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30 June 2020

# **FSC Standard 23: Principles of Internal Governance and Asset Stewardship at State Street Global Advisors**

**SSGA Australia:**

**State Street Global Advisors Australia Limited (SSGA AL).**  
AFSL no. 238276 (Investment Manager)

**State Street Global Advisors Australia Services Limited (SSGA ASL).**  
AFSL no. 274900 (Responsible Entity)

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## 1. Organisational and Investment Approach

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### 1.1 A Description of the Distinguishing Features of the Asset Manager and How These Features are Directed Towards Achieving Client Objectives

Founded 40 years ago as the asset management arm of State Street Corporation, State Street Global Advisors is grounded in State Street's 225-year heritage of helping people manage their assets wisely. Today, we're the world's third largest asset manager with AUD \$4.4<sup>1</sup> trillion in assets under management for more than 2800 clients, ranging from central banks and sovereign wealth funds, to pensions, foundations and investment advisors.

State Street Global Advisors has a long history of developing innovative investment products and strategies. We were one of the earliest pioneers in index investing, launching our first fund in 1978. Today we track over 900 indexes from leading providers as well as many custom indexes. Underpinning our broad indexing capabilities is a proprietary portfolio management system that enables our investment team to execute sophisticated, lower-cost trades, accurately replicate different indexes, manage cash flow and quickly respond to changes in index compositions to deliver the performance clients expect.

We unveiled our first active quantitative strategy in 1984, helping alpha seeking investors manage risk in a systematic way. Since then, our award-winning team has been employing an objective, disciplined approach over the course of multiple market cycles, bringing the experience, precision and consistency needed to help clients achieve their increasingly sophisticated investment goals.

We created many of the world's first ETFs including the first US ETF, SPY, in 1993, which is now the most liquid and heavily-traded security across the globe. We led other asset managers when we pioneered multi-asset class, liability-driven investment strategies, launched the first family of ETFs in Europe, and introduced the first gold-backed ETF in the US. In 2016, we introduced the gender diversity index and ETF, SHE, winner of Inside ETFs People's Choice Awards for Best New ETF in 2017.

All of these innovations were based on the skill and experience of State Street's long-tenured team of more than 500 portfolio managers who have expertise in creating and managing complex investments. They are guided by an underlying risk-aware approach to investing that is a core principle — it is rigorous, analytical and research-based — regardless of asset class, investment style or vehicle.

While we are proud to be a world leader in index investing, we recognise that both index and actively managed investments have a role in sophisticated portfolios. We offer our clients a wide range of products — from core indexing to multi-asset strategies to active quant and fundamental active strategies — across the risk/reward spectrum. They also have access to our Investment Solutions Group that provides a disciplined, analytical approach to scrutinising existing portfolios, as well as constructing total portfolio solutions.

No matter the asset class or style, we have a core belief that responsible investing is integral to our investment activities. We work with the companies that we invest in — on our clients' behalf — to help them better understand the impact that environmental, social and governance (ESG) issues have on long-term shareholder returns. In 2017, we installed the "Fearless Girl" statue on Wall Street to demonstrate our commitment to pushing for change on one issue that research shows can impact long-term company performance: gender diversity in the boardroom. And we will continue to provide a strong voice on this and other important governance issues in the future.

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<sup>1</sup> AUM reflects approximately AUS \$81.7 billion (as of March 31, 2020), with respect to which State Street Global Advisors Funds Distributors, LLC (SSGA FD) serves as marketing agent; SSGA FD and State Street Global Advisors are affiliated.

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State Street believes that our clients' interests always come first. Our single-minded focus is on being a better partner and helping clients achieve their investment goals. We strive to bring clients our most relevant and best ideas, and to evolve with them as their needs and the investment landscape continue to change.

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## 1.2 Purposes and Values for Clients

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At State Street Global Advisors we believe investing responsibly enables economic prosperity and social progress. We are driven by a desire to help our clients, and those who rely on them, achieve a better future. We accomplish this in a variety of ways.

- We work with employers to help millions of people live more secure and dignified retirements.
- We help endowments and foundations fund educational, scientific, and environmental breakthroughs.
- We collaborate with financial advisers to help their clients reach their financial goals.
- We help countries build their infrastructure, implement monetary policy and save for future generations.
- We partner with corporations to help them meet their financial commitments and reinvest in their businesses.

To help our clients achieve their financial goals, we actively pursue our guiding principles each and every day:

### **Start with rigour**

We take a highly disciplined and risk-aware approach built on exhaustive research, careful analysis and market-tested experience to meet client needs. Rigor is behind every decision we make.

### **Build from breadth**

Today's investment problems demand a breadth of capabilities. We build from a universe of active and index strategies to create cost-effective solutions.

### **Invest as stewards**

We help our portfolio companies see that what is fair for people and sustainable so that the planet can deliver long-term performance. As fiduciaries, we believe good stewardship is good investing.

### **Invent the future**

We created the first ETF in the US and are pioneers in index, active, and ESG investing. Using data, insights and investment skill, we are always inventing new ways to invest.

For four decades, these principles have helped us be the quiet power in a tumultuous investing world. Helping millions of people secure their financial futures. This takes each of our employees in 27 offices around the world, and a firm-wide conviction that we can always do it better.

