
Frameworks for Voting Environmental and Social Shareholder Proposals

In addition to the State Street Global Advisors Proxy Voting Guidelines, we leverage the following frameworks to analyze shareholder proposals on certain environmental and social topics:

Climate

We evaluate climate-related proposals on a case-by-case basis taking into consideration, including, but not limited to: the reasonableness of the proposal, alignment with the Taskforce for Climate-related Financial Disclosures (TCFD) framework and the Sustainability Accounting Standards Board (SASB) standards where relevant, market and industry trends, peer performance, and dialogues with company management, boards, and other stakeholders. We also consider whether companies have:

- Demonstrated progress on enhancing disclosure;
- Made a meaningful commitment to enhancing disclosure; and/or
- A productive engagement history on the topic of climate change with State Street Global Advisors.

As noted above, we expect all companies in our portfolios to offer public disclosures in accordance with the four pillars of the TCFD framework:

1. Governance,
2. Strategy,
3. Risk Management, and
4. Metrics and Targets.

Additionally, we expect companies in carbon-intensive sectors to disclose:

1. Interim greenhouse gas emissions reduction targets to accompany long-term climate ambitions
2. Discussion of impacts of scenario-planning on strategy and financial planning
3. Use of carbon pricing in capital allocation decisions
4. Scope 1, 2, and material categories of Scope 3 greenhouse gas emissions

A company's alignment with these expectations (or lack thereof) will inform our vote on relevant shareholder proposals.

For additional context on our expectations for climate-related disclosures, please review our relevant [guidance](#).

Sustainability

We evaluate sustainability-focused proposals on a case-by-case basis. There are a wide range of sustainability issues that present varying degrees of risk to companies depending on their sector. With this in mind, we find that sustainability-focused shareholder proposals that address an environmental topics deemed 'financially material' to a particular sector by SASB are compelling. In addition to SASB aligned disclosure, other factors that we may consider include:

- Demonstrated progress on enhancing disclosure;
- Made a meaningful commitment to enhancing disclosure; and/or
- A productive engagement history on the relevant sustainability topic with State Street Global Advisors

**Diversity, Equity, and
Inclusion**

We expect all companies in our portfolio to offer public disclosures in five key areas:

1. **Strategy** Articulate the role diversity (of race, ethnicity, and gender, at minimum) plays in the firm's broader human capital management practices and long-term strategy.
2. **Goals** Describe what timebound and specific diversity goals (related to race, ethnicity, and gender, at minimum) exist, how these goals contribute to the firm's overall strategy, and how they are managed and progressing.
3. **Metrics** Provide measures of the diversity of the firm's global employee base and board, including:
 - a. **Workforce** Employee diversity by race, ethnicity, and gender (at minimum). We expect to see this information broken down by industry- relevant employment categories or levels of seniority, for all full-time employees. In the US, companies are expected to at least use the disclosure framework set forth by the United States Equal Employment Opportunity Commission's EEO-1 Survey. Non-US companies are encouraged to disclose this information in alignment with SASB's guidance and nationally appropriate frameworks.
 - b. **Board** Diversity characteristics, including racial, ethnic, and gender makeup (at minimum) of the board of directors.
4. **Board Diversity** Articulate goals and strategy related to diverse representation at the board level (including race, ethnicity, and gender, at minimum), including how the board reflects the diversity of the company's workforce, community, customers and other key stakeholders.
5. **Board Oversight** Describe how the board executes its oversight role in diversity and inclusion.

This analysis will inform our approach to voting:

- If the company is aligned with four or five of our expectations, we will most likely vote against the diversity-related proposal. If the company is aligned with only three or fewer of our expectations, we will most likely engage with the company to seek further alignment with our expectations.
- In certain circumstances, we will utilize an abstain option for those companies committing to improve their practices.
- In the absence of a commitment from the company to align with four or five of our expectations, and if our engagement is not productive, we will most likely support proposals that would meaningfully advance diversity-related disclosures.

For additional context on our expectations for diversity-related disclosures, please review our [relevant guidance](#).

Civil Rights or Racial Equity Audit

- We will vote against proposals at companies that clearly and publicly articulate (1) the board's process for overseeing risks related to racial equity and/or civil rights (e.g., committee responsible, frequency of discussions, etc.); (2) the specific risks that the board oversees related to the impact of a company's products, practices, and services on underrepresented communities inside and outside the organization; and (3) the company's plan and processes to mitigate these risks.
- We will abstain on proposals at companies that have a stated and specific commitment to improving board oversight of racial equity and/or civil rights risks as described above, and to identifying and managing relevant risks.
- We will vote for proposals at companies that do not disclose the board's process for overseeing risks related to racial equity and/or civil rights as described above, have no plan in place to address these risks, and/or cannot identify any relevant risks.

