

## SPDR S&P 400 U.S. Mid Cap Leaders UCITS ETF

### Website disclosure for an Article 8 fund



#### A. Summary

The SPDR S&P 400 U.S. Mid Cap Leaders UCITS ETF ("Fund") is an index fund tracking the performance of the S&P MidCap 400 Scored & Screened Leaders Index ("Index"). The Index has been designated for the purpose of attaining the environmental and social characteristics promoted by the Fund.

The Fund promotes environmental characteristics related to reduction of non-renewable natural resource utilisation by excluding companies involved in, for example, thermal coal, oil sands, shale oil and gas, arctic drilling and nuclear, each in line with the Index. In addition, the Fund promotes social characteristics related to: (i) Better health and wellbeing by excluding direct investment in companies involved in production and distribution of tobacco; and (ii) Support for human rights, labour, environment and anti-corruption by excluding companies deemed to have failed to comply with the United Nations' Global Compact (the "UNGC") principles.

While the Fund does not have as its objective a sustainable investment, it will have a minimum proportion of 15 % of sustainable investments under article 2(17) of SFDR using the Investment Manager's proprietary assessment methodology.

The Investment Manager and/or Sub-Investment Manager, on behalf of the Fund, invests using the replication strategy as further described in the "Investment Objectives and Policies – Index Tracking Funds" section of the Prospectus, primarily in the securities of the Index, at all times in accordance with the Investment Restrictions set forth in the Prospectus.

The Investment Manager employs a binding ESG methodology which aims to build a portfolio where at least 90% of the Fund's assets are invested in securities which are aligned with environmental and social characteristics promoted by the Fund. The remaining portion (<10%) of the portfolio, consisting of cash as well as cash equivalents in place held at the Investment Manager's discretion, will not be aligned with the promoted environmental and social characteristics. To the extent that the Fund may use financial derivative instruments, these will not be used to attain the environmental or social characteristics promoted by the Fund. The Fund does not commit to making sustainable investments within the meaning of the Taxonomy Regulation.

The proportion of the Fund's portfolio invested in securities included in the Index will constitute sustainability indicator used to measure the attainment of each of the environmental or social characteristics promoted by the Fund.

The sustainability indicators used to measure attainment of the ESG criteria of the Index tracked by the Fund includes (i) Business activity exclusions, (ii) Norms and standards screening, (iii) ESG score based exclusions, and (iv) Principal adverse impacts.

The link to the Index methodology which captures the environmental or social characteristics promoted by the Fund is made available in the Relevant Supplement and is included below.

The data sources used to attain the relevant environmental or social characteristics are detailed in the Index methodology.

There is a risk that the index provider may make errors, such as incorrect assessment of the screen criteria described in the Investment Policy and/or include incorrect/exclude correct constituents in the screening process. ESG data may be based on certain assumptions, forecasts, projections, views and opinions which may be based on current market trends or anticipated future events. Given the developing and innovative nature of data models, methodologies and assumptions and the inherent uncertainty in predicting forward-looking events, it cannot be guaranteed that the ESG data is always accurate or correct or that the ESG data will satisfy the aims or requirements of any specific client or investor. Furthermore, there may be data that cannot be sourced due to the lack of availability of data sources.

State Street Investment Management (“SSIM”) oversees external vendors, including index providers, in line with its third party risk management programme. SSIM engages with index providers regularly for service level reviews and also undertakes targeted reviews of index providers’ processes, systems & systems controls, data, quality controls & IT security.

SSIM’s engagement policies are not directly embedded into the Fund’s investment strategy. However, SSIM’s Asset Stewardship programme consolidates all voting and engagement activities across asset classes, irrespective of investment strategy or geographic region, including for the Fund.

The Fund has designated the Index for the purpose of attaining environmental and social characteristics promoted by the Fund. The Index methodology provides for ongoing review and rebalances at each month-end.

Please refer to S&P MidCap 400 Scored & Screened Leaders Index methodology:  
<https://www.spglobal.com/spdji/en/documents/methodologies/methodology-sp-ss-leaders-indices.pdf>



## **B. No sustainable investment objective**

The Fund promotes environmental or social characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 15 % of sustainable investments under article 2(17) of SFDR using the Investment Manager’s proprietary assessment methodology.

