

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

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.

Product name: BlackRock Advantage US **Legal entity identifier:** 549300U5207F8G705S53
Equity Fund

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes
 No

<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input checked="" type="checkbox"/> 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 20% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input type="checkbox"/> 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 aims to promote environmental characteristics related to the reduction of carbon emissions by seeking to have a lower greenhouse gas emission intensity (for Scope 1 and 2) within its portfolio relative to the Index (as defined below). Greenhouse gas emissions are categorised into three groups or “scopes” by the most widely used international accounting tool, the Greenhouse Gas (GHG) Protocol. Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting issuer. Scope 3 includes all other indirect emissions that occur in an issuer’s value chain but Scope 3 is not covered in the reduction. The estimated greenhouse gas (Scope 1 and Scope 2) emissions per \$1 million of sales revenue across the Fund’s holdings are used to measure this aim. Additionally, the Fund aims to promote environmental characteristics related to reduction of environmental pollution by excluding direct investment in companies that are involved in thermal coal and tar and sands extraction, as well as thermal coal-based power generation, through application of exclusionary screens.

The Fund aims to promote social characteristics related to: (a) reduction of the availability of weapons by excluding direct investment in issuers involved in the production of controversial weapons, nuclear warheads and nuclear missiles, and/or essential components for exclusive use in nuclear weapons, issuers that have ties to automatic/semi-automatic firearms or ammunition production intended for civilian use, or those that derive revenue from the production or distribution of firearms and/or small arms ammunition intended for civilian use, (b) better health and wellbeing by excluding direct investment in issuers involved in production of tobacco; and (c) support for human rights, labour

standards, the environment and anti-corruption by excluding direct investment in issuers deemed to have failed to comply with the 10 UN Global Compact Principles, through application of exclusionary screens. The definition of “involved” in relation to each activity may be based on generating or deriving a revenue from the activity that exceeds a percentage of revenue or a defined total revenue threshold, or any exposure to the activity regardless of the amount of revenue received. Further detail on the exclusions applied to promote environmental and/or social characteristics is included in the response to the question “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?” below.

The Fund invests at least 20% of its holdings in Sustainable Investments, as determined by the Investment Manager, which contribute to the objectives outlined below and which are aligned with the environmental and/or social characteristics being promoted by the Fund. The Fund does not use a reference benchmark for the purposes of attaining the ESG characteristics that it promotes, however, MSCI USA Index (the “Index”) is used to compare certain ESG characteristics promoted by the Fund.

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 sustainability indicators used to measure the attainment of the environmental or social characteristics promoted by this Fund include:

- The Fund's holdings in Sustainable Investments, as described above.
- The Fund's, environmental, social and governance (“ESG”) rating, which is the weighted average of ESG scores of the Fund's holdings, as described above.
- The Fund's carbon emissions intensity, as described above.
- The Fund's consideration of principal adverse impacts (PAIs) on sustainability factors, as described below.
- The Fund's exclusion of holdings in issuers identified by the exclusion criteria, as described below.

● ***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?***

The Fund invests at least 20% of its holdings in Sustainable Investments in pursuit of its investment objective. All Sustainable Investments will be assessed by the Investment Manager to comply with BlackRock's DNSH standard outlined above.

BlackRock invests in Sustainable Investments which contribute to a range of environmental and / or social objectives which include alternative and renewable energy, energy efficiency, pollution prevention or mitigation, reuse and recycling, health, nutrition, sanitation and education and the UN Sustainable Development Goals (“Environmental and Social Objectives”).

An investment will be assessed as contributing to an Environmental and/or Social Objective where:

- a) minimum proportion of the issuer's business activity contributes to an Environmental and/or Social Objective; or
- b) the issuer's business practices contribute to an Environmental and/or Social Objective.

● ***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?***

Sustainable Investments meet the 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.

The Investment Manager assesses the indicators for adverse impacts on sustainability factors for each type of investment as defined by the regulation. Criteria for adverse impacts are assessed using third-party vendor data regarding an investment's business involvement (in specific activities identified as having negative environmental or social impacts) or environmental or social controversies to exclude investments which the Investment Manager has determined are harmful to sustainability indicators subject to limited exceptions, for example, where the data is determined to be inaccurate or not up to date. Where no data is available, or it is substantially incomplete, fundamental analysis will be undertaken using reasonable efforts to identify impacts which the Investment Manager determines to be harmful to the sustainability indicators.

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

The indicators for adverse impacts on sustainability factors for each type of investment are assessed using BlackRock's Sustainable Investments proprietary methodology. BlackRock uses third-party data and/or fundamental analysis to identify investments which negatively impact sustainability factors and cause significant harm.

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

Sustainable Investments are assessed to consider any detrimental impacts and ensure compliance with international standards of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights. Issuers deemed to have violated these conventions are not considered as 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

The Fund considers PAIs on sustainability factors through the application of its exclusionary screens and its carbon reduction target.

