

State Street Sustainable Climate US Equity Fund

Hållbarhetsrelaterade upplysningar för webbplats för en artikel 8-fond



A. Sammanfattning

Placeringsinriktningen för State Street Sustainable Climate US Equity Fund ("**fonden**") är att investera i obligationer från företag med lägre koldioxidutsläpp, nu och i framtiden (mätt i fossila bränslereserver), som producerar grön avkastning och har bättre förutsättningar att ta itu med de fysiska risker som klimatförändringarna medför. Samtidigt sållas bolag bort utifrån en bedömning av hur väl de uppfyller ESG-kriterierna (det vill säga internationella normer avseende miljöskydd, mänskliga rättigheter, arbetstagar rättigheter, antikorrup tion och kontroversiella vapen).

Fonden främjar miljörelaterade och sociala egenskaper men har inte hållbara investeringar som mål.

Fonden främjar vissa miljörelaterade egenskaper genom att investera i bolag med lägre koldioxidutsläpp, nu och i framtiden (mätt i fossila bränslereserver), som producerar grön avkastning och har bättre förutsättningar att ta itu med de fysiska risker som klimatförändringarna medför. Därutöver främjas ytterligare miljörelaterade och sociala egenskaper genom negativ och normbaserad screening som tillämpas på fondens portfölj för att sålla bort värdepapper utifrån en bedömning av hur väl de uppfyller ESG-kriterierna, det vill säga internationella normer med avseende på miljöskydd. Mer specifikt främjar fonden vissa sociala egenskaper genom att utesluta investeringar i bolag som bryter mot de principer i FNGC som rör mänskliga rättigheter (principerna 1 och 2), arbetsrätt (principerna 3 till 6) och antikorrup tion (princip 10), samt bolag som är förknippade med tobak, alkohol, pornografi, hasardspel och kontroversiella vapen. Principerna i FNGC är världens största hållbarhetsinitiativ för företag som har som mål att företag ska anpassa sina strategier och sin verksamhet till allmänna principer om mänskliga rättigheter, arbetsrätt, miljö och antikorrup tion samt vidta åtgärder för att främja samhällsmål.

Fonden främjar dessutom vissa miljörelaterade och sociala egenskaper genom att en andel av portföljen allokeras till hållbara investeringar. För att ett värdepapper ska uppfylla kraven på en hållbar investering måste bolaget vara en "ledare" eller "överavkastare" enligt investeringsförvaltarens bedömning baserat på en ESG-poäng från R-Factor™.

Investeringsförvaltaren kommer, på uppdrag av fonden, att investera aktivt med hjälp av en hållbar klimatstrategi för aktier som beskrivs mer utförligt i avsnitt 8.1 i informationsbroschyren och i den tillämpliga fondbilagan. Strategin använder en systematisk metod för att uppnå större exponering (jämfört med MSCI USA Index, "**indexet**") mot företag som söker begränsa och anpassa sig till klimatriskerna. Praxis för god styrning bedöms via den negativa screening som tillämpas av fonden. Bolag som enligt investeringsförvaltaren inte bryter mot principerna i FN:s Global Compact ("**FNGC**") anses ha god styrning.

Förvaltaren tillämpar en bindande ESG-metod, som syftar till att skapa en portfölj där minst 90 procent av fondens tillgångar investeras i värdepapper som är förenliga med de miljörelaterade och sociala egenskaper som främjas av fonden. Avsikten är att inom denna andel av portföljen ska minst 25 procent av fondens tillgångar investeras i värdepapper som utgör hållbara investeringar med miljörelaterade och/eller sociala mål vid den tidpunkt då portföljen ombalanseras, vilket normalt sker kvartalsvis. Resten (<10 %) av portföljen, som består av kontanter och likvida medel som innehas enligt investeringsförvaltarens gottfinnande, kommer inte att vara förenlig med de miljörelaterade och sociala egenskaper som främjas. I den mån fonden använder finansiella derivatinstrument kommer dessa inte att användas för att uppnå de miljörelaterade eller sociala egenskaper som främjas av fonden.

Fonden åtar sig inte att göra hållbara investeringar enligt betydelsen i taxonomiförordningen.

Uppnåendet av de miljörelaterade egenskaperna mäts genom den större exponeringen i fondens portfölj (jämfört med indexet) mot bolag som söker minska utsläppen av växthusgaser och anpassar sig till klimatrelaterade risker genom att skapa en portfölj som syftar till att:

- a) minimera koldioxidintensiteten (utsläpp i förhållande till intäkter), den "bruna" avkastningen och de fossila bränslereserverna,
- b) maximera den "gröna" avkastningen, och
- c) rikta in sig på företag med bättre förutsättningar att dra nytta av omställningen till en ekonomi med låga koldioxidutsläpp, utifrån deras poäng för klimatanpassning.

