

# State Street North America ESG Screened Enhanced Equity Fund

## Informativa per sito web relativa a un fondo

### Articolo 8



#### A. Informazioni di sintesi

La politica d'investimento di State Street North America ESG Screened Enhanced Equity Fund (il "**Fondo**") consiste nel conseguire un risultato superiore all'Indice MSCI North America (l'"**Indice**") nel medio-lungo termine, escludendo al contempo determinati titoli sulla base di una valutazione del loro allineamento con i criteri ESG, ossia norme internazionali in materia di protezione ambientale, diritti umani, standard lavorativi, lotta alla corruzione e armi controverse.

Il Fondo promuove caratteristiche ambientali o sociali, ma non ha come proprio obiettivo l'investimento sostenibile.

Le caratteristiche ambientali e sociali promosse dal Fondo consistono in un filtro di esclusione e basato su norme applicato al portafoglio del Fondo e mirato a escludere titoli sulla base di una valutazione del loro allineamento con i criteri ESG, ossia norme internazionali in materia di protezione ambientale, diritti umani, standard lavorativi, lotta alla corruzione e armi controverse.

Il Gestore degli investimenti, per conto del Fondo, investirà attivamente con parametri di rischio limitati rispetto all'Indice utilizzando la Strategia azionaria quantitativa (Quantitative Equity Strategy), come descritto in maggiore dettaglio nella sezione 8.1 del Prospetto e nel Supplemento pertinente, nonché nella successiva Sezione J. Questa strategia utilizza un'allocazione geografica quantitativa, la selezione dei titoli e modelli multifattoriali per valutare l'attrattiva dei titoli azionari ed è utilizzata dal Gestore degli investimenti per costruire un portafoglio mirato a realizzare l'obiettivo e la politica d'investimento del Fondo.

Il Gestore degli investimenti adotta una metodologia ESG vincolante che punta a costruire un portafoglio in cui almeno il 90% del patrimonio del Fondo sia investito in titoli allineati alle caratteristiche ambientali e sociali promosse dal Fondo. La quota residua (<10%) del portafoglio, composta da liquidità e strumenti liquidi equivalenti detenuti a discrezione del Gestore degli investimenti, non sarà allineata alle caratteristiche ambientali e sociali promosse. Nella misura in cui il Fondo possa ricorrere a strumenti finanziari derivati, questi non saranno utilizzati per soddisfare le caratteristiche ambientali o sociali promosse dal Fondo.

Il Fondo non si impegna a effettuare investimenti sostenibili ai sensi del SFDR o del Regolamento sulla tassonomia.

Il rispetto delle caratteristiche ambientali e sociali viene misurato tramite la percentuale del portafoglio investita in titoli inclusi nel filtro di esclusione e basato su norme.

La politica d'investimento del Fondo consiste nel conseguire un risultato superiore all'Indice nel medio-lungo termine, escludendo al contempo determinati titoli sulla base di una valutazione del loro

allineamento con i criteri ESG, ossia norme internazionali in materia di protezione ambientale, diritti umani, standard lavorativi, lotta alla corruzione e armi controverse. In particolare, al portafoglio del Fondo viene applicato un filtro negativo e basato su norme allo scopo di scartare i seguenti criteri di esclusione:

- Armi controverse;
- Violazioni del Global Compact delle Nazioni Unite (“**UNGC**”);
- Carbone termico;
- Perforazione artica;
- Sabbie bituminose e scisti;
- Gravi controversie ESG; e
- Esclusioni basate sui criteri dello Swedish Ethical Council.

Per applicare i filtri ESG, il Fondo utilizza dati ottenuti da MSCI e Sustainalytics. SSGA esegue un processo di due diligence continua sui fornitori di dati ESG che determina rapporti periodici sulla qualità dei dati e può relazionarsi con i fornitori di dati pertinenti per quanto concerne eventuali problematiche relative ai dati identificate dai team di SSGA.

I dati ESG possono essere basati su determinate ipotesi, previsioni, proiezioni, visioni e opinioni, che a loro volta possono basarsi su tendenze di mercato correnti o eventi futuri previsti. Considerata la natura emergente e innovativa dei modelli di dati, delle metodologie e delle ipotesi, nonché l'incertezza insita nelle previsioni di eventi futuri, non si può garantire che i dati ESG siano sempre accurati o corretti o che raggiungano le finalità o soddisfino i requisiti di un cliente o di un investitore specifico. Alcuni dati potrebbero inoltre non essere ottenuti a causa della mancanza di disponibilità di fonti di dati.

Le politiche di impegno di SSGA non sono direttamente integrate nella strategia d'investimento del Fondo. Tuttavia, il programma di Asset Stewardship di SSGA consolida tutte le attività di voto e di impegno nelle varie classi di attività, indipendentemente dalla strategia d'investimento o dalla regione geografica, anche per il Fondo.

**Per maggiori informazioni e dettagli si rimanda alle rispettive sezioni riportate di seguito, al Prospetto e al Supplemento pertinente.**



## **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 protection, human rights, labour standards, anti-corruption 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 Manager, on behalf of the Fund, will invest actively with limited risk parameters relative to the Index using the Quantitative 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 the attractiveness of stocks and the Investment Manager uses the strategy to build a portfolio to aims to meet the investment objective and investment policy of the Fund.

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 identified as being non-compliant with UNGC Principles relating to environmental protection, human rights, labour standards and anti-corruption, as well as 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.

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 investment policy of the Fund is to outperform the Index over the medium and long term while screening out securities 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 and controversial weapons.

### **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

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.

**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

**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 Manager, on behalf of the Fund, will invest actively with limited risk parameters relative to the Index using the Quantitative 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. In following this strategy, the Investment Manager 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 limited discretion regarding deviation from the Index and thus any deviation from the performance of the Index is expected to be limited under normal market conditions as the investment strategy uses defined risk parameters that mean the Fund's weighting to countries, sectors and/or securities relative to the Index will be limited. 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 North America Index is a trademark of MSCI Inc.