
Our Asset Stewardship Approach

Effective asset stewardship lies at the heart of our fiduciary responsibility as one of the world's largest asset managers. This short guide outlines our asset stewardship approach, 2020 engagement priorities and key facts and figures.

Key Highlights

17k+ company meetings voted in 2019

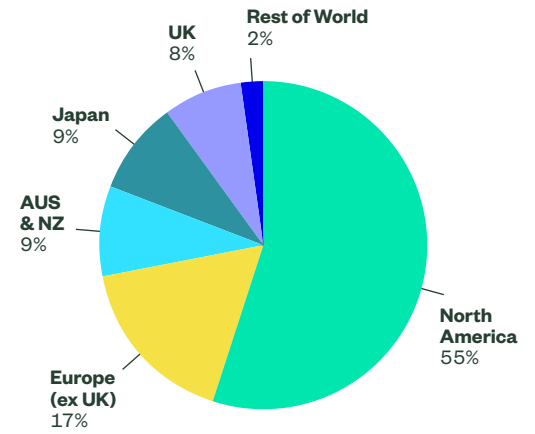
500+ climate-related engagements since 2014

680+ women added to previously male-only boards since 2017

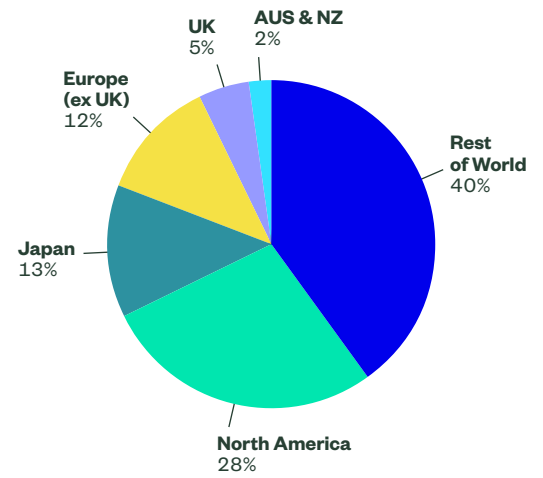
2019 Voting & Engagement Breakdown

Number of Countries	73
Companies Engaged	1,950
Engagement Meetings	726
Letter Writing Campaigns	1,087
R-Factor Engagements	137
Number of Meetings Voted	17,330
Management Proposals	157,806
Against Management	14%
Shareholder Proposals	3,696
Against Management	12%

Engagement Meetings by Region



Voting by Region



Source: State Street Global Advisors Voting Statistics 2019.

2020 Sector Priorities

Information Technology We will engage with companies in this sector to understand how they are responding to regulatory concerns around the use of data collection practices and privacy and its implications on cost and profitability. We will also seek to understand how companies are addressing other ESG issues such as human capital management, content risk management, corporate culture, governance structures and pay equity.

Consumer Staples On average, this sector is one of the lowest performing, according to our global R-Factor™ scores. We will engage companies in this sector to discuss long-term strategy and material ESG issues such as changing consumer preferences, lifecycle of plastic materials, water management and human capital management.

Transportation The sector, including automobile companies, is a major greenhouse gas emitter that plays a critical role in the global supply chain. We will engage companies in this sector to discuss long-term strategy and ESG issues such as human capital management, lobbying activity, and responding to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

2020 Thematic Priorities

We continue to engage companies on our multi-year thematic priorities.

Corporate Culture Culture plays an integral part in a company's ability to achieve its strategic objectives. We will engage with boards to understand how they assess and monitor corporate culture.

Board Accountability We believe that annual director election cycles improve board accountability and encourage board members to be more responsive to shareholder interests. We will engage with company boards on how board structures hinder or strengthen board accountability.

Gender Diversity Our Fearless Girl campaign will engage with companies to understand how they bring cognitive diversity into the board room. We will also use engagement to understand how management promotes diversity at all levels and review company disclosure pertaining to diversity practices and metrics.

Human Capital We believe that a company's workforce is a core asset and driver of long-term sustainable performance. We will engage with companies to understand how they measure, monitor and manage their workforce and how they align their incentives with the company's long-term strategy and invest in creating a workforce for the future.

Climate-related Reporting As a signatory of the TCFD recommendations, we will engage with companies to review the quality of climate reporting, board oversight of climate-related risk as well as companies' strategic response to climate change.

Environmental Management Effective environmental management encompasses all environmental impacts, both within a company's operations and its supply chain. In particular, we will seek to better understand how companies address growing concerns related to the environmental impact of plastics. We will engage with companies to understand how approaches such as circular economy models and product lifecycle assessments are utilised to address environmental risks and opportunities.

Our Approach: Value Not Values

We approach ESG issues from a value perspective, not a political or social agenda.

We engage with boards and management teams and use our voting power as one of the world's largest asset managers to positively influence companies' sustainable long-term financial performance.

Our focus begins with governance, as we believe that strong, independent and effective boards of directors can better incorporate sustainability into long-term strategy. A well-governed company will likely also have strong environmental and social credentials.

