Stewardship Report 2023

STATE STREET GLOBAL ADVISORS

Contents

08 Chapter 1: Introduction

08 Statement From Yie-Hsin Hung, President & CEO, State Street Global Advisors

09 Statement From Lori Heinel, Global CIO, State Street Global Advisors

10 Chapter 2: Who We Are and Who We Serve

10 State Street Corporation: One Team. Shared Mission

10 Our Company

12 Who We Serve: Our Client Base

13 Our Culture Helps Set Us Apart

14 Chapter 3: Asset Stewardship at State Street Global Advisors

14 Asset Stewardship Philosophy and Objectives

16 Chapter 4: Engagement and Voting

16 How We Engage

16 Types of Engagement

- Equity Engagements
- Fixed Income Engagements
- Our Approach to Collaboration
- Use of R-Factor™ in Engagement

20 Monitoring Engagement Outcomes

Contents

20 Escalation

20 Voting

Example of How We Vote: Executive Compensation and Remuneration

Global Proxy Voting and Engagement Policy

Proxy Voting Choice

Securities Lending Recall and Restriction Policy

25 Proxy Voting Ballot Proposals

Management Proposals

Shareholder Proposals

Voting on Environmental and Social Shareholder Proposals

Engaging With Other Investors Soliciting our Votes in Connection With Vote-No Campaigns or Shareholder Proposals

Proxy Contest Voting

29 Monitoring and Reporting Voting Outcomes

30 When We Refrain from Voting

30 2023 Changes to Global Proxy Voting and Engagement Policy

Virtual/Hybrid Shareholder Meetings: Global Markets

Egregious Bylaw Amendments: US

Cross-shareholdings: Japan

Board Independence: Japan

Climate-related Disclosures: Australia, Japan, Hong Kong, Singapore

Board Racial and Ethnic Diversity Disclosure: UK and US

Board Gender Diversity: Australia, Europe, Canada, UK, US

R-Factor™: Global

Contents

32 Chapter 5: Stewardship Engagement Highlights

32 Introduction

32 Effective Board Oversight

- Engagement and Voting
- Engagement Campaigns

39 Climate Risk Management

- Engagement
- Engagement Campaigns
- Voting

45 Human Capital Management

- Engagement
- Engagement Campaigns

47 Diversity, Equity, and Inclusion

- History
- Engagement and Voting
- Engagement Campaigns

50 Fixed Income Engagement

52 Chapter 6: Internal Governance of Asset Stewardship Program

52 Our Approach to Governance

53 ESG Committee

54 Our Approach to and Oversight of Proxy Voting Policies

Contents

54 Our Conflicts of Interest Policy
- Conflicts Arising from Our Stewardship Activities
- Conflicts of Interest – Identification and Mitigation in 2023

56 Team Structure and Resourcing

56 Linking Remuneration to Our Stewardship Activities: Performance and Incentives

57 Training and Knowledge Sharing

57 Third-Party Service Providers

58 Assurance of Our Asset Stewardship Program

60 Chapter 7: Promoting Well-Functioning Markets

60 Engagement With the Market
- Thought Leadership on Asset Stewardship and Sustainability Topics
- Asset Stewardship Team Public Speaking Activities

61 Collaboration With Other Market Participants
- Supporting Standards-Setting
- Supporting Better Disclosure
- Supporting Research and Knowledge-Sharing
- Supporting Diversity, Equity, and Inclusion

63 Regulators and Policymakers
- The Financial Reporting Council UK Corporate Governance Code Comment Letter
- Vote Reporting: A Consultation and Discussion Paper from the UK Vote Reporting Group (VRG)

64 Our Clients

64 Reporting

65 Disclosure of Significant Votes (SRD II) for UK Clients

Contents

66 Chapter 8: Investment Approach

66 Introduction

66 Our Approach to Negative Screening/Exclusions

67 POV: Guiding Principles

67 POV Screening Approach

67 Our Approach to Positive Screening

68 Incorporating Sustainability Across Our Asset Classes and Investment Strategies

- Active Strategies
- Tools Available to Our Investment Teams
- What Is R-Factor™?
- How We Use R-Factor™

70 Chapter 9: Identifying and Managing Risks

70 Structure and Approach to Risk Management

71 Identifying Risks

- Emerging Risk Review Framework
- Investment Risk
- Liquidity Risk
- Counterparty Risk
- Operational Risk
- Model Risk
- Superstructure Team

72 Managing Market-Wide and Systemic Risks

73 Managing Industry Risk and Liquidity Risk

74 Sustainability Considerations in Risk Management

74 Effectiveness of Our Risk Management Approach

74 Conclusion

Contents

75 Appendices

75 Appendix A: State Street Global Advisors Key Links

76 Appendix B: Stewardship Team Senior Leader Biographies

78 Appendix C: Stewardship Team Roles and Tenure

79 Endnotes

1 Introduction

Statement From Yie-Hsin Hung, President & CEO, State Street Global Advisors

We are pleased to deliver the State Street Global Advisors 2023 Asset Stewardship Report. In this report, we describe our approach to asset stewardship, highlight our stewardship activities in 2023, and provide data and references to help our stakeholders understand the ways we use engagement and proxy voting in pursuit of long-term value creation for our clients.