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### 1.3 Ownership

SSGA provides fiduciary and investment management services for client accounts and for pooled fund products. In Australia, SSGA operates through two legal entities, State Street Global Advisors, Australia Services Limited, which acts as the Responsible Entity to the SSGA Australian pooled fund products, and State Street Global Advisors, Australia Limited which acts as the Investment Manager.

SSGA Australia is part of State Street Global Advisors Inc. (“SSGA Inc.”), the asset management arm of State Street Corporation, a New York Stock Exchange listed company. SSGA is a global leader in investment management which includes discretionary portfolios, ETFs and other collective investment schemes. SSGA Inc. is a wholly owned indirect subsidiary of State Street Corporation of Boston, Massachusetts, and a related body corporate of State Street Bank and Trust Company (“SSBT”), a US domiciled bank and a wholly-owned subsidiary of State Street Corporation.

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### 1.4 Management and Governance

State Street Global Advisors’ firm governance structure is designed to support effective and efficient decision making and provide oversight of its business functions. The structure consists of an Executive Management Group (“EMG”) which is composed of the firm’s most senior leadership serving as a consultative and decision-making body for the benefit of the firm’s President and Chief Executive Officer (“CEO”). The EMG is responsible for overall firm governance and oversees the activities of the five senior committees:

- The Risk Committee (“RC”) serves as the central escalation, review and challenge point for the firm’s risk profile, material risk trends, and all matters escalated from other senior committees. The RC also reports to State Street’s Management Risk and Capital Committee (“MRAC”) and if it deems necessary and appropriate escalates issues to State Street’s senior risk committees.
- The Global Investment Committee (“IC”) is responsible for the firm’s investment philosophy and overseeing the investment process, investment strategies, approach to new markets and instruments, and relationships with counterparties.
- The Global Fiduciary and Conduct Committee (“GFCC”) is responsible for addressing fiduciary and business conduct matters across the firm as well as oversight of the firm’s collective investment funds. The GFCC also reports to State Street’s Fiduciary Review Committee (“FRC”).
- The Global Product Committee (“GPC”) is responsible for the creation of new products based on the firm’s investment strategies. The GPC also reports to State Street’s New Business and Product Review and Approval Process Committee (“NBPPRA”).
- The Global Operations and Compliance Committee (“GOCC”) is responsible for overseeing the firm’s operating and information technology infrastructure and compliance functions. The GOCC escalates to State Street’s Technology and Operational Risk Committee (“TORC”), as it deems necessary and appropriate.

These five senior committees and the subcommittees underlying each apply a consistent approach to the establishment and implementation of firm-wide policies and procedures and provide broad oversight of the business functions. This governance structure is administered by an Internal Governance Oversight Team which focuses on promoting efficiency, clarity and accountability with respect to

decision rights and firm wide oversight. The guiding principles embodied within this governance structure and which the Internal Governance Team operates are:

- Promote a culture of efficient and effective decision making;
- Reinforce ownership of and accountability for decision making and management of key risks by business leaders; and
- Enhance accountability for adherence to policies and decision making protocol in support of our client service objectives and leadership reputation.

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### 1.5 Overview of Key Management and Investment Personnel

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Please refer to appendix 1 for an overview of key management and investment personnel for SSGA.

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### 1.6 Investment Strategies & Conflicts of Interest

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SSGA employs a variety of mechanisms designed to manage identified conflicts of interest that it has deemed material, including: (1) disclosing such conflicts of interest to clients; (2) implementing policies, procedures and controls; and (3) monitoring for ongoing compliance with those policies, procedures and controls. SSGA also maintains a register of conflicts of interest, which is a tool designed to assist in the identification, monitoring and mitigation of conflicts at SSGA. This register is reviewed periodically and updated as necessary to reflect changes in the regulatory environment and SSGA's business. In addition, SSGA has put in place a framework that establishes guidelines for SSGA personnel to follow in order to address and manage potential conflicts of interest involving its internal advisory group, the Investment Solutions Group. This framework aids in separating the Investment Solutions Group from other areas of SSGA in an effort to mitigate those potential conflicts of interest these business models may present when managed side by side with SSGA's other portfolio management teams.

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## 2. Internal Governance

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### 2.1 Ethical Conduct and Professional Practice

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Each SSGA employee is responsible for maintaining the highest ethical standards when conducting business. More specifically, each employee has a duty at all times to place the interests of SSGA's clients first; all employee personal securities transactions must be conducted consistent with the Code and in such a manner as to avoid any actual or potential conflict of interest or any other abuse of the employee's position of trust and responsibility. No employee may take inappropriate advantage of his or her position (or knowledge received thereby) or engage in any fraudulent or manipulative practices with respect to client accounts. It is unlawful for SSGA and its employees to use material non-public information for manipulative, deceptive or fraudulent purposes or to engage in market abuse activities. The kinds of activities prohibited include, but are not limited to, "front-running," "scalping" and trading on inside information.

SSGA employees are required to comply with the State Street Standard of Conduct. These standards relate to employee conduct on such business matters as confidentiality of client and Firm information, accuracy and truthfulness of books and records, treatment of intellectual property, political contributions, and compliance with laws and regulations. The standards also address employee conduct related to use of Firm computers and communication systems, outside business activities and director or trusteeships, providing and receiving gifts and entertainment, and media

communications, among others. On an annual basis, each employee is required to certify that they have read, understand and are in compliance with the Standard of Conduct.

