

# State Street Sustainable Climate Emerging Markets Enhanced Equity Fund

## Declaración del sitio web referente al fondo conforme al artículo 8



### A. Resumen

La política de inversión del State Street Sustainable Climate Emerging Markets Equity Fund (el «Fondo») consiste en superar la rentabilidad del Índice MSCI Emerging Markets (el «Índice») a medio y largo plazo, al tiempo que invierte en empresas con unas menores emisiones de carbono tanto actuales como futuras (lo que se mide en función de las reservas de combustibles fósiles), producen ingresos verdes y están mejor posicionadas para los riesgos físicos que entraña el cambio climático, al tiempo que descarta valores con arreglo a una evaluación de su cumplimiento de los criterios ASG (es decir, normas internacionales relativas a la protección del medio ambiente, derechos humanos, normas laborales, lucha contra la corrupción, tabaco, alcohol, ocio para adultos, juego y armas controvertidas).

Aunque el Fondo promueve características ambientales o sociales, no tiene como objetivo la inversión sostenible.

El Fondo promueve determinadas características medioambientales mediante la inversión en empresas con unas menores emisiones de carbono tanto actuales como futuras (lo que se mide en función de las reservas de combustibles fósiles), que producen ingresos verdes y están mejor posicionadas para los riesgos físicos que entraña el cambio climático. Además, mediante una selección negativa y basada en normas aplicada a la cartera del Fondo se promueven más características medioambientales y sociales para descartar valores en función de una evaluación del cumplimiento de los criterios ASG, es decir, normas internacionales relativas a la protección del medio ambiente. Concretamente, el Fondo promueve determinadas características sociales a través de la exclusión de inversiones en empresas que infringen los Principios del Pacto Mundial de las Naciones Unidas relativos a derechos humanos (Principios 1 y 2), trabajo (Principios 3 a 6), lucha contra la corrupción (Principio 10) y empresas relacionadas con el tabaco, el alcohol, el ocio para adultos, el juego y las armas controvertidas.

Los Principios del Pacto Mundial representan la mayor iniciativa de sostenibilidad corporativa del mundo emprendida con el objeto de que las empresas incorporen principios universales en materia de derechos humanos, trabajo, medio ambiente y lucha contra la corrupción a sus estrategias y operaciones, y emprendan acciones que promuevan objetivos sociales.

El Fondo promueve asimismo determinadas características medioambientales y sociales a través de la asignación de parte de su cartera a inversiones sostenibles. Para que el valor se considere una inversión sostenible, el Gestor de inversiones deberá determinar, aplicando la puntuación ASG RFactor™, que la empresa emisora es un «Leader» o un «Outperformer».

El Gestor de inversiones, actuando por cuenta del Fondo, invertirá activamente aplicando la estrategia cuantitativa de renta variable climática sostenible, tal como se describe más detalladamente en la sección 8.1 del Folleto y del correspondiente Suplemento. Esta estrategia emplea una asignación cuantitativa por países, la selección de valores y modelos multifactor para

evaluar el atractivo de los valores, lo que incluye emplear una metodología sistemática para proporcionar una mayor exposición (con respecto al Índice) a las empresas que mitigan el riesgo climático y se adaptan a él. La evaluación de las prácticas de buen gobierno se aplica mediante la selección negativa que emplea el Fondo. Se considera que muestran prácticas de buen gobierno aquellas empresas que, en opinión del Gestor de inversiones, no violan los principios del Pacto Mundial de las Naciones Unidas (el «**Pacto Mundial**»).

