
March 2022

Global Proxy Voting and Engagement Guidelines for Environmental and Social Issues

Overview

Our primary fiduciary obligation to our clients is to maximize the long-term returns of their investments. It is our view that material environmental and social (sustainability) issues can present risks and/or opportunities that impact long-term value creation. This philosophy provides the foundation for our value-based approach to Asset Stewardship.

We use our voice and our vote through engagement, proxy voting, and thought leadership in order to communicate with issuers and educate market participants about our perspective on important sustainability topics.

Our stewardship efforts are rooted in the three pillars of ESG and their intersections. We regularly identify E, S, and G focus areas that guide our proxy voting and engagement efforts. Within these focus areas, we elevate outcome-oriented stewardship priorities each year based on factors including client demand, stakeholder interest, market trends, financial materiality, and portfolio impact.

In limited circumstances, State Street Global Advisors may act as investment manager to pooled investment vehicles that, pursuant to their governing documents, utilize guidelines developed by a third-party advisor. With respect to such funds utilizing third-party guidelines, the voting practices described in the applicable third-party guidelines will apply in place of the voting practices described herein.

**Our Approach to
Assessing Materiality
and Relevance of
Sustainability Issues**

While we believe that sustainability-related factors can expose potential investment risks as well as drive long-term value creation, the materiality of specific sustainability issues varies from industry to industry and company by company. With this in mind, we leverage several distinct frameworks as well as additional resources to inform our views on the materiality of a sustainability issue at a given company, including:

- The Sustainability Accounting Standards Board's (SASB) Industry Standards
- The Task Force on Climate-related Financial Disclosures (TCFD) Framework
- Disclosure expectations in a company's given regulatory environment
- Market expectations for the sector and industry
- Other existing third party frameworks, such as the CDP (formally the Carbon Disclosure Project) or the Global Reporting Initiative
- Our proprietary R-Factor^{TM1} score

¹ State Street Global Advisors' proprietary scoring model, which aligns with SASB's Sustainability Accounting Standards, and measures the performance of a company's business operations and governance as it relates to financially material ESG factors facing the company's industry.

We expect companies to disclose information regarding their approach to identifying material sustainability-related risks and the management policies and practices in place to address such issues. We support efforts by companies to demonstrate the ways in which sustainability is incorporated into operations, business activities, and most importantly, long-term business strategy.

**Our Approach
to Sustainability
Through Engagements**

Our Asset Stewardship program prioritization process allows us to proactively identify companies for engagement and voting in order to mitigate sustainability risks in our portfolio. Our approach is driven by:

1. Proprietary Screens

We have developed proprietary in-house sustainability screens to help identify companies for proactive engagement. These screens leverage our proprietary R-Factor™ score to identify sector and industry outliers for engagement and voting on sustainability issues.

2. Thematic Prioritization

As part of our annual stewardship planning process we identify thematic sustainability priorities that will be addressed during most engagement meetings. We develop our priorities based upon several factors, including client feedback, emerging sustainability trends, developing macroeconomic conditions, and evolving regulations. These engagements not only inform our voting decisions but also allow us to monitor improvement over time and to contribute to our evolving perspectives on priority areas.

During the 'voting season,' we prioritize conversations with companies that have triggered our E&S director voting policies or have received an E&S shareholder proposal on their proxy. In the 'off-season,' we discuss our thematic focus areas and stewardship priorities with companies for which these topics are most material.

Through engagement, we address a broad range of topics that align with our thematic priorities and seek to build long-term relationships with issuers. We view engagements as part of an ongoing dialogue, versus a series of one-off conversations. During conversations with issuers, we share expectations and perspectives on of key dimensions of E&S, and seek to understand how companies and their boards manage and oversee related risks.

We also pursue proactive, targeted engagement campaigns with companies for which our focus areas are most material, and/or where improvement is most needed. Through these campaigns, we might make specific asks of companies and measure their progress against our expectations. If we feel a company is making insufficient progress on effective E&S risk management, we will consider taking voting action through relevant shareholder proposals or by targeting directors responsible for oversight.

**Analyzing
Sustainability Proposals**

We take a case-by-case approach to analyzing shareholder proposals related to sustainability topics and consider the following factors:

- The materiality of the sustainability topic in the proposal to the company's business and sector (see "Our Approach to Assessing Materiality and Relevance of Sustainability Issues" above)
- The content and intent of the proposal
- Whether the adoption of such a proposal would promote long-term shareholder value in the context of the company's disclosure and practices
- The strength of board oversight of the company's relevant sustainability practices
- Quality of public disclosures on the topic
- Quality of engagement and responsiveness to our feedback
- Binding nature of proposal or prescriptiveness of proposal

We also leverage frameworks to analyze certain E&S shareholder proposals. These frameworks, which are not considered formal voting guidelines, can be found on our website.

**Vote Options for
Sustainability Proposals**

- For (support for proposal) if the issue is material and the company has poor disclosure and/or practices relative to our expectations
- Abstain (some reservations) if the issue is material and the company's disclosure and/or practices could be improved relative to our expectations.
- Against (no support for proposal) if the issue is non-material and/or the company's disclosure and/or practices meet our expectations.

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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