At State Street Global Advisors, we take our fiduciary duties as an asset manager very seriously. Our primary obligation to our clients is to maximize the long-term value of their investments. As part of our emphasis on risks and opportunities that may impact value, we rely on the boards of directors of the companies in which we invest to oversee these firms' strategies. Thus, our Asset Stewardship program is focused on engagement with these portfolio companies to promote robust governance, including board oversight, and disclosures.

In 2023, we continued to solidify the foundation on which our Asset Stewardship team operates, including adding new members. Today, our Asset Stewardship program is organized around three Proxy Voting and Engagement Principles:

1. **Effective board oversight** We believe that well-governed companies can protect and pursue shareholder interests better and withstand the challenges of an uncertain economic environment. As such, we seek to vote director elections in a way that we believe will maximize long-term value.
2. **Disclosure** We promote transparent disclosure of the important risks and opportunities facing portfolio companies. We believe it is important for shareholders to receive timely and accurate reporting of a company's financial performance and strategy so that they are able to assess both the value and risk of their investment.
3. **Shareholder protection** We believe it is in the best interest of shareholders for companies to have appropriate shareholder rights and accountability mechanisms in place. As a starting place for voting rights, it is necessary for ownership rights to reflect one vote for one share to ensure that economic interests and proxy voting power are aligned.

In this report, we provide data and information about how we engage and vote, describe our engagement campaigns, and offer examples of company-specific engagements and outcomes, while providing details on several other important areas of progress in 2023.

We also highlight that State Street Global Advisors launched its Proxy Voting Choice program in early 2023, based on our belief that all investors deserve the opportunity to match their investment portfolios to their goals and preferences. The program empowers clients, including those who own eligible ETFs and mutual funds, the ability to select a proxy voting policy that directs how the shares held in our funds are voted.

In addition, we discuss how we continue to seek effective ways of engaging with boards and participating in industry organizations, all while maintaining our independence and focus on creating long-term value for our clients.

As holders of capital on behalf of our clients, our Asset Stewardship philosophy is an extension of our mission to protect and promote the long-term economic value of client investments. This report illustrates our aim to uphold this mission. I hope you find it useful and informative.

Statement From Lori Heinel, Global CIO, State Street Global Advisors

State Street Global Advisors' approach to investing is focused on helping investors meet their investment objectives, build precise exposures, and deeply understand their portfolios. And by offering a broad spectrum of products, research, and tools, we seek to help investors understand and assess risks and opportunities and construct portfolios with confidence.

As we help our clients achieve their financial objectives, it is important to consider risks and opportunities, including related to sustainability, that portfolio companies face. Through our Asset Stewardship program, we advocate for transparent disclosure and industry standards, including with respect to sustainability-related factors, to provide investors with appropriate information to guide investment choices.

Our Asset Stewardship efforts focus on voting proxies on behalf of our shareholders and engaging with portfolio companies on issues relevant to long-term value creation. In 2023, these core activities included voting on proxy proposals at approximately 23,200 shareholder meetings and holding 940 engagements across 30+ countries.

To enhance our program, in 2023, we expanded our fixed income stewardship efforts by hiring a full-time specialist and engaging with dozens of portfolio companies. We will continue to explore opportunities to strengthen our approach in this asset class.

We also launched and completed engagement campaigns on specific topics to either help inform our views on best practices or seek to enhance the quality of disclosure. For example, we engaged with portfolio companies in the banking and insurance sectors to better understand how they are responding to the uncertain interest rate environment, and we engaged with technology companies to understand the steps they are taking to manage risks and opportunities related to emerging technologies such as artificial intelligence (AI).

Reflective of our global perspective, we extended our climate-related disclosure expectations to more regions around the world. We also expanded our board independence expectations to Japan, widened our board gender, racial, and ethnic diversity expectations to more indices, and introduced a policy that generally supports a board's right to hold shareholder meetings in a virtual or hybrid format.

With a universe of index and active strategies, and as the fourth largest asset manager in the world, State Street Global Advisors helps the world's investors achieve their financial goals. We continue to pursue this objective while seeking new ways to create long-term value for clients in 2024 and beyond.

2 Who We Are and Who We Serve

State Street Corporation: One Team. Shared Mission.

State Street Global Advisors (SSGA) is the asset management business of State Street Corporation. Our parent company's mission orients our decisions, behaviors, and actions.

As the asset management arm of State Street Corporation, we help create better outcomes for the world's investors and the people they serve. To help our clients achieve their financial goals, we are guided by the following key concepts.

Start with Rigor 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 index and active strategies to create cost-effective solutions.

Invest as Stewards We believe good stewardship involves engagement with portfolio companies to identify risks and opportunities to create long-term value for our clients.

