SUSTAINABILITY STEWARDSHIP SERVICE

2025 Sustainability Stewardship Service Proxy Voting and Engagement Policy

The Sustainability Stewardship Service (the “Sustainability Service”) has been established as an offering for clients who wish to prioritize engagement with portfolio companies on sustainability topics. The Sustainability Service, which focuses on engagement with portfolio companies on sustainability topics pursuant to this Sustainability Stewardship Service Proxy Voting and Engagement Policy (the “Sustainability Policy”), is available for institutional clients to opt-in globally.

Effective upon launch of the Sustainability Service in 2025.

Contents

Introduction

The Sustainability Stewardship Service (the “Sustainability Service”) has been established as an offering for clients who wish to prioritize engagement with portfolio companies on certain sustainability topics. The Sustainability Service, which focuses on engagement with portfolio companies on sustainability topics pursuant to this Sustainability Stewardship Service Proxy Voting and Engagement Policy (the “Sustainability Policy”), is available for institutional clients to opt-in globally. The Sustainability Policy is also available via State Street Global Advisors’ proxy voting choice program for certain institutional clients to elect to apply to their pro rata share of voting securities.

Engagements with portfolio companies and proxy voting conducted under this Sustainability Policy will be conducted only on behalf of those clients who have explicitly opted into the Sustainability Service or selected the Sustainability Policy via State Street Global Advisors’ proxy voting choice program, respectively.

The Sustainability Policy will not be applied in any jurisdictions where implementing the Sustainability Policy would be deemed to constitute seeking to change or influence control of portfolio companies. In addition, the Sustainability Policy will only be applied in jurisdictions where permitted by local law and regulations.

The Sustainability Policy

This Sustainability Policy is designed to reflect the views and objectives of clients that opt into the Sustainability Service (the “Opt-In Clients”). This Sustainability Policy differs from the State Street Global Advisors’ Global Proxy Voting and Engagement Policy (the “Global Policy”) in that it reflects the Opt-In Clients’ viewpoints on certain environmental and social topics. Based on feedback received from clients, the Sustainability Policy is currently focused on four sustainability priorities: Climate Change; Nature; Human Rights; and Diversity. For all other topics not outlined in the Sustainability Policy, the Sustainability Stewardship Team will apply the Global Policy, which should be read in conjunction with the Sustainability Policy.

The Sustainability Stewardship Team is responsible for developing the Sustainability Policy based on Opt-In Clients’ input and feedback on the sustainability priorities that are important to them, conducting portfolio company engagements under the Sustainability Policy on behalf of the Opt-In Clients, and voting proxies of Opt-In Clients that have elected to apply the Sustainability Policy to the stocks they hold through SSGA’s proxy voting choice program. The Sustainability Policy does not reflect the views of State Street Global Advisors or the Global Asset Stewardship Team.

Proxy Voting

For those Opt-In Clients that elect to apply the Sustainability Policy to their proxy voting, the Sustainability Policy will apply as an overlay of the Global Policy. Certain exceptions to voting apply, as described in the section of the Global Policy titled “Securities Not Voted Pursuant to the Policy”.

Engagement

The Sustainability Stewardship Team may participate in engagements with companies in certain circumstances to:

- Obtain information that may help inform voting on items relevant to this Sustainability Policy.
- Articulate the viewpoints of participating clients with respect to the sustainability topics described in the Sustainability Policy.
- Understand best practices with respect to the Sustainability Priorities and other sustainability topics relevant to Opt-In Clients.

The Sustainability Stewardship Team endeavors to ensure that companies are provided with useful information about the views of clients that have opted into the Sustainability Service on the sustainability priorities reflected in the Sustainability Policy.

Section 1. Climate Change

With respect to climate change, the Sustainability Policy focuses on the long-term climate-related risks and opportunities that portfolio companies may face, including those associated with physical climate risks and the transition to a lower-carbon economy. The Sustainability Stewardship Team's engagement with portfolio companies on climate change will highlight Opt-In Clients' viewpoints on ambitions to limit global temperature rise to well-below 2°C and pursue efforts to limit the increase to 1.5°C above pre-industrial levels, where feasible.

The nature and pace of the low-carbon transition is uncertain. It may be influenced by several factors, including policy and regulatory developments, consumer behavior, technological innovation, and others, many of which fall outside a company's direct control. The Sustainability Policy takes these factors into consideration and aims to apply an approach that both encourages the effective oversight of climate-related risks in the transition and supports the long-term value of the Opt-In Clients' assets. The Sustainability Policy also aims to consider the challenges companies may face in navigating the transition, which may unfold differently across industries and markets.

