

## SFDR Annex

### ANNEX II

#### Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** SPDR S&P U.S. Dividend Aristocrats Screened UCITS ETF (the "Fund")

**Legal entity identifier:** 549300LWZIW4LRZB5J07

### Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

Yes  No

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b>: ___%</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b>: ___%</p>	<p><input type="checkbox"/> It promotes <b>Environmental/ Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 0% of sustainable investments</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <p><input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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#### What environmental and/or social characteristics are promoted by this financial product?

The SPDR S&P U.S. Dividend Aristocrats Screened UCITS ETF is an index fund tracking the performance of the S&P High Yield Dividend Aristocrats Screened Index (the "Index"). The Index has been designated for the purpose of attaining the environmental and social characteristics promoted by the Fund. The Index represents the performance of certain high-yielding stocks from the U.S. equity market while excluding certain stocks based on their ESG characteristics considering both their ESG rating, and their involvement in certain controversial business activities as outlined in the Index methodology



**Sustainability indicators** measure how the environmental or social characteristics promoted by the

#### What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The Index represents the performance of certain high dividend-yielding equity securities issued by companies from high-yielding stocks from the U.S. equity market while excluding certain stocks based on their ESG characteristics considering both their ESG rating, and their involvement in certain controversial business activities. Consequently, the attainment of the associated environmental and

financial product are attained.

social characteristics is measured through the Index exclusions of companies that are associated with controversial weapons, thermal coal, tobacco products, oil sands, small arms and military contracting and the companies that fail to comply with the UNGC principles.

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

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The Fund does not commit to investing in sustainable investments.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Does this financial product consider principal adverse impacts on sustainability factors?**

**Yes,**



The Fund pursues a reduction of negative externalities caused by the underlying investments and in that context considers Principal Adverse Impacts (PAI) on sustainability factors by applying norms based ESG screens within the index. Specifically, the Fund considers:

- Violation of UNGC Principles
- Exposure to controversial weapons

**No**



**What investment strategy does this financial product follow?**

The investment policy of the Fund is to track the performance of the Index (or any other index determined by the Directors from time to time to track substantially the same market as the Index) as closely as possible, while seeking to minimise as far as possible the tracking difference between the Fund's performance and that of the Index.

The Index measures the performance of high-yielding stocks from the U.S. equity market that meet the eligibility criteria defined in the S&P High Yield Dividend Aristocrats Index, "the Standard Index". In addition, the Index aims to exclude certain stocks based on their ESG characteristics considering both their ESG rating, and their involvement in certain controversial business activities as outlined in the index methodology. The remaining securities are then weighted according to the size of their dividend.

The Investment Manager and/or Sub-Investment Manager, on behalf of the Fund, will invest using the replication strategy as further described in the "Investment Objectives and Policies – Index Tracking Funds" section of the Prospectus, primarily in the securities of the Index, at all times in accordance with the Investment Restrictions set forth in the Prospectus.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The investment policy of the Fund is to track the performance of the Index. At least 90% of the Fund's assets are invested in securities that are constituents of the Index, while the Index provider applies ESG ratings on all the Index constituents.

Environmental and social characteristics are promoted via the adoption of screens to exclude securities related to certain sectors, companies or practices, based on specific ESG criteria.

**What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund excludes investments in issuers as set out in the investment strategy and binding requirements outlined above, however the Fund does not have a committed minimum rate to reduce the scope of investments.

**What is the policy to assess good governance practices of the investee companies?**

Companies deemed not in violation by the Index provider of the UNGC principles are considered to exhibit good governance. For information on the methodologies used in the construction of the Index and further information on the exclusion criteria and data sources, please refer to S&P's index methodology description which can be found at the following link:

<https://www.spglobal.com/spdji/en/documents/methodologies/methodology-sp-esg-divarist-indices.pdf>

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

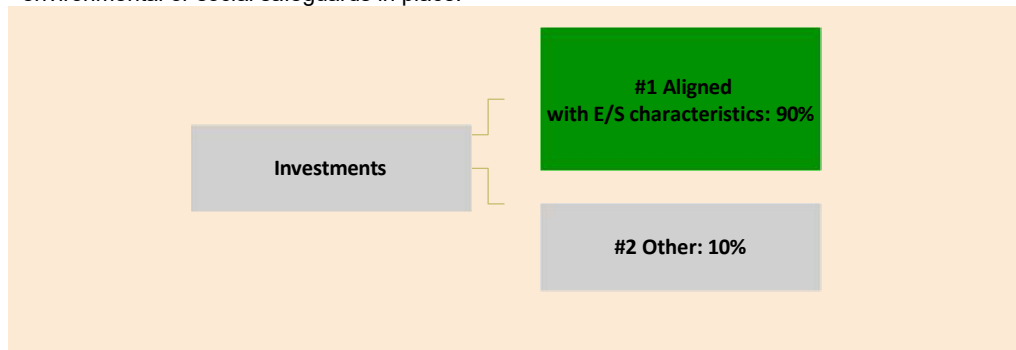


**What is the asset allocation planned for this financial product?**

At least 90% of the Fund's assets are invested in securities that are constituents of the Index and aligned with environmental and / or social characteristics, while the Index provider applies ESG ratings on all the Index constituents. The Fund does not commit to making sustainable investments within the meaning of the SFDR or the Taxonomy Regulation. The Fund may hold 10% of its assets in cash or cash equivalents and derivatives used for efficient portfolio management purposes, at the Investment Manager's discretion, which would be classified under #2 Other in the below table. Such assets will not be aligned with environmental and social characteristics, nor will there be any environmental or social safeguards in place.

