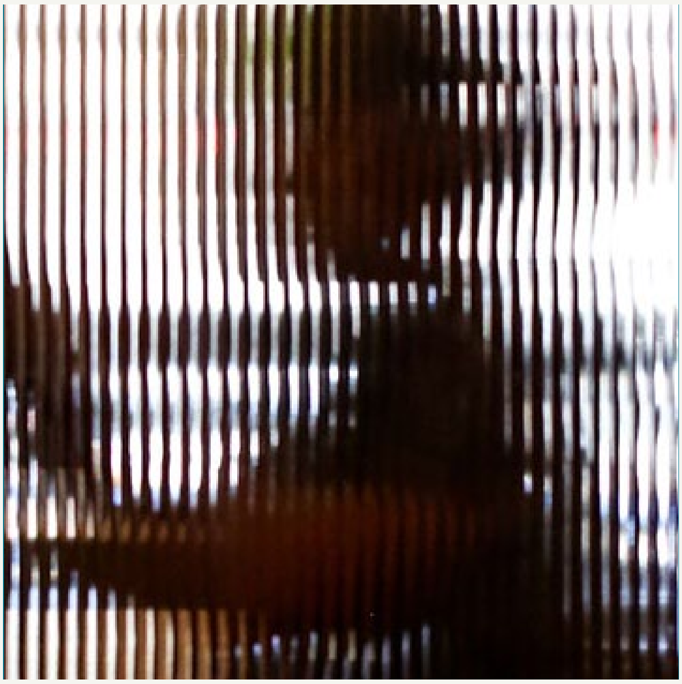


The Climate Files

Case Studies on Climate-Thematic Equity and Fixed Income Investment Solutions

STATE STREET GLOBAL ADVISORS

Executive Summary

State Street Global Advisors has extensive experience helping institutional investors integrate sustainability requirements into their investments. New technology and big data are creating tremendous opportunities for investors while also disrupting conventional approaches to portfolio management. We understand that our clients view their sustainable investing objectives, and in turn their portfolios, holistically and we look to enable the integration of sustainable investing criteria, where desired, across equity, fixed income and beyond.

Here we share insights and examples of climate-thematic investment solutions that we have built and managed for clients in recent years.

The data sources, metrics and thresholds used in the examples are driven by the unique needs of the investor.

We look to provide clients with investment solutions and customization capabilities that meet both their sustainable investing needs today and their future ambitions.

Contents

Reaching the Right Solution

Diversity of investor ambition and objectives is a common challenge implementers face when it comes to investing propositions that integrate climate-related objectives. Investors need a flexible range of solutions that can be tailored to their requirements with the possibility to adapt to incorporate new information and needs in the future. The ability of an asset manager to develop flexible and tailored solutions is crucial to meeting the variety of unique needs and risks investors face.

State Street Global Advisors' sustainable investing capabilities and solutions are driven by our commitment to partnering with our clients. Our investment expertise, deep research, proprietary tools and robust reporting help give our clients the information they need to achieve their goals and invest with confidence.

While some investors have strong preferences for benchmarking their passive portfolio to a third-party index (either via an off-the-shelf ESG index or customized version of an index with sustainability objectives integrated into its design), others prefer what we call a Custom Manager Solution. In a Custom Manager Solution the objectives are directly implemented into the portfolio construction process via explicit restrictions and targets, while remaining benchmarked against a standard or non-ESG index.

We employ an iterative, consultative process to partner with clients and help ensure all relevant objectives and investment concerns are taken into consideration. The process includes inputs from our specialized sustainable investing data team, trading, portfolio management, investment strategists and risk management.

An Overview of Solutions

Whether an investor is seeking an equity or fixed income solution, each approach has certain trade-offs to consider.

Figure 1
Solution Characteristics

	Third-Party Index (Standard)	Third-Party Index (Custom)	Custom Manager Solution[1]
Tracking Error vs Index[2]	Low	Low	Medium / High
Flexibility to Change Over Time	Low	Medium	High
Variety of Sustainability Data	Low	Low	High
Speed of Implementation	High	Medium	Medium
Rebalance Frequency of Sustainability Data	Rigid	Rigid	Flexible
Index Label Elegibile (e.g. EU PAB)	Yes	Yes	No
Relative Cost[3]	Medium	High	Low

Source: State Street Global Advisors. July 2024.
Shading intensity relates to each factor (shown in the first column) and seeks to represent the option typically preferred by institutional investors seeking an index-like strategy while incorporating sustainability objectives. The more intense the shading, the more the option is commonly preferred; while the lighter the shading the less it is commonly preferred.

