

State Street Global ESG Screened Defensive Equity Fund

8 artiklan mukaisen rahaston verkkosivustolla annettavat tiedot



A. Tiivistelmä

State Street Global ESG Screened Defensive Equity Fund -rahaston ("**Fund**") sijoituspolitiikkana on ylittää MSCI World Index -indeksin ("**indeksi**") kehitys pitkällä aikavälillä matalammalla volatiliteetilla ja rajoitetummalla laskumarkkinoiden vaikutuksella. Rahaston sijoituspolitiikkana on lisäksi sulkea pois arvopapereita tiettyjen salkunhoitajan määrittämien ESG-kriteerien perusteella.

Rahasto edistää ympäristöön tai yhteiskuntaan liittyviä ominaisuuksia, mutta sen tavoitteena ei ole kestävien sijoitusten tekeminen.

Rahaston edistämät ympäristöön ja yhteiskuntaan liittyvät ominaisuudet ovat rahaston salkkuun sovellettava negatiivinen ja sääntöpohjainen seulonta, joilla suljetaan pois arvopapereita ESG-kriteerien, eli ympäristönsuojeluun ja sosiaaliseen suojeluun liittyvien kansainvälisten normien, perusteella.

Salkunhoitaja sijoittaa rahaston nimissä aktiivisesti soveltamalla defensiivistä osakestrategiaa (Defensive Equity Strategy), kuten on tarkemmin kuvattu tarjousesitteen osassa 8.1 ja asianomaisessa täydennyksessä sekä jäljempänä osiossa J. Tässä strategiassa osakkeiden arviointiin käytetään kvantitatiivisia maakohdennuksia, osakevalikointia ja usean tekijän malleja. Salkkuun valitaan arvopapereita, joilla on mahdollisuus tuottaa indeksin tuottoa parempaa tuottoa indeksin volatiliteettia matalammalla volatiliteetilla.

Salkunhoitaja soveltaa sitovaa ESG-menetelmää, jonka tavoitteena on rakentaa salkku, jossa vähintään 90 % rahaston varoista sijoitetaan arvopapereihin, jotka ovat rahaston edistämien ympäristöön ja yhteiskuntaan liittyvien ominaisuuksien mukaisia. Jäljelle jäävä osuus (< 10 %) salkusta, joka koostuu salkunhoitajan harkinnan pohjalta käteisestä ja käteiseen verrattavista varoista, ei pyri olemaan rahaston edistämien ympäristöön ja yhteiskuntaan liittyvien ominaisuuksien mukainen. Niiltä osin kuin rahasto voi käyttää johdannaisia, niitä ei käytetä rahaston edistämien ympäristöön tai yhteiskuntaan liittyvien ominaisuuksien saavuttamiseen.

Rahasto ei sitoudu kestävien sijoitusten tekemiseen SFDR-asetuksen tai luokitusjärjestelmäasetuksen tarkoittamassa mielessä.

Ympäristöön ja yhteiskuntaan liittyvien ominaisuuksien saavuttamista mitataan sillä, kuinka suuri prosenttiosuus salkusta on sijoitettuna arvopapereihin, jotka indeksistä jäävät jäljelle karsinnan ja sääntöpohjaisen seulonnan jälkeen.

Rahaston sijoituspolitiikkana on ylittää indeksin kehitys pitkällä aikavälillä matalammalla volatiliteetilla ja rajoitetummalla laskumarkkinoiden vaikutuksella. Rahaston sijoituspolitiikkana on lisäksi sulkea

pois arvopapereita tiettyjen salkunhoitajan määrittämien ESG-kriteerien perusteella. Tarkemmin sanottuna rahaston salkkuun sovelletaan karsintaa ja sääntöpohjaista seulontaa, joilla karsitaan pois sijoituksia seuraavien poissulkukriteerien pohjalta:

- kiistanalaiset aseet
- YK:n Global Compact -aloitteen periaatteiden rikkomukset
- terminen hiili
- arktinen poraustoiminta
- öljy- ja tervahiekka
- vakavat ESG-kiistat
- siviilikäyttöön tarkoitetut ampuma-aseet
- tupakka.

Rahasto käyttää ESG-arvioinnissa MSCI:n ja Sustainalyticsin tietoja. SSGA käyttää ESG-tietojen tarjoajiin jatkuvaa asianmukaisen huolellisuuden prosessia, joka tuottaa säännöllisesti tietojen laaturaportteja. Jos SSGA:n tiimit havaitsevat tiedoissa ongelmia, SSGA voi pyrkiä vaikuttamaan kyseisiin tietojen tarjoajiin.