Sustainable investments that the financial product partially intends to make should not cause significant harm to any environmental or social sustainable investment objective. In this respect, the Investment Manager considers the mandatory principal adverse indicators (“PAIs”) as set out in Table 1, Annex 1 of Level 2 of SFDR on sustainability factors through the incorporation of the SASB materiality framework in the Investment Manager’s proprietary ESG Score and the application of the exclusions in the Index. By investing in securities classified as “Leaders or Outperformers” in

accordance with the Investment Manager's proprietary ESG Score and the application of exclusions to the Index, the Investment Manager deems the Fund's sustainable investments not to cause significant harm to any environmental or social sustainable investment objective

The Fund pursues a reduction of negative externalities caused by the underlying investments and in that context considers Principal Adverse Impacts (PAI) on sustainability factors by applying norms based ESG screens within the index. Specifically, the Fund considers:

- Violation of UNGC Principles
- Exposure to controversial weapons

A sustainable investment, as determined by the Investment Manager, does not include companies that the Investment Manager has deemed to violate UNGC principles. The OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights are considered as part of the UNGC principles assessment.



### **C. Environmental or social characteristics of the financial product**

The Fund promotes environmental characteristics related to reduction of non-renewable natural resource utilisation by excluding companies involved in, for example, thermal coal, oil sands, shale oil and gas, arctic drilling and nuclear, each in line with the Index.

In addition, the Fund promotes social characteristics related to:

- (i) Better health and wellbeing by excluding direct investment in companies involved in production and distribution of tobacco; and
- (ii) Support for human rights, labour, environment and anti-corruption by excluding companies deemed to have failed to comply with the United Nations' Global Compact (the "UNGC") principles.

The definition of "involved" in relation to each activity is 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. The activity may relate to production or distribution or both in accordance with the Index methodology. Further detail on the exclusions applied to promote environmental and/or social characteristics can be found in the methodology of the Index.



### **D. Investment Strategy**

The investment policy of the Fund is to track the performance of the Index (or any other index determined by the Directors from time to time to track substantially the same market as the Index) as closely as possible, while seeking to minimise as far as possible the tracking difference between the Fund's performance and that of the Index.

The Index measures the equity performance of the 400 mid cap companies in the U.S. equity market by market capitalisation, known as the S&P MidCap 400 Index (the "Standard Index"), while excluding companies based on certain ESG characteristics as outlined below.

The Index excludes companies from the Standard Index based on their involvement in certain controversial business activities (including controversial weapons, small arms, military contracting, coal, thermal coal, oil sands, shale oil and gas, Arctic drilling, nuclear, tobacco, alcohol) as determined by the index provider as outlined in the Index methodology (the "Exclusions"). Thereafter the Index selects the top 50% of the float-adjusted market capitalization of each Global Industry Classification Standard (GICS) Industry Group within the Standard Index (minus the Exclusions), based on each company's S&P Global ESG Score.

The S&P Global ESG score measures a company's performance on and management of material ESG risks, opportunities, and impacts informed by a combination of company disclosures, media and stakeholder analysis, modeling approaches, and in-depth company engagement. For more information on S&P Global ESG scores, please refer to the S&P Global ESG Scores Methodology: [https://portal.s1.spglobal.com/survey/documents/spglobal\\_esg\\_scores\\_methodology.pdf](https://portal.s1.spglobal.com/survey/documents/spglobal_esg_scores_methodology.pdf)

Companies deemed not in violation by the Index provider of the UNGC principles are considered to exhibit good governance.



## **E. Proportion of investments**

At least 90% of the Fund's assets are invested in securities that are constituents of the Index and aligned with environmental and / or social characteristics, while the Index provider applies ESG ratings on all the Index constituents. It is intended that, within such portion of the portion, at least 15% of the Fund's assets are invested in securities which are sustainable investments with environmental and / or social objectives, at the point of rebalance of the portfolio which typically occurs on an annually basis. The Fund may hold 10% of its assets in cash or cash equivalents and derivatives used for currency hedging and efficient portfolio management purposes. Such assets will not be aligned with environmental and social characteristics, nor will there be any environmental or social safeguards in place.



## **F. Monitoring of environmental or social characteristics**

The sustainability indicators used to measure attainment of the ESG criteria of the Index tracked by the Fund includes (i) Business activity exclusions, (ii) Norms and standards screening, (iii) ESG score based exclusions, (iv) Principal adverse impacts, and (v) sustainable investment criteria which are detailed in the SFDR Annex of the Fund.

The Fund rebalances on an annual basis, in line with the Index rebalancing frequency.



## **G. Methodologies**

The index methodology which captures the environmental or social characteristics promoted by the financial product is made available in the fund supplement.



## **H. Data sources and processing**

The data sources used to attain the relevant environmental or social characteristics are detailed in the index methodology.



