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March 2021

# Summary of Material Changes to State Street Global Advisors' 2021 Proxy Voting and Engagement Guidelines<sup>1</sup>

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<sup>1</sup> This Summary of Material Changes to State Street Global Advisors' 2021 Proxy Voting and Engagement Guidelines is also applicable to SSGA Funds Management, Inc. 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.

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State Street Global Advisors updated its proxy voting guidelines in March 2021 as part of its annual update to voting guidelines. The significant voting and engagement guideline changes for 2021 are summarized below:

**Enhancing Racial and Ethnic Diversity Disclosure***Markets: UK and US*

We believe that companies have a responsibility to effectively manage and disclose risks and opportunities related to racial and ethnic diversity. In order to achieve alignment with our expectations and advance transparency in the public markets, State Street Global Advisors has implemented the following voting guidelines:

- In 2021, we will vote against the Chair of the Nominating & Governance Committee at companies in the S&P 500 and FTSE 100 that do not disclose, at minimum, the gender, racial and ethnic composition of their boards;
- In 2022, we will vote against the Chair of the Compensation Committee at companies in the S&P 500 that do not disclose their EEO-1 survey responses; and
- In 2022, we will vote against the Chair of the Nominating & Governance Committee at companies in the S&P 500 and FTSE 100 that do not have at least one director from an underrepresented community on their boards.

**Integrating R-Factor™ Scoring System into Voting and Engagement***Markets: Australia, Europe, Japan, UK and US*

R-Factor™ is a scoring system created by State Street Global Advisors that measures the performance of a company's business operations and governance as it relates to financially material ESG factors facing the company's industry. Starting in 2022, State Street Global Advisors will take voting action against the independent board leaders at companies in the S&P 500, FTSE 350, ASX 100, TOPIX 100, DAX 30 and CAC 40 indices that are underperformers based on their R-Factor™ scores and have not shown positive momentum in the previous two years.

**Expanded Board Gender Diversity Voting Guideline***Markets: Canada, Europe and Japan*

We have enhanced our board gender diversity voting guideline designed to further encourage companies to diversify their boards. In Japan, Canada and continental Europe, we will vote against the entire slate of incumbent board members on the Nominating Committee if a company does not have at least one woman on its board, and has not engaged in successful dialogue on State Street Global Advisors' board gender diversity program for three consecutive years.

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**Number of Allowable Board Mandates***Markets: Australia, Canada, Europe, UK and US*

We have revised our voting guideline on the number of allowable board mandates. Service on a mutual fund board or the board of a UK investment trust will no longer be considered when evaluating directors for excessive commitments.

**Board Responsiveness to High Dissent Against Pay Proposals***Markets: All*

Poorly structured executive compensation plans pose increasing reputational risk to companies. Ongoing high level of dissent against a company's compensation proposals may indicate that the company is not receptive to investor concerns. If the level of dissent against a company's remuneration report and/or remuneration policy is consistently high, and we have determined that a vote against a pay-related proposal is warranted in the third consecutive year, we will vote against the Chair of the Compensation Committee.

**Problematic Pay Practices***Markets: US, Canada, Rest of the World*

We may vote AGAINST the re-election of members of the Compensation Committee if we have serious concerns about pay practices and/or if the company has not been responsive to shareholder pressure to review its approach. This voting guideline already exists in the UK, Europe and Australia.

**Approval of Financial Statements***Markets: All*

The disclosure and availability of reliable financial statements in a timely manner is imperative for the investment process. We expect external auditors to provide assurance of a company's financial condition. Hence, we will vote against the approval of financial statements if i) they have not been disclosed or audited; ii) the auditor opinion is qualified/adverse, or the auditor has issued a disclaimer of opinion; or iii) the auditor opinion is not disclosed.

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

## 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 \$3.47 trillion\* under our care.

\* This figure is presented as of December 31, 2020 and includes approximately \$75.17 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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### State Street Global Advisors Worldwide Entities

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