The Fund takes into account the following PAIs:

- GHG emissions
- GHG intensity of investee companies
- Exposure to companies active in the fossil fuel sector
- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- Exposure to controversial weapons (anti personnel mines, cluster munitions, chemical weapons and biological weapons)

In addition, this Fund takes into account the PAIs through BlackRock's DNSH standard for Sustainable Investments. This Fund will provide information on the PAIs in its annual report.



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 Fund seeks to gain at least 70% of its investment exposure to equity securities (e.g. shares) of companies domiciled in, listed in, or the main business of which is in, the United States of America.

The Fund uses quantitative (i.e. rule based) approach to stock selection. The models select stocks from a broad universe of equities (remaining after the application of ESG exclusionary screens and rank them broadly according to multiple characteristics, including company fundamentals, market sentiment, macro-economic themes and ESG characteristics (each of which is described below). The Investment Manager assigns a weighting to each category within the models based on an assessment of the performance, volatility, correlation and turnover within each model.

Within the company fundamentals category, the Fund uses techniques to assess stock characteristics such as relative valuation, strength of earnings, quality of balance sheet and cashflow trends.

Within the market sentiment category, the Fund uses techniques to assess drivers such as the views of other market participants (for example, sell-side analysts, other investors and company management teams) as well as trends exhibited by related companies.

Within the macro-economic themes category, the Fund uses techniques to position the portfolio with respect to certain industries and styles (such as value, momentum and quality), which are best placed for prevailing macro conditions.

The ESG models used fall into various sub-categories, including risk mitigation (identifying companies with a high number of controversies, lawsuits, litigation, or concerns around the amount of tax they pay); human capital (identifying companies who attract a diverse employee base and have fair employment practices); environmental transition (measuring companies' greenhouse gas emissions, water intensity, and green innovation); and social impact (identifying companies who seek to address social issues and disease burden). ESG data is also incorporated across all the above quantitative models.

These quantitative models, combined with an automated portfolio construction tool which is proprietary to the Investment Manager, inform which stocks will comprise the Fund's portfolio, removing any that conflict with the exclusionary screens (as outlined below) and replacing them with stocks from within the same universe with a similar expected return. The Investment Manager reviews the positions generated by the portfolio construction tool before they are traded to compare against the categories (as described above) inputted to the model and to consider the impact of any subsequent public information in relation to the positions such as merger and acquisition announcements, significant litigation or changes in senior management personnel.

The portfolio construction tool is also subject to investment constraints which optimise the portfolio so that:

- (a) the weighted average ESG rating of the Fund is higher than the ESG rating of the Index; and
- (b) the portfolio has a 30% lower carbon emissions intensity score overall, relative to the Index.

These ESG ratings and carbon intensity scores are as defined by MSCI. The Investment Manager will create a portfolio that generally seeks to deliver a superior ESG outcome versus the Index. More than 90% of the issuers of securities (excluding any money market funds) the Fund invests in are ESG rated or have been analysed for ESG purposes.

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 as follows:

- Maintain that the Fund holds at least 20% in Sustainable Investments.
- Maintain that the weighted average ESG rating of the Fund will be higher than the ESG rating of the Index.
- Maintain the Fund's carbon emissions intensity as 30% lower than that of the Fund's Index.
- Ensure that more than 90% of the issuers of securities in which the Fund invests (excluding money market funds) shall be ESG rated or have been analysed for ESG purposes.
- Exclude direct investment in corporate issuers which, in the opinion of the Investment Manager, have exposure to, or ties with, certain sectors, namely:
 - i) issuers which are engaged in, or are otherwise exposed to, the production of controversial weapons (including, but not limited to, cluster munitions, biological-chemical, landmines,

- depleted uranium, blinding laser, non-detectable fragments and/or incendiary weapons);
- ii) issuers deriving any revenue from direct involvement in the production of nuclear warheads or nuclear missiles, or essential components for exclusive use in nuclear weapons;
- iii) issuers deriving more than 5% of their revenue from thermal coal extraction and/or thermal coal-based power generation, with the exception of “green bonds”, that are considered to comply with the International Capital Markets Association’s Green Bond Principles, from such issuers;
- iv) issuers deriving more than 5% of their revenue from the production and generation of tar sands (also known as oil sands);
- v) issuers deriving any revenue from tobacco production only;
- vi) issuers that have any ties to automatic/semi-automatic firearms or ammunition production intended for civilian use;
- vii) issuers that derive more than 5% of their revenue from the production of firearms intended for civilian use;
- viii) issuers that derive more than 5% of their revenue from distribution of firearms intended for civilian use; and
- x) issuers which have been deemed to have failed to comply with UN Global Compact Principles (which cover human rights, labour standards, the environment and anti-corruption).

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

Whilst the Fund applies exclusionary screens to avoid investment in the activities listed above, there is no commitment to reduce the scope of investments by a minimum rate.

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

BlackRock assesses good governance practices of the investee companies by combining proprietary insights with data from external ESG research providers. BlackRock uses data from external ESG research providers to identify issuers which may not have satisfactory governance practices in relation to key performance indicators (KPIs) related to sound management structure, employee relations, remuneration of staff and tax compliance. Issuers that do not satisfy BlackRock’s assessment of good governance are excluded from the investment universe.