The Standard of Conduct also contains important provisions pertaining to insider trading and tipping and supplements the SSGA Inside Information Policy. The SSGA Inside Information Policy governs the receipt and communication of material, non-public information and prohibits the use of such information in violation of federal and international securities laws.

Compliance with the Standard of Conduct and the Code are conditions of employment. Employees are required to read and become familiar with the with both policies.

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## 2.2 Personal Trading

SSGA has adopted a Code of Ethics (the “Code”) that sets forth reporting requirements and trading restrictions with respect to personal securities trading by employees and their family members who live in the same household. Employees are required to report transactions and holdings in securities in initial, quarterly and annual reports. On an annual basis, each employee is required to certify that they have read, understand and are in compliance with the Code. The Code contains a number of substantive trading restrictions that are either required by law or are standard in the investment management industry in the U.S. and other countries. These trading restrictions include: the requirement to pre-clear all securities trades (with some exceptions, such as dividend reinvestment), blackout periods, minimum holding periods, pre-approval for investments in private placements and prohibitions on certain types of investments, such as initial public offerings, options and short sales. These reporting and trading restrictions also apply to investments in funds advised or sub-advised by affiliates of SSGA. The Ethics Office is responsible for providing oversight and enforcing the Code of Ethics, as well as approving sanctions imposed on employees resulting from violations of the Code.

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## 2.3 Management of Conflicts of Interest to Ensure Client Interests Take Priority (Including Gifts and Entertainment)

It is State Street’s policy to seek to identify and appropriately manage all identified Conflicts of Interest with its clients in connection with the provision of services or the execution of transactions with such clients. SSGA is responsible for maintaining a Conflict of Interest Register to support this process and every employee of State Street is expected to escalate to their Business Unit Conflict Manager or their Compliance Officer identified Conflicts of Interest that arise between the interests of our clients and State Street. SSGA also employs a number of policies, guidelines and procedures to ensure that client relationships of other operating divisions of SSBT and affiliates of SSBT do not influence investment decisions of SSGA. These include among others:

- The SSGA Proxy Voting policy, particularly the Potential Conflicts section which describes the role of the Investment Committee in managing potential conflict situations.
- The SSGA Code of Ethics which states among other things that “Each employee has a duty at all times to place the interests of our clients first”.

- SSGA’s policies and procedures regarding trade allocation, IPO allocations and internal crossings require transactions be executed in a fair and equitable manner for all SSGA clients participating in such trades.
- SSGA’s best execution policy requires clients who request trades be directed to specific brokers do so in writing.
- SSGA’s Side-by-Side Management policy, which seeks to mitigate conflicts that could arise from the simultaneous management of multiple accounts by SSGA’s and its affiliates’ investment professionals.
- State Street corporate wide Gifts & Entertainment (“G&E”) procedure states among other things G&E should be modest, appropriate to the business relationship and have a legitimate business purpose.

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## 2.4 Risk Management and Compliance

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State Street’s corporate philosophy recognises that in order to accomplish our goals, material risks undertaken should be identified, assessed, estimated, managed, controlled and reported. In managing risk, we utilise three lines of defence:

- The business unit is the first line of defence; it owns, identifies and manages the risks inherent in its business.
- Risk Management and Compliance provides the second line of defence: it provides independent oversight, monitoring and control.
- Corporate Audit forms the third line of defence: it independently assesses the effectiveness of the first and second lines of defence in carrying out their responsibilities.

State Street has established an enterprise risk management framework, underpinned by the fundamental principle that risk is owned by the business unit whose activity generates that risk. As such, risk management needs to be fully embedded in the business process continuum from strategy development to budgeting/planning through execution, results review and incentive compensation.

SSGA has established a second line enterprise risk management team that encompasses five main risks: counterparty risk, investment risk, liquidity risk, operational risk, and model risk. SSGA’s Risk Management Group is an independent team led by the SSGA Chief Risk Officer (“CRO”) and comprised of Investment, Model, Counterparty, Liquidity, Operational Risk and SSGA Risk Infrastructure and Analytics Teams and as such takes on a variety of roles with regards to monitoring, supporting and managing business risks taken throughout the organisation. The Risk Management Group seeks to protect both SSGA and its clients from unintended risks by providing an independent assessment framework to evaluate risk exposures and process controls across asset classes. The SSGA CRO has direct reporting into the CRO of State Street Corporation and indirect reporting into the President and CEO of SSGA. The SSGA Risk Committee functions as our senior-most forum to ensure the continued alignment of our business strategy with the principles of Risk Excellence and the SSGA Risk Appetite Statement (‘RAS’, which defines the objective of the RAS and the metrics involved). Co-chaired by the SSGA Chief Risk Officer and Chief Executive Officer, the SSGA Risk Committee sets policy, reviews Risk Excellence progress, and resolves key risk issues. Various committees and sub-committees report into the Risk Committee including the — the Global Operational Risk

Committee, Trade Management Oversight Committee, Investment Strategy Review Committee, Counterparty Credit Committee, and Liquidity Committee.

State Street Global Advisors has an Operational Risk framework that describes the integrated set of processes and tools for managing operational risk and withstanding expected and unexpected financial events. The framework also outlines roles and responsibilities and includes five components: 1) Identify, Assess and Measure, 2) Risk Monitoring, 3) Evaluate and Test Controls, 4) Integrated Reporting and 5) Risk-Based Decision Making.

