

Guidance on Human Rights Disclosures & Practices

As signatories to the [UN Global Compact](#), State Street is committed to upholding human rights, and we expect our investee companies to do so as well given the reputational, regulatory, legal, and operational risks that human rights violations can pose to a company. We expect all investee companies to regularly identify whether there are risks related to human rights¹ in their operations and manage any risks that emerge, providing relevant disclosures to investors and other stakeholders in alignment with international standards such as the [UN Guiding Principles on Business and Human Rights](#).

Our Expectations For Human Rights Disclosures

We expect all companies to disclose:

- 1 What processes exist for identifying whether risks related to human rights are material to the company's operations and supply chain.

If risks related to human rights are material to the company, we expect further disclosures on

- 2 How the board oversees risks related to human rights;
- 3 Which human rights-related risks the company considers most material;
- 4 How the company manages and mitigates those risks; and
- 5 How the company assesses the effectiveness of its human rights risk management program.

Some best practices for enhancing human rights-related disclosures include describing:

- Specific geographic regions, industries, resources, or types of workforce where the risk is highest;
- How workers, civil society organizations, and other stakeholders are involved in identifying and mitigating issues;
- Which mechanisms exist for workers to raise grievances without fear of retaliation; and
- How the company supports impacted individuals in providing restorative remedy.

Engagements

Incorporating Our Expectations Into Conversations with Companies

We will engage companies on this topic, prioritizing companies with the highest risk of human rights violations. When assessing the risk level of a particular company, we will consider the company's industry, region, and business model; any history of human rights violations; and client and stakeholder input. In 2021, we initiated a targeted engagement campaign on modern slavery, and in 2022, we will undertake another series of proactive engagements on human rights, targeting companies who are noncompliant with the [UN Global Compact](#). We will also request reactive engagements with specific companies if we are made aware that they have been accused of human rights violations.

Thought Leadership

Addressing Modern Slavery in Supply Chains

In Q3 2021, we initiated a series of targeted engagements on the topic of modern slavery. We relied on existing frameworks including SASB, the Global Slavery Index, and the International Labor Organization to identify high-risk sectors, and reached out to our largest holdings in those sectors to request in-depth engagements. We focused on companies in industries where modern slavery poses an outsized risk, especially given the increasing reputational and regulatory risks associated with forced labor in the supply chain. Through this process, we gleaned insights into companies' best practices to inform our ongoing stewardship efforts in this space. To review our insights from this campaign, please visit [Modern Slavery Insights](#).

Voting

Incorporating Our Expectations into Our Proxy Voting Practices

As is our standard practice, we will first approach this issue through engagement. If we identify laggards that are not adequately managing risks related to human rights, we will consider taking voting action against directors and on relevant shareholder proposals. When voting on shareholder proposals related to human rights, we will assess a company's alignment with the five expectations outlined above and vote accordingly. While we plan to address human rights through voting and engagements, we believe that the responsibility of managing these risks lies with a company's board and management.

Investment and Research Activities

State Street Global Advisors also incorporates human rights into investment and research activities. Our firm allocated significant resources toward building our ESG data architecture which gives our portfolio managers and researchers access to a variety of best-in-class data vendors. Our colleagues have access to best-in-class data on companies' human rights practices. Additionally, our R-Factor™ scoring system measures the performance of a company's business operations and governance as it relates to financially-material ESG challenges facing the company's industry. These financially material issues are based on SASB materiality framework which captures the issue of human rights within the "Human Rights & Community Relations" issue area. We use R-Factor™ data to help prioritize engagements, target laggards, and create products for clients and consumers.

Conclusion

We encourage companies in our portfolios to align their disclosures and practices with our expectations. Please reach out to State Street Global Advisors' Asset Stewardship Team at GovernanceTeam@ssga.com to request an engagement on this important topic.

Endnote

1 As defined in the [Universal Declaration of Human Rights](#) and the [ILO Declaration on Fundamental Principles and Rights at Work](#).

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* Pensions & Investments Research Center, as of December 31, 2020.

† This figure is presented as of September 30, 2021 and includes approximately \$59.84 billion 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.

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ID851952-4044035.1.2.GBL.RTL 1221
Exp. Date: 12/31/2022