El Gestor de inversiones emplea una metodología ASG vinculante que tiene como objetivo construir una cartera en la que al menos el 90% de los activos del Fondo se inviertan en valores alineados con las características ambientales y sociales promovidas por el Fondo. Se pretende que, con respecto a esta parte de la cartera, al menos el 25% de los activos del Fondo se inviertan en valores considerados inversiones sostenibles con objetivos medioambientales y/o sociales en el momento del reajuste de la cartera, que generalmente se realiza con una periodicidad trimestral. El porcentaje restante (<10%) de la cartera, consistente en efectivo y equivalentes de efectivo vigentes, mantenidos según el criterio del Gestor de inversiones, no estará alineado con las citadas características promovidas. El Fondo no empleará instrumentos financieros derivados, en el caso de que pueda hacerlo, para lograr las características ambientales o sociales que este promueve,

ni tampoco tiene el compromiso de realizar inversiones sostenibles en el sentido del Reglamento de Taxonomía.

El logro de las características medioambientales se mide mediante la mayor exposición de la cartera del Fondo (con respecto a Índice) a empresas que mitigan las emisiones de gases de efecto invernadero y se adaptan a los riesgos asociados con el clima, mediante la construcción de una cartera cuyo objetivo es:

- a) minimizar la intensidad de las emisiones de carbono (escala de emisiones en función de los ingresos), ingresos «marrones» y las reservas de combustibles fósiles;
- b) maximizar los ingresos verdes; y
- c) dirigirse a aquellas empresas que están posicionadas para beneficiarse de la transición a la economía hipocarbónica en función de su calificación en materia de adaptación al cambio climático.

La consecución adicional de las características medioambientales y sociales que promueve el Fondo se mide mediante el porcentaje que invierte la cartera en valores incluidos en la selección negativa y basada en normas.

El Fondo adopta un enfoque sistemático de mitigación y adaptación que pretende lograr reducciones de las emisiones de carbono acordes con el Acuerdo de París y de reasignación del capital hacia empresas que se benefician de tecnologías de bajas emisiones de carbono. El Fondo pretende lograr los siguientes criterios con relación a cinco categorías climáticas empleadas en el proceso de construcción de la cartera: reducción al mínimo de la intensidad de emisiones de carbono, los ingresos «marrones» y las reservas de combustibles fósiles, ampliar al máximo los ingresos verdes y las iniciativas de adaptación de la puntuación. Además, se aplica una selección negativa y basada en normas a la cartera del Fondo para descartar los siguientes criterios de exclusión: armas controvertidas, violaciones del Pacto Mundial, carbón térmico, perforación en el Ártico, petróleo y arenas bituminosas, graves controversias ASG, tabaco, alcohol, ocio para adultos, juego, exclusiones conforme al Consejo de Ética de Suecia y exclusiones con arreglo al Norwegian Government Pension Fund Global.

El Fondo emplea las siguientes fuentes de datos:

1. S&P Trucost, FTSE Russell e ISS ESG para los datos relacionados con el clima
2. Selecciones en materia ASG de MSCI y Sustainalytics

SSGA aplica un proceso continuo de diligencia debida con relación a los proveedores de datos ASG que permite elaborar informes regulares sobre la calidad de los datos y puede interactuar con dichos proveedores para abordar los problemas de datos que identifiquen los equipos de SSGA.

Los datos ASG podrían basarse en determinadas hipótesis, previsiones, estimaciones, perspectivas y opiniones que tal vez se basen en tendencias actuales del mercado o en futuros acontecimientos esperados. Dado el carácter evolutivo e innovador de los modelos de datos, metodologías e hipótesis, así como la incertidumbre inherente a la predicción de acontecimientos a futuro, no puede garantizarse que los datos ASG siempre serán exactos o correctos ni que satisfarán los objetivos o requisitos de un cliente o inversor concreto. Por otro lado, es posible que algunos datos no puedan obtenerse debido a la falta de disponibilidad o fuentes de datos.

Las políticas de implicación de SSGA no vienen integradas directamente en la política de inversión del Fondo. Sin embargo, el programa Asset Stewardship de SSGA unifica todas las actividades de votación e implicación (*engagement*) en las distintas clases de activos, con independencia de su estrategia de inversión o región geográfica, incluidas las relativas al Fondo.