The below expectations reflect the Sustainability Policy's viewpoints on climate-related disclosures. At a minimum, the Sustainability Policy expects climate-related disclosure in accordance with IFRS S1 and S2 standards and additional disclosures for high emitting companies and companies that have adopted climate transition plan.

General Expectations

Companies are expected to disclose:

- **Climate-related Disclosures:** Companies are expected to provide disclosure in alignment with the standards developed by the International Sustainability Standards Board (ISSB) under the International Financial Reporting Standards (IFRS) Foundation. This includes disclosure on Governance, Strategy, Risk Management, and Metrics and Targets for climate-related risks and opportunities in line with IFRS S1 and S2,[1] which integrate and build on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

- **Greenhouse Gas (GHG) Emissions:** Companies are expected to disclose Scope 1, Scope 2, and, if appropriate, Scope 3 emissions. Scope 3 emissions should be disclosed in line with the categories established by the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard,[2] prioritizing the categories that contribute most significantly to the Scope 3 footprint.

[1] IFRS S1, IFRS S2.
[2] GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Companies are encouraged to seek limited assurance for GHG emissions by an independent third party where relevant. Recognizing the challenges associated with Scope 3 reporting, including data availability, double counting, and methodological challenges, Scope 3 emissions estimates may have a high degree of uncertainty and are typically disclosed on a best-efforts basis. In line with IFRS S2, if the company determines it is impracticable to estimate specific categories of its Scope 3 greenhouse gas emissions after making reasonable efforts to do so, the company should explain the limitations.

Companies that have identified relevant climate-related risks to their business are expected to:

- Disclose long-term climate ambitions, including ambitions to achieve net zero emissions by 2050 or sooner, where feasible.
- Disclose short- and/or medium-term GHG emissions reduction targets, where relevant.
- Disclose temperature alignment to long-term climate ambitions and/or interim GHG emissions reduction targets with sectoral decarbonization approaches, relevant jurisdictional commitments, and/or specified temperature pathways where feasible. Including (1) scenarios aligned with limiting global temperature rise to well-below 2°C and pursuing efforts to limit the increase to 1.5°C above pre-industrial levels; (2) analysis of the temperature alignment of targets will consider several factors, including the availability of science-based target-setting standards, such as those developed by the Science-Based Targets initiative (SBTi), as well as industry adoption, regional and market-specific considerations, and implementation feasibility; (3) where feasible, validation by the SBTi of their targets or verification of the temperature alignment of targets by an independent third party.

Further, the highest emitting companies are expected to:

- Disclose a set of actions to achieve the company's GHG emissions reduction targets and/or long-term ambitions, including information on timelines and expected emissions reductions.
- Disclose actual and/or planned capital deployed toward the company's decarbonization strategy and toward efforts to address climate-related risks and opportunities, including any investment in climate solutions.
- Disclose how potential climate-related risks are considered and, where relevant, quantified or accounted for in financial statements (e.g., operating costs, capital structure, key assumptions[3]).
- Disclose the company's position on climate-related policy topics, an assessment of these positions versus the positions of trade associations and other policy-influencing entities to which a company belongs, and any efforts to address potential misalignment, including misalignment with the company's long-term climate ambitions or 1.5C-aligned GHG targets, where relevant.

Climate Transition Plan Disclosure Expectations

A climate transition plan is an aspect of a company's overall strategy that lays out the targets, actions or resources for its transition toward a lower-carbon economy.[4] The below expectations reflect the Sustainability Policy's disclosure expectations for high-emitting companies and companies that have adopted long-term climate ambitions.

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[3] Determined by assessing Scope 1, Scope 2, and self-reported Scope 3 data for companies globally.
[4] IFRS S2.

Ambition

- Disclosure of long-term climate ambitions.

Targets

- Disclosure of short- and/or medium-term interim climate targets.
- Disclosure of alignment of climate targets with relevant jurisdictional commitments, specific temperature pathways, and/or sectoral decarbonization approaches.

IFRS S1/S2 Disclosure

- Description of approach to identifying and assessing climate-related risks and opportunities.
- Disclosure of resilience of the company's strategy, taking into consideration a range of climate-related scenarios.
- Disclosure of Scope 1, Scope 2, and relevant categories of Scope 3 emissions and any assurance.

Decarbonization Strategy

- Disclosure of plans and actions to support stated climate targets and ambitions.
- Disclosure of emissions management efforts within the company's operations and, as applicable, across the value chain.
- Disclosure of carbon offsets utilization, if any.
- Disclosure of the role of climate solutions (e.g., carbon capture and storage).
- Disclosure of potential social risks and opportunities[5] related to climate transition plan, if any.