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

Our Company

State Street Global Advisors is the world's fourth largest asset manager, responsible for $4.13 trillion in assets under management.[1] We are a global, scaled index and systematic investment manager with strengths in index investing (institutional and ETFs), cash, and select active and multi-asset capabilities, underpinned by a spectrum of sustainable investing capabilities. Our active and index capabilities cover the risk/reward spectrum, and we seek to address clients' demands for sustainable investing opportunities through our sustainable investment product offerings.

Figure 1
About State Street Global Advisors

$4.13T Assets under Management*	$2.48T in AUM with Institutional Clients†	$1.29T in AUM with Financial Intermediary Clients†
#1 US's first, and world's largest, ETF‡	45 years Managing investments	57 Countries with Clients
10 Global Investment Centers		

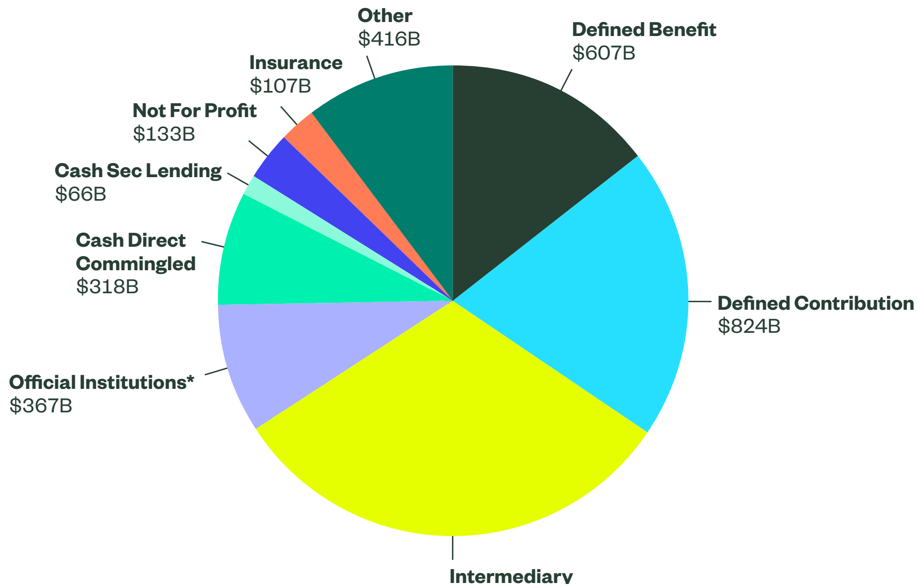
Source: State Street Global Advisors, 31 December 2023.
* This figure is presented as of 31 December 2023 and includes approximately $64.44 billion USD of assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated.
† Source: State Street Global Advisors Finance
‡ Bloomberg Finance L.P., 31 October 2023

Figure 2
Assets Under Management Split by Asset Class

Equity	Fixed Income & Cash**	Multi-Asset	Alternatives††
$2.51T	**$1.08T**	**$313B**	**$226B**
Active • Quantitative • Fundamental	Active	Strategic and Tactical Asset Allocation	Hedge Funds
Smart Beta	Smart Beta	Outcome Oriented • Target Date Funds • Real Assets • Inflation Protection • Absolute Return	Private Equity
Index	Index	Exposure Management	Private and Public Real Estate
	Cash Management	Model Portfolios	Currency
			Commodities
			Real Assets

Source: State Street Global Advisors, 31 December 2023.
** Cash includes both floating- and constant-net-asset-value portfolios held in commingled structures or separate accounts.
††Alternatives Includes real estate investment trusts, currency and commodities, including gold-backed ETFs for which SSGA only serves as marketing agent.

Figure 3
Assets Under Management by Client Type



Source: State Street Global Advisors, 31 December 2023.
* Official Institutions is a client type that includes all plan type assets including DB and DC.

Who We Serve
Our Client Base

As one of the world's largest asset managers, we serve a diverse range of clients across the globe. Our institutional clients include pension providers, intermediaries, institutions, and not-for-profit organizations. We are also a leading partner to some of the largest government retirement plan providers and sovereign wealth funds. Consequently, for many of our clients, the investment horizon is measured in decades.

Although we do not have direct relationships with retail clients, we are acutely aware that the services we provide to institutional investors ultimately impact their underlying investor base. For example, underlying the pension clients with whom we work are individual pensioners and beneficiaries whose future financial well-being and retirement security is impacted by the role we play.

A breakdown of our clients by type and by geography follows.

Figure 4
Client Assets Under Management
Net AUM

Institution Type	
Intermediary	$1.3T
Institutional	$2.8T
Geography	
Americas	$1.5T
APAC	$0.5T
EMEA	$0.5T
Other*	$1.7T

* Other includes Securities Lending Pools, State Street Global Advisors Funds, Mutual Funds, ETFs, and other investment vehicles where underlying client data is unavailable. This includes funds for which State Street Global Advisors only serves as a marketing agent.
Source: State Street Global Advisors, 31 December 2023.

