
March 2022

Summary of Material Changes to State Street Global Advisors' 2022 Proxy Voting and Engagement Guidelines*

* This Summary of Material Changes to State Street Global Advisors' 2022 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.

State Street Global Advisors updated its proxy voting guidelines in March 2022 as part of its annual update to voting guidelines. The significant voting guideline changes for 2022 are summarized below:

Climate-Related Disclosures

Markets: US, Canada, UK, Europe, Australia

We believe climate change poses a systemic risk to all companies in our portfolio. State Street Global Advisors has publicly supported the global regulatory efforts to establish a mandatory baseline of climate risk disclosures for all companies. Until these consistent disclosure standards are established, we find that the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) provide the most effective framework by which companies can develop strategies to plan for climate-related risks and make their businesses more resilient to the impacts of climate change.

As such, we may vote against the independent board leader at companies in the S&P 500, S&P/TSX Composite, FTSE 350, STOXX 600 and ASX 100 if companies fail to provide sufficient disclosure in accordance with the TCFD framework, including:

- Board oversight of climate-related risks and opportunities
- Total Scope 1 and Scope 2 greenhouse gas emissions
- Targets for reducing greenhouse gas emissions

We view this policy as a natural escalation of our previously stated expectations on climate-related disclosure and history of proxy voting and engagement on the TCFD framework. We expect to continue to expand this policy in the coming years.

Enhancing Racial and Ethnic Diversity

Markets: UK and US

We believe that companies have a responsibility to effectively manage and disclose risks and opportunities related to diversity, equity, and inclusion, particularly regarding gender, race, and ethnicity. 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:

- We may vote against the Chair of the Nominating Committee at companies in the S&P 500 and FTSE 100 that do not have at least one director from an underrepresented racial and/or ethnic community on their boards; and
- We may vote against the Chair of the Compensation Committee at companies in the S&P 500 that do not disclose their EEO-1 reports. Acceptable disclosures include:
 - The original EEO-1 report response.
 - The exact content of the report translated into custom graphics.

State Street Global Advisors also may vote against the Chair of the Nominating 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. This voting policy shall remain unchanged.

Expanding Board Gender Diversity

Markets: Global

Since 2017, our Fearless Girl gender voting policy has contributed to the increased representation of women on boards in the main indices in the US, UK, Europe, Canada, Australia, Japan, Hong Kong, and Singapore.

- Beginning in 2022, we expect boards of listed companies in *all* markets and indices to have at least one female board member. We may waive the policy if a company engages with State Street Global Advisors and provides a specific, timebound plan for adding at least one woman to the board.
- Beginning in 2023, we will expect companies in the Russell 3000, TSX, FTSE 350, STOXX 600, and ASX 300 indices to have boards composed of at least 30 percent women directors. We may waive the policy if a company engages with State Street Global Advisors and provides a specific, timebound plan for reaching the 30 percent representation of women directors.

If a company fails to meet any of the expectations outlined above, 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, if necessary. Additionally, if a company fails to 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.

Integrating R-Factor™ Scoring System into Voting and Engagement

Markets: US, UK, Europe, Japan, Australia

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. R-Factor™ encourages companies to manage and disclose material, industry-specific ESG risks and opportunities, thereby reducing investment risk across our own portfolio and the broader market.

State Street Global Advisors may take voting action against the independent board leaders at companies in the S&P 500, FTSE 350, ASX 100, TOPIX 100, DAX 30¹ and CAC 40 indices that are R-Factor™ 'laggards'² and 'momentum underperformers'³ unless we see meaningful change. This year, we are replacing the DAX 30 and CAC 40 indices with the STOXX 600 company universe.

¹ This policy was approved in March 2020. In September 2021, DAX 30 was renamed DAX 40, after 10 additional companies were admitted to the index.

² Bottom 10 percent of scores relative to industry peers.

³ Have consistently underperformed their peers over the last two years; bottom 30 percent of scores relative to industry peers.

In 2024, we will be expanding our voting screen to include *all* R-Factor™ ‘laggards’ and ‘underperformers’⁴ (i.e. not only ‘momentum underperformers’).

Director Time Commitments

Markets: US, Canada, UK, Europe and Australia

In 2020, we revised our voting guideline on the number of allowable board mandates. State Street Global Advisors may take voting action against a director who exceeds the number of board mandates listed below:

- Named Executive Officers (NEOs) of a public company who sit on more than two public company boards
- Non-executive board chairs or lead independent directors who sit on more than three public company boards
- Director nominees who sit on more than four public company boards

Starting in 2022, for non-executive board chairs/lead independent directors and director nominees who hold excessive commitments, as defined above, we may consider waiving our policy and vote in support of a director if a company discloses its director commitment policy in a publicly available manner (e.g., corporate governance guidelines, proxy statement, company website). This policy or associated disclosure must include:

- A numerical limit on public company board seats a director can serve on
 - This limit cannot exceed our policy by more than one seat
- Consideration of public company board leadership positions (e.g., Committee Chair)
- Affirmation that all directors are currently compliant with the company policy
- Description of an annual policy review process undertaken by the Nominating Committee to evaluate outside director time commitments

If a director is imminently leaving a board and this departure is disclosed in a written, time-bound and publicly-available manner, we may consider waiving our withhold vote when evaluating the director for excessive time commitments.

Consistent with our guidelines’ exclusionary approach to mutual fund boards and UK investment trusts, service on a Special Purpose Acquisition Company (SPAC) board will no longer be considered when evaluating directors for excessive time commitments. However, we do expect these roles to be considered by Nominating Committees when evaluating director time commitments.

⁴ Bottom 30 percent of scores relative to industry peers.

Board Independence

Markets: Europe

Strong, capable, independent boards exercising effective oversight are the linchpin to creating long-term shareholder value.

State Street Global Advisors may vote against the (re)election of any non-independent director at all companies in Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden and Switzerland that are included in local blue chip market indices and/or the MSCI-EAFE index and/or are widely held⁵ if their overall board independence level is lower than 50 percent or — for boards with employee representatives — the overall level of board independence is lower than 50 percent when excluding employee representatives and lower than 33 percent when including employee representatives.⁶

Starting in 2022, State Street Global Advisors may also vote against the (re)election of any non-independent director at all other companies in all European markets (except the UK) if their overall level of board independence is lower than 33 percent.

Board Accountability — Length of Board Terms

Markets: Germany

We believe that companies with robust governance practices are better positioned to generate long-term value and manage risk. As such, we view board accountability as fundamental to strong corporate governance. In particular, annual director elections provide increased accountability and encourage board members to be more responsive to shareholder interests, thus improving board quality.

German companies continue to lag their European peers, with supervisory board members often elected for the maximum five-year term permitted by law. Therefore, we may vote against the (re)election of any director at a DAX 40 company for a term of office exceeding four years.

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

⁵ As determined based on their membership in a major index.

⁶ And/or directors elected in accordance with local laws and not elected by shareholders.

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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State Street Global Advisors Worldwide Entities

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