

August 2016

SSGA's Issuer Engagement Protocol

State Street Global Advisors (SSGA) has developed an engagement framework to increase transparency around our engagement philosophy, approach and processes. These guidelines are designed to communicate with our investee companies regarding the objectives of our engagement activities and to facilitate a better understanding of our preferred terms of engagement. The framework also includes guidance for our interactions with activist investors.

SSGA's engagement activities are driven exclusively by our goal to maximize and protect the long-term value of our clients' assets. These guidelines are utilized by SSGA's proxy voting and engagement team to develop annual engagement objectives and priorities based on an assessment of the greatest risks and opportunities within our clients' funds. The protocol clearly defines instances in which SSGA's proxy voting and engagement team is willing to participate in reactive engagement, thereby allowing the team to focus on active, thematic or sector specific engagement across our global portfolios.

SSGA's Methodology for Developing its Annual Engagement Strategy

SSGA believes that the geographic spread and depth of its holdings provides a challenge but also an opportunity for the firm as it develops its engagement strategy. While we would like to maintain a dialogue with all our portfolio companies, we recognize the need to focus our engagement efforts where we believe we will have maximum impact. Each year, as part of its strategic review process, SSGA's proxy voting and governance team develops an annual engagement strategy, and identifies a target list of companies that we intend to engage with during the year. Factors considered in developing the target list include:

- Companies identified for engagement based on our in-house governance, compensation and sustainability screens;
- Thematic Environmental, Social and Governance ("ESG") issues that the team identifies as potential risks facing investee companies;
- In-depth sector specific engagements across our global holdings;
- Companies with lagging long-term financial performance within their sector; and
- Companies at which follow up engagement is needed based on past discussions.

The intensity and type of engagement with a company is determined by SSGA's relative and absolute holdings in that company. In addition, we also factor in geographic diversity in our engagement efforts to reflect the level of economic exposure to various markets. Finally, we also consider the engagement culture in a market or geographic region when developing our engagement target list and approach.

SSGA believes in-person meetings help us in establishing mutual understanding and trust with the boards and management teams of our investee companies. However, once we have developed such relationships, SSGA's preferred method for update meetings is via conference calls as we believe this is cost effective for our clients and investee companies. This also helps SSGA reduce its global carbon footprint.

Guidelines for Engaging with Investee Companies

- SSGA seeks to meet with management at reasonable intervals to receive updates on execution of strategy, financial and operational performance, and significant matters that may affect the future prospects of the company. However, discussions pertaining to interim financial results or other short-term considerations will not be considered a priority.
- SSGA believes that as a long-term shareholder with substantial holdings, it is important to establish a relationship and have a direct communication channel with independent directors in our investee companies. Therefore, as part of our active engagement process, SSGA prefers to meet with the non-executive chairperson/lead independent director and/or representative of key board committees. We believe such meetings help us assess the quality and effectiveness of the board, the extent of oversight of management, and to understand the board's perspectives on key issues such as strategy, risk, capital allocation, and compensation. It also allows us to escalate matters to the board's attention if management has been unresponsive to suggestions discussed during prior engagements.
- After our initial meeting with members of the board, the frequency of desired follow-up meetings is determined by the nature of the issues discussed. SSGA will outline expectations and timelines for subsequent meetings during the discussion. We follow similar guidelines for meeting requests with C-suite management representatives at companies.
- Typically, SSGA allows additional capacity for reactive engagement in Q2 for markets such as US, UK, EU, and Japan (Q4 for Australian companies) where the majority of the companies in those countries have general meetings between the months of April and June.
- SSGA reserves the Q1, Q3 and Q4 time periods to conduct the majority of its active engagements, with some room for reactive engagement for companies that have experienced a significant event or are seeking approval for a corporate transaction, board transition or other material concern, and for those companies that hold general meetings outside of the peak voting season.
- With regards to vote solicitation meeting requests in the context of a company's shareholder meeting—we only accept solicitation request where we would like to engage with a company based on our internal assessment of the ballot item presented for a shareholder vote.

