

State Street Global High Yield Bond Screened Index Fund

Oplysninger på websteder for en artikel 8-fond



A. Sammenfatning

State Street Global High Yield Bond Screened Index Fund ("**fonden**") er en indeksfond, der følger resultaterne for ICE BofA Global High Yield Constrained Index ("**indekset**"), idet den frasorterer værdipapirer baseret på en vurdering af deres efterlevelse af ESG-kriterierne, dvs. internationale normer i forbindelse med miljøbeskyttelse, menneskerettigheder, arbejdsstandarder, bekæmpelse af korruption og kontroversielle våben.

Fonden fremmer miljømæssige eller sociale karakteristika, men har ikke bæredygtig investering som sit mål.

De miljømæssige og sociale karakteristika, der fremmes af fonden, er en negativ og normbaseret screening, der gælder for fonden med henblik på at frasortere værdipapirer baseret på en vurdering af deres efterlevelse af ESG-kriterier, dvs. internationale normer i forbindelse med miljøbeskyttelse, menneskerettigheder, arbejdsstandarder, bekæmpelse af korruption, tobaksprodukter og kontroversielle våben.

Fondens investeringspolitik er at følge resultaterne for indekset så tæt som muligt ved brug af den stratificerede stikprøvestrategi, som er yderligere beskrevet i afsnit 8.1 i prospektet og det relevante tillæg og i afsnit J nedenfor, idet det så vidt muligt søges at minimere forskellen mellem fondens resultater og indeksets resultater, idet værdipapirer frasorteres baseret på en vurdering af deres efterlevelse af bestemte ESG-kriterier. Fonden søger at opbygge en repræsentativ portefølje, som stemmer overens med egenskaberne for risiko og afkast for det relevante indeks på den mest effektive måde, herunder, men ikke begrænset til, risici vedrørende valuta, lande, sektorer, kvalitet, varighed til udløb og udstedere. Derfor vil en fond, der bruger denne strategi, typisk kun besidde en del af de værdipapirer, der indgår i indekset.

Investeringsforvalteren anvender en bindende ESG-metode, der sigter mod at opbygge en portefølje, hvor mindst 90 % af fondens aktiver er investeret i værdipapirer, som er i overensstemmelse med de miljømæssige og sociale karakteristika, som fonden fremmer. Den resterende del (<10 %) af porteføljen, som består af kontanter og likvide midler, der besiddes efter investeringsforvalterens skøn, vil ikke være i overensstemmelse med de miljømæssige og sociale karakteristika, der fremmes. I det omfang fonden måtte anvende afledte finansielle instrumenter, anvendes de ikke til at opnå de miljømæssige eller sociale karakteristika, som fonden fremmer.

Fonden forpligter sig ikke til at foretage bæredygtige investeringer som defineret i Disclosure-forordningen eller taksonomiforordningen.

Opfyldelse af miljømæssige og sociale karakteristika måles gennem den procentdel af porteføljen,

som investeres i værdipapirer, der indgår i den negative og normbaserede screening.

Fondens investeringspolitik er at opnå bedre resultater end indekset på mellemlangt til langt sigt, idet værdipapirer frasorteres baseret på en vurdering af deres efterlevelse af ESG-kriterier, dvs. internationale normer i forbindelse med miljøbeskyttelse, menneskerettigheder, arbejdsstandarder, bekæmpelse af korruption og kontroversielle våben. Der gælder specifikt en negativ og normbaseret screening for fondens portefølje for at frasortere følgende udelukkelseskriterier:

- Kontroversielle våben
- Overtrædelse af UN Global Compact ("**Global Compact-initiativet**")
- Termisk kul
- Arktisk boring
- Olie- og tjæresand
- Alvorlige ESG-kontroverser
- Tobaksprodukter og
- Det svenske etiske råds udelukkelse.

Fonden bruger data fra MSCI og Sustainalytics til ESG-screeninger. SSGA implementerer en løbende due diligence-proces i relation til ESG-dataudbydere, og processen resulterer i regelmæssige datakvalitetsrapporter, og SSGA kan beskæftige sig med de relevante dataudbydere i forbindelse med eventuelle dataanliggender, der identificeres af SSGA.