In our extensive experience working with sophisticated investors from around the world, the most common reasons why investors opt for the Custom Manager Solution is the flexibility to customize objectives and the ability to incorporate multiple data sources directly into the investment process while still achieving a low tracking-error volatility to the reference benchmark.

Figure 2
Data Providers in SSGA's Centralized Sustainability Factor Database

General	Climate/Carbon	Governance	Controversies & Business Involvement	Sovereign
ISS ESG MSCI ESG Ratings Moody's Refinitiv Sustainalytics ESG Risk Ratings	Climate Bonds Initiative FTSE LCE MSCI Climate S&P Trucost ISS Climate	ISS Governance MSCI Governance	MSCI BISR MSCI Controversies Sustainalytics Product Involvement Sustainalytics Global Compact Sustainalytics Controversial Weapons Radar	MSCI ESG Government Ratings S&P Trucost Sustainalytics Country Risk Rating

Source: State Street Global Advisors, July 2024.

The proprietary State Street Sustainable Climate Equity Strategy and State Street Sustainable Climate Euro Corporate Bond Strategy are just some examples of the climate-thematic indexing and smart beta investment solutions which we offer. Similarly, we also offer alpha-seeking investment solutions such as the State Street Global Climate Transition Strategy a forward-thinking high conviction portfolio that is managed by State Street's Fundamental Growth and Core team.

The table below showcases a range of climate-thematic investment solutions that we have built and managed for clients in recent years.

In some instances we worked directly with an index provider to build a custom third-party index, while other case studies focus on bespoke custom manager solutions that apply a flexible, optimized structure utilising our multi-source sustainability data framework. The table below provides a summary of the case studies included in this paper. These are examples provided for illustrative purposes.

Figure 3
Case Study Examples of Customized Climate-Thematic Investment Solutions

	Case Study 1	**Case Study 2**	**Case Study 3**	**Case Study 4**	**Case Study 5**	**Case Study 6**	**Case Study 7**	**Case Study 8**	**Case Study 9**
Asset Class	Equity	Equity	Equity	Equity	Equity	Bonds	Bonds	Bonds	Bonds
Benchmark	MSCI World	MSCI ACWI CTB	MSCI World	MSCI ACWI	MSCI Emerging Market	ICE Global Corporate	JPM CEMBI	Barclays US Corporate	Barclays US IG & HY Corporate
Approach	Custom Manager Solution	Custom Third-Party Index	Custom Manager Solution	Custom Manager Solution	Active Custom Manager Solution	Custom Manager Solution	Custom Third-Party Index	Custom Manager Solution	Custom Manager Solution
Carbon Reduction	✓	✓	✓	✓	✓	✓	✓	✓	✓
YoY Carbon Reduction		✓				✓		✓	
Forward-Looking Metrics								✓	
Product Involvement Screening (#of screens)	✓ (1)	✓ (4)	✓	✓ (>5)	✓ (>5)	✓ (>5)	✓ (>5)	✓ (>5)	✓
Controversy Screening	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sustainability Score Enhancement		✓		✓		✓		✓	
Other	Client Exclusion List	EU CTB Requirements	Client Exclusion List	Green Revenue	Norwegian Ministry of Finance Screen	Green Bonds; Client Exclusion List	Green Bonds; Country Exclusion Policy	Green Bonds; Client Exclusion List	Client Exclusion List

YoY = Year-on-Year; EU CTB = EU Climate Transition Benchmark
Source: State Street Global Advisors. July 2024.

Case studies based on **equity** climate-thematic investment solutions.

Case Study 1

A Low-Carbon Tilted and Sustainability-Screened Indexed Equity Solution for an Australian Pension Fund Domestic and Global Indexed Equity Portfolios

Background

An Australian pension fund approached State Street Global Advisors with a desire to better align their domestic and international equity investment strategy with climate-conscious objectives while adhering to stringent climate-related targets and tracking-error limits to a strategic benchmark.