Uppnåendet av de miljörelaterade och sociala egenskaper som främjas av fonden mäts som den procentandel av portföljen som investeras i värdepapper som ingår i den negativa och normbaserade screeningen.

Fonden tillämpar en systematisk begränsnings- och anpassningsapproach som riktar in sig på att minska koldioxidutsläppen i enlighet med Parisavtalet och omfördela kapital till förmån för företag som drar nytta av teknik som minskar koldioxidutsläppen. Fonden har som mål att uppfylla följande kriterier med avseende på fem klimatkategorier som används vid sammansättningen av portföljen: minimera koldioxidintensiteten, den "bruna" avkastningen och de fossila bränslereserverna, maximera den "gröna" avkastningen och insatser för att anpassa poängsättningen. Ett negativt och normbaserat screeningsförfarande tillämpas dessutom på fondens portfölj för att sälla bort värdepapper med hjälp av följande uteslutningskriterier:

- kontroversiella vapen
- brott mot UNGC
- termiskt kol
- borrhning i Arktis
- olja och tjärsand
- Allvarliga ESG-relaterade kontroverser
- uteslutning enligt rekommendation från svenska etikrådet

Fonden använder följande datakällor:

1. S&P Trucost, FTSE Russell och ISS ESG för klimatrelaterad data
2. MSCI och Sustainalytics för ESG-screeningen

SSGA tillämpar en kontinuerlig due diligence-process på leverantörer av ESG-data som utmynnar i regelbundna rapporter om datakvalitet och kan samarbeta med relevanta dataleverantörer om eventuella dataproblem som SSGA-teamen identifierar.

ESG-datan kan baseras på vissa antaganden, prognoser, förutsägelser, uppfattningar och åsikter som kan bygga på aktuella marknadstrender eller förväntade framtida händelser. Med tanke på att datamodeller, metoder och antaganden är innovativa och fortfarande under utveckling och den inneboende osäkerheten kring prognoser om framtida händelser finns det inga garantier för att ESG-datan alltid är noggrann och korrekt eller att ESG-datan kommer att uppfylla syftena eller kraven hos en specifik klient eller investerare. Det kan också hända att vissa data inte kan inhämtas på grund av otillgängliga datakällor.

SSGA:s riktlinjer för engagemang är inte direkt integrerade i fondens investeringsstrategi. Genom SSGA:s Asset Stewardship-program sammanförs ändå allt omröstnings- och engagemangsarbete avseende olika andelsklasser, oavsett investeringsstrategi eller territorium, inklusive för fonden.

Mer utförlig information finns i avsnitten nedan, i informationsbroschyren och i den aktuella fondbilagan



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.

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 Sustainable Climate Equity Strategy as further described in section 8.1 of the Prospectus and the Relevant Supplement and in Section J below. This strategy uses 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 employs a quantitative process to construct 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 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.

De miljörelaterade och sociala egenskaperna är inbyggda i fondens placeringsinriktning och de därmed förknippade hållbarhetsindikatorerna övervakas av investeringsförvaltaren genom dess tillsynsprogram för investeringar, vilket omfattar en övervakning av efterlevnaden av ESG-screeningen både före och efter handel samt regelbundna granskningar av ett underutskott till investeringsförvaltaren.



G. Methodologies

The investment policy of the Fund is to invest 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 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
Criteria	Reduce Carbon Emission Intensity Direct and indirect greenhouse gas emissions	Reduce Fossil Fuel Reserves Greenhouse gas emissions resulting from a company's fossil fuel reserves	Reduce Brown Revenues Revenues related to drilling, mining and other extractive activities	Increase Green Revenues Revenues from low-carbon technology and "clean" energy production	Score Adaptation Efforts Steps to protect a business from the physical, economic and regulatory impacts of climate change
Metric	CO ₂ emissions / \$M revenues	Embedded CO ₂ / M Tonnes CO ₂ emissions	% revenues from extractive activities	% revenues from low-carbon technology	Score on Climate Change Preparedness
Data Provider	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

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. Swedish Ethical Council 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. **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 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 CO₂.
- **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

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 using the Sustainable Climate Equity Strategy as further described in section 8.1 of the Prospectus and the Relevant Supplement.

This strategy uses 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 based on the following climate characteristics: 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 employs a quantitative process to construct the portfolio and invest directly in equity securities. The securities in the portfolio are selected primarily from the securities in the Index. Non-index securities can be held in the portfolio subject to defined risk parameters that mean that each Fund's weighting to countries, sectors and 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 USA Index is a trademark of MSCI Inc.