ESG-tiedot saattavat perustua tiettyihin olettamuksiin, ennusteisiin, ennakointeihin, näkemyksiin ja mielipiteisiin, jotka voivat perustua tähänhetkisiin markkinasuuntauksiin tai odotettuihin tuleviin tapahtumiin. Tietomallien, menetelmien ja olettamusten kehittyvän ja innovatiivisen luonteen vuoksi sekä tulevien tapahtumien ennustamiseen luonnostaan liittyvien epävarmuuksien vuoksi ei voida taata, että ESG-tiedot olisivat aina täsmällisiä tai virheettömiä, tai että ESG-tiedot täyttäisivät kenenkään tietyn asiakkaan tai sijoittajan tavoitteet tai vaatimukset. Lisäksi voi olla tietoja, joita ei pystytä hankkimaan tietolähteiden puutteen vuoksi.

SSGA:n vaikuttamispolitiikkoja ei ole suoraan sisällytetty rahaston sijoitusstrategiaan. SSGA:n Asset Stewardship -ohjelma kuitenkin kokoaa yhteen kaikki äänestys- ja vaikuttamistoimet kaikista omaisuuslajeista sijoitusstrategiasta tai maantieteellisestä alueesta riippumatta; näin myös tämänkin rahaston tapauksessa.

Lisä- ja tarkempia tietoja on jäljempänä seuraavissa osioissa, tarjousesitteessä ja asianomaisessa täydennyksessä.



B. No sustainable investment objective

The Fund promotes environmental or social characteristics, but does not have as its objective a sustainable investment.



C. Environmental or social characteristics of the financial product

The environmental and social characteristics promoted by the Fund is a negative and norms-based screen applied to the portfolio of the Fund to screen out securities based on an assessment of their adherence to ESG criteria, i.e. international norms in relation to environmental and social protection. Specifically, the Fund promotes certain environmental characteristics through exclusion of

investments in companies which violate UNGC principles relating to environment (Principles 7 to 9) and which are active in thermal coal, arctic oil & gas exploration, and oil sands extraction.

The Fund also promotes certain social characteristics through exclusion of investments in companies which violate UNGC Principles relating to human rights Principles 1 and 2), labour standards (Principles 3 to 6), anti-corruption (Principle 10) and companies associated with controversial weapons, civilian firearms and tobacco. The UNGC Principles is the world largest corporate sustainability initiative aimed at companies to align their strategies and operations with universal principles on human rights, labour, environment and anti-corruption, and take actions that advance societal goals. The Fund may use additional ESG screens from time to time in order to exclude securities based on their involvement with an activity that is deemed non-compliant with one or more of such ESG criteria.

For further details of the exclusions applied by the Investment Manager at any time please refer to Section G below.



D. Investment Strategy

The Investment Manager, on behalf of the Fund, will invest actively using the Defensive Equity Strategy as further described in section 8.1 of the Prospectus and the Relevant Supplement and in Section J below. This strategy uses quantitative country allocation, stock selection and multi-factor models to evaluate stocks. Securities for the portfolio are chosen based on their potential to produce returns in excess of the Index with reduced volatility relative to the Index.

In implementing this strategy, securities in the Fund are selected primarily from the constituents of the Index and the Investment Manager applies the negative and norms-based ESG screen prior to the construction of the portfolio of the Fund and on an ongoing basis. This results in the exclusion of any securities from the portfolio based on an assessment of their adherence to certain ESG criteria defined by the Investment Manager. The Fund will screen out securities that fail to comply with UNGC principles relating to environmental protection, human rights, labour standards and anti-corruption or are associated with Severe ESG Controversies, controversial weapons, civilian firearms, tobacco, thermal coal, arctic oil & gas exploration and oil sands extraction. The Fund may use additional ESG screens from time to time in order to exclude securities based on their involvement with an activity that is deemed non-compliant with one or more of such ESG criteria.

The assessment of good governance practices is implemented through the negative screening utilised by the Fund. Companies deemed by the Investment Manager to not violate UNGC principles are considered to exhibit good governance.



E. Proportion of investments

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 SFDR or the Taxonomy Regulation.



F. Monitoring of environmental or social characteristics

The attainment of the environmental characteristics is measured through the % of the portfolio invested in securities that are included in the negative and norms-based screen specifically related to environmental characteristics, namely companies violating UNGC principles in regards to the environment and which are active in thermal coal, arctic oil & gas exploration and oil sands extraction.

The attainment of the social characteristics is measured through the % of the portfolio invested in securities that are included in the negative and norms-based screen specifically related to social characteristics, namely companies violating UNGC principles and companies associated with controversial weapons, civilian firearms and tobacco.

The environmental and social characteristics are embedded in the investment policy of the Fund and the associated sustainability indicators are monitored by the Investment Manager through its investment oversight program including pre- and post-trade compliance monitoring for ESG screens and regular reviews by a sub-committee of the Investment Manager.



