

State Street Global Advisors ESG Stock Exclusion List and Methodology in Relation to MSCI Produced Indices

April 2021

Exclusion List for Q2-2021 Quarterly Index Rebalance

Adani Ports & Special Economic Zone Ltd.	ITC Limited	Raytheon Technologies Corporation
Airbus SE	Jacobs Engineering Group Inc.	Reinet Investments S.C.A.
Altria Group Inc	Japan Tobacco Inc.	RLX Technology, Inc. Sponsored ADR Class A
BAE Systems plc	JBS S.A.	Safran S.A.
Boeing Company	Johnson & Johnson	Saudi Arabian Oil Company (Saudi Aramco)
British American Tobacco p.l.c.	Korea Aerospace Industries, Ltd.	Saudi Basic Industries Corp.
Canopy Growth Corporation	Korea Electric Power Corporation	SK Holdings Co., Ltd.
China National Nuclear Power Co. Ltd. Class A	KT & G Corporation	Smooore International Holdings Limited
China Northern Rare Earth (Group) High-Tech Co., Ltd. Class A	Larsen & Toubro Infotech Ltd	Southern Copper Corporation
China Petroleum & Chemical Corporation Class A	Larsen & Toubro Ltd.	Swedbank AB Class A
China Petroleum & Chemical Corporation Class H	Lockheed Martin Corporation	Swedish Match AB
China Shipbuilding Industry Company Limited Class A	Metallurgical Corporation of China Ltd. Class A	Tata Consultancy Services Limited
Danske Bank A/S	MMC Norilsk Nickel PJSC	Teva Pharmaceutical Industries Limited Sponsored ADR
Eastern Company	Motorola Solutions, Inc.	Textron Inc.
El Sewedy Electric Company	MTN Group Limited	Thales SA
Elbit Systems Ltd	Northrop Grumman Corporation	Tokyo Electric Power Company Holdings, Incorporated
Freeport-McMoRan, Inc.	Nutrien Ltd.	Toshiba Corporation
General Dynamics Corporation	Oil & Natural Gas Corp. Ltd.	Vale S.A.
Grupo Mexico S.A.B. de C.V. Class B	Pan American Silver Corp.	Wal-Mart de Mexico SAB de CV
Haci Omer Sabanci Holding A.S.	PetroChina Company Limited Class A	Walmart Inc.
Hanwha Corp	PetroChina Company Limited Class H	Wells Fargo & Company
Honeywell International Inc.	PG&E Corporation	Zijin Mining Group Co., Ltd. Class A
Huntington Ingalls Industries, Inc.	Philip Morris International Inc.	Zijin Mining Group Co., Ltd. Class H
Imperial Brands PLC	PT Gudang Garam Tbk	
Inner Mongolia Baotou Steel Union Co. Ltd. Class A	Ratch Group Public Co. Ltd.	

Methodology

Scope

This guideline outlines the methodology used to produce the State Street Global Advisors (SSGA) ESG Stock Exclusion List (the “Exclusion List”) relating to the following indices:

- 1 MSCI World ex Select Securities Index (a custom index calculated by MSCI based on the stock exclusions provided by SSGA)
- 2 MSCI Emerging Markets ex Select Securities Index (a custom index calculated by MSCI based on the stock exclusions provided by SSGA)

The following funds will track the indices:

- 1 State Street CCF World ESG Screened Index Equity Fund*
- 2 State Street Emerging Markets ESG Screened Index Equity Fund*

* The Index includes all securities from the Parent Index, except select securities (exclusion list) as defined by SSGA.

Parent Index

1. MSCI World Index
2. MSCI Emerging Markets Index

Update Frequency

The Exclusion List is updated once per quarter, no later than the 15th business day of the first month of the quarter.

Changes will be reflected in the indices at the standard MSCI quarterly index reviews in February, May, August, and November of each year.

Governance

The Exclusion List methodology (except for the Swedish Ethical Council list) and screening topics are approved by SSGA’s Investment Committee and EMEA Product Committee respectively. A description of the Swedish Ethical Council list can be found in the Methodology section below.

Exclusion Categories

The SSGA ESG Stock Exclusion List includes the following screens:

- 1 Controversial Weapons
- 2 Tobacco
- 3 UN Global Compact Violations
- 4 Swedish Ethical Council exclusions

Methodology

Controversial Weapons and Tobacco: SSGA receives universe-level data from two ESG screening data providers: Sustainalytics and MSCI. A screen is then applied to the data to generate lists from each data provider of excluded securities for these categories. SSGA determines the parameters that define the screen which are then approved by the firm's Investment Committee. Companies are excluded if they appear on either or both of the lists from the two data providers.