ESG-data kan være baseret på visse antagelser, prognoser, fremskrivninger, synspunkter og udtalelser, som kan være baseret på aktuelle markedstendenser eller forventede fremtidige begivenheder. Da datamodeller, metoder og antagelser er under udvikling og innovative, og på grund af den iboende usikkerhed ved forudsigtelse af fremtidige begivenheder kan det ikke garanteres, at ESG-data altid er præcise eller korrekte, eller at ESG-dataene vil opfylde målene eller kravene for en bestemt kunde eller investor. Desuden kan der være data, der ikke kan indhentes på grund af manglende adgang til datakilder.

SSGA's politikker for aktivt ejerskab er ikke direkte integreret i fondens investeringsstrategi. SSGA's Asset Stewardship-program konsoliderer imidlertid alle aktiviteter vedrørende afstemning og aktivt ejerskab på tværs af aktivklasser uanset investeringsstrategi eller geografisk region, herunder for så vidt angår fonden.

Yderligere oplysninger og detaljer kan findes i de relevante afsnit nedenfor, i prospektet og det relevante tillæg.



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 of issuers based on an assessment of their adherence to ESG criteria, i.e. international norms in relation to environmental protection, human rights, labour standards, anti-corruption, tobacco and controversial weapons. 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 policy of the Fund is to track the performance of the Index as closely as possible using the Stratified Sampling Strategy, as further described in section 8.1 of the Prospectus and the Relevant Supplement and in Section J below, while seeking to minimise as far as possible the tracking difference between the Fund's performance and that of the Index while screening out securities based on an assessment of their adherence to certain ESG criteria. The Fund will seek to build a representative portfolio that matches the risk and return characteristics of the applicable Index in the most efficient way, including, but not limited to, risks related to currencies, countries, sectors, quality, maturity duration and issuers. Consequently, a Fund using this strategy will typically hold only a subset of the securities included in 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 of issuers identified as being non-compliant with UNGC Principles relating to environmental protection, human rights, labour standards and anti-corruption, as well as tobacco and controversial weapons. The Fund may use additional ESG screens from time to time in order to exclude securities of issuers 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 and social characteristics is measured through the % of the portfolio invested in securities that are included in the negative and norms-based screen.

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 Fund is an index fund tracking the performance of the Index while screening out securities based on an assessment of their adherence to the ESG criteria i.e. international norms in relation to environmental protection, human rights, labour standards, anti-corruption, tobacco and controversial weapons.

The Index measures the performance of the below investment grade corporate debt publicly issued in the major domestic or Eurobond markets. The Index limits issuer exposure to a maximum of 2% and redistributes the excess market value Index-wide on a pro-rata basis.

ESG Screens

The ESG screens applied to the Fund include the following:

Controversial Weapons

UNGC Violations

Thermal Coal

Arctic Drilling

Oil and Tar Sands

Severe ESG Controversies

Tobacco

Swedish Ethical Council exclusions

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

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.

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.

Thermal Coal: Companies involved in the extraction or power generation of thermal coal are excluded.

Arctic Drilling: Companies involved in oil and gas exploration in the Arctic regions are excluded.

Oil and Tar Sands: Companies for whom a meaningful portion of their average daily production comes from oil sands are excluded.

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.

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

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 UNGC and the OECD Guidelines for Multinational Enterprises and where dialogue with the companies has not led to improvements

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

The ESG screen methodology (with the exception of the Swedish Ethical Council list which, as described above, is generated by the Council of Ethics, Swedish National Pension Funds) and screening criteria applied to the Fund are subject to SSGA's governance approval process. A description of the Swedish Ethical Council list can be found detailed above.



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

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.

Swedish Ethical Council The exclusion list of the Swedish Ethical Council is determined by the Swedish Ethical Council and provided by Sustainalytics to State Street Global Advisors

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 policy of the Fund is to track the performance of the Index as closely as possible using the Stratified Sampling Strategy, as further described in section 8.1 of the Prospectus and the Relevant Supplement, while seeking to minimise as far as possible the tracking difference between the Fund's performance and that of the Index while screening out securities based on an assessment of their adherence to certain ESG criteria.

This index strategy seeks to build a representative portfolio that matches the risk and return characteristics of the Index in the most efficient way, including, but not limited to, risks related to currencies, countries, sectors, quality, maturity duration and issuers. Stratified sampling is typically used because the Index contains too many securities to efficiently purchase and, at times, certain securities included in that index may be difficult, or too costly, to purchase in the open markets. Consequently, a Fund using this strategy will typically hold only a subset of the securities included in 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

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