Figure 5

A Leading Partner to Institutional and Intermediary Clients

#1	#2	#3	Top 10
Passive global equity manager	US defined benefit manager	Largest global ETF provider	US defined contribution manager
Endowment & foundation asset manager globally	Passive US bonds manager	Passive non-US equity manager	Institutional Money Market provider*
Manager of passive global/non-US bond assets	Central bank assets manager	Factor-based strategies manager	Global ESG mandates manager
			Outsourced Chief Investment Officer (OCIO) services

Source: Pensions & Investments Research Center, 31 December 2022. Updated annually.
*iMoneyNet (Institutional Money Market Provider), 31 December 2023.

Our Culture Helps Set Us Apart

Our employees help millions of people save for retirement, enable endowments and foundations to fund educational, scientific, and environmental breakthroughs, and make it possible for governments to provide essential services to communities across the globe.

We are innovators We always have our eye on reinventing the ways in which we invest.

We are problem solvers We draw upon our scale, vast resources, and deep experience to partner with clients in finding unique solutions to address global challenges.

We are stewards We take seriously our responsibility to drive sustainable value for our clients who entrust us to invest on their behalf.

We are educators We recognize that clients, policymakers, and the media need a trusted source to help them make sense of a complex and rapidly changing world.

3 Asset Stewardship at State Street Global Advisors

In this section, we provide a summary of the overall philosophy and objectives of our Asset Stewardship program and provide a snapshot of our stewardship activities in 2023. More detailed information can be found in Chapter 4, Engagement and Voting.

Asset Stewardship Philosophy and Objectives

Our Asset Stewardship program is centered on the pursuit of long-term value for our clients' portfolios through voting at shareholder meetings and engaging with the companies in which we invest on behalf of our clients.

We believe our portfolio companies must have effective oversight and governance of opportunities and risks that are material to their businesses and that they should disclose how they are overseeing such risks and opportunities to investors. This belief is fundamental to our Asset Stewardship approach.

Our Asset Stewardship program has three principles:

Effective board oversight Good governance underpins our asset stewardship activities. We trust the boards of portfolio companies and believe they are well-equipped to oversee proper implementation of their businesses' strategies. We also believe boards are responsible for minimizing the risks that can adversely affect performance of the company, including those related to environmental and social issues. Thus, we hold boards accountable through our engagement and voting activities. We do not seek to micromanage companies and boards.

Disclosure We promote the disclosure of information on how companies are managing the risks and opportunities related to topics that are deemed material to their business. We will hold boards accountable if we believe they do not sufficiently disclose information that can be deemed important to an investor's decision-making process.

Shareholder protection A robust governance process starts by ensuring minority shareholders' long-term interests are protected against detrimental actions by controlling shareholders. Companies should have appropriate shareholder rights and accountability mechanisms in place, including participation in annual meetings and the right to call special meetings and votes.

These principles serve as the foundation for our engagement and voting activities.

Figure 6
Asset Stewardship Activities

Engagement with portfolio companies	**Voting**	**Thought leadership**	**Interaction with investment teams**
Supporting standard-setting	**Public speaking**	**Engagement with clients**	**Monitoring engagement success**

Source: State Street Global Advisors, 31 December 2023.

Figure 7
2023 Asset Stewardship Activities

Engagement

940
Total Engagements

30+
Countries

Voting

23,200+
Meetings Voted

200,000+
Management Proposals

4,900+
Shareholder Proposals

Source: State Street Global Advisors, 31 December 2023.

4 Engagement and Voting

In this section, we explain our approach to engagement and voting and provide a general overview of our activity in these areas in 2023. For highlights from the year demonstrating our engagement and escalation, please see Chapter 5, Stewardship Engagement Highlights.

How We Engage

We believe engagement is a meaningful tool that we can use in a manner that enables us to protect and promote the long-term economic value of our clients' investments. Through engagement, we aim to build long-term relationships with our portfolio companies to address a broad range of topics relating to the promotion of long-term shareholder value creation.

Our Asset Stewardship team has developed our Global Proxy Voting and Engagement Policy (the "Policy"), which outlines our engagement approach. We conduct issuer-specific engagements to discuss the principles in the Policy, including sustainability-related risks and opportunities. We review and update the Policy annually as part of our regular review process. In addition, we assess emerging risks and issues affecting the companies in which we invest on behalf of our clients.

Types of Engagement

We take a comprehensive approach to engaging with our portfolio companies. Our stewardship prioritization process allows us to proactively identify companies for engagement and voting in order to mitigate risks in our portfolio. Through engagement, we aim to build long-term relationships with the issuers in which we invest on behalf of our clients and to address a broad range of topics relating to the promotion of long-term shareholder value creation. Companies and their boards are usually willing to engage with us independently if we have matters that we would like more information on or would like to discuss.

In 2023, we had 940 company engagements across 38 countries. We do not include emails, letters, and other less formal exchanges in our reporting of engagements.

