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State Street Global Advisors

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Asset Stewardship
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Dear Board Member,

As one of your long-term investors and responsible stewards of our clients' capital, environmental management – spanning topics that include land use, biodiversity, natural resources and the circular economy – has been a thematic stewardship priority for our program for several years.

We believe that global deforestation —namely its direct linkage to biodiversity loss and climate change— presents financial risk to our portfolio companies with material exposure to this practice in their supply chains and loan portfolios, and should be disclosed and managed like any other business risk. Given heightened regulatory, reputational, and financial risks, boards and management teams at companies that source and produce commodities at high risk of deforestation, or finance these activities, should respond accordingly. This includes managing deforestation and land degradation risk in their value chains, loan portfolios, and enhancing their public disclosure on these efforts.

As such, in 2021 we initiated a series of [targeted engagements](#) to learn more about how our investee companies in the high-exposure sectors of Food & Beverage and Consumer Goods manage supply-chain-related deforestation risks.

Consistent with these efforts, in 2022 we intend to engage with our portfolio companies in the Financials sector on this theme. Banks in particular can be directly –by providing finance and financial services to enterprises along high-risk key commodity supply chains—or indirectly – by financing commodity traders, food & beverage and/or consumer goods companies – exposed to deforestation risks via their lending activities to companies that produce, trade or use high-risk key commodities.

Through our evaluation of banks in our portfolio with potential exposure to this material risk, we would welcome the opportunity to engage with your company leadership to understand how you are mitigating deforestation risks, providing robust oversight of your financing activities, and publicly disclosing these efforts.

We look forward to a productive dialogue with your board and management teams on this subject, and would appreciate the opportunity for this engagement. Please reach out to us at GovernanceTeam@ssga.com to facilitate this conversation.

Respectfully,



Ben Colton
Managing Director, Asset Stewardship
State Street Global Advisors



Ryan Nowicki
Stewardship Integration Lead, Asset Stewardship
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