
March 2023

Summary of Material Changes to State Street Global Advisors' 2023 Proxy Voting and Engagement Guidelines*

* This Summary of Material Changes to State Street Global Advisors' 2023 Proxy Voting and Engagement Guidelines is also applicable to SSGA Funds Management, Inc., State Street Global Advisors Trust Company, and other advisory affiliates of State Street Corporation. SSGA Funds Management, Inc. is an SEC-registered investment adviser. SSGA Funds Management, Inc., State Street Global Advisors Trust Company, and other advisory affiliates of State Street make up State Street Global Advisors, the investment management arm of State Street Corporation.

State Street Global Advisors amended its Global Proxy Voting and Engagement Principles and Proxy Voting and Engagement Guidelines and the guidance published by State Street Global Advisors thereunder (the “Guidelines”) in March 2023 as part of its annual update to voting guidelines. The voting guideline changes for 2023, which become effective immediately, are summarized below:

Virtual/Hybrid Shareholder Meetings

Markets: Global

As a result of the COVID-19 pandemic, companies are increasingly conducting their shareholder meetings in a virtual or hybrid format. While we are encouraged by the success of virtual and hybrid shareholder meetings, companies and shareholders must remain vigilant in continuing to improve their virtual shareholder meeting practices.

Recognizing the success of virtual and hybrid shareholder meetings and a shifting regulatory environment, we will generally support proposals that grant boards the right to hold shareholder meetings in a virtual or hybrid format as long as companies uphold the following best practices:

- Afford virtual attendee shareholders the same rights as would normally be granted to in-person attendee shareholders
- Commit to time-bound renewal (five years or less) of meeting format authorization by shareholders
- Provide a written record of all questions posed during the meeting, and
- Comply with local market laws and regulations relating to virtual and hybrid shareholder meeting practices

If a company breaches of any of the criteria above, we may vote against the Chair of the Nominating Committee.

Climate-related Disclosures

Markets: Australia, Japan, Hong Kong, Singapore

Reflecting our fiduciary duty to preserve long-term value for our clients, we believe climate change poses a systemic risk to all companies in our portfolio. State Street Global Advisors finds that the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) provide the most effective framework for disclosure of climate-related risks.

As such, in addition to potentially taking voting action against companies in the S&P 500, S&P/TSX Composite, FTSE 350, STOXX 600 and ASX 100, which became effective in March 2022, we may also take voting action against companies in the ASX 200, TOPIX 100, Hang Seng and Straits Times, if the companies fail to provide sufficient disclosure regarding climate-related risks and opportunities related to that company, or board oversight of climate-related risks and opportunities, in accordance with the TCFD framework.

Board Racial and Ethnic Diversity Disclosure

Markets: UK and US

We believe effective board oversight of a company's long-term business strategy necessitates a diversity of perspectives, particularly in terms of gender, race, and ethnicity. In order to achieve alignment with our expectations for quality and consistent disclosure, State Street Global Advisors has expanded related voting guidelines as follows:

- We may vote against the Chair of the Nominating Committee at companies in the Russell 1000 and FTSE 350 that do not disclose, at minimum, the gender, racial and ethnic composition of their boards.

Board Gender Diversity

Markets: Australia, Europe, Canada, UK, US

Since 2017, our Fearless Girl voting guideline has contributed to increased gender diversity of boards in our global portfolios.

We now expect companies in the Russell 3000, TSX, FTSE 350, STOXX 600, and ASX 300 to have boards composed of at least 30 percent women directors. If a company does not meet this expectation, State Street Global Advisors may vote against the Chair of the board's Nominating Committee or the board leader in the absence of a Nominating Committee. Additionally, if a company does not meet this expectation for three consecutive years, State Street Global Advisors may vote against all incumbent members of the Nominating Committee or those persons deemed responsible for the nomination process.

We may waive this voting guideline if a company engages with State Street Global Advisors and provides a specific, timebound plan for reaching the 30-percent threshold.

Director Time Commitments

Markets: US

As explained in our [guidance](#) on director time commitments, the time commitment associated with serving as a director on a public company board is ever-increasing. Directors have a challenging role, and the topics they are expected to oversee have increased in scope and complexity.

Investors would benefit from increased transparency over how Nominating Committees assess their directors' time commitments and what factors are considered in these decisions. Rather than investors holding individual directors with excessive external commitments accountable, we believe well-governed boards are responsible for establishing, enforcing, and disclosing their director time commitment policies.

Beginning in 2024, for companies in the S&P 500, State Street Global Advisors will no longer prescribe a limit on the number of boards a director serves on and will cease to withhold votes on individual directors due to their time commitments. Instead, we will require that companies themselves address this issue in their internal policy on director time commitments and that the policy be publicly disclosed. The policy, at minimum, shall include:

- Numerical commitment limits
- Confirmation of each board member's compliance with the policy
- A description of the annual policy review process

At companies which do not publicly disclose their internal policy on director time commitments or if their policy does not comply with our expectations, we may vote against the Chair of the Nominating Committee.

Our current voting guideline shall remain unchanged for companies outside of the S&P 500 universe, as well as for Australia, Canada, UK and select European markets (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, and Switzerland).

Cross-shareholdings

Markets: Japan

"Cross-Shareholdings" are a long-standing feature of the balance sheets of many Japanese companies, but, in our view, can be detrimental for corporate governance practices and ultimately shareholder returns.

Therefore, State Street Global Advisors may vote against the board leader at those TOPIX 500 companies where the "cross-shareholdings" (strategic listed shares) held by a company exceed 30 percent of the company's net assets (as in the securities report disclosed for the previous fiscal year).

We may waive the guideline if a company engages with State Street Global Advisors and provides a specific, timebound, and publicly available plan for reducing its exposure to "cross-shareholdings":

- To less than 30% by 2025; or
- By 50% of current level by 2025

Board Independence*Markets: Japan*

We believe strong, capable, independent boards exercising effective oversight underpin the creation of long-term shareholder value.

In line with the recommendations of the Japan Corporate Governance Code, for companies in the TOPIX 500, we may vote against the board leader responsible for the director nomination process if the board does not have at least three independent directors and is not at least one-third independent.

For non-TOPIX 500 companies, irrespective of company structure (i.e. the statutory auditor structure, the committee structure, or a hybrid board with a board-level audit committee) we may vote against the board leader responsible for the director nomination process if the board does not have at least two independent directors.

Egregious Bylaw Amendments*Markets: US*

Consistent with our existing voting guidelines, we may withhold votes from directors in cases where the directors have unilaterally adopted/amended company bylaws that negatively impact our shareholder rights without putting such amendments to a shareholder vote. We will also increase our focus on this topic in our engagements.

R-Factor™*Markets: Global*

Consistent with our existing engagement practices, we may engage with companies regarding their R-Factor™ score at the request of the company.

These voting guidelines are available on State Street Global Advisors' website at <https://ssga.com/global/en/about-us/asset-stewardship.html>.

About State Street Global Advisors

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* Pensions & Investments Research Center, as of December 31, 2021.

† This figure is presented as of December 31, 2022 and includes approximately \$58.60 billion USD of 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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Marketing communication

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ID1482711-3479902.3.1.GBL.RTL 0323
Exp. Date: 03/31/2024