

Sustainable Investing: A (Mega) Institutional Perspective

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SSgA: Global Scale, Local Presence



SSgA At A Glance — 2009

- World's largest institutional investment manager with \$1.4 trillion assets under management**
- 2,100+ employees, 490+ investment professionals*
- 2700+ clients, 4000+ investment plans and 280+ investment performance streams
- 11 global investment centers and 24-hour global trading capability

As of December 31, 2008

* Includes Global Alliance companies

** *Pensions & Investments*, May 28, 2008, assets as of December 31, 2008

Evolution of Environmental, Social & Governance Investing

From values-based to value-creating approaches

Phase	Goal	Motivation	Strategy	Management Style
First Generation	Avoid investments in companies that are not compatible with mission and goals	Align investments with values or mission	Exclusionary screening	Active or Passive
Second Generation	Incorporate ESG factors into investment decisions	Recognize materiality of some ESG issues Improve standards of corporate behavior	Positive screening Best in class selection Engagement	Active or Passive
Third Generation	ESG issues can be used to seek enhanced performance and manage risk	Generate alpha Risk management	Use ESG data to identify companies that managers believe are expected to outperform	Mainly Active

Source: KLD Research & Analytics, Inc., State Street Global Advisors

Looking Ahead

Struggle between economic headwinds and stimulating tailwinds

- Near-term: Stress testing of investor attitudes towards sustainability
- Medium-term: Keynesian environomics begin taking hold
- Long-term: Decarbonize or perish

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