Equity Engagements

In general, there are three types of engagements we conduct with companies on behalf of our equity investors:

1 **Engagements with Portfolio Companies in Connection with a Ballot Item or Other Topic in Our Policy** Engagements held with portfolio companies to discuss a ballot item, event, or other established topic found in our Policy. Such engagements generally, but not necessarily, occur during "proxy season." We may initiate these engagements, or they may be held at the request of the portfolio company.

2 **Off-Season Engagement at the Request of a Portfolio Company** From time-to-time, portfolio companies may seek to engage with us in the "off-season" to discuss a particular topic.

3 **Off-Season Proactive Engagement Campaigns** Each year, we will identify thematic engagement campaigns on important topics for which we are seeking more information to potentially inform our future voting guidelines. Examples of our 2023 equity engagements are discussed in Chapter 5, Stewardship Engagement Highlights.

We also believe it is good practice for us to speak to other investors that are running proxy contests, putting forth vote-no campaigns, or proposing shareholder proposals at portfolio companies. Read about our approach on page 28.

Fixed Income Engagements

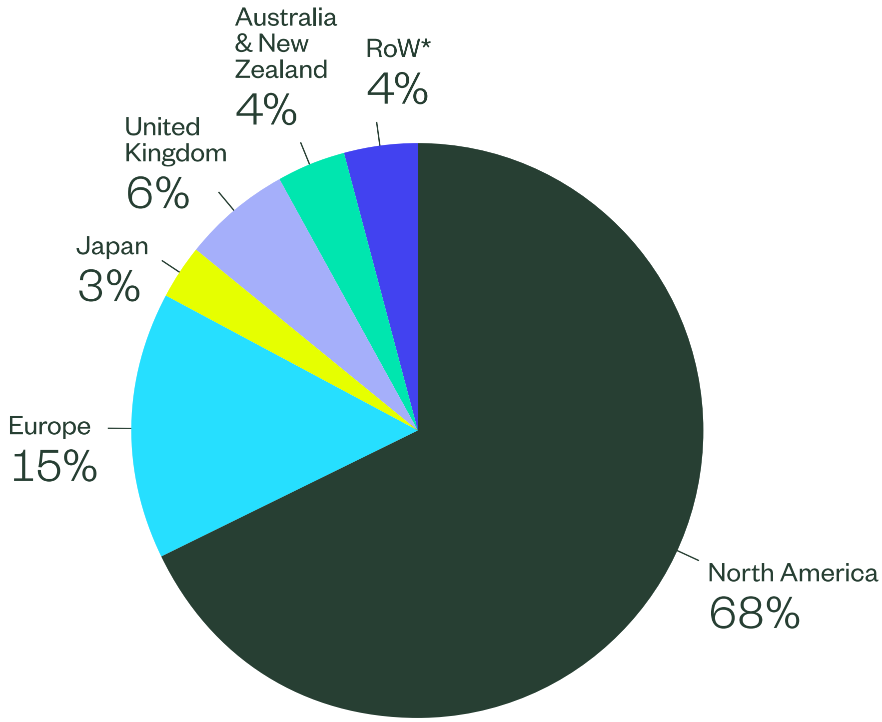
From time-to-time, certain corporate action election events, reclassifications or other changes to the investment terms of debt holdings may occur, or an issuer may seek to engage with us to discuss matters pertaining to the debt instruments that we hold on behalf of our clients. In such instances, we may engage with the issuer to obtain further information about the matter. Such engagements are the responsibility of our Fixed Income portfolio management team but may be supported by our Asset Stewardship team. All election decisions are the responsibility of the relevant portfolio management team.

In addition, we may identify themes for engagement campaigns with issuers on topics we believe may affect the value of our clients' debt investments. We may proactively engage with portfolio companies on these topics to help inform our views on the subject. Where such themes align with those relating to equities, such engagements may be carried out jointly on behalf of both equity and fixed income holdings where there is mutual benefit for both asset classes. Such engagements are led by our Asset Stewardship team but could be attended by the relevant portfolio management teams.

We continue to strengthen our stewardship of fixed income assets, and we seek to enhance the tools we have available to us to engage and seek improved outcomes from issuers with which we hold fixed income instruments. In 2023, we expanded our scope and hired a full-time fixed income stewardship specialist. For the year, we held 41 engagements with 39 issuers of various types, including corporates and banks.

For highlights from our fixed income engagements, please refer to Chapter 5, Stewardship Engagement Highlights.

Figure 8
Breakdown of Engagements by Region in 2023



Source: State Street Global Advisors 2023 Stewardship Platform, 31 December 2023.
*Rest of the World

2023 Comprehensive Engagements	Governance
940	736
Environmental	**Countries**
200	**38**
Social	
423	

Source: State Street Global Advisors, 31 December 2023.

Our Approach to Collaboration

We believe that to properly exercise the duties that we owe to our clients, we must always act independently when engaging with companies and making decisions about how to invest our clients' assets and how to vote the equity securities in which we invest those assets.

