

State Street Emerging Markets ESG Screened Local Currency Government Bond Index Fund Website disclosure for an Article 8 fund



A. Summary

The State Street Emerging Markets ESG Screened Local Currency Government Bond Index Fund (“**Fund**”) is an index fund tracking the performance of the J.P. Morgan GBI-EM Global Diversified ESG Screened LC Index (“**Index**”). The Index has been designated for the purpose of attaining the environmental and social characteristics promoted by the Fund. The Index tracks the performance of bonds issued by emerging market governments and denominated in the local currency of the issuer while excluding issuers that are associated with controversial weapons, tobacco, thermal coal and oil sands extraction or fail to comply with United Nation Global Compact (“**UNGC**”) principles. Additionally, the Index will also aim to exclude countries which may have a negative impact from an ESG and reputational risk perspectives. The list of country exclusions is detailed in the Index methodology.

The Fund promotes environmental or social characteristics, but does not have as its investment objective a sustainable investment.

The environmental and social characteristics promoted by the Fund is the Index designated by the Fund.

The investment policy of the Fund is to track the performance of the Index as closely as possible using the Stratified Sampling Strategy as further described in the “Investment Strategies” section of the Prospectus, while seeking to minimise as far as possible the tracking difference between the Fund’s performance and that of the Index.

The Investment Manager employs a binding ESG methodology which aims to build a portfolio where at least 90% of the Fund’s assets are invested in securities which are aligned with environmental and social characteristics promoted by the Fund. The remaining portion (<10%) of the portfolio, consisting of cash as well as cash equivalents in place held at the Investment Manager’s discretion, will not be aligned with the promoted environmental and social characteristics. To the extent that the Fund may use financial derivative instruments, these will not be used to attain the environmental or social characteristics promoted by the Fund.

The Fund does not commit to making sustainable investments within the meaning of the SFDR or the Taxonomy Regulation.

The Index represents the performance of the investible local currency denominated, emerging markets sovereign bonds universe while excluding issuers that are associated with controversial weapons, tobacco or fail to comply with UNGC principles. Consequently, the attainment of the associated environmental and social characteristics is measured through the relevant Index exclusions listed above. As such, the Fund does not intend to hold any securities that do not meet the relevant ESG criteria.

The link to the Index methodology which captures the environmental or social characteristics promoted by the Fund is made available in the Relevant Supplement and is included below.

The data sources used to attain the relevant environmental or social characteristics are detailed in the Index methodology.

There is a risk that the index provider may make errors, such as incorrect assessment of the screen criteria described in the Investment Policy and/or include incorrect/exclude correct constituents in the screening process. 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. 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.

SSGA oversees external vendors, including index providers, in line with its third-party risk management programme. SSGA engages with index providers regularly for service level reviews and also undertakes targeted reviews of index providers' processes, systems & systems controls, data, quality controls & IT security.

SSGA's engagement policies are not directly embedded into the Fund's investment strategy. However, SSGA's Asset Stewardship programme consolidates all voting and engagement activities across asset classes, irrespective of investment strategy or geographic region, including for the Fund.

The Fund has designated the Index for the purpose of attaining the environmental and social characteristics promoted by the Fund. The Index methodology provides for ongoing review and rebalances on the last weekday of the month at which time the Index is screened for the ESG exclusion criteria.

Please refer to J.P. Morgan GBI-EM Global Diversified ESG Screened LC Index methodology:

<https://www.jpmorgan.com/content/dam/jpm/cib/complex/content/markets/composition-docs/jp-morgan-gbi-em-global-diversified-esg-screened-lc-index-methodology.pdf>.

For further information and details please refer to the relevant sections below, the Prospectus and Relevant Supplement.



B. No sustainable investment objective

The Fund promotes environmental or social characteristics, but does not have as its objective a sustainable investment.



C. Environmental or social characteristics of the financial product

The State Street Emerging Markets ESG Screened Local Currency Government Bond Index Fund is an index fund tracking the performance of the J.P. Morgan GBI-EM Global Diversified ESG Screened LC Index (“Index”). The Index has been designated for the purpose of attaining the environmental and social characteristics promoted by the Fund. The Index tracks the performance of bonds issued by emerging market governments and denominated in the local currency of the issuer while excluding issuers that are associated with controversial weapons, tobacco, thermal coal and oil sands extraction or fail to comply with UNGC principles. Additionally, the Index will also aim to exclude countries which may have a negative impact from an ESG and reputational risk perspectives. The list of country exclusions is detailed in the Index methodology.

