An Overview of ESG Dividend Aristocrats Strategies

- Investors seeking dividend yield should consider strategies that seek to deliver diversified quality income by picking stocks based on a track record of dividend stability and growth.
- Dividend Aristocrats strategies now incorporate environmental, social and governance (ESG) criteria for investors seeking to combine dividend stability with sustainable investments.

| Figure 1 | ESG Dividend Aristocrats 
Construction Methodology |
|----------|------------------------------------------------------------------|
| **Universe** | Selection Universe: 
| USA | S&P® Composite 1500 Index |
| Eurozone | S&P® Eurozone BM Index |
| Global | S&P® Global BM Index |
| **Fundamental Data Screen** | Min. FMC / Min. ADVT / Stability Criteria: 
| USA | $2bn / $5mn |
| Eurozone | $1bn / $5mn / +EPS, 100% Max Payout, 10% Max Yield |
| Global | $1bn / $5mn / +EPS, 100% Max Payout, 10% Max Yield, +CFO |
| **Stock Selection** | Number of Years / Stock Count: 
| USA | 20+ years / Floating stock count |
| Eurozone | 10+ years / 40 stock |
| Global | 10+ years / 100 stock |
| **ESG** | Stocks have minimum float-adjusted market capitalisation (*FMC*), average daily value traded (*ADVT*) and stability criteria, as of the reference date. 
| USA | No bottom 25% DJI ESG Scores |
| Eurozone | No Business Activity violations |
| Global | No bottom 5% S-Ray GC Score (Conditional SAM MSA review) |
| **Construction** | Stock / Sector / Country / Review Freq.(Reconstitution): 
| USA | 4% stock / Quarterly (Jan.) |
| Eurozone | 5% stock / 30% sector / 30% country / Quarterly (Jun.) |
| Global | 3% stock / 25% sector / ±10% country / Semi-Annual (Jan.) |
| **Strategy** | Strategy Name: 
| USA | S&P® ESG High Yield Dividend Aristocrats Index |
| Eurozone | S&P® Euro ESG High Yield Dividend Aristocrats Index |
| Global | S&P® Global ESG Dividend Aristocrats Quality Income Index |

Source: S&P Dow Jones Indices. For Illustrative purposes only.

1 Indicated dividend yield is computed as the (Most recent dividend x number of dividend payments)/Stock Price. It is not an analyst forecast but reflects a forward dividend yield.
The S&P ESG Dividend Aristocrats® Indices use S&P DJI ESG Scores as part of the constituent selection process. The index also applies exclusions based on companies’ involvement in specific business activities, performance against the principles of United Nations’ Global Compact, and involvement in relevant ESG controversies.

### DJI ESG Scores
Proprietary aggregation based fundamentally on Corporate Sustainability Assessment (“CSA”)

### Exclusions Based on ESG Score
Companies in the index universe that satisfy the criteria of Dividend Aristocrats stock selection, with an S&P DJI ESG score that falls within the worst 25% of S&P DJI ESG scores are excluded from the ESG index.

S&P DJI ESG Scores are rooted in S&P Global’s esteemed Corporate Sustainability Assessment (“CSA”), a robust survey-based approach to evaluating corporate ESG performance with a focus on financial materiality. Companies participating in the CSA respond to one of 61 industry-specific questionnaires that in some cases yield more than a thousand company-level and industry-specific data points.

Companies must have an S&P DJI ESG Score to be eligible.

### Business Activities
- No Controversial Weapons
- No Thermal Coal Revenue <5%
- No Tobacco Revenue <0–10%

### Exclusions Based on Business Activities
Companies which engage in the following specific business activities, as determined by Sustainalytics, will be excluded from index selection:

- **Controversial Weapons** — no tolerance in direct business (indirect ownership <25%)
  - Involved in tailor-made and essential lethal weapons
- **Thermal Coal** — must be <5% of revenue
  - Extracts or generates electricity from
- **Tobacco**
  - Manufacturing — No tolerance in direct business
  - Distribution/retail sales or supply related products/service — must be <10% of revenue
  - Indirect ownership (Owns 10–50% of company involved in manufacturing, distribution or related products/service) — must be <25% of revenue

Companies without Sustainalytics coverage, are ineligible for index inclusion until they receive such coverage.

### Business Principles
Assess poor performers in relation to the UN Global Compact Principles

### Exclusions Based on United Nations Global Compact
Companies with disqualifying (bottom 5%) United Nations Global Compact (“UNGC”) scores as determined by Arabesque, are excluded.