## **I. Limitations to methodologies and data**

There is a risk that the index provider may make errors, such as incorrect assessment of the screen criteria described in the Investment Policy and/or include incorrect/exclude correct constituents in the screening process. ESG scoring and screening is subject to inherent methodological limits. Any assessment of ESG criteria by an Index is based on the data provided by third parties. Such assessments are dependent upon information and data that may be incomplete, inaccurate or unavailable, which could cause incorrect assessment of a company's ESG performance. In particular there may be potential inconsistencies, inaccuracy or a lack of availability of required ESG data, particularly where this is issued by external data providers. These limitations may include but are not limited to issues relating to:

- Missing or incomplete data from companies (for example, relating to their capacity to manage their Sustainability Risks) which have been used as input for any scoring model;
- The quantity and quality of ESG data to be processed; and
- The identification of relevant factors for the ESG analysis.

ESG data may be based on certain assumptions, forecasts, projections, views and opinions which may be based on current market trends or anticipated future events. To assess company involvement in different activities and to estimate revenue shares as accurately as possible, data providers strive to obtain information directly from companies and issuers. Sources of data include annual reports, regulatory filings, sustainability reports, press releases, investor presentations, company websites, and other company disclosures. Given the developing and innovative nature of

data models, methodologies and assumptions and the inherent uncertainty in predicting forward-looking events, it cannot be guaranteed that the ESG data is always accurate or correct or that the ESG data will satisfy the aims or requirements of any specific client or investor. Furthermore, there may be data that cannot be sourced due to the lack of availability of data sources.



## J. Due diligence

SSIM oversees external vendors, including index providers, in line with its third party risk management programme. SSIM engages with index providers regularly for service level reviews and also undertakes targeted reviews of index providers' processes, systems & systems controls, data, quality controls & IT security.



## K. Engagement policies

**Is engagement part of the environmental or social investment strategy?**

☐ Yes

☒ No

While SSIM engagement policies are not directly embedded into the Fund's investment strategy, for SSIM the informed exercise of voting rights coupled with targeted and value-driven engagement is the most effective mechanism of creating value and managing Sustainability Risk for the investors. SSIM's Asset Stewardship programme consolidates all voting and engagement activities across asset classes, irrespective of investment strategy or geographic region. The engagement strategy is built on SSIM's ability to prioritise and allocate resources to companies and issues that have the greatest potential impact. SSIM's Asset Stewardship programme is underpinned by 3 separate pillars, that is, (i) providing information and guidance to investee companies on the development of ESG practices across key issues, (ii) engaging with portfolio companies to encourage transparent, accountable, high performing boards and companies, and (iii) by exercising voting rights in a manner that reflects long term investment objectives for the purpose of influencing the activity or behaviour of the issuers. To support this process, SSIM has developed proprietary in-house tools to help identify companies for active engagement based on various financial and ESG indicators.



## L. Reference benchmark

**Has a reference benchmark been designated for the purpose of attaining these characteristics promoted by the Fund?**

☒ Yes☐ No

The Fund is an index fund tracking the performance of the S&P MidCap 400 Scored & Screened Leaders Index. The Index has been designated for the purpose of attaining the environmental and social characteristics promoted by the Fund.

The Index methodology provides for ongoing review and rebalances on annually.

Please refer to S&P MidCap 400 Scored and Screened Leaders Index methodology:

<https://www.spglobal.com/spdji/en/documents/methodologies/methodology-sp-ss-leaders-indices.pdf>