Approach

Our team collaborated closely with the client to develop an approach that aligned with their objectives using our proprietary low-carbon optimization model as well as our Product Involvement and norm-based sustainability factor screening framework, known as the Point of View (POV), to identify and exclude high carbon and controversial companies from the investment universe.

Solution Implementation

1

Data Analysis and Scenario Modelling Using our proprietary data and optimization models we conducted in-depth scenario analysis to explore various trade-offs between tracking error and the desired sustainability objectives. These scenarios were crucial in helping the client make an informed decision regarding their preferred investment strategy.

2

Tailored Allocation Following extensive deliberation and scenario testing the client opted for a nuanced allocation strategy that blended an exclusion and tracking error optimization approach:

- Australian Equities: target a 20–25% reduction in carbon intensity with minimal tracking of 20 basis points.

- MSCI World ex-Australia Equities: aiming for a relatively substantial 55% reduction in carbon intensity while maintaining a comparable performance tracking error to the strategic benchmark of 20 basis points.

3

Screening and Exclusions To ensure a comprehensive approach to screening for controversial weapons exposures, the client desired to complement their own screen with our own insights based on State Street Global Advisors' POV list.

Outcome Implemented in Q2 2023, the Australian pension fund successfully aligned its investment strategy with ambitious climate goals while upholding financial performance objectives.

Case Study 2

A Custom EU Climate Transition Benchmark (CTB) with an MSCI ESG Score Enhancement for a Dutch Pension Fund

Background

A Dutch pension fund sought an indexed investment solution aligning with the EU Climate Transition Benchmark (CTB) minimum requirements while also delivering an improvement in sustainability score. Additionally, they required implanting a series of controversial product involvement screening categories while minimizing tracking error.

Solution Implementation

Based on the client objectives, we developed a custom variation of the MSCI World CTB Overlay Index, employing an optimized approach. The solution includes:

- 30% carbon intensity reduction
- 7% year-over-year decarbonization
- CTB baseline exclusions (Controversial Weapons and Societal Norms Violations[4])
- Additional exclusions: Arctic Drilling, Oil Sands, Thermal Coal, and Tobacco
- 20% improvement in the weighted-average MSCI ESG Score relative to the Parent Index
- Minimization of ex-ante tracking error versus the benchmark (≤1%)

Outcome The client seeded an index replication mandate in Q3 2023 tracking the custom variation of the MSCI World CTB index. The client appreciated the efficient use of their risk budget and felt confident that they could meet their sustainable investment objectives while adhering to EU CTB standards. By optimizing the portfolio with minimized tracking error, the solution delivers an efficient performance while meeting the investors observed stringent sustainability criteria.

Case Study 3

An Evolving Custom Manager Solution for a Dutch Pension Fund's MSCI World Indexed Equity Mandate

Background

A Dutch pension fund who had initially used exclusions as a means of addressing their sustainable investment objectives subsequently moved to an optimized sustainability improvement strategy, and then later switched to a strategy that reduced the carbon intensity profile of an existing index equity mandate benchmarked to the MSCI World Index while maintaining a low tracking error (ex-ante & ex-post).

Solution Evolution and Implementation

We developed a custom variation of the MSCI World CTB Overlay Index, employing an optimized approach. The solution includes:

2020	2022	2023
Initial application of the client-specific exclusion list and sustainability improvement with an ex-ante tracking error budget of 40 basis points versus the MSCI World Index.	Addition of a carbon intensity objective requiring the portfolio to have the same or better carbon intensity than the benchmark.	Transitioned to a stated 30% carbon intensity reduction versus the MSCI World Index.

Outcome At each stage we conducted a series of point-in-time analysis to understand the trade-offs between risk and the sustainability objectives. See figure 4 overleaf which examines each sustainability metric in isolation and how the change in the variable target for that metric affects the ex-ante tracking error of the portfolio against the standard benchmark. The first column shows portfolios where there is no improvement required, however as you move further to the right there is a gradual increase in the associated reduction targets and the observed tracking error rises as a result.