**Para obtener más información y datos más pormenorizados, remítase a las correspondientes secciones de este documento, al Folleto y al Suplemento.**



## B. No sustainable investment objective

The Fund promotes environmental or social characteristics, but does not have as its objective a sustainable investment it will have a minimum proportion of 25% of sustainable investments.



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

The Fund promotes certain environmental characteristics through investments in companies which exhibit lower carbon emissions in the way of current emissions and future emissions (measured by fossil fuel reserves), produce green revenues and are better positioned for the physical risks posed by climate change. In addition to this, further environmental and social characteristics are promoted by 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. Specifically, the Fund 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 tobacco, alcohol, adult entertainment, gambling and controversial weapons.

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 further promotes certain environmental and social characteristics through its allocation of a portion of the portfolio to sustainable investments. In order for the security to qualify as a sustainable investment, the company must be a “Leader” or “Outperformer” as determined by the Investment Manager using the RFactor™ ESG score.

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 Sustainable Climate 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 including the use of a systematic methodology to provide higher exposure (relative to the Index) to companies that are mitigating and adapting to climate risk.

In implementing this strategy, the Investment Manager constructs a portfolio of securities taking into account certain ESG factors such as: carbon intensity (emissions scaled by revenue, fossil fuel reserves, green revenues, brown revenues and ratings for climate adaptation). The resulting portfolio of the Fund intends to provide higher exposure (relative to the Index) to companies that are mitigating and adapting to climate related risks. The 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.

Application of the ESG screens 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, alcohol, adult entertainment, gambling 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. It is intended that, within such portion of the portfolio, at least 25% 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 a quarterly basis. 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.



## F. Monitoring of environmental or social characteristics

The attainment of the environmental characteristics is measured through the higher exposure of the Fund's portfolio (relative to the Index) to companies that are mitigating greenhouse gas emissions and adapting to climate related risks by constructing the portfolio that aims to:

- a) minimise;
  - carbon emission intensity (emissions scaled by revenue);
  - brown revenues; and
  - fossil fuel reserves.
- b) maximise green revenues; and
- c) target companies that are positioned to benefit from the transition to the low-carbon economy based on their ratings for climate adaptation.

A further attainment of the environmental and social characteristics promoted by the Fund 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 investing in companies which exhibit lower carbon emissions in the way of current emissions and future emissions (measured by fossil fuel reserves), produce green revenues, and are better positioned for the physical risks posed by climate change 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, tobacco, alcohol, adult entertainment, gambling and controversial weapons).

The Fund adopts a systematic mitigation and adaptation approach that targets Paris-aligned reductions in carbon emissions and reallocation of capital towards companies benefiting from low-carbon technologies. The Fund aims to achieve the following criteria in relation to five climate categories utilised in the portfolio construction process:

	Mitigation				Adaptation
<b>Criteria</b>	<b>Reduce Carbon Emission Intensity</b> Direct and indirect greenhouse gas emissions	<b>Reduce Fossil Fuel Reserves</b> Greenhouse gas emissions resulting from a company's fossil fuel reserves	<b>Reduce Brown Revenues</b> Revenues related to drilling, mining and other extractive activities	<b>Increase Green Revenues</b> Revenues from low-carbon technology and "clean" energy production	<b>Score Adaptation Efforts</b> Steps to protect a business from the physical, economic and regulatory impacts of climate change
<b>Metric</b>	CO <sub>2</sub> emissions / \$M revenues	Embedded CO <sub>2</sub> / M Tonnes CO <sub>2</sub> emissions	% revenues from extractive activities	% revenues from low-carbon technology	Score on Climate Change Preparedness
<b>Data Provider</b>	S&P Trucost	S&P Trucost	S&P Trucost	FTSE Russell	ISS ESG

**Mitigation** – Aims to reduce the flow of heat-trapping greenhouse gases into the atmosphere and increase exposure to new energy and green companies.

**Adaptation** – Aims to increase exposure to companies working proactively to minimise their exposure to actual or expected physical, economic and regulatory impacts of climate change and the transition to a low-carbon economy.