Capital Allocation

- Disclosure of integration of relevant climate considerations in financial planning.
- Disclosure of total actual and planned capital deployed toward climate transition plan.
- Disclosure of approach to assessing and prioritizing investments toward climate transition plan (e.g., marginal abatement cost curves, internal carbon pricing, if any).

Climate Policy Engagement

- Disclosure of position on climate-related topics relevant to the company's decarbonization strategy.
- Disclosure of assessment of stated positions on relevant climate-related topics versus those of associations and other relevant policy-influencing entities, such as trade associations, industry bodies, or coalitions, to which the company belongs, and any efforts taken as a result of this review to address potential misalignment.

Climate Governance

- Disclosure of the board's role in overseeing climate transition plan.
- Disclosure of management's role in overseeing climate transition plan.

[5] Social risks and opportunities refer to the potential impacts on stakeholders, such as a company's workforce, customers, communities, or supply chains related to the company's climate transition plan, which may give rise to risks or opportunities related to human capital management, human rights, and economic development, among others.

Physical Risk

- Disclosure of assessment of climate-related physical risks.
- Disclosure of approach to managing identified climate-related physical risks.

Stakeholder Engagement

- Disclosure of engagement with relevant internal stakeholders related to climate transition plan (e.g., workforce training, cross-functional collaboration).
- Disclosure of engagement with relevant external stakeholders related to climate transition plan (e.g., industry collaboration, customer engagement).

Climate Change-Related Shareholder Proposals – Assessment Criteria

When evaluating related shareholder proposals, company disclosures will be assessed for alignment with the above expectations. The Sustainability Stewardship Team may support shareholder proposals requesting measures that are aligned with the positions described in this section.

The Sustainability Stewardship Team may support shareholder proposals that ask companies to disclose Scope 1, Scope 2, and Scope 3 emissions; improve climate-related lobbying disclosures; publish a climate transition plan or disclose GHG targets; and/or enhance disclosure on accounting for climate-related risks in financial statements. The Sustainability Stewardship Team typically will not support proposals that seek specific business or operational changes, which are better suited for boards and management teams to decide.

When evaluating management “Say on Climate” proposals, the company’s disclosures may be assessed for alignment with the Climate Transition Plan Disclosure Expectations above on a case-by-case basis. For high-emitting companies, alignment with the above expectations for high-emitting companies may be considered when evaluating “Say on Climate” proposals.

Section 2.
Nature

Nature refers to the natural world, including all living organisms (e.g., plants, animals, microbes) and non-living components (e.g. air, water, rocks). The term emphasizes the diversity of living organisms, including people, and their interactions with each other and their environment.[6] Nature is made up of four realms: land, ocean, freshwater, and atmosphere. While often used interchangeably with “nature,” the term “biodiversity” refers to the variability among living organisms and the ecosystems of which they are a part across nature’s four realms. Biodiversity is a key characteristic of nature that enables ecosystems to be productive, resilient, and able to adapt. Nature and its biodiversity provide key ecosystem services[7] on which businesses and society depend. Research finds that over half of global GDP is moderately or highly dependent on nature and its services.[8]

The Sustainability Policy’s approach focuses on potential risks to companies associated with the acceleration of nature loss globally — through companies’ direct or indirect impacts and dependencies on nature — and considers the five key drivers of biodiversity loss: land/freshwater/ocean use change, climate change, resource use,

[6] https://ipbes.net/global-assessment
[7] The contributions of ecosystems to the benefits that are used in economic and other human activity, https://tnfd.global/publication/glossary/
[8] https://www3.weforum.org/docs/WEF_New_Nature_Economy_Report_2020.pdf

pollution, and invasive species. With climate change representing a key driver of biodiversity loss, the Sustainability Policy recognizes the interconnectedness of climate-, nature- and biodiversity-related issues and considers the relevance of biodiversity and nature across a company's value chain.

The below expectations reflect the Sustainability Policy's viewpoints on nature-related disclosures. At a minimum, the Sustainability Policy expects disclosure regarding a company's board's oversight of deforestation- and/or other land use-related risks, a deforestation and/or other land use policy, and deforestation- and/or other land use-related targets or commitments.

General Expectations

Companies are expected to:

- Identify whether there are nature-related risks in their operations and value chain.
- Disclose their processes for identifying and assessing nature-related risks across their operations and value chain.
- Disclose which relevant nature-related risks have been identified.