What is important to note from the analysis is that the tracking error does not rise for all metrics at the same rate. While not all the metrics shown in figure 4 were used in the final solution, the iterative approach and adaptability of the framework allowed for the ongoing refinement of the investment solution to ensure ongoing alignment to the client's evolving sustainable investing goals.

By balancing sustainability profile enhancement, carbon intensity reduction, and tracking error management, the solution continued to achieve multiple objectives efficiently and effectively.

Figure 4

Tracking Error (ex-ante) of Portfolios with Varying Targets benchmarked against the MSCI World Index

Climate Target Reduction	**0%**	**-10%**	**-20%**	**-30%**	**-40%**	**-50%**	**-60%**	**-70%**	**-80%**	**-90%**	**-100%**
Carbon Intensity	0.11	0.11	0.12	0.12	0.14	0.18	0.25	0.38	0.88		
Brown Revenue	0.11	0.12	0.12	0.14	0.15	0.18	0.20	0.24	0.29	0.39	
Fossil Fuel Reserves	0.11	0.11	0.11	0.12	0.12	0.12	0.13	0.14	0.16	0.19	0.23
Climate Value-at-Risk	0.11	0.12	0.13	0.14	0.16	0.19	0.22	0.26	0.30	0.35	0.40

Green Revenue Improvement	**0%**	**50%**	**100%**	**150%**	**200%**	**250%**	**300%**	**350%**	**400%**	**450%**	**500%**
Green Revenue	0.11	0.13	0.17	0.23	0.30	0.38	0.49	0.62	0.79	1.12	

Climate Beta Improvement	**0.00%**	**-0.05%**	**-0.10%**	**-0.15%**	**-0.20%**	**-0.25%**	**-0.30%**	**-0.35%**	**-0.40%**	**-0.45%**	**-0.50%**
Climate Beta*	0.11	0.12	0.14	0.17	0.21	0.25	0.29	0.35	0.40	0.46	0.52

Climate Target Improvement	**0%**	**5%**	**10%**	**15%**	**20%**	**25%**	**30%**	**35%**	**40%**	**45%**	**50%**
Carbon Risk Rating	0.11	0.14	0.25	0.41	0.63	0.91	1.40				
Implied Temperature Risk	0.11	0.12	0.16	0.21	0.29	0.39	0.56	0.99			

Lowest tracking error Highest Tracking error

Source: State Street Global Advisors. Data as of December 2023. Chart for illustrative purposes.
*Climate Beta Scores are from March 2023

Case Study 4

A Custom Manager Solution for a Climate-Aligned MSCI ACWI Equity Strategy

Background

A UK intermediary desired a Custom Manager Solution that applied a mitigation and adaptation approach to climate investing while seeking an improvement in the sustainability profile of the portfolio.

Solution Implementation

The investor utilized our State Street Sustainable Climate Equity Strategy as a base and tailored the parameters to meet their specific risk budget and incorporate a custom exclusion list. The client targeted an ex-ante risk of 0.50% relative to the MSCI ACWI Index.

- Custom exclusions including Thermal Coal, Arctic Drilling, Oil Sands, Controversial Weapons, Violations of UN Global Compact Principles, and Severe ESG Controversies.
- Climate Constraints:
  — **Fossil Fuels** ≤ 50% vs parent index
  — **Brown Revenues** ≤ 50% vs parent index
  — **Green Revenue** ≥ 100% vs parent index
  — **Adaptation Score** ≥ 0.15 (Z-score) vs parent index
- Sustainability Score Enhancement: State Street Global Advisors' R-Factor Score ≥ 0.15 (Z-score) vs parent index

Outcome We successfully implemented the customized version of the State Street Sustainable Climate Equity Strategy in December 2021 with an initial investment of $6 billion. The client highly valued that we had a live track record of a strategy that could be adjusted to their parameters and risk budget.

Case Study 5

An Active Sustainable Climate Approach in Emerging Markets Equities

Background

Investors in an existing State Street Emerging Markets Enhanced SRI Strategy, which applied a few product involvement and sustainable controversy screens, were seeking a more direct way to target climate exposures whilst still keeping the attractive risk-and-return characteristics of our Enhanced approach.

