fund's Benchmark Index can be found by copying and pasting the following link into your web browser: [https://research.ftserussell.com/products/downloads/FTSE\\_Advanced\\_Climate\\_Risk-Adjusted\\_Government\\_Bond\\_Index\\_Series\\_Ground\\_Rules.pdf](https://research.ftserussell.com/products/downloads/FTSE_Advanced_Climate_Risk-Adjusted_Government_Bond_Index_Series_Ground_Rules.pdf)



#### **Where can I find more product specific information online?**

#### **More product-specific information can be found on the website:**

For further details specific to this Fund, please refer to the sections of this prospectus entitled 'Investment Objective' and 'Investment Policy', 'SFDR' and also the product page for the Fund, which can be found by typing the name of the Fund into the search bar on the iShares website: [www.iShares.com](http://www.iShares.com)