- Instances where we accept engagement requests include where SSGA:
 - Has concerns about a ballot item; and
 - Believes that engagement will better inform our voting decision.
- Instances when we are likely to turn down solicitation requests include:
 - When we do not have any immediate concerns about a ballot item;
 - We believe we have adequate information to make an informed voting decision on a ballot item;
 - Our position on a ballot item is addressed in our public policy statement;
 - If we have actively engaged with the company on matters pertaining to the ballot proposal outside the proxy season;
 - When the company has not been responsive to our request for change during prior engagements; and
 - Where we believe that the matter is best discussed outside the vote solicitation period.
- If SSGA has provided feedback during the vote solicitation period, we believe that any follow up discussion with the company should focus on the board or company's response to our feedback.
- SSGA tracks all feedback provided to investee companies and routinely conducts follow up engagements to assess the progress made by a company in incorporating our feedback.
- We welcome written submission of changes made by the board to the company's governance or remuneration policies and practices. While we review all letters, we respond to only those letters where we would like additional clarity on the proposed changes or wish to see specific changes.

Guidelines for Engaging with Activist Investors or Investors Soliciting SSGA Votes in Connection with Vote-No Campaigns

SSGA believes it good practice for us to speak to other investors that are running proxy contests or vote-no campaigns at investee companies. However, we limit such discussions with investors to one engagement unless we believe

Investor Engagement Protocol

SSGA encourages boards of directors to develop an investor engagement protocol or plan that establishes policies and mechanisms through which independent directors communicate with and receive feedback from institutional investors. The protocol would help foster strong relationships between a company's directors and its investors, while promoting transparency, responsibility and accountability of the board.

The protocol should identify key independent directors (such as a non-executive chairman, lead independent director or a representative of a key board committee), who would be mandated to engage with shareholders on a range of topics that are of interest to SSGA and/or other institutional investors. A robust engagement protocol would also develop a crisis communication plan for the board when institutional investors and the market-at-large need to communicate with independent directors, in a timely manner, about their oversight and response to a developing concern facing the company.

that it is necessary for us to have a follow up call. We welcome investors sending us materials that they would like us to review ahead of time. To the extent possible, we review all materials made publicly available by the investor or the company on a contested ballot item before making a voting decision. Our primary purpose of engaging with investors is to:

- Gain a better understanding of their position or concerns at investee companies; and
- In proxy contest situations:
 - Assess possible director candidates where investors are seeking board representation; and
 - Understand the investor's proposed strategy for the company and investment time horizon to assess their alignment with SSGA's views and interests as a long-term shareholder.

All requests for engagement should be sent to governanceteam@ssga.com.

ssga.com

For public use.