SSGA has a comprehensive compliance program which seeks to ensure compliance with our regulatory obligations (including licence conditions). State Street Compliance conducts workshops to collaboratively evaluate risks in order to form consensus and encourage the identification of new risks. The risk assessment process enables Compliance management to set priorities among regulatory risks and develop responses to mitigate risks. SSGA Compliance identifies and helps manage regulatory risks in order to prevent and detect violations of relevant laws and regulations, and to help protect SSGA and its clients; tests the Firm's controls, policies, and procedures across SSGA's business operations, fosters an environment of timely and open communication and escalation of compliance-related matters; and develops and implements compliance training that facilitate a better understanding of SSGA's legal and regulatory obligations.

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## 2.5 Error Correction Policy

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SSGA has a global Error Correction Policy and global Procedures for Incidents and Breaches, which detail the escalation procedures to ensure that any compliance issues are promptly notified to, and acted upon, by senior management.

All Errors (and hence breaches, which are subset of errors) are recorded and tracked via the Open Pages system. Errors are analysed to determine root cause, ascertain whether process or other improvements are required, examined to identify whether they are indicative of a recurrent or systemic issue (whether at a local or global level), etc.

Compliance assesses errors against our obligations under s912D of the Corporations Act 2001 and the criteria established by ASIC in RG78. The Exception Report details how and when the error occurred, the financial impact, the remedial action taken to resolve the error and the measures put in place to prevent recurrence. All errors are reported to the relevant Board and those determined to be breaches are escalated to the client through the appropriate client facing personnel upon discovery and in line with any client mandated reporting requirements.

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## 2.6 Brokerage and Commissions

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SSGA is very conscious of trading costs and leverages the firm's prominence in the industry to negotiate highly competitive commission rates. SSGA Trading has established a 4 tier commission rate schedule for liquidity, program, ALGO and MOC rates. SSGA uses the same negotiated equity commission schedule with each broker-dealer per market/region, and applies these for each account it trades for.<sup>2</sup> SSGA's negotiated equity commission rates are execution service rates and take into account considerations such as liquidity, market conditions or trading expertise needed to achieve execution. They do not take into account the value of any research

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<sup>2</sup> In certain situations, SSGA may use a commission rate that is not on that schedule due to the circumstances (nature, timing, market dynamics) of the trade — for example, in the case of secondary offerings, short settling and/or block trades. Certain alternative strategy accounts may employ a different commission schedule.



received. SSGA does not operate a CSA program in respect of any Australian domiciled clients.

Brokers are selected based on their ability to fulfill our best execution obligations when executing orders. This includes, but is not limited to, price, cost, speed of execution, likelihood of execution, likelihood of settlement, the nature of the transaction, market liquidity, local laws and regulations. SSGA Enterprise Risk Management (“ERM”) maintains all approvals of trading counterparties. It is global trading policy to only trade with approved brokers except for reviewed circumstances where clients direct trading.

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## 2.7 Equitable Asset Valuation and Pricing

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SSGA’s Global Valuation Policy assigns valuation oversight responsibility to its regional valuation committees for the assigned products managed within each specific region. These committees are generally comprised of senior officers from the Credit, Compliance, Information Technology, Legal, Investment Operations, Portfolio Management, Risk Management, and Trading areas.

Equity investments for which market quotations are readily available (including registered investment companies that are exchange traded) are valued at the last reported sale price on their principal exchange, market or system on valuation date, or official close price for certain markets. If no sales are reported for that day, investments are valued at the last published sale price, the mean between the last reported bid and asked prices, or at fair value as determined in good faith by State Street Global Advisors.

We utilise a variety of pricing vendor services as well as certain broker quotations to assist us in valuing portfolio instruments. These vendors and brokers include Barclays, Bloomberg, FTSE Russell, ICE Data Services, JPMorgan PricingDirect, Markit Partners, Thomson Reuters Pricing Service, and WM/Reuters, among others. Pricing information is primarily received electronically and interfaced with the accounting platforms. We employ a variety of due diligence procedures surrounding these sources including price challenges, vendor-to-vendor valuation comparisons, trade-to-vendor reviews, methodology reviews and on-site visits.

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## 2.8 Best Execution and Trade Allocation

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SSGA’s duty of best execution requires that we take reasonable steps to obtain as favourable an overall result as possible for our client transactions under the circumstances, taking into account various factors that are relevant to the particular transaction. This includes, but is not limited to, price, cost, speed of execution, likelihood of execution, likelihood of settlement, the nature of the transaction, market liquidity, local laws and regulations, potential market impact and size of the transaction. In addition, in considering these best execution factors, SSGA takes into account the particular characteristics of the order, the characteristics of the financial instrument, and the available execution venues and counterparties. While price is an important consideration, SSGA’s duty of best execution does not imply a duty to always obtain the best price available at the time of the transaction.

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## 2.9 Remuneration

SSGA's culture is complemented and reinforced by a total rewards strategy that is based on a pay for performance philosophy which seeks to offer a competitive pay mix of base salary, benefits, cash incentives and deferred compensation.

Compensation for our staff is based on a number of factors, including external benchmarking data and market trends, State Street performance, SSGA performance, and individual performance. Each year our Global Human Resources department participates in compensation surveys in order to provide SSGA with critical, market-based compensation information that helps support individual pay decisions. Additionally, subject to State Street and SSGA business results, State Street allocates an incentive pool to SSGA to reward its employees. Because the size of the incentive pool is based on the firm's overall profitability and performance against risk-related goals, each staff member is motivated to contribute both as an individual and as a team member.