Through tracking the Index, the Fund promotes the following environmental and social characteristics embedded within the exclusions applied by the Index:

Avoidance of investment in issuers which show an involvement in controversial activities, including:

- Controversial weapons;
- Tobacco;
- Thermal coal;
- Oil sands extraction;
- Investment in issuers that comply with UNGC principles (international norms in relation to the environment protection, human rights & communities, labour rights & supply chains, customers and governance); and
- Avoidance of investment in securities issued by countries with a negative impact from an ESG and reputational risk perspectives.



D. Investment Strategy

The investment policy of the Fund is to track the performance of the Index as closely as possible using the Stratified Sampling Strategy as further described in the “Investment Strategies” section of the Prospectus, while seeking to minimise as far as possible the tracking difference between the Fund’s performance and that of the Index.

Securities in the Fund are selected primarily from the constituents of the Index. The Fund also may, in exceptional circumstances, invest in securities not included in the Index but that are believed to closely reflect the risk and distribution characteristics of securities of the Index. The Index measures the performance of investible local currency emerging markets government bonds while screening out securities based on an assessment of their adherence to ESG criteria i.e., non-compliance with UNGC principles, controversial weapon and tobacco.

The assessment of good governance practices is implemented through the negative screening utilised by the Index. Issuers deemed by the Index provider to not violate UNGC principles are considered to exhibit good governance.



E. Proportion of investments

The Investment Manager employs a binding ESG methodology which aims to build a portfolio where at least 90% of the Fund's assets are invested in securities which are aligned with environmental and social characteristics promoted by the Fund. The remaining portion (<10%) of the portfolio, consisting of cash and cash equivalents, or financial derivative instruments employed for efficient portfolio management, hedging or liquidity management purposes, will not be aligned with the promoted environmental and social characteristics and will not have any environmental or social safeguards in place.

To the extent that the Fund may use financial derivative instruments, these will not be used to attain the environmental or social characteristics promoted by the Fund.

The Fund does not commit to making sustainable investments within the meaning of the SFDR or the Taxonomy Regulation.



F. Monitoring of environmental or social characteristics

The Index represents the performance of the investible local currency denominated, emerging markets sovereign bonds universe while excluding issuers that are associated with controversial weapons, tobacco or fail to comply with UNGC principles. Consequently, the attainment of the associated environmental and social characteristics is measured through the relevant Index exclusions listed above.

As such, the Fund does not intend to hold any securities that do not meet the relevant ESG criteria above.

The Fund rebalances on a monthly basis, in line with the Index rebalancing frequency.



G. Methodologies

The link to the Index methodology which captures the environmental or social characteristics promoted by the Fund is made available in the Relevant Supplement and in Section L below.



H. Data sources and processing

The data sources used to attain the relevant environmental or social characteristics are detailed in the Index methodology.



I. Limitations to methodologies and data

There is a risk that the index provider may make errors, such as incorrect assessment of the screen criteria described in the Investment Policy and/or include incorrect/exclude correct constituents in the screening process. ESG scoring and screening is subject to inherent methodological limits. Any assessment of ESG criteria by an Index is based on the data provided by third parties. Such assessments are dependent upon information and data that may be incomplete, inaccurate or unavailable, which could cause incorrect assessment of an issuer's ESG performance. In particular there may be potential inconsistencies, inaccuracy or a lack of availability of required ESG data, particularly where this is issued by external data providers. These limitations may include but are not limited to issues relating to:

- missing or incomplete data from companies (for example, relating to their capacity to manage their Sustainability Risks) which have been used as input for any scoring model;
- the identification of relevant factors for the ESG analysis; and
- the quantity and quality of ESG data to be processed.

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

SSGA oversees external vendors, including index providers, in line with its third-party risk management programme. SSGA engages with index providers regularly for service level reviews and also undertakes targeted reviews of index providers' processes, systems & systems controls, data, quality controls & IT security.



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 Fund is an index fund tracking the performance of the J.P. Morgan GBI-EM Global Diversified ESG Screened LC Index. The Index has been designated for the purpose of attaining the environmental and social characteristics promoted by the Fund. The Index integrates exclusion criteria relating to companies that are associated with Controversial Weapons, tobacco or that fail to comply with the UNGC Principles.

The Index methodology provides for ongoing review and rebalances on the last weekday of the month at which time the Index is screened for the ESG exclusion criteria outlined above.

Please refer to J.P. Morgan GBI-EM Global Diversified ESG Screened LC Index Methodology:

<https://www.jpmorgan.com/content/dam/jpm/cib/complex/content/markets/composition-docs/jp-morgan-gbi-em-global-diversified-esg-screened-lc-index-methodology.pdf>.

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