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of: **turnover** reflecting the share of revenue from green activities of investee companies **capital expenditure** (CapEx) showing the green investments made by investee



companies, e.g. for a transition to a green economy. **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

To the extent that the Fund may, for efficient portfolio management purposes only, use financial derivative instruments, these are not used to attain the environmental or social characteristics promoted by the Fund.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

While this Fund promotes environmental characteristics within the meaning of Article 8 of the SFDR, it does not currently commit to investing in any “sustainable investment” within the meaning of the Taxonomy Regulation. Therefore, the Fund does not commit to invest more than 0% of its Net Asset Value in Taxonomy Regulation aligned investments. It should therefore be noted that this Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation and, as such, its portfolio alignment with the Taxonomy Regulation is not calculated. For this reason, the “do no significant harm” principle does not apply to any of the investments of this Fund.

Therefore, there is no intentional alignment with the Taxonomy Regulation.

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?<sup>1</sup>**

**Yes:**

In fossil gas

In nuclear energy



**No**

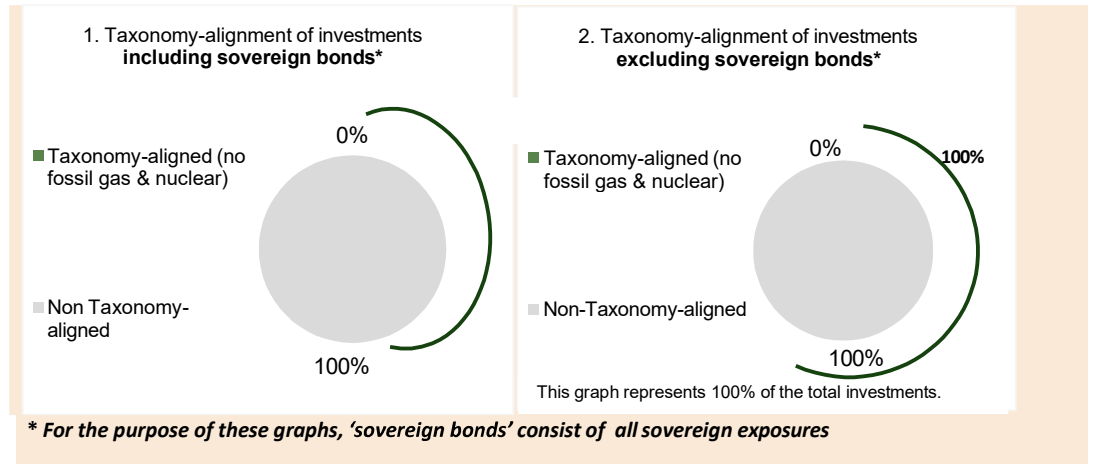
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas

**The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.**

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulations (EU) 2022/1214.

emission levels corresponding to the best performance.



**What is the minimum share of investments in transitional and enabling activities?**

The Fund does commit to a minimum share of investments in transitional and enabling activities.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Fund does not commit to investing in Sustainable Investments.



**What is the minimum share of socially sustainable investments?**

Not applicable.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The Fund may hold a portion of its assets in cash or cash equivalents and derivatives used for efficient portfolio management purposes, at the Investment Manager’s discretion, which would be classified under #2 Other in the above table. Such assets will not be aligned with environmental and social characteristics, nor will there be any environmental or social safeguards in place.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

The Fund tracks the performance of the S&P High Yield Dividend Aristocrats Screened Index (or any other index determined by the Directors from time to time to track substantially the same market as the Index) as closely as possible, while seeking to minimise as far as possible the tracking difference between the Fund’s performance and that of the Index.

The Index measures the performance of high-yielding stocks from the U.S. equity market that meet the eligibility criteria defined in the S&P High Yield Dividend Aristocrats Index, “the Standard Index”. In addition, the Index aims to exclude certain stocks based on their ESG characteristics considering both their ESG rating, and their involvement in certain controversial business activities as outlined in the Index methodology

Reference benchmarks are

indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

The Index methodology provides for quarterly review and rebalance.

***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

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

***How does the designated index differ from a relevant broad market index?***

The designated index implements exclusions and changes to Index weights, versus the relevant broad market index, that are a function of company ESG characteristics, considering both ESG ratings and involvement in certain controversial business activities, as applied by the Index provider, S&P Dow Jones Indices LLC ("SPDJI"). For information on the Index methodology used in the construction of the Index and further information on the exclusion criteria and data sources, please refer to SPDJI's index methodology description.

***Where can the methodology used for the calculation of the designated index be found?***

S&P's index methodology description can be found at the following link:  
<https://www.spglobal.com/spdji/en/documents/methodologies/methodology-sp-esg-divarist-indices.pdf>.

**Where can I find more product specific information online?**

**More product-specific information can be found on the website:**

[Investing in SPDR Exchange Traded Funds \(ETFs\) \(ssga.com\)](https://www.ssga.com)