The Sustainable Climate Emerging Markets Enhanced Equity Strategy approach creates low-tracking-error active portfolios that operate at a highly efficient part of the risk/return continuum and incorporate an outperformance target of 0.75% to 1.00% against the MSCI Emerging Markets Index. This approach has proven particularly attractive in Emerging Markets — where pure indexation is difficult due to market access complexities, higher trading costs, illiquidity and higher turnover around index reconstitutions; all of which can be key drivers for unnecessary tracking error. The Enhanced approach may take modest additional tracking error to indexation, but does so with an explicit alpha-seeking intention.

The challenge we faced was to maintain the attractive risk-and-return characteristics of the Enhanced approach whilst incorporating additional climate-related objectives into the portfolio construction.

Solution Implementation

The approach entailed incorporating the components of the standard State Street Sustainable Climate Equity Strategy into the Enhanced portfolio construction approach. The elements we looked to control were:

- **Reduce Carbon Intensity** relative to the benchmark index
- **Reduce Fossil Fuel Reserves** relative to the benchmark index
- **Reduce Brown Revenues** relative to the benchmark index
- **Increase Green Revenues** relative to the benchmark index

Our research goal was to determine whether the unique risk-and-return advantages of enhanced management could be maintained when climate objectives were integrated within our existing framework — to create an information ratio and carbon-efficient approach. By utilising the natural active risk within the Enhanced framework, we were able to integrate the climate objectives with only a marginal change in the overall tracking error relative to the strategic benchmark. Importantly, we were able to achieve all these objectives without meaningfully diminishing our return expectations or taking significantly larger country or sector positions relative to the benchmark than we take in the base strategy.

Outcome We successfully implemented the new approach to the State Street Sustainable Climate Emerging Markets Enhanced Equity Strategy in July 2022. Taking a modest increase in tracking error relative to that inherent in indexation in Emerging Markets, should allow the strategy to use the active risk in an alpha-seeking way to deliver on all three of the risk, return, and climate objectives. From August 2022 to the end of June 2024, the strategy has outperformed its benchmark, the MSCI Emerging Markets Index, by 0.92% per annum and in line with our long-term expectations.*

* 6-month, 1-year and Since Inception performance is 8.27%, 13.81% and 8%, respectively. Performance shown is net of fees. Performance returns for periods of less than one year are not annualized. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars.

Case studies based on **fixed income** climate-thematic investment solutions.

Case Study 6

A Customized Climate Bond Strategy for a European Pension Fund

Background

An institutional investor wished to move from an active to a passive global corporate bond portfolio while maintaining their ICE Global Corporate Custom Bond Index with tailored sector exposures. They sought to integrate a comprehensive and targeted set of sustainable and climate-themed objectives into the investment strategy, while maintaining a low tracking error against the strategic benchmark.