State Street Global Advisors Worldwide Entities

Australia: State Street Global Advisors, Australia, Limited (ABN 42 003 914 225) is the holder of an Australian Financial Services Licence (AFSL Number 238276). Registered Office: Level 17, 420 George Street, Sydney, NSW 2000, Australia. T: +612 9240 7600. F: +612 9240 7611. **Belgium:** State Street Global Advisors Belgium, Chausse de La Hulpe 120, 1000 Brussels, Belgium. T: +32 2 663 2036, F: +32 2 672 2077. SSGA Belgium is a branch office of State Street Global Advisors Limited. State Street Global Advisors Limited is authorised and regulated by the Financial Conduct Authority in the United Kingdom. **Canada:** State Street Global Advisors, Ltd., 770 Sherbrooke Street West, Suite 1200 Montreal, Quebec, H3A 1G1, T: +514 282 2400 and 30 Adelaide Street East Suite 500, Toronto, Ontario M5C 3G6. T: +647 775 5900. **Dubai:** State Street Bank and Trust Company (Representative Office), Boulevard Plaza 1, 17th Floor, Office 1703 Near Dubai Mall & Burj Khalifa, P.O Box 26838, Dubai, United Arab Emirates. T: +971 (0)4 4372800. F: +971 (0)4 4372818. **France:** State Street Global Advisors France. Authorised and regulated by the Autorité des Marchés Financiers. Registered with the Register of Commerce and Companies of Nanterre under the number: 412 052 680. Registered Office: Immeuble Défense Plaza, 23-25 rue Delarivière-Lefoullon, 92064 Paris La Défense Cedex, France. T: +33 1 44 45 40 00. F: +33 1 44 45 41 92. **Germany:** State Street Global Advisors GmbH, Brienner Strasse 59, D-80333 Munich. T: +49 (0)89 55878 100. F: +49 (0)89 55878 440. **Hong Kong:** State Street Global Advisors Asia Limited, 68/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong. T: +852 2103 0288. F: +852 2103 0200. **Ireland:** State Street Global Advisors Ireland Limited is regulated by the Central Bank of Ireland. Incorporated and registered in Ireland at Two Park Place, Upper Hatch Street, Dublin 2. Registered Number: 145221. Member of the Irish Association of Investment Managers. T: +353 (0)1 776 3000. F: +353 (0)1 776 3300. **Italy:** State Street Global Advisors Limited, Milan Branch (Sede Secondaria di Milano) is a branch of State Street Global Advisors Limited, a company registered in the UK, authorised and regulated by the Financial Conduct Authority (FCA), with a capital of GBP 71'650'000.00, and whose registered office is at 20 Churchill Place, London E14 5HJ. State Street Global Advisors Limited, Milan Branch (Sede Secondaria di Milano), is registered in Italy with company number 06353340968 - R.E.A. 1887090 and VAT number 06353340968 and whose office is at Via dei Bossi, 4 - 20121 Milano, Italy. T: +39 02 32066 100. F: +39 02 32066 155. **Japan:** State Street Global Advisors (Japan) Co., Ltd., Japan, Toranomon Hills Mori

Tower 25F, 1-23-1 Toranomon, Minato-ku, Tokyo, 105-6325. T: +81 (0)3 4530 7380 Financial Instruments Business Operator, Kanto Local Financial Bureau (Kinsho #345) Membership: Japan Investment Advisers Association, The Investment Trust Association, Japan, Japan Securities Dealers' Association. **Netherlands:** State Street Global Advisors Netherlands, Apollo Building, 7th floor Herikerbergweg 29 1101 CN Amsterdam, Netherlands. Telephone: 31 20 7181701. SSGA Netherlands is a branch office of State Street Global Advisors Limited. State Street Global Advisors Limited is authorised and regulated by the Financial Conduct Authority in the United Kingdom. **Singapore:** State Street Global Advisors Singapore Limited, 168, Robinson Road, #33-01 Capital Tower, Singapore 068912 (Company Reg. No: 200002719D, regulated by the Monetary Authority of Singapore). T: +65 6826 7500. F: +65 6826 7555. **Switzerland:** State Street Global Advisors AG, Beethovenstrasse, 19, Postfach, CH-8027 Zurich. T: +41 (0)44 245 70 00. F: +41 (0)44 245 70 16. **United Kingdom:** State Street Global Advisors Limited. Authorised and regulated by the Financial Conduct Authority. Registered in England. Registered Number: 2509928. VAT Number: 5776591 81. Registered Office: 20 Churchill Place, Canary Wharf, London, E14 5HJ. T: +020 3395 6000. F: +020 3395 6350. **United States:** State Street Global Advisors, One Lincoln Street, Boston, MA 02111-2900. T: +1 617 664 7727.

The views expressed in this material are the views of Rakhi Kumar through the period ended August 18, 2016 and are subject to change based on market and other conditions. The information provided does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. You should consult your tax and financial advisor. All material has been obtained from sources believed to be reliable. There is no representation or warranty as to the accuracy of the information and State Street shall have no liability for decisions based on such information. This document contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected. Past performance is not a guarantee of future results.

Investing involves risk including the risk of loss of principal.

The whole or any part of this work may not be reproduced, copied or transmitted or any of its contents disclosed to third parties without SSGA's express written consent.