

Guidance on Enhancing Green Bond Participation

This document aims to provide underwriters and impact bond issuers with an overview of State Street Global Advisors' (SSGA's) investment approach to green bonds.

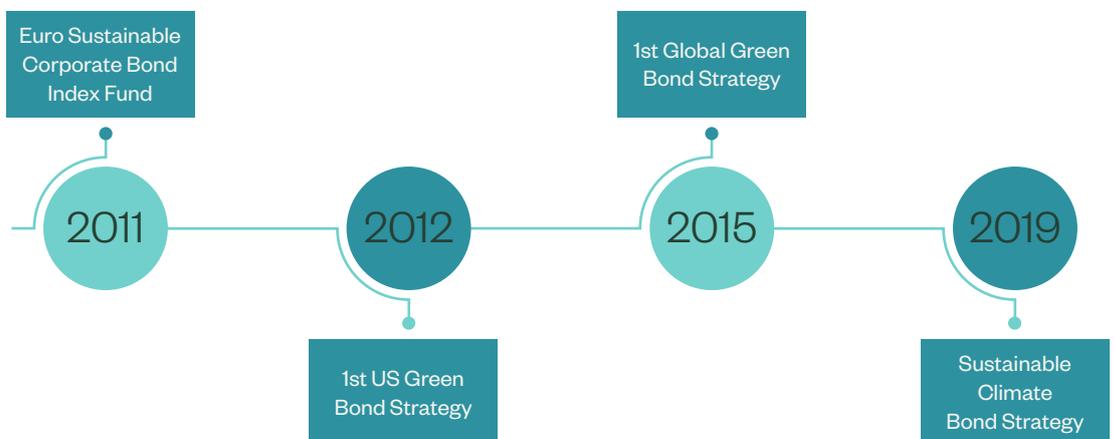
SSGA has been an active investor in green bond issues globally since April 2015. Currently, our **green bond assets under management are \$1.98 billion¹**. We manage green bonds in several currencies including the Australian dollar, Canadian dollar, Swiss franc, Euro, Sterling, Japanese yen, Swedish krona and US dollar.

Motivation & Goals

Driven by a more than 30-year legacy in environmental, social and governance (ESG) investing, SSGA's mission — to invest responsibly to enable economic prosperity and social progress — reflects our commitment to ESG principles.

Whether clients are focused on risk management, responding to new regulations, investing according to their values, or seeking to enhance long-term performance, we believe our ESG integration approach, along with our ESG-specific investment capabilities, will help clients achieve their ESG objectives and investment goals.

While the majority of our ESG portfolios are client-specific, for institutions and financial advisors, we have led the market in developing innovative ESG commingled fund solutions. Some examples in the fixed income space are:



The information contained above is for illustrative purposes only.

In 2019, SSGA launched a range of sustainable climate and low-carbon bond and equity strategies aligned with the Paris Agreement goals of limiting temperature increase to well below 2°C above pre-industrial levels. In doing so, we work with investors who are adapting their portfolios for the transition to the low carbon economy, and specifically, with those seeking to allocate to green bonds.

Where applicable, we aim to invest a significant proportion of assets into green bonds using our framework, as opposed to dedicated green bond-only portfolios.

Minimum Green Bond Criteria

Prior to each investment decision, we evaluate green bonds by applying the following minimum criteria:

1. Clear description of the projects to be financed (including goals and projected impacts)
2. Competent project selection and a fully transparent process of the management of proceeds
3. Regular public reporting including project description, allocation of funds and environmental impacts (quantified where feasible)
4. Independent, third-party verification of project selection and use of funds is also advantageous.

We continuously develop and advance our minimum requirements to be in harmony with the ICMA Green Bond Principles framework and global leading initiatives, such as alignment with the Climate Bonds Taxonomy.

Securities of Interest

SSGA will typically invest in securities that qualify for inclusion in broad fixed income indices, for example, the Bloomberg Barclays Global Aggregate Bond Index, ICE BofA Global High Yield and J.P. Morgan Emerging Market Debt Indices.

These include the following fixed income securities:

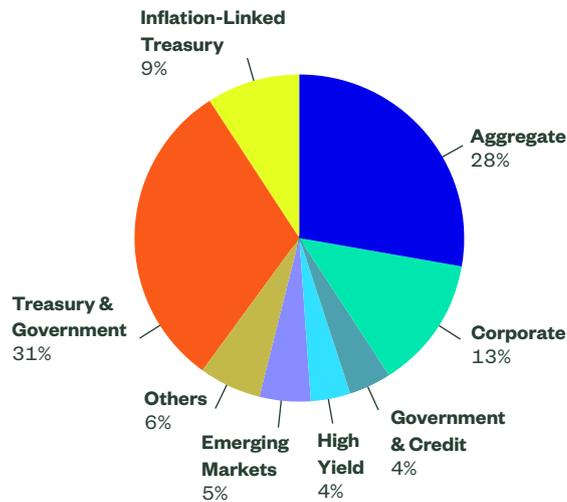
- Treasuries
- Supranationals, Sub-Sovereigns and Agencies (e.g. multilateral development banks)
- Financials
- Corporates
- Covered Bonds and Pfandbriefe
- Asset-Backed Securities (senior tranches only)

Depth in Fixed income

SSGA's Global Fixed Income investment team provides access to a broad array of strategies, which include government bonds, investment-grade corporates, high-yield, securitised bonds, floating rate securities and cash, across developed and emerging markets.