At the same time, we have joined various industry groups and industry initiatives to participate in conversations and information sharing about issues that impact global and local markets and that may affect the long-term value of our clients' assets (for more information, refer to

Chapter 7, Promoting Well-Functioning Markets). Doing so helps us expand our knowledge and share our views with other industry members, as well as seek the best available information regarding sustainability and important risks that may help us serve our clients.

We believe that this approach — remaining independent and joining industry groups to participate in industry-wide efforts relating to long-term shareholder value creation — is consistent with the duty that we owe to our clients, while also allowing us to remain in compliance with the variety of laws and regulations applicable to State Street Global Advisors across the globe.

We regularly participate in working groups, task forces and research projects where we can contribute our expertise and insights, learn from others and help shape frameworks, platforms, and approaches. It is important for us to participate in conversations about issues that may impact global and local markets and that may impact the long-term value of our clients' assets. However, we always remain independent in setting our Global Proxy Voting and Engagement Policy and when making voting and investment decisions on behalf of our clients. You can read more about this in Chapter 7, Promoting Well-Functioning Markets.

Use of R-Factor™ in Engagement

R-Factor is an ESG score developed by State Street Global Advisors that leverages multiple data sources and aligns them to the widely accepted, transparent Sustainability Accounting Standards Board Materiality Framework for over 12,500 publicly listed companies. R-Factor scores are among the many inputs our Asset Stewardship team may review when performing analysis on portfolio companies before engagements. We use R-Factor as a consideration when prioritizing engagements and may also engage with a company regarding its R-Factor score at its request.

Figure 9
Summary of 2023 Engagement Campaigns

Theme	Objective
Risk Management in an Uncertain Interest Rate Environment	Given the continued challenges companies face in navigating an uncertain interest rate environment, we have sought engagements with portfolio companies in the banking and insurance sectors to better understand their perspective in overseeing management's response to this operating environment.
Climate Transition Plan Disclosure[2]	In 2022, we began conducting engagements focused on climate transition plan disclosure to discuss guidance, share feedback, and better understand the risks and opportunities companies are facing. In 2023, we continued this ongoing engagement campaign, focusing on high-emitters in the energy, utilities, and materials sectors.
Climate and Nature-related Risks in the Food Value Chain	We are seeking to better understand how companies across segments of the food value chain — including the fertilizers and agricultural chemicals, agricultural products, and packaged food sub-industries — are responding to climate and nature-related risks and opportunities and to identify best practices on these topics.
Methane Emissions in the Oil and Gas Industry	We initiated an engagement campaign with global companies across the upstream, midstream, and downstream oil and gas value chain to better understand efforts related to managing methane emissions in 2022 and completed the campaign in 2023. Through our engagements, we aimed to better understand each company's strategy and encourage best practice disclosure.
Risks and Opportunities related to Emerging Technologies	We are in the process of conducting engagements with companies in the technology and communications sector that are involved in the development or implementation of emerging technologies to better understand the risks and opportunities associated with machine learning algorithms and AI in addition to other emerging technologies that companies identify as material to their businesses.
Human Capital Management; Diversity, Equity, and Inclusion	We launched these engagement campaigns in 2022. We continued to engage some of the largest US-based employers in our portfolio in an effort to assess their relevant disclosures and understand their board oversight practices.

Source: State Street Global Advisors, 31 December 2023.

Monitoring Engagement Outcomes

Our stewardship activities seek to enhance the availability and quality of company-specific disclosures and the oversight of the risks and opportunities that a company has deemed to be material.

While measuring outcomes — which are often qualitative — can be difficult, we track the outcome of our engagements in several ways, including:

- Disclosure alignment (e.g., how many companies are aligned with our disclosure expectations, including trends over time)
- Company-specific successes (e.g., whether a particular company responded to our request to disclose information or improve specific oversight practices)
- Voting outcomes (e.g., how many companies improved disclosure and/or oversight expectations after we voted against management, including trends over time)
- Market trends (e.g., academic research on the impact of our campaigns)

Escalation

Where initial engagement attempts with individual portfolio companies do not achieve the desired outcome, in line with our Policy, we may escalate our concerns by:

- Writing to the company to formalize our concerns and requests
- Further engaging with the board and company
- Supporting relevant shareholder resolutions that further our expectations
- Voting against or abstaining from voting management resolutions
- Voting against relevant board members

Our escalation process is designed to promote effective governance, disclosure, and oversight of material risks at portfolio companies, while taking into account individual market nuances. For examples of the outcomes of our engagements in 2023, including where we have escalated our concerns to the board, please see the "Engagement Highlights" included in Chapter 5, Stewardship Engagement Highlights.