The discretionary allocation of the incentive pool to the business units within SSGA is influenced by market-based compensation data, as well as the overall performance of each group. Individual compensation decisions are made by the employee's manager, in conjunction with the senior management of the employee's business unit. These decisions are based on the performance of the employee and, as mentioned above, on the performance of the firm and business unit. Depending on the job level, a portion of the annual incentive may be awarded in deferred compensation, which typically vests over a four-year period. This helps to retain staff and further aligns our employees' interests with our clients' and shareholders' long-term interests.

SSGA's rewards program enables the firm to effectively attract and retain talented professionals. Our rewards program supports the attraction and retention of the key personnel needed to support SSGA's long-term success. Funding for our total rewards program is subject to affordability and is designed to be flexible based on firm performance. However, even in years when funding is constrained, we differentiate pay in order to reward our highest performing teams and individuals.

SSGA recognises and rewards outstanding performance by:

- Promoting employee ownership to connect employees directly to the company's success.
- Using rewards to reinforce mission, vision, values and business strategy.
- Seeking to recognise and preserve the firm's unique culture and team orientation.
- Providing all employees the opportunity to share in the success of SSGA.

State Street has a corporate wide Total Rewards Program ("TRP") which is annually reviewed by senior management and the Board of Directors to ensure it is aligned with State Street's business goals and is competitive in our key talent markets around the globe. Total rewards are comprised of salary and benefits (primarily based on role or job band) and incentive compensation (primarily based on performance measures throughout and at the end of the year). Incentive compensation awards may be delivered in cash and/or State Street Stock. The TRP is based on many factors including employee contribution, market conditions as well as rules and regulations.

SSGA participates in annual surveys conducted by third party vendors to compare overall compensation levels, compensation structures, and plan designs with other

firms in the industry and to ensure that compensation levels are competitive. SSGA also uses external consultants to ensure that SSGA's remuneration structures are compliant with local regulatory requirements.

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## 2.10 Whistle-Blower Protection

The State Street Standard of Conduct describes our "whistleblower/reporting of concerns" procedure by which any Employee or any other person can report any concern, including concerns regarding accounting, internal accounting controls or auditing matters, directly to the non-management presiding director of our board of directors. State Street utilises an independent firm (The Network) who manages these type of conduct communications with employees 24 hours a day, seven days a week. State Street prohibits any retaliatory action against any employee for good faith reporting.

State Street Global Advisors Australia Limited and State Street Global Advisors Australia Services Limited are "Regulated Entities" under new Whistleblower Laws in the Corporations Act 2001 (Cth), which took effect on 1 July 2019. As such "eligible whistleblowers" reporting a "disclosable matter" to an "eligible recipient" are protected by the law from the following:

1. Litigation — they may rely on this for their defence against any civil or criminal proceedings.
2. Termination of employment — they may ask the court to reinstate them in their original position or at a comparable position.
3. Victimization — they may claim damages from the offender.

The Network is an "eligible recipient" and the SSGA Australia entities have also elected a number of local "eligible recipients" who are required by law to keep a whistleblowers identity and the disclosed matter confidential.

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## 2.11 Training and Development

SSGA Australia has adopted global policies and additional policies where required by local laws and regulations. SSGA Australia has a Staff Training Policy in place, which outlines the standards of training that employees of SSGA, AL need to achieve on an ongoing basis. Under section 912A(1)(f) of the Corporations Act, SSGA Australia must ensure that its representatives are, and continue to be, adequately trained and competent to provide financial services. In addition to this, representatives who provide general advice to retail clients must meet minimum standards set by ASIC Regulatory Guide 146 (RG 146) and responsible managers who maintain the organisational competency of the business must also be sufficiently trained in accordance with ASIC Regulatory Guide 105 — Licencing: Organisational Competence.

Each RG146 accredited representative and responsible manager will have their assessments recorded on completion in the Kaplan Ontrack online platform. Ontrack provides these representatives with relevant and up to date content to manage their ongoing CPD responsibilities. All other staff are required to enter a record of their actual training in the Staff Training Register. Compliance monitor the recording of training by employees on an ongoing basis and follow up with department heads to ensure completed training is properly documented.

New policy is effected as required by regulatory change or internal requirements, and existing policies are reviewed in accordance with their review cycle or regulatory change. Policies with global applicability require approval of the relevant global committee. Local policy is subject to approval or noting by the local board.

Compliance training programs are conducted face-to-face and online. All attendees at face-to-face training sessions sign an attendance sheet and all participants in online training and the outcomes are recorded to confirm they have completed the training. Training modules delivered include topics such as AML/CTF, Sanctions Awareness, Marketing materials, Information Security & Privacy, Code of Ethics, Standard of Conduct & Conflicts of Interest, Anti-Bribery and Corruption & Gifts and Entertainment, Fraud Awareness, Insider Trading, Disclosure and & Communication and other targeted SSGA Core Compliance Training as deemed appropriate by employee function.

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## 2.12 Complaints and Dispute Resolution

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SSGA recognises that client issues may arise from time to time. The firm's dedicated relationship managers seek to avoid unnecessary problems through regular communication and close partnership with clients. When problems do present themselves, the Business Development and Client Service teams seek to rectify such issues with the client as swiftly as possible.