Arabesque S-Ray® is a global sustainability data provider which combines big data on company-reported information, daily news and NGO campaigns in a quantitative algorithmic approach for the calculation of the UNGC score. The score is based on the normative principles of the UN Global Compact: Human Rights, Labour Rights, the Environment and Anti-Corruption.

Refer to https://arabesque.com/s-ray/ for more information.

Companies without Arabesque coverage, are ineligible for index inclusion until they receive such coverage.

### Controversies*
Media and Stakeholder Analysis (“MSA”) identifies controversial stocks to review for removal

### Exclusions Based on Controversies
SAM (part of S&P Global) releases a Media and Stakeholder Analysis (“MSA”) which includes a range of issues such as economic crime and corruption, fraud, illegal commercial practices, human rights issues, labour disputes, workplace safety, catastrophic accidents, and environmental disasters.

The Index Committee will review constituents flagged by SAM’s MSA to evaluate the potential impact of controversial company activities. In the event that the Index Committee decides to remove a company in question, that company would not be eligible for re-entry into the index for one full calendar year, beginning with the subsequent rebalancing.

Source: S&P Dow Jones Indices. For Illustrative purposes only. *For this process SAM uses RepRisk, a leading provider of business intelligence on ESG. This service is not considered a direct contribution to the index construction process.
An Overview of ESG Dividend Aristocrats Strategies

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>ISIN</th>
<th>Share Class Currency</th>
<th>Primary Ticker*</th>
<th>Other Tickers**</th>
<th>TER (%)</th>
<th>Portfolio Construction</th>
<th>Securities Lending</th>
<th>Income Treatment</th>
<th>Index Name</th>
<th>Index Ticker</th>
<th>No. of Index Constituents</th>
<th>Index Description</th>
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</thead>
<tbody>
<tr>
<td>SPDR® S&amp;P® U.S. Dividend Aristocrats ESG UCITS ETF</td>
<td>IE00BYTH5R14</td>
<td>USD</td>
<td>Xetra: ZPD6 (EUR)</td>
<td>LSE: UEDV (USD), UGDV (GBP) Euronext Amsterdam: UEDV (EUR) Borsa Italiana: UEDV (EUR)</td>
<td>0.35</td>
<td>Physical — Replicated</td>
<td>No</td>
<td>Distributing — Quarterly</td>
<td>S&amp;P ESG High Yield Dividend Aristocrats® Index</td>
<td>SPEHYDUN</td>
<td>81</td>
<td>The S&amp;P ESG High Yield Dividend Aristocrats® Index is designed to measure the performance of constituents from the S&amp;P High Yield Dividend Aristocrats Index that meet certain sustainability criteria.</td>
</tr>
<tr>
<td>SPDR® S&amp;P® Euro Dividend Aristocrats ESG UCITS ETF</td>
<td>IE00BYTH5T38</td>
<td>EUR</td>
<td>Xetra: ZPD9 (EUR)</td>
<td>Euronext Amsterdam: EEDV (EUR)</td>
<td>0.30</td>
<td>Physical — Replicated</td>
<td>No</td>
<td>Distributing — Semi-Annually</td>
<td>S&amp;P Euro ESG High Yield Dividend Aristocrats® Index</td>
<td>SPHYDEFN</td>
<td>33</td>
<td>The S&amp;P Euro ESG High Yield Dividend Aristocrats® Index is designed to measure the performance of high dividend-yielding and ESG-scoring companies that meet the eligibility criteria defined in the S&amp;P Euro High Yield Dividend Aristocrats Index.</td>
</tr>
<tr>
<td>SPDR® S&amp;P® Global Dividend Aristocrats ESG UCITS ETF</td>
<td>IE00BYTH6S21</td>
<td>USD</td>
<td>Xetra: ZPD3 (EUR)</td>
<td>LSE: GEDV (USD) Euronext Amsterdam: GEDV (EUR)</td>
<td>0.45</td>
<td>Physical — Replicated</td>
<td>No</td>
<td>Distributing — Quarterly</td>
<td>S&amp;P Global ESG Dividend Aristocrats® Quality Income Index</td>
<td>SPGEDAUN</td>
<td>94</td>
<td>The S&amp;P Global ESG Dividend Aristocrats® Quality Income Index is designed to measure the performance of constituents from the S&amp;P Global Dividend Aristocrats Quality Income Index that meet certain sustainability criteria. Constituents are weighted by indicated dividend yield.</td>
</tr>
</tbody>
</table>

Source: State Street Global Advisors, as of 1 June 2021.
* Xetra listing date is 7 June 2021. **London Stock Exchange ("LSE") and Euronext Amsterdam listing date is 8 June 2021. Borsa Italiana listing date is 21 June 2021.
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