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



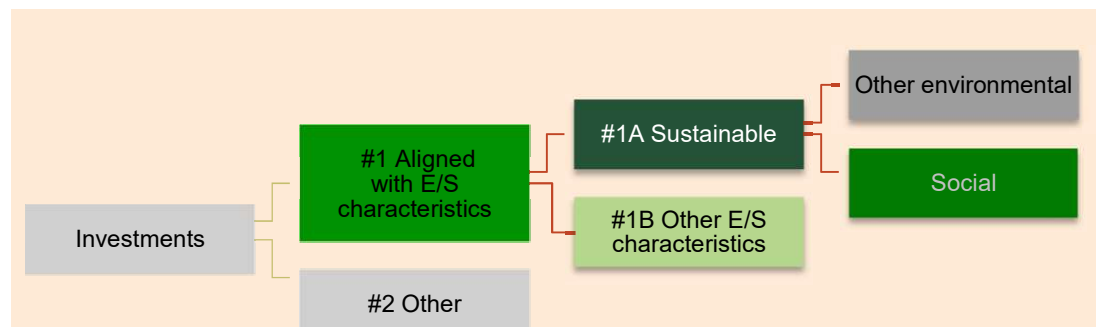
What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

A minimum of 70% of the Fund’s total assets will be invested in investments that are aligned with the environmental and/or social characteristics described above (#1 Aligned with E/S characteristics). In relation to these investments, a minimum of 20% of the Fund’s total assets will be invested in Sustainable Investments (#1A Sustainable), and the remainder will be invested in investments aligned with other environmental and/or social characteristics described above (#1B Other E/S characteristics).

The Fund may invest up to 30% of its total assets in other investments(‘#2 Other’).

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 comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to 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.

#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.
 The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

● **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. For derivatives, any ESG rating or analyses referenced above will apply only to the underlying investment.



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

The Fund does not currently commit to investing more than 0% of its assets in Sustainable Investments with an environmental objective aligned with the EU Taxonomy, however, these investments may form part of the portfolio.

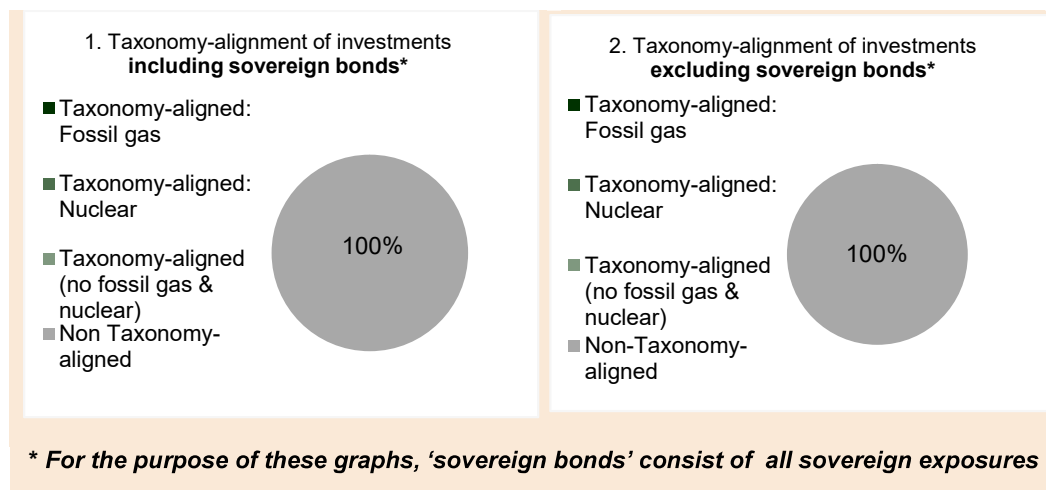
● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**

- Yes:**
- In fossil gas In nuclear energy
- No**

The Fund does not currently commit to invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy, however, these investments may form part of the portfolio.


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.*

¹ 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.



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

The Fund does not commit to making investments in transitional and enabling activities, however, these investments may form part of the portfolio.

 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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

A minimum of 20% of the Fund's total assets will be invested in 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.

The Fund invests in Sustainable Investments that are 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 may be unavailable; and / or
- (iii) underlying economic activities may not be eligible under the EU Taxonomy's available technical screening criteria or may not comply with all requirements set out in such technical screening criteria.

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

A minimum of 20% of the Fund's total assets will be invested in 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 are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?**

Other holdings are limited to 30% and may include derivatives, cash and near cash instruments and shares or units of CIS and fixed income transferable securities (also known as debt securities) issued by governments and agencies worldwide.

These investments may be used for investment purposes in pursuit of the Fund's (non ESG) investment objective, for the purposes of liquidity management and/or hedging.

No other holdings are considered against minimum environmental or social safeguards.

 **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?**

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

No.

Please note that the MSCI USA Index is used to compare certain ESG characteristics promoted by the Fund.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

Where can I find more product specific information online?

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

Please refer to the website page for the Fund, which can be found by typing the name of the Fund into the search bar on the BlackRock website: www.blackrock.com.