THE SPDR S&P 400 U.S. MID CAP LEADERS UCITS ETF IS NOT SPONSORED, ENDORSED, SOLD OR PROMOTED BY S&P DOW JONES INDICES LLC, ITS AFFILIATES, AND/OR THIRD PARTY LICENSORS (COLLECTIVELY, "S&P"). S&P MAKES NO REPRESENTATION, CONDITION OR WARRANTY, EXPRESS OR IMPLIED, TO THE OWNERS OF THE SPDR S&P 400 U.S. MID CAP LEADERS UCITS ETF OR ANY MEMBER OF THE PUBLIC REGARDING THE ADVISABILITY OF INVESTING IN SECURITIES GENERALLY OR IN THE SPDR S&P 400 U.S. MID CAP LEADERS UCITS ETF PARTICULARLY OR THE ABILITY OF THE S&P 400 U.S. MID CAP LEADERS LEADERS INDEX TO TRACK MARKET PERFORMANCE AND/OR TO ACHIEVE ITS STATED OBJECTIVE AND/OR TO FORM THE BASIS OF A SUCCESSFUL INVESTMENT STRATEGY, AS APPLICABLE. S&P'S ONLY RELATIONSHIP TO STATE STREET CORPORATION ("STATE STREET") IS THE LICENSING OF CERTAIN TRADEMARKS AND TRADE NAMES AND OF THE S&P 400 U.S. MID CAP LEADERS LEADERS INDEX WHICH IS DETERMINED, COMPOSED AND CALCULATED BY S&P WITHOUT REGARD TO STATE STREET OR THE SPDR S&P 400 U.S. MID CAP LEADERS UCITS ETF. S&P HAS NO OBLIGATION TO TAKE THE NEEDS OF STATE STREET OR THE OWNERS OF OR INVESTORS IN THE SPDR S&P 400 U.S. MID CAP LEADERS UCITS ETF INTO CONSIDERATION IN DETERMINING, COMPOSING OR CALCULATING THE S&P 400 U.S. MID CAP LEADERS LEADERS INDEX OR ANY DATA INCLUDED THEREIN OR USED TO CALCULATE THE S&P 400 U.S. MID CAP LEADERS LEADERS INDEX. S&P IS NOT AN ADVISOR TO THE SPDR S&P 400 U.S. MID CAP LEADERS UCITS ETF AND IS NOT RESPONSIBLE FOR AND HAS NOT PARTICIPATED IN THE DETERMINATION OF THE PRICES AND AMOUNT OF THE SPDR S&P 400 U.S. MID CAP LEADERS UCITS ETF OR THE TIMING OF THE ISSUANCE OR SALE OF THE SPDR S&P 400 U.S. MID CAP LEADERS UCITS ETF OR IN THE DETERMINATION OR CALCULATION OF THE EQUATION BY WHICH THE SPDR S&P 400 U.S. MID CAP LEADERS UCITS ETF SHARES ARE TO BE CONVERTED INTO CASH. S&P HAS NO OBLIGATION OR LIABILITY IN CONNECTION WITH THE ADMINISTRATION, MARKETING, OR TRADING OF THE SPDR S&P 400 U.S. MID CAP LEADERS UCITS ETF. INCLUSION OF A SECURITY WITHIN AN INDEX IS NOT A RECOMMENDATION TO BUY, SELL, OR HOLD SUCH SECURITY, NOR IS IT CONSIDERED TO BE INVESTMENT ADVICE. S&P DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE S&P 400 U.S. MID CAP LEADERS LEADERS INDEX OR ANY DATA INCLUDED THEREIN OR USED TO CALCULATE THE S&P 400 U.S. MID CAP LEADERS LEADERS INDEX AND S&P SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. S&P MAKES NO REPRESENTATION, WARRANTY OR CONDITION, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY STATE STREET, OWNERS OF OR INVESTORS IN THE SPDR S&P 400 U.S. MID CAP LEADERS UCITS ETF, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE S&P 400 U.S. MID CAP LEADERS LEADERS INDEX OR ANY DATA INCLUDED THEREIN OR USED TO CALCULATE THE S&P 400 U.S. MID CAP LEADERS LEADERS INDEX. S&P MAKES NO EXPRESS OR IMPLIED REPRESENTATIONS, WARRANTIES OR CONDITIONS, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE AND ANY OTHER EXPRESS OR IMPLIED WARRANTY OR CONDITION WITH RESPECT TO THE S&P 400 U.S. MID CAP LEADERS LEADERS INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL S&P HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING, BUT NOT LIMITED TO, LOST PROFITS) RESULTING FROM THE USE OF THE S&P 400 U.S. MID CAP LEADERS LEADERS INDEX OR ANY DATA INCLUDED THEREIN, EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES

Standard & Poor's®, S&P® and SPDR® are registered trademarks of Standard & Poor's Financial Services LLC (S&P); Dow Jones is a registered trademark of Dow Jones Trademark Holdings LLC (Dow Jones); and these trademarks have been licensed for use by S&P Dow Jones Indices LLC (SPDJI) and sublicensed for certain purposes by State Street Corporation. State Street Corporation's financial products are not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates and third party licensors and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability in relation



thereto, including for any errors, omissions, or interruptions of any index. The trademarks and service marks referenced herein are the property of their respective owners. Third party data providers make no warranties or representations of any kind relating to the accuracy, completeness or timeliness of the data and have no liability for damages of any kind relating to the use of such data. The whole or any part of this work may not be reproduced, copied or transmitted or any of its contents disclosed to third parties without SSIM's express written consent.