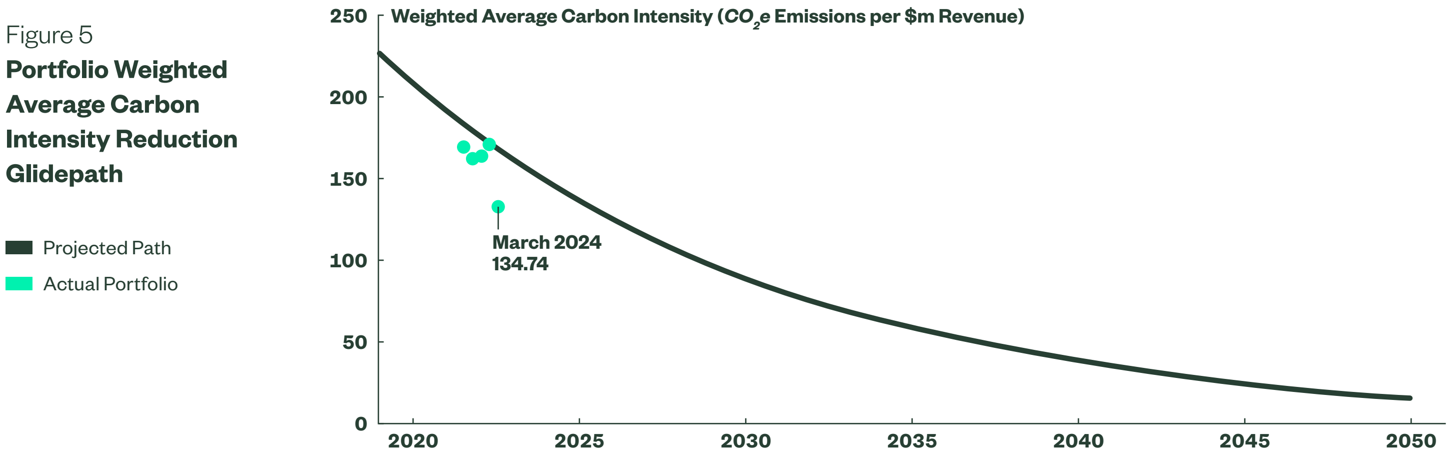
Solution Implementation

Using a modified version of the State Street Sustainable Climate Corporate Bond Strategy Framework this was then adjusted with the following key customizations to align with the client objectives:

- **Climate** 30% carbon reduction by 31 December 2024, with a then ongoing 7.6% year-on-year decarbonization pathway.
- **Green Bonds** Increase allocation to Green Bonds by more than 200% that of the weight in the benchmark.
- **Exclusions** Exclusion list provided by the client quarterly and complemented by State Street Global Advisors' proprietary data analytics and a negative screening framework, using a selection of Product Involvement and Controversy Factors from the Point of View (POV) to identify and exclude high carbon and controversial companies from the investment universe.
- **Risk Rating** The portfolio's sustainability risk rating must be equal to or greater than that of the benchmark.
- **Flexibility** Ability to adjust restrictions, targets and inputs as and when required by the investor.
- **Overweight/Underweight Constraints** The client required ICE sub-sector level 2 relative to benchmark limits of 3% overweight/underweight as well as an issuer max 1% overweight constraint versus the benchmark.

Outcome We successfully launched the strategy with an initial €650 million investment in November 2022, based on a tailored version of the State Street Sustainable Climate Corporate Bond Strategy using specific data sources to align with the client's own data sources used for risk oversight, research and reporting purposes. We have been working with the investor to gradually incorporate the carbon reduction glide path as illustrated in figure 5 overleaf.

Figure 5
Portfolio Weighted Average Carbon Intensity Reduction Glidepath



Source: State Street Global Advisors. 29th March 2024. Chart for illustrative purposes only.
Projections are based on estimates and reflect subjective judgments and assumptions. There can be no assurance that developments will transpire as forecasted and that the estimates are accurate.

Case Study 7

An Emerging Market Corporate Custom Climate Bond Index Strategy

Background

The client wished to switch their Emerging Market corporate bond strategy from an active to an indexed mandate, while also incorporating a customized version of the State Street Sustainable Climate Corporate Bond Framework into the index construction.

Solution Implementation

Using our proprietary data and optimization models we conducted in-depth analysis to explore data coverage and the various trade-offs between tracking error and the desired sustainability objectives. These scenarios were crucial in helping the client make informed decisions regarding their investment strategy. Once the preferred framework had been identified the index provider (JP Morgan) incorporated these into an index which could be systematically supplied to the client and the portfolio manager.

Starting with the JP Morgan CEMBI Broad Diversified Benchmark as the parent index, this was customized based on the following parameters:

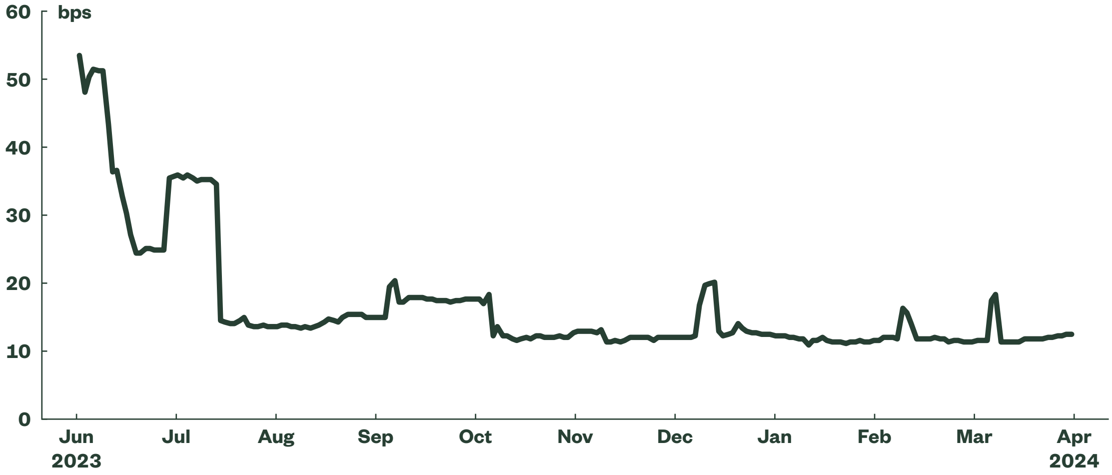
1. **Climate** 50% carbon reduction versus the benchmark.