It is SSGA's policy to fairly, consistently and promptly assess under the circumstances the subject matter of all complaints and, where warranted, to consider what remedial action or redress may be appropriate, taking into account all relevant factors. Any complaint received should be acknowledged, reported and diligently and impartially investigated in accordance with procedures adopted by the Global Compliance Committee ("GCC") and as specified by the local regulators in the jurisdictions where SSGA operates.

State Street Global Advisors Australia Limited and State Street Global Advisors Australia Services Limited are both members of the Australian Financial Complaints Authority (AFCA), an external dispute resolution scheme. Unitholders in the funds operated by SSGA, ASL are given the opportunity to have complaints dealt with under such a scheme if the Unitholder is not satisfied with the handling of a complaint under this Complaints Handling Procedure and the nature of their complaints falls within the scope of AFCA's terms of reference.

On notification of a complaint relevant details should be logged in the Complaints Register maintained by the Business Unit Complaints Officer (BUCO) and communicated to the Compliance department after the complaint is received (recording the date, customer name, nature of complaint, response from SSGA and resolution). The BUCO and Compliance also analyse the complaints as received and report any identified trends or systemic issues to senior management and relevant SSGA Australia board on a quarterly basis.

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In accordance with ASIC Regulatory Guide 165 Licencing: Internal and external dispute resolution, SSGA Australia's Internal Dispute Resolution (IDR) procedures are based on the guiding principles contained in the Australian Standard on Complaints Handling (AS ISO 10002–2006). SSGA Australia is actively committed to effective and efficient complaints handling, demonstrated by ensuring all relevant staff are aware of, and educated about, IDR procedures. SSGA, ASL's complaints procedures operate on 3 levels:

1. Ensuring that appointed agents/service providers have complaints procedures appropriate for the nature of the work being performed;
2. Reporting by those service providers of complaints for consideration by the RE; and
3. Review of complaints reported or received directly by RE to ensure they have been managed in accordance with the policy

SSGA, ASL will have regard to the following when dealing with complaints:

- Investigate complaints promptly and fairly.
- Whenever possible to resolve the complaint at the time it is made.
- Make every effort to resolve the complaint without referring the matter externally.
- To ensure unitholder privacy and to keep each complaint confidential.
- To assist employees in understanding the RE's requirements with respect to the handling of complaints.
- To advise the unitholder how and by whom the complaints will be actioned and provide reports to the unitholder on progress in dealing with the complaint, when appropriate.
- To assist management to identify and when appropriate, to take remedial action with respect to systemic or recurring problems identified in the complaints handling process.
- Record details of the complaints, include date, description, unitholder, details of outcomes.
- Report unresolved complaints to the Compliance Committee.

SSGA is a member of the Australian Financial Complaints Authority (AFCA) — an ASIC approved External Disputes Resolution Scheme (EDRS). If after our best efforts to resolve the complaint it cannot be resolved then SSGA must inform a retail customer that they may escalate the issue to AFCA where it will then be settled with the AFCA acting as mediator.

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### 3. Asset Stewardship

Given the size of our assets under management, the global scope of our investments, and the nature and time horizons of our investment portfolios, we believe that our stewardship role in global capital markets extends beyond proxy voting and engagement with issuer companies. It also includes promoting investor protection for minority shareholders in global markets through partnerships with local investors and regulators, and working with investee companies to encourage adoption and disclosure of ESG practices.

To learn more, corporate governance guidelines, activity reports, and thought pieces on the Asset Stewardship section of the SSGA website:  
[https://ssga.com/au/en\\_gb/about-us/asset-stewardship](https://ssga.com/au/en_gb/about-us/asset-stewardship)

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#### 3.1 Monitoring of Company Performance

The success of our engagement strategy is built upon our ability to prioritise and allocate resources to focus on companies and issues that potentially will have the greatest impact on shareholder returns. To support this process SSGA has developed proprietary in-house screening tools to help identify companies for active engagement based upon various financial and ESG indicators. Factors considered in identifying target companies include:

- Size of absolute and relative holdings;
- Companies with poor long-term financial performance within their sector;
- Companies identified as lagging market and industry standards on ESG matters;
- Outstanding concerns from prior engagement; and
- Priority themes and sectors based on an assessment of emerging ESG risks.

Based on an evaluation of a company's strategy, long-term performance and/or ESG practices, the stewardship team develops a company-specific engagement program. SSGA has implemented a comprehensive process to review company engagements and monitor improvements in practices over time.

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#### 3.2 Issue Escalation to Company Management and/or the Board

We escalate concerns to the board level should the outcome of the dialogue be deemed unsatisfactory. If the board has been unresponsive to our engagement efforts, SSGA may take voting action against the board.

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#### 3.3 Environmental, Social and Governance Factors

At State Street Global Advisors, our mission is to invest responsibly on behalf of our clients to enable economic prosperity and social progress over time. One of the key ways we achieve this mission is by integrating leading ESG frameworks into our client's portfolios through investment management and asset stewardship. In these endeavours we are guided by three core beliefs:

1. Companies that are managed responsibly deliver better financial results to our clients over the long-term
2. Our role as long-term stewards of capital provides a powerful opportunity to engage with investee companies and encourage responsible investing

3. The impact of our investment activities can be managed for a positive contribution to society and future generations

We put these beliefs into action:

- Through Active Stewardship — We assess and take action on ESG risk factors across all our portfolio companies using our voice and our vote.
- In Our Investment Approach — We consider ESG factors in our investment approaches, and build and manage meaningful investment solutions, including strategies that screen out companies, target specific themes or incorporate material ESG factors to strengthen active management.
- By Conducting Ongoing Research — We invest in innovative research and harness richer information sets for clearer pricing of ESG factors across asset classes.