Nature-related Disclosures

Companies that have identified relevant nature-related risks to their business are expected to:

- Disclose information on governance, strategy, risk management, and metrics and targets for nature-related issues, where relevant, in alignment with applicable reporting standards.[9] Companies should consider the Taskforce on Nature-related Financial Disclosures (TNFD)[10] guidance and enhance their disclosures over time.
- Consider disclosing nature-related targets that are science-based in line with applicable frameworks and standards,[11] where feasible.
- Describe their human rights policies, engagement activities, and oversight by the board and management with respect to Indigenous Peoples, Local Communities, affected and other stakeholders in the organization's assessment of, and response to, nature related issues.[12]
- Disclose how circular economy practices, solutions, and opportunities are considered, where relevant, in order to reduce resource use and waste generated.

Deforestation and Other Land Use

Companies that have identified relevant deforestation- and other land use-related risks to their business are expected to:

- Disclose board oversight of deforestation- and other land use-related risks.
- Disclose the company's approach to identifying, assessing, and managing deforestation- and other land use-related risks and opportunities across the company's operations and value chain.[13]
- Disclose a general and/or commodity-specific deforestation- and other land use-related risks policy at the company-wide level and/or for select geographies, businesses, facilities, or products.

[9] E.g., IFRS S1, SASB, CDP, GRI.
[10] TNFD Recommendations
[11] E.g., Science Based Targets Network (SBTN)
[12] For instance, as recommended by TNFD in "Governance C."
[13] Disclosures should include an appropriate level of detail such as commodity- or region-specific information.

- Disclose a timebound, company-wide and/or commodity-specific commitment to reduce or eliminate deforestation and/or other land conversion activities across the value chain.
- Disclose the company's approach to supply chain monitoring, transparency, traceability, and engagement including any commodity sourcing certifications used.
- Disclose metrics used to assess and manage deforestation- and other land use-related risks.
- Disclose progress made against deforestation- and other land use-related targets and commitments.

Water Management

Companies that have identified relevant water-related risks to their business are expected to:

- Disclose board oversight of water-related risks.
- Disclose the company's approach to identifying, assessing, and managing water-related risks and opportunities across the company's operations and value chain.[14] Disclosure should include any relevant contribution to freshwater and marine ecosystems use change.
- Disclose how relevant water-related risks are integrated into risk management.
- Disclose how water withdrawals, consumption, discharge, and quality are monitored and relevant risk mitigation and adaption measures taken, where relevant. Assessment should reflect region- and, where relevant, asset-specific water stress considerations.
- Disclose how water-related risks and opportunities are integrated into business strategy, policies, and resiliency planning, including consideration for access to clean water, sanitation, and hygiene.
- Disclose how water-related risks in the supply chain are identified and monitored, and how relevant water-related procurement policies and supply chain engagement efforts are implemented.
- Disclose metrics used to assess and manage water-related risks across the value chain.[15] Disclosure should include total water withdrawals and consumption in locations with high water stress.
- Disclose timebound water-related targets and progress against targets.

Pollution and Waste

Companies that have identified relevant pollution- and waste related risks to their business are expected to:

- Disclose relevant pollution- and waste-related risks.[16]
- Disclose the company's approach to identifying, assessing, and managing pollution- and waste-related risks and opportunities across the company's operations and value chain.
- Disclose how relevant pollution- and waste-related risks are integrated into risk management.
- Disclose the company's approach to supply chain engagement to avoid, minimize, or reduce pollution- and waste-related risks.

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[14] Disclosure should include appropriate level of detail and consider geographic-, asset-, activity- or product- specific information, where relevant.
[15] Disclosure should include appropriate level of detail and consider, for instance, asset- or location- specific information.
[16] Disclosure should include appropriate level of detail and consider for instance asset-, location- or product- specific information.

- Disclose how relevant adaptation and mitigation activities (e.g., embedding circular economy practices,[17] efficiency, and optimization measures) are considered to avoid or to reduce pollution- and waste-related issues.
- Disclose metrics used to assess and manage pollution- and waste-related risks (e.g., volume of plastic packaging used, percentage of recyclable, reusable, or compostable content).
- Disclose timebound pollution- and waste-related targets, and progress against targets.

Nature-Related Shareholder Proposals — Assessment Criteria

When evaluating nature-related proposals, the Sustainability Stewardship Team will assess company disclosure for alignment with the above expectations. The Sustainability Stewardship Team may support shareholder proposals requesting measures that are aligned with the positions described in this section.

The Sustainability Stewardship Team may support shareholder proposals that ask companies to: enhance disclosures on relevant nature-related risks; publish a deforestation and/or other land use policy; and/or improve disclosure on circular economy practices. The Sustainability Stewardship Team typically will not support proposals that seek specific business or operational changes, which are better suited for boards and management teams to decide.