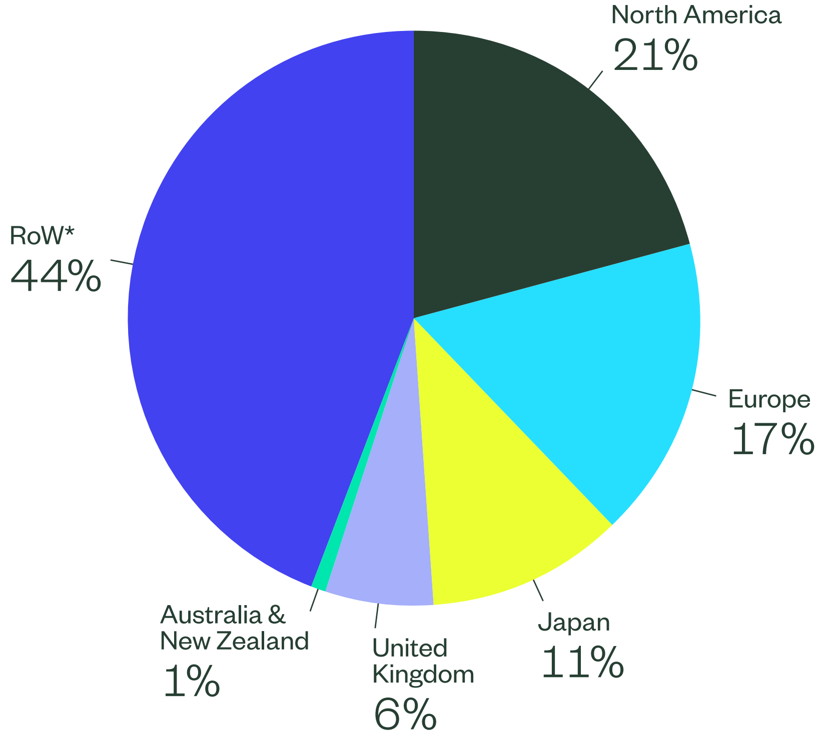
Voting

On behalf of our clients, we have the responsibility to vote at more than 20,000 shareholder meetings annually, including more than 205,000 proposals in 2023. We aim to execute our voting responsibility with accountability, consistency, and transparency and in a manner that we believe will most likely protect and promote the long-term economic value of client investments, as described in our Global Proxy Voting and Engagement Policy.

The majority of our voting decisions tend to be routine — clearly conforming to, or conflicting with, our published expectations for portfolio companies. When a voting decision is more nuanced, we will carefully review the proposal. We rely on publicly available information provided by portfolio companies and other sources to inform our analysis. We will also engage with companies where practicable if we need additional information to make our decision.

We have established and maintained a consistent voting record. We provide full transparency into our voting record online and in certain cases publish vote bulletins describing the reasoning behind voting decisions.

Figure 10
Breakdown of Proxy Voting by Region in 2023



Number of Meetings Voted

23,206

Number of Countries

62

Management Proposals

200,238

Shareholder Proposals

4,980

Votes For

83%

With Management

92%

Votes Against†

17%

Against Management

8%

Source: State Street Global Advisors, 31 December 2023. Location characterized by country in which a company is traded.
* Rest of the World.
† Includes abstains and withholds