As the third-largest asset management company in the world, and one of the world's largest index managers, we are the quintessential long-term investor, providing near-permanent capital to these companies. One of our most important responsibilities is to be long-term stewards of the assets we manage. Accordingly, active ownership plays an essential role in our fiduciary responsibilities to our clients.

We actively engage with companies across a range of important governance and sustainability issues to ensure companies in our portfolio are appropriately focused on long-term value creation. Our Proxy Voting and Issuer Engagement Principles formally describe how we consider ESG issues throughout our stewardship activities. We have global and market-specific policies to account for the breadth of ownership and regional governance nuances.

ESG investing is central to SSGA's mission of investing responsibly to enable economic prosperity and social progress. For more than thirty years we have been helping our clients achieve their ESG investing goals. Our clients access a powerful asset stewardship platform that assesses and takes action on ESG risk factors across all of our portfolio companies. One of our most important responsibilities is to be long-term stewards of the assets we manage. That is why we actively engage with companies across a range of important governance and sustainability issues to ensure companies in our portfolio are appropriately focused on long-term value creation.

SSGA considers ESG factors in our investment approach and offer clients a broad range of sophisticated screening and integration strategies that help investors align their portfolios with their values and beliefs, while targeting the performance they need. Our solutions are directly informed by our extensive ESG research program — now in operation for more than a decade — helping ensure the most effective strategy is implemented. We continue to invest in innovative research ideas, richer information sets and focusing on the pricing of ESG factors across the asset classes to find new ways to meet our clients' ESG investing goals.

SSGA develops customised investment solutions incorporating ESG factors across the risk and return spectrum. We have access to and experience with broad ESG data and research that can be deployed for strategies which exclude investments in companies that are not compatible with policies, principles or values yet seek maximum performance or minimum tracking error within the constraints, in a "second generation" inclusive approach where ESG factors are used to tilt portfolios or to gain exposure to a particular theme with the aim of achieving market-like returns, or in a "third generation" integrated approach harnessing ESG information and integrating it

into the investment process in an effort to improve the investment outcome — either in terms of generating incremental return or managing risk.

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### 3.4 Proxy Voting

SSGA’s approach towards proxy voting and issuer engagement is premised on the belief that companies that adopt robust and progressive governance and sustainability practices should be better positioned to generate long-term value and manage risk. As near perpetual holders of the constituents of the world’s primary indices, the informed exercise of voting rights coupled with targeted and value-driven engagement is the most effective mechanism of creating value for our clients.

All voting and engagement activities are centralised within the Asset Stewardship Team (“Stewardship team”) irrespective of investment strategy or geographic region. Further, the Stewardship team leverages the breadth of our investment capabilities to make informed decisions. By consolidating and harmonising our voting decisions and engagement efforts, we leverage the full power of our institutional discretionary holdings and exert greater influence with management and boards.

In conducting our voting and engagement activities, SSGA evaluates the various factors that play into the corporate governance framework of a country, including macroeconomic conditions, political environment and quality of regulatory oversight, enforcement of shareholder rights and the effectiveness of the judiciary. SSGA complements its company-specific dialogue with targeted engagements with regulators and government agencies to address systemic market-wide concerns.

SSGA has a dedicated team of ESG analysts, based in Boston, London and Tokyo who are charged with implementing its proxy voting guidelines and engagement activities on a global basis. The activities of the Stewardship team are directly overseen by SSGA’s Investment Committee (“IC”). The IC is responsible for approving the annual stewardship strategy, engagement priorities and proxy voting guidelines, and monitoring the delivery of objectives. Furthermore, the Proxy Review Committee (“PRC”), a dedicated sub-committee of the IC, provides day-to-day oversight of the Stewardship team, including approving departures from proxy voting guidelines and management of conflicts of interest.

The Stewardship team is supported by several specialists within SSGA in executing their stewardship responsibilities. These include members of SSGA’s proxy operations team who are responsible for managing fund set up, vote execution, vote reconciliation, share recall and class action lawsuits, and members of SSGA’s client reporting and compliance teams.

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### 3.5 Collaborative Engagement with Other Investors Including Industry Groups and Associations

The size of SSGA’s global assets and reputation in the market provides the Stewardship team with access to management and boards of investee companies. Therefore, the majority of corporate engagements are carried out on a one-to-one basis, behind closed doors, as we feel this is critical to building trust and establishing constructive long-term relationships with companies. Nevertheless, SSGA collaborates with like-minded investors under certain circumstances. Factors that are considered when determining the merits of collaborative action include:

- Agreement amongst investors on core areas of concern and potential solutions;
- Systemic market-wide concerns and regulatory environment;



- Responsiveness of management and boards to prior individual engagements;
- Concentrated ownership within the share register; and
- Market culture and acceptance of shareholder engagement.

SSGA is a member of various investor associations that seek to address broader corporate governance related policy at the country level as well as issuer specific concerns at a company level.