Section 3. Human Rights

Human rights are rights inherent to all people, regardless of nationality, sex, national or ethnic origin, color, religion, language, or any other status.[18] Human rights issues may arise across a company's value chain, including in their operations, supply chain, and business relationships, as well as through the use of their products and services.

The Sustainability Policy focuses on encouraging companies' efforts to identify, manage, and mitigate human rights-related risks. This may include risks related to modern slavery, child labor, labor rights, emerging technologies and digitization, and Indigenous Peoples rights, among others. Human rights-related risks may also be relevant in relation to other sustainability matters, including, but not limited to, a company's climate strategy, human capital management practices, and/or deforestation-related risks in its operations and/or value chain. Factors that may impact a company's exposure to relevant human rights-related risks, including the company's industry, region, and business model, will be considered.

The below expectations reflect the Sustainability Policy's viewpoints on human rights related disclosures. At a minimum, the Sustainability Policy focuses on companies that have been involved in human rights-related controversies or identified as violating one or more internationally recognized standards and conventions related to human rights[19] and expects such companies' boards to exhibit oversight of relevant human rights-related risks.

[17] E.g., Ellen McArthur Foundation Circular Economy Principles.
[18] Universal Declaration of Human Rights, United Nations.
[19] E.g., UN Guiding Principles on Business and Human Rights (UNGP), UN Global Compact (UNGC) Principles, International Labour Organization's (ILO) fundamental conventions and ILO Declaration on Fundamental Principles and Rights at Work.

General Expectations

Companies are expected to:

- Regularly identify whether there are risks related to human rights in their operations and value chain.
- Disclose the company's processes for assessing human rights-related risks and disclose information on any salient human rights-related risks identified.

If the company identifies human rights-related risks material to their business, the company is expected to:

- Disclose how the board oversees human rights-related risks.
- Disclose a human rights policy that adheres to internationally recognized standards and conventions.[20]
- Disclose the company's approach to managing, monitoring, and mitigating those risks, including appropriate due diligence processes to address risks across the company's operations and value chain.
- Disclose the company's approach to consulting with workers, civil society organizations, potentially affected groups, and other stakeholders in identifying and mitigating issues.
- Disclose the company's approach to assessing the effectiveness of its human rights risk management program.
- Disclose the mechanisms that exist for workers and other stakeholders to raise grievances without fear of retaliation.
- Disclose the company's process for engaging affected stakeholders and providing restorative remedy, where relevant.

Human Rights-Related Shareholder Proposals — Assessment Criteria

When evaluating shareholder proposals, the Sustainability Stewardship Team may consider company disclosures for alignment with the above expectations. The Sustainability Stewardship Team may support shareholder proposals requesting measures that are aligned with the positions described in this section. The Sustainability Stewardship Team may support proposals that request enhanced disclosure on companies' processes to manage relevant human rights risks.

Section 4.
Diversity

Companies can benefit from having a diversity of backgrounds, experiences, and perspectives represented on the board, which may include a range of characteristics such as skills, gender, race, ethnicity, and age. Effective board oversight of a company's long-term business strategy necessitates a diversity of perspectives, especially in terms of gender, race, and ethnicity. At a minimum, the Sustainability Policy will consider the representation of females and ethnic and/or racial minorities on boards.

[20] These may include: UN Guiding Principles on Business and Human Rights (UNGP), UN Global Compact (UNGC) Principles, International Labour Organization's (ILO) fundamental conventions and ILO Declaration on Fundamental Principles and Rights at Work, and Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

General Expectations

Board Gender Diversity

Effective board oversight of a company's long-term business strategy necessitates gender diversity, and the level of such diversity depends on various factors including culture and progress made.

Board Racial & Ethnic Diversity

Effective board oversight of a company's long-term business strategy necessitates racial/ethnic diversity in select markets.

Diversity-Related Shareholder Proposals — Assessment Criteria

When evaluating shareholder proposals, the Sustainability Stewardship Team may consider company disclosures for alignment with the above expectations. The Sustainability Stewardship Team may support shareholder proposals requesting measures that are aligned with the positions described in this section. The Sustainability Stewardship Team may support proposals that request enhanced disclosure on companies' board composition and diverse representation at the board (including race, ethnicity, and gender, at minimum).

About State Street Global Advisors

For over 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, and as pioneers in index and ETF investing, we are always inventing new ways to invest. As a result, we have become the world's fourth-largest asset manager* with US $4.72 trillion† under our care.

* Pensions & Investments Research Center, as of December 31, 2023.
† This figure is presented as of December 31, 2024 and includes ETF AUM of $1,577.74 billion USD of which approximately $82.19 billion USD in gold assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated. Please note all AUM is unaudited.

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