A+ Rating from PRI

We have the highest possible A+ rating from the Principles for Responsible Investment (PRI) at firm-wide level. Our ratings are at, or above, the median of large asset manager peers in listed equity and fixed income.

Our stewardship program is fully aligned with the PRI Blueprint (<https://blueprint.unpri.org/>).

Strategy & Governance	A+
Listed Equity Incorporation	A
Listed Equity Active Ownership	A+
Fixed Income — Sovereigns, Supranationals and Agencies	B
Fixed Income — Corporate Financial	A
Fixed Income — Corporate Non-Financial	A

R-Factor™: Building Stronger Asset Stewardship

In 2019, we began addressing ESG in a more comprehensive way, by launching R-Factor™ (the 'R' stands for Responsibility). Drawing on data from four leading providers and leveraging the Sustainability Accounting Standards Board (SASB) materiality framework, R-Factor generates unique ESG scores for over 6,000 listed companies globally. R-Factor has allowed us to evaluate a company's business operations and governance as it relates to financially material ESG challenges facing the company's industry.

Using Our Voice and Vote

Starting with the 2020 proxy season, we will take appropriate voting action against board members at companies in the S&P 500, FTSE 350, ASX 100, TOPIX 100, DAC 30 and CAC 40 indices that are laggards based on their R-Factor scores and that cannot articulate how they plan to improve their score.

In 2022, we will also expand our voting action to include those companies who have been consistently underperforming their peers on their R-Factor scores for multiple years, unless we see meaningful change.

Climate Change Stewardship

Engagement We have completed over 500 climate-related engagements since 2014. In 2019, we carried out 157 engagements on climate-related issues across 22 industries. We leverage the Task Force on Climate-related Financial Disclosures (TCFD) framework to understand companies' activities to mitigate and manage climate-related issues.

Proxy Voting We use our shareholder proposals framework to take a case-by-case approach to every climate-related proposal in our portfolio.

Thought Leadership We have published guidance for companies on our climate expectations and research on industry-specific best practices across our global holdings. For more information, see our asset stewardship homepage.

Policy/Regulatory We strategically participate in collaborative initiatives that help shape the policy and regulatory landscape. We have actively participated in the TCFD and Ceres climate working groups and also signed a climate pledge at the Vatican Summit.

Fearless Girl Campaign: Impact and Action

Driving Impact Our Fearless Girl campaign continues to drive impact globally. Since the start of the campaign in 2017, approximately half (687/1,384) of the companies we identified have either added or committed to adding a female director to their Board.

Research-Driven Our work is underpinned by research showing that companies with greater gender diversity have stronger financial performance and fewer governance related issues including bribery, corruption and fraud.

Using our Vote In 2020, we will vote against the entire nominating and governance committees of companies in the US, UK and Australian markets if we have concerns about lack of gender diversity for four consecutive years and cannot engage in productive dialogue.

1,384

companies identified without
a woman on the board

681

companies added a
female director

6

companies committed to
add a female director

About State Street Global Advisors

For four decades, State Street Global Advisors has served the world's governments, institutions and financial advisors. With a rigorous, risk-aware approach built on research, analysis and market-tested experience, we build from a breadth of active and index strategies to create cost-effective solutions. As stewards, we help portfolio companies see that what is fair for people and sustainable for the planet can deliver long-term performance. And, as pioneers in index, ETF, and ESG investing, we are always inventing new ways to invest. As a result, we have become the world's third-largest asset manager with US \$2.69 trillion* under our care.

* AUM reflects approximately \$50.01 billion USD (as of March 31, 2020), with respect to which State Street Global Advisors Funds Distributors, LLC (SSGA FD) serves as marketing agent; SSGA FD and State Street Global Advisors are affiliated.

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Important Risk Information

The returns on a portfolio of securities which exclude companies that do not meet the portfolio's specified ESG criteria may trail the returns on a portfolio of securities which include such companies. A portfolio's ESG criteria may result in the portfolio investing in industry sectors or securities which underperform the market as a whole.

Responsible-Factor (R Factor) scoring is designed by State Street to reflect certain ESG characteristics and does not represent investment performance. Results generated out of the scoring model is based on sustainability and corporate governance dimensions of a scored entity.

The information contained in this communication is not a research recommendation or 'investment research' and is classified as a 'Marketing Communication' in accordance with the Markets in Financial Instruments Directive (2014/65/EU) or applicable Swiss regulation. This means that this marketing communication (a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research (b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

Investing involves risk including the risk of loss of principal.

A Smart Beta strategy does not seek to replicate the performance of a specified cap-weighted index and as such may underperform such an index. The factors to which a Smart Beta strategy seeks to deliver exposure may themselves undergo cyclical performance. As such, a Smart Beta strategy may underperform the market or other Smart Beta strategies exposed to similar or other targeted factors. In fact, we believe that factor premia accrue over the long term (5–10 years), and investors must keep that long time horizon in mind when investing.

The information provided does not constitute investment advice and it should not be relied on as such.

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