2. **Controversy & Business Involvement Screening** On a quarterly basis the client updates their exclusion list which includes Controversial Weapons, Civilian Firearms, Oil Sands, Shale Gas, Thermal Coal, and Tobacco. State Street Global Advisors also provides a secondary screening check for these sustainability factors using the data sources and thresholds in our POV.

3. **Country Policy** Avoid investments in companies and governments which breach the investor's country policy, with a minimum threshold of 50% of share capital for state-owned companies.

Outcome We worked closely with the client to transition the portfolio from the legacy exposure into the new custom climate strategy which incepted in June 2023 with €650 million. Through our ongoing value-add stratified sampling approach, including the advantage of new corporate issues and corporate action participation, we have been able to further lower the tracking error volatility (TEV) to around 12 basis points, as demonstrated in Figure 6.

Figure 6
Tracking Error of the Emerging Market Corporate Custom Climate Bond Index Strategy



Source: State Street Global Advisors, FactSet. As of 29 March 2024.

Case Study 8

A Customized Climate Bond Strategy with Forward-Looking Metrics for a Nordic Pension Fund

Background

An institutional investor sought to align its existing US corporate bond indexed strategy (benchmarked to the Bloomberg US Corporate Bond 1% Index) with a robust sustainable investing framework that incorporated both forward- and backward-looking metrics into a customized version of the State Street Sustainable Climate Corporate Bond Strategy.

Solution Implementation

Starting in Q4 2023, we worked with the investor to run simulations in applying a climate investment framework, in addition to their core exclusion list, on an existing portfolio benchmarked to the Bloomberg US Corporate Bond Index with a 1% issuer cap.

In Q1 2024, we worked to advance the framework further by incorporating forward-looking metrics. The final implementation was based on a customized version of the State Street Sustainable Climate Corporate Bond 2.0 Strategy, integrating forward-looking climate-related metrics through a proprietary optimization engine. Key features of the strategy design included:

1. **Climate**
   - 50% Scope 1 & 2 carbon intensity reduction versus the benchmark with annual 7.6% YoY reduction kicking in from 2030.
   - Minimize fossil fuel reserves & brown revenue
   - Implied temperature rise target of ≤2°C
   - Carbon risk rating assessment

2. **Exclusions** The screened factors included:
   - Controversies (Violations of UN Global Compact Principles and Severe ESG Controversies)
   - Business Involvement (Civilian Firearms, Controversial Weapons, Thermal Coal, Arctic Oil & Gas, Oil Sands, Tobacco)

3. **Green Bond** The strategy overweighted green bonds by 2x the benchmark weight.

To bring the standard indexed strategy in line with the new custom climate framework required an approximately 30% turnover over 5 days, bringing the current mandate into line with our upgraded climate framework, ensuring best execution, minimizing trading costs and staying well within the 50 basis points tracking-error tolerance level.

Outcome We were able to identify and respond to the need of the client for climate integration and could offer our improved climate framework at the appropriate time. In April 2024, the customized climate bond strategy successfully aligned the Nordic pension fund's investment approach with its sustainability framework, while also meeting its financial objectives. By incorporating forward-looking metrics and stringent screening criteria, the strategy aligned to the client's commitment to sustainable investing and desire to mitigate climate-related risks. The use of green bonds further enhanced the portfolio's exposure to assets expected to be more climate-resilient and contributing to a lower-carbon economy.