G. Methodologies

The investment policy of the Fund is to outperform the Index over the long term with lower volatility and reduced impact from market drawdowns. The investment policy will also involve screening out securities based on an assessment of their adherence to certain ESG criteria defined by the Investment Manager as detailed below.

ESG Screens

The ESG screens applied to the Fund include the following:

- 1 Controversial Weapons
- 2 UNGC Violations
- 3 Thermal Coal
- 4 Arctic Drilling
- 5 Oil and Tar Sands
- 6 Severe ESG Controversies
- 7 Civilian Firearms
- 8 Tobacco

Further details on the methodologies used for the ESG screens is as follows:

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 (eg 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. UNGC Principles:** Companies directly complicit in violations of core international norms and conventions, as described in the UNGC Principles are excluded.

The UNGC 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.

3. **Thermal Coal:** Companies involved in the extraction or power generation of thermal coal are excluded.
4. **Arctic Drilling:** Companies involved in oil and gas exploration in the Arctic regions are excluded.
5. **Oil and Tar Sands:** Companies for whom a meaningful portion of their average daily production comes from oil sands are excluded.
6. **Severe ESG Controversies:** Companies involved in incidents/events that may pose business or reputational risk due to the potential impact on stakeholders, the environment, or the company's operations are excluded.
7. **Civilian Firearms:** Companies involved in the manufacturing and/or retailing of small arms and associated ammunition/components for civilian use are excluded.
8. **Tobacco:** Companies that are involved in the production and manufacturing of tobacco-related products are excluded.

The exclusion list generated by the ESG screening process is updated once per quarter.

The ESG screen methodology and screening criteria applied to the Fund are subject to SSGA's governance approval process.



H. Data sources and processing

The Fund utilises the following data sources to derive the ESG screens:

Controversial Weapons State Street Global Advisors 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 this category. State Street Global Advisors 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.

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

Thermal Coal Data is sourced from Sustainalytics. A screen is then applied to the data to generate a list of excluded securities for this category. State Street Global Advisors determines the parameters that define the screen which are then approved by the firm's Investment Committee.

Arctic Drilling Data is sourced from Sustainalytics. A screen is then applied to the data to generate a list of excluded securities for this category. State Street Global Advisors determines the parameters that define the screen which are then approved by the firm's Investment Committee.

Oil and Tar Sands Data is sourced from Sustainalytics. A screen is then applied to the data to generate a list of excluded securities for this category. State Street Global Advisors determines the parameters that define the screen which are then approved by the firm's Investment Committee.

Severe ESG Controversies Data is sourced from Sustainalytics. A screen is then applied to the data to generate a list of excluded securities for this category. State Street Global Advisors determines the parameters that define the screen which are then approved by the firm's Investment Committee

Civilian Firearms State Street Global Advisors 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 this category. State Street Global Advisors 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.

Tobacco State Street Global Advisors 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 this category. State Street Global Advisors 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.

SSGA receives ESG data from a wide variety of data providers covering various themes including, but not limited to, climate, controversies and governance and leverages multisource data architecture for the analysis and dissemination of ESG data.

SSGA implements an ongoing due diligence process in relation to ESG data providers resulting in regular data quality reports. Such process tracks correlation and coverage dimensions of key ESG and climate metrics and scores between a selection of data providers over time for the covered

universe. SSGA may engage with the relevant data providers in relation to any data issues identified by the SSGA teams.



I. Limitations to methodologies and data

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

The Investment Manager, on behalf of the Fund, will invest actively using the Defensive Equity Strategy as further described in section 8.1 of the Prospectus and the Relevant Supplement.

This strategy uses quantitative country allocation stock selection and multi-factor models to evaluate the attractiveness of stocks. The quantitative models integrate a review of ESG criteria through the measurement of ESG risks by integrating ESG metrics into the assessment of stock returns. Investments are chosen based on their potential to produce returns in excess of the Index with reduced volatility relative to the Index. The securities in the portfolios are selected primarily from the securities in the Index. The Fund may invest in or gain exposure to securities registered in or trading in markets other than those included in the Index. The Investment Manager has broad discretion regarding deviation from the Index and thus any deviation from the performance of the Index may be significant. Defined risk parameters include limits on country, sector and security weights on an absolute basis and relative to the Index. The Investment Manager employs a negative and norms-based screen prior to the construction of the portfolio and on an ongoing basis.



K. Engagement policies

Is engagement part of the environmental or social investment strategy?

- Yes
- No

While SSGA engagement policies are not directly embedded into the Fund’s investment strategy, for SSGA 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. SSGA’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 SSGA’s ability to prioritise and allocate resources to companies and issues that have the greatest potential impact. SSGA’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, SSGA 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 MSCI World Index is a trademark of MSCI Inc.