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### 3.6 Principles used for Policy Advocacy Including Participation with Industry Groups and Associations

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SSGA employees, including all investment personnel, are responsible for maintaining the highest ethical standards when conducting business and must comply with the SSGA Code of Ethics. SSGA Australia Limited is also a full member of the Financial Services Council (“FSC”) and complies with the FSC’s Code of Ethics and Code of Conduct (FSC Standard 1). Each employee has a duty at all times to place the interests of SSGA’s clients first; all employee personal securities transactions must be conducted consistent with the Code and in such a manner as to avoid any actual or potential conflict of interest or any other abuse of the employee’s position of trust and responsibility.

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### 3.7 Client Engagement, Education and Communication Regarding Asset Stewardship

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SSGA publishes its corporate governance guidelines, activity reports, and thought pieces on the Asset Stewardship section of its **public website**. The following documents are available for review and download:

- Proxy Voting and Engagement Guidelines (Global & Market Specific)
- Managing Conflicts of Interest
- Annual Stewardship Report
- Periodic Stewardship Updates
- Annual Proxy Voting Activity Report
- Stewardship Compliance Statement
- Thought Pieces and Guidance for Companies

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### How to Contact Us?

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**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 \$2.69 trillion\* under our care.

\* This figure is presented as of March 31, 2020 and includes approximately \$51.62 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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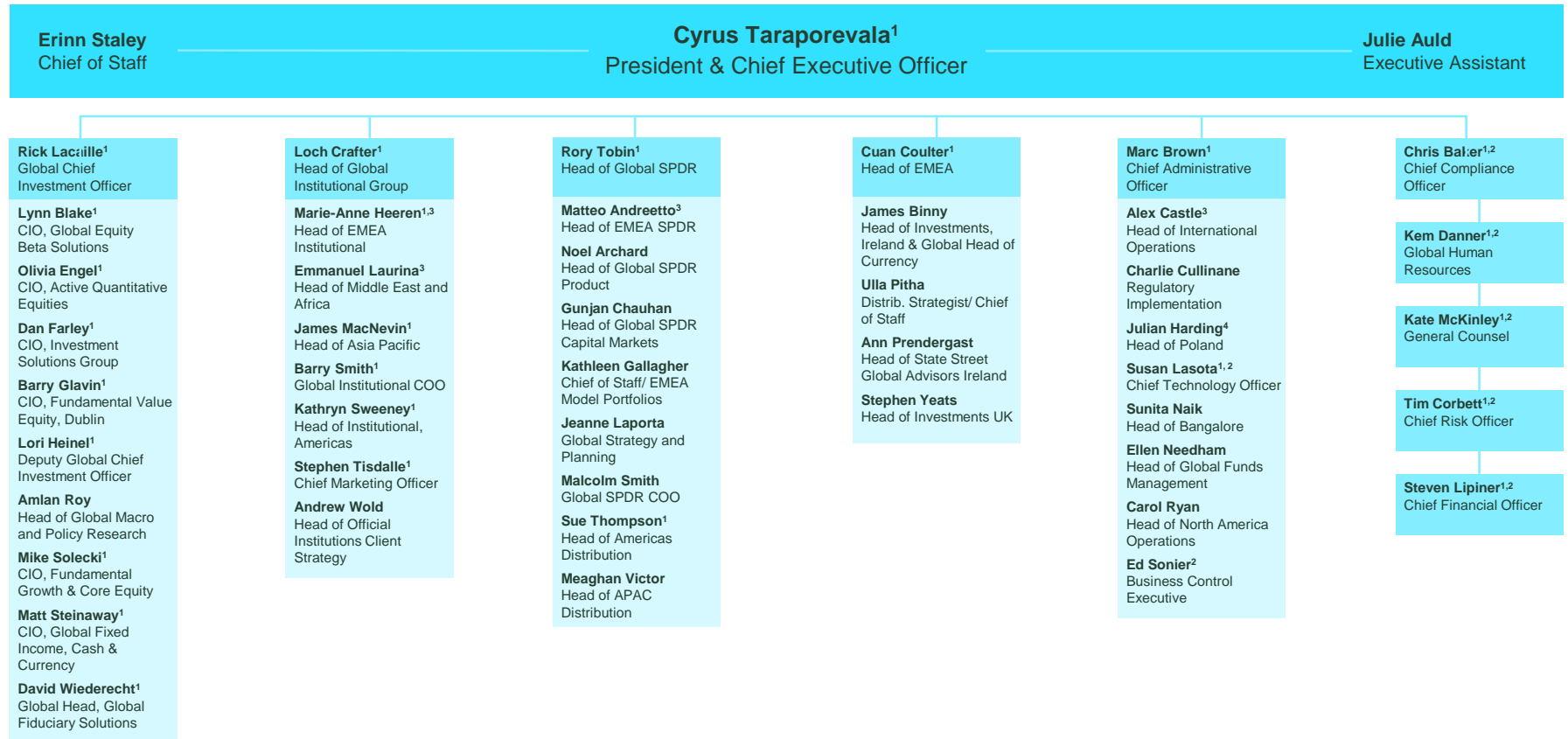
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# Appendix 1 - Overview of key management and investment personnel for SSGA



As of June 12, 2020

<sup>1</sup>Denotes member of the Executive Management Group; <sup>2</sup>Function also reports into corporate competency centers; <sup>3</sup>Function also reports into Head of EMEA; <sup>4</sup>Function has dual manager reporting.