**Filtros ASG**

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. Tobacco
8. Alcohol
9. Adult Entertainment
10. Gambling
11. Swedish Ethical Council exclusions
12. Norwegian Government Pension Fund Global exclusions

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. **Tobacco:** Companies with direct involvement in the production/manufacturing of tobacco are excluded.
8. **Alcohol:** Companies involved in the production of alcoholic beverages or derive revenue from the manufacture of alcoholic products are excluded.
9. **Adult Entertainment:** Companies involved in the production, direction, or publishing adult entertainment materials and/or owns/operates adult entertainment establishments. Those include sex shops, producers of adult movies and television programs, sexually explicit video games, magazines with adult content, adult websites, and ownership of strip clubs and topless bars (Live entertainment of an adult nature) are excluded.
10. **Gambling:** Companies deriving revenue by owning and/or operating gambling establishments (operation of casinos, lotteries, bookmarking, online gambling, etc.) are excluded.
11. **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.
12. **Norwegian Government Pension Fund Global:** All companies on the recommended exclusion list by Norges Bank Investment Management in relation to the Norwegian Government Pension Fund Global are excluded.

The Norwegian Ministry of Finance has established ethically motivated guidelines for observation and exclusion of companies. The guidelines contain criteria for exclusion based either on the companies' products or on their conduct. Companies that produce certain types of weapons, base its operations on coal, or produce tobacco are excluded as are companies that through their conduct contribute to violations of fundamental ethical norms. The Norwegian Ministry of Finance has established an independent Council on Ethics to make ethical assessments of companies. The Council on Ethics sends its recommendations to Norges Bank's Executive Board, which then makes the final decision on exclusion, observation or active ownership.

Finally, the Norwegian Government Pension Fund Global itself may divest from companies that impose substantial costs on other companies and society as a whole and so are not long-term sustainable. Examples of activities that are unsustainable are business models that do not conform to prevailing technological, regulatory or environmental trends.

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 and Norwegian Government Pension Fund Global lists which, as described above, is generated by the Council of Ethics, Swedish National Pension Funds and Norges Bank Investment Management respectively) and screening criteria applied to the Fund are subject to SSGA's governance approval process. A description of both the Swedish Ethical Council and Norwegian Government Pension Fund Global list can be found detailed above.



## H. Data sources and processing

The Fund utilises the following data sources related to climate:

- **Carbon Intensity:** S&P Trucost. Carbon intensity covers the GHG (Green House Gases) emissions over which the company has direct control, and derives from direct suppliers (indirect control), divided by revenue.
- **Fossil Fuel Reserves Embedded Emissions:** S&P Trucost. Fossil Fuel Reserves are defined as total GHG emissions from proven and probable fossil fuel reserves expressed in million tons CO<sub>2</sub>.
- **Brown Revenues:** S&P Trucost. Brown revenue is defined as the proportion of revenues a company derives from activities related to the extraction of fossil fuels, or power generation using fossil fuel-based energy sources. It reflects firms tied to conventional energy value chains.
- **Green Revenues:** FTSE Russell. Green revenues measure the revenue exposure of public companies in the transition to the green economy.
- **Adaptation Score:** ISS ESG. Adaptation score is a measure of a company's position and actions on climate change.

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.

**Alcohol** 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.

**Adult Entertainment** 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.

**Gambling** 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.

**Norwegian Government Pension Fund Global** The exclusion list of the Norwegian Government Pension Fund Global is determined by Norges Bank Executive Board or by Norges Bank Investment Management 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 using the Sustainable Climate 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 including the use of a systematic methodology to provide higher exposure (relative to the Index) to companies that are mitigating and adapting to climate risk, by constructing a portfolio of stocks that takes into account climate characteristics such as carbon intensity (emissions scaled by revenue), fossil fuel reserves, green revenues, brown revenues, and ratings for climate adaptation. 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 Emerging Markets Index is a trademark of MSCI Inc.