For additional context on our expectations for relevant disclosures, please review our [guidance](#).

Pay Equity

To evaluate shareholder proposals on this issue, we look for the following four disclosures by the company:

1. Confirmation that individuals, regardless of race or gender, are compensated equally in the same positions;
2. Workforce diversity statistics (including race and gender) at each level of management;
3. Long-term, diversity-specific goals (specific to race and gender) established for each level of management; and
4. A description of the strategy or practices that are in place to support achieving the goals.

We will vote against proposals at companies that meet our expectations. We will abstain on proposals at companies that commit to meeting our expectations within a specific and reasonable timeline. We will vote for proposals at companies that do not meet our expectations and cannot commit to doing so.

For additional context on our expectations for relevant disclosures, please review our [guidance](#).

Human Rights

We expect all companies to disclose:

1. What processes exist for identifying risks related to human rights.

If any material human rights risks are identified, we expect further disclosures on

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

If the company is aligned with four or five of our expectations, we will most likely vote against the proposal. If the company is aligned with only three or fewer of our expectations, we will most likely engage with the company to seek further alignment with our expectations. In certain circumstances, we will utilize an abstain option for those companies committing to improve their practices. In the absence of a commitment from the company to align with four or five of our expectations, and if our engagement is not productive, we will most likely support proposals that would meaningfully advance relevant disclosures.

For additional context on our expectations for human rights-related disclosures, please review our [relevant guidance](#).

Human Capital Management

We expect companies to publicly disclose the following information:

1. **Strategy** How the firm's approach to human capital management advances its overall long-term business strategy;
2. **Compensation** How pay strategies throughout the organization help to attract and retain employees, and incentivize contributions to an effective human capital strategy;
3. **Voice** How concerns and ideas from workers are solicited and acted upon, and how the workforce is engaged and empowered in the organization;

4. **Diversity, equity, & inclusion** How the organization prioritizes diversity, equity, and inclusion (see our complementary Guidance on Diversity Disclosures & Practices for additional context); and
5. **Board oversight** How the board oversees human capital-related risks and opportunities.

If the company is aligned with four or five of our expectations, we will most likely vote against the proposal. If the company is aligned with only three or fewer of our expectations, we will most likely engage with the company to seek further alignment with our expectations. In certain circumstances, we will utilize an abstain option for those companies committing to improve their practices. In the absence of a commitment from the company to align with four or five of our expectations, and if our engagement is not productive, we will most likely support proposals that would meaningfully advance relevant disclosures.

For additional context on our expectations for human capital management-related disclosures, please review our [relevant guidance](#).

Political Contributions

State Street Global Advisors expects investee companies to disclose the following information regarding political contributions not only through mandated filings, but also on the company's own website or corporate responsibility reporting:

- All contributions, no matter the dollar value, made by the company, its subsidiaries, and/or affiliated Political Action Committees (PACs) to individual candidates, PACs, and other political organizations at the state and federal levels in the US; and
- The role of the board in oversight of political contributions.

This expectation will factor into our analysis of relevant shareholder proposals.

For additional context on our expectations for relevant disclosures, please review our [guidance](#).

Lobbying

When reviewing relevant proposals, we will consider whether a company has disclosed the following information:

- Membership in US trade associations (to which payments are above \$50,000 per year); and
- The role of the board in overseeing lobbying activities.

**Trade Association
Alignment**

State Street Global Advisors evaluates the following when considering relevant proposals:

- The board's role in overseeing the company's participation in the political process in the US, including membership in trade associations;
- Whether the company regularly performs a gap analysis of its stated positions on relevant environmental and/or social issues versus those of its trade associations;
- Whether the company disclosed a list of its trade association memberships.

Other topics will be analyzed on a case-by-case basis. For more information on how we approach environmental and social shareholder proposals, please review our [Global Proxy Voting and Engagement Guidelines for Environmental and Social Issues](#).

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 fourth-largest asset manager* with US \$4.14 trillion[†] under our care.

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

[†] This figure is presented as of December 31, 2021 and includes approximately \$61.43 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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