Case Study 9

A USD Investment Grade and High Yield Custom Low-Carbon Bond Strategy

Background

A Swiss pension fund sought to align its internally- and externally-managed portfolios across various asset classes with a consistent sustainability and climate-thematic framework, while maintaining a low tracking error to the strategic benchmarks (consisting of the Bloomberg US Corporate Bond Index and the Bloomberg US High Yield Index).

Solution Implementation

Research started with a number of focused workshops and meetings involving scenario testing and with a broad range of possible metrics including:

- Policy Value-at-Risk (VaR) improvement compared to standard benchmark[5]
- Technology VaR improvement compared to standard benchmark[6]
- Physical VaR improvement to standard benchmark[7]
- Low Carbon Transition score improvement to standard benchmark

Following extensive deliberation and scenario testing, the client opted for a nuanced allocation strategy based on a variation of the State Street Low-Carbon Corporate Bond Framework, specifically targeting the following factors:

1 **Climate** 40% carbon intensity reduction versus the benchmark.

2 **Exclusion List** A client-specific custom exclusion list.

Outcome The client chose State Street Global Advisors as the preferred manager, recognizing the flexibility in the custom investment solution framework, experience in managing climate-thematic solutions, as well as its efficient and value-adding indexed fixed income approach. The mandate is due to seed in the second half of 2024.

Sustainable Investing at State Street Global Advisors

State Street's multi-source data architecture, along with our own insights in the field of sustainable investing, gives flexibility in data application. The data sources and metrics used in the examples provided vary considerably and are driven by the unique needs of the investor.

We are a global-scaled index and systematic investment manager with strengths in index investing (both institutional and ETFs), cash, and select active and multi-asset capabilities — underpinned by a spectrum of sustainable investing capabilities. Providing our clients with a range of investment solutions and customization capabilities that cater to their sustainable investing needs is a key pillar of our sustainable investing strategy.

Sustainable investing is a core pillar of our business and a key strategic initiative for the firm, and we have built extensive experience, resources and expertise into our sustainable investing solutions for clients. We continue to add resources to both the Sustainable Investing and Asset Stewardship teams across the organization, as well as collaborating with a broad range of partners, helping us remain at the forefront of sustainable investing and to continually enhance best-practice frameworks.

Whether clients are focused on risk management, responding to new regulations, making investments that align with their values, or seeking to enhance long-term performance, our capabilities can support clients in achieving their sustainable investing objectives.

Get in Touch

To learn more about how our climate-focused strategies could help you meet your investment goals please contact your State Street Global Advisors representative or email us at: SSGA Insights

Endnotes

1 A passive investment solution which is typically benchmarked to a third-party index but which applies fund/portfolio level guidelines, restrictions and targets based on sustainable investment objectives.

2 The index is the benchmark used for standard performance and reporting purposes.

3 It is not uncommon for an index provider to charge an additional fee for the integration of ESG data into the index design. In some instances the index provider may even apply an asset benchmark driven fee.

4 Societal norms include UNGC Principles, OECD Guidelines for Multinational Enterprises and the six Environmental Objectives: 1) climate change mitigation; 2) climate change adaptation; 3) sustainable use and protection of water and marine resources; 4) transition to a circular economy, waste prevention and recycling; 5) pollution prevention and control; 6) protection of healthy ecosystems.

5 A company's aggregated downside policy risk exposure according to all emission sources (Scope 1, 2, 3), expressed as a percentage of the company's market value, assuming a global specified temperature target and using carbon prices from the REMIND model under the NGFS Orderly scenario.

6 A company's upside technology opportunity exposure, expressed as a percentage of the company's market value capped at 100%, assuming a global specified temperature target and calculated using carbon prices from the REMIND model under the NGFS Orderly scenario.

7 A company's expected downside or upside potential, expressed as a percentage of the company's market value, assuming trends in extreme cold, extreme heat, extreme precipitation, heavy snowfall, extreme wind, coastal flooding, fluvial flooding, tropical cyclones, river low flow and wildfires continue along the specified temperature target REMIND Orderly scenario.

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This document provides summary information regarding the Strategy. This document should be read in conjunction with the Strategy's Disclosure Document, which is available from SSGA. The Strategy Disclosure Document contains important information about the Strategy, including a description of a number of risks.

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