We manage \$487bn across a range of fixed income instruments:

Figure 1
**Fixed Income Assets
Under Management:
\$487 Billion as at
31 March 2020**



Across over 100 investment strategies managed in separate accounts, commingled funds and ETFs, State Street Global Advisors manages the following*:

- **\$471** billion in fixed income
- **\$388** billion in cash
- **\$62** billion in currency

Our Fixed Income team* consists of over **140** dedicated fixed income professionals globally including:

- **82** Portfolio managers, averaging **18** years of experience
- **19** Traders averaging **17** years of experience
- **26** Research analysts averaging **15** years of experience

The Fixed Income team is also supported by eight people dedicated to ESG Investment Strategy, ESG Research and ESG data, as well as our Asset Stewardship team.

Incisive research and analysis generated from the depth and scale of our global investment teams and personnel inform our index and active investment strategies, but also customised solutions.

* All figures as at 31 March 2020.

A Leader in ESG Investing

We apply a multi-dimensional approach to ESG investing for fixed income. Over more than thirty years of ESG investing we have advanced our investing and stewardship capabilities to deliver value to our clients and continue earning the trust they place in us. Through our extensive ESG data and research we can help develop and implement investment solutions for our clients that align policy, principles and values, yet seek maximum performance or minimum tracking error within the constraints.

Our firm-wide responsible investment assets under management that take into consideration ESG investment factors through either negative screening, best-in-class investment, sustainable or green-themed investing is \$305 billion as at 31 March 2020. In addition, we have \$54 billion in ESG integrated assets that systematically and explicitly include ESG factors in financial analysis.

State Street Global Advisors is a signatory of the Principles for Responsible Investments (PRI) and is committed to investing sustainably. By implementing the PRI in our sustainable investment approach, we aim to promote sustainable business practices actively and transparently, while encouraging other market participants to do the same.

Climate/Environmental Partnerships & Initiatives (year joined)

- Climate Bonds Initiative (2020)
- University of Cambridge Institute for Sustainability Leadership (2018)
- TCFD — Task Force on Climate Related Financial Disclosures (2017)
- One Planet (2017)
- Green Bond Principles (2014)
- UNEP FI — United Nations Environment Programme Finance Initiative (2005)
- Carbon Disclosure Project (2004)
- Ceres Investor Network on Climate Risk & Sustainability Risk (2003)

For a complete list of signatories and organisations that SSGA is a member of, please refer to our website: ssga.com.

Endnote

- 1 As at 1 June 2020.

About State Street Global Advisors

Our clients are the world's governments, institutions and financial advisors. To help them achieve their financial goals we live our guiding principles each and every day:

- Start with rigour
- Build from breadth
- Invest as stewards
- Invent the future

For four decades, these principles have helped us be the quiet power in a tumultuous investing world. Helping millions of people secure their financial futures. This takes each of our employees in 27 offices around the world, and a firm-wide conviction that we can always do it better. As a result, we are the world's third-largest asset manager with US \$2.69 trillion* under our care.

* This figure is presented as of March 31, 2020 and includes approximately \$51.62 billion of assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated.

ssga.com

Marketing Communication

State Street Global Advisors Worldwide Entities

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Investing involves risk including the risk of loss of principal. Past performance is no guarantee of future results.

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Diversification does not ensure a profit or guarantee against loss.

Bonds generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates rise bond prices usually fall); issuer default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss. Equity securities may fluctuate in value in response to the activities of individual companies and general market and economic conditions.

Investing in foreign domiciled securities may involve risk of capital loss from unfavourable fluctuation in currency values, withholding taxes, from differences in generally accepted accounting principles or from economic or

political instability in other nations. Investments in emerging or developing markets may be more volatile and less liquid than investing in developed markets and may involve exposure to economic structures that are generally less diverse and mature and to political systems which have less stability than those of more developed countries.

The returns on a portfolio of securities which exclude companies that do not meet the portfolio's specified ESG criteria may trail the returns on a portfolio of securities which include such companies. A portfolio's ESG criteria may result in the portfolio investing in industry sectors or securities which underperform the market as a whole.

Responsible-Factor (R Factor) scoring is designed by State Street to reflect certain ESG characteristics and does not represent investment performance. Results generated out of the scoring model is based on sustainability and corporate governance dimensions of a scored entity.

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