UN Global Compact Violations: data is sourced from Sustainalytics. A screen is then applied to the data to generate a list of excluded securities for this category. SSGA determines the parameters that define the screen which are then approved by the firm's Investment Committee.

Swedish Ethical Council: The exclusion list of the Swedish Ethical Council is determined by the Swedish Ethical Council and provided by Sustainalytics to SSGA.

1. Controversial Weapons

Companies with focused involvement in the following controversial weapons are excluded.

- **Landmines:** Landmines are explosives that are designed to detonate at the presence, proximity or contact of a person or vehicle. After being planted, antipersonnel mines can remain undetonated for years, posing a serious risk to civilians after a conflict has ended.
- **Biological and chemical weapons:** Biological or chemical weapons are munitions that utilize pathogens such as viruses, bacteria, and disease-causing biological agents, toxins, or chemical substances that have toxic properties, to inflict death or harm. Either type can be dispersed in gas, liquid, or solid forms. As these munitions are based on organisms or chemicals, civilians are often unintended victims since the impact zone is constrained only by how far the particles can disperse. For biological weapons, person-to-person transmission of the illness can further exacerbate the civilian impact.
- **Cluster weapons:** Cluster weapons are air-dropped explosives: bombs, missiles, rockets, or shells that carry sub munitions and disperse them over an area. The sub munitions have a wide impact zone, and often remain undetonated on the ground. These munitions can remain dangerous for years after the conflict has ended, posing a serious risk to civilians.
- **Depleted Uranium:** Depleted Uranium (DU) munitions are projectiles (bullets, rockets, etc.) that have been equipped with the radioactive chemical substance DU, a byproduct of the uranium enrichment process used to make nuclear weapons and nuclear-reactor fuel. Because of its high density, DU is often used as a penetrator in ammunition to help pierce armor. However, areas where depleted uranium munitions have been used are exposed to its radioactive qualities, causing people living in the area to be more prone to cancers, congenital birth defects, and other illnesses.
- **Nuclear Weapons:** A nuclear weapon is a device that is capable of releasing nuclear energy in an uncontrolled manner, due to fusion and/or fission reactions, making it a highly destructive explosive. The indiscriminate and disproportionate impact on civilians makes nuclear weapons a controversial weapon.
- **White Phosphorus:** White phosphorus (WP) is an allotrope of the chemical element phosphorus, which burns fiercely when exposed to oxygen. A WP munition is any projectile (e.g. flares, grenades, or mortars) that is equipped with WP, in order to act as a smoke-producing agent, or as tracer, illumination, or incendiary munition.

2. Tobacco

Companies with direct involvement in the production / manufacturing of tobacco are excluded.

Tobacco is considered controversial because of the negative health consequences (cancer) of long-term use of tobacco products, also leading to substantial medical costs for society. Tobacco companies are exposed to significant financial and reputational risks as a result of legal cases and class actions brought against them.

3. UN Global Compact Principles

Companies directly complicit in violations of core international norms and conventions, as described in the United Nations Global Compact Principles, are excluded.

The UN Global Compact is the world's largest corporate sustainability initiative with 13,000 participants from 170 countries. It consists of a set of internationally recognized principles that encompass important issues, such as human rights, labour, the environment, and anti-corruption practices.

The 10 principles are as follows:

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

4. Swedish Ethical Council

All companies on the recommended exclusion list by the Council on Ethics, Swedish National Pension Funds, are excluded.

The Ethical Council is a body operated jointly by four Swedish national pension funds – AP1, AP2, AP3 and AP4 (known as the AP funds). The Council seeks to drive positive change in foreign companies implicated in violating international environmental and human rights conventions, including the Universal Declaration of Human Rights, United Nations treaties and the International Labour Organization's Core Conventions. Excluded companies from their investment universe are directly involved in the production or marketing of anti-personnel landmines and cluster munitions. Companies can also be divested if they violate the UN Global Compact and the OECD Guidelines for Multinational Enterprises and where dialogue with the companies has not led to improvements.

For more detailed information about the research methodology, please refer to your State Street Global Advisors contact person.