Figure 11
Votes on Management Resolutions by Category

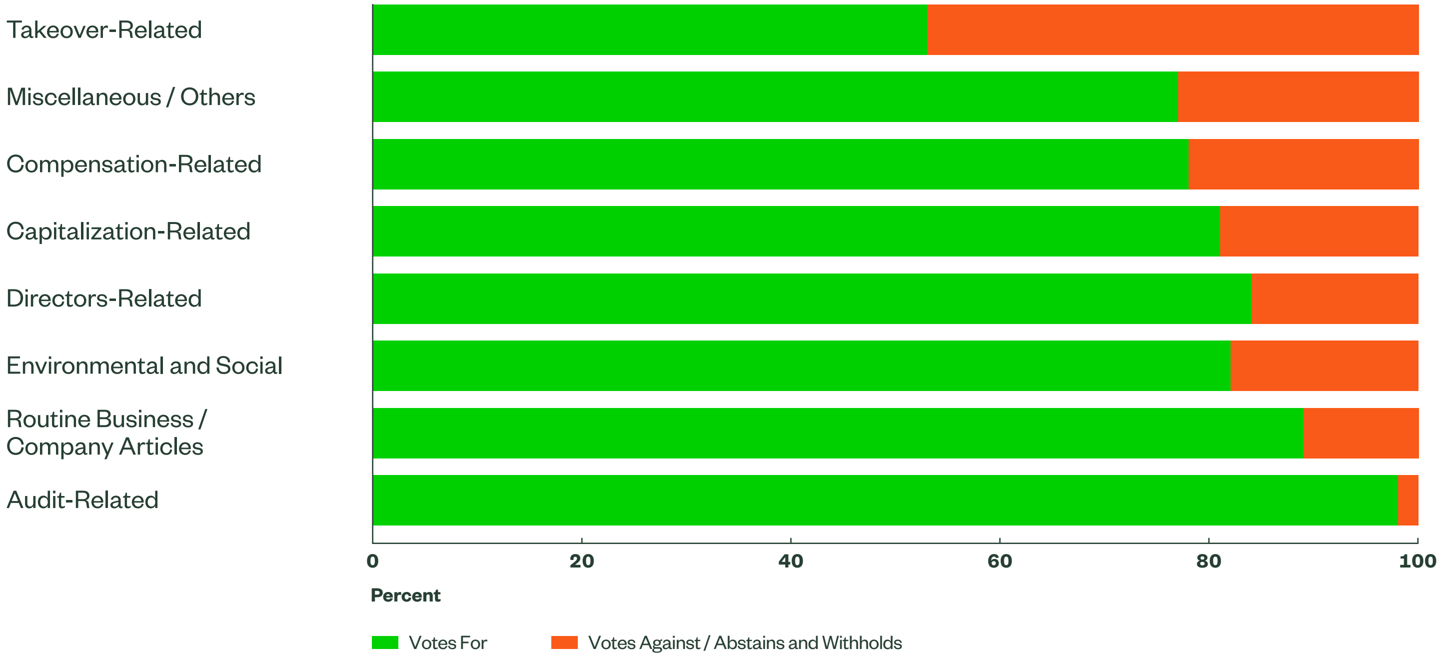
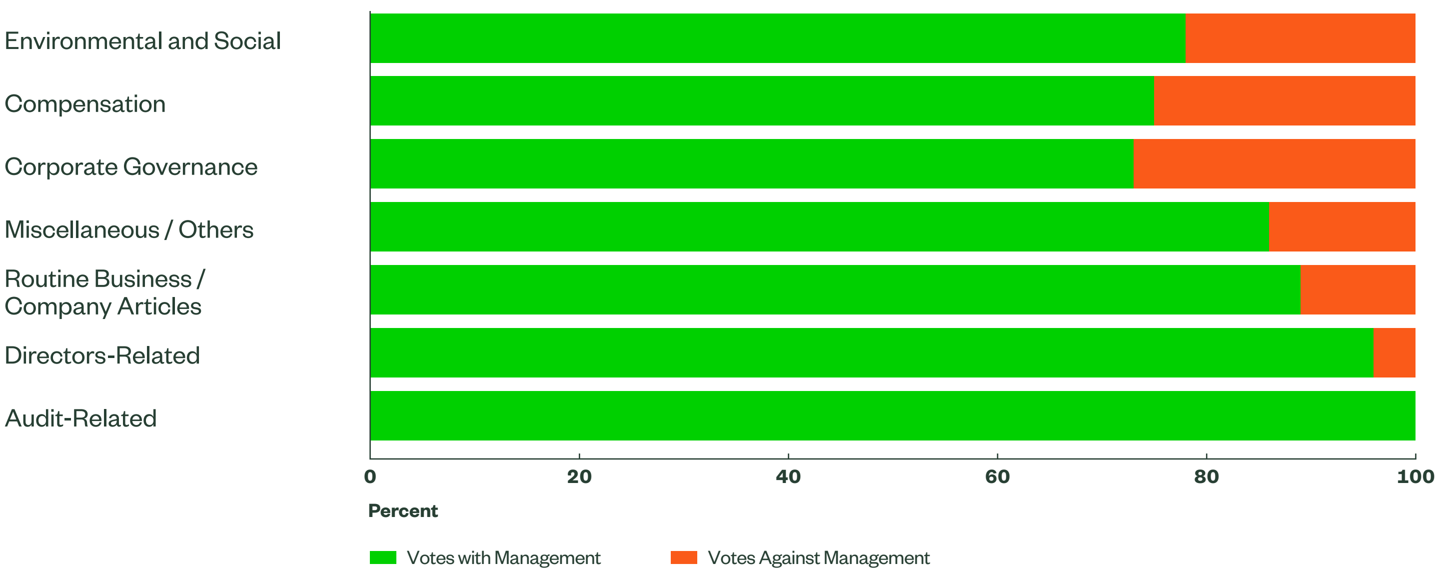


Figure 12
Votes on Shareholder Proposals by Category



Source: State Street Global Advisors, 31 December 2023.[3]

Example of How We Vote: Executive Compensation and Remuneration

We may vote against the re-election of members of the compensation committee if we have serious concerns about remuneration practices and if the company has not been responsive to shareholder feedback to review its approach. For example, if the level of dissent against a management proposal on executive pay is consistently high, and we have determined that a vote against a pay-related proposal is warranted in the third consecutive year, we may vote against the chair of the compensation committee.

We consider it the board's responsibility to identify the appropriate level of executive compensation. Despite the differences among the possible types of plans and awards, there is a simple underlying philosophy that guides our analysis of executive compensation: we believe that there should be a direct relationship between executive compensation and company performance over the long term.

Shareholders should have the opportunity to assess whether pay structures and levels are aligned with business performance. When assessing remuneration reports, we consider factors such as those listed below. We may oppose remuneration reports where pay seems misaligned with shareholders' interests.

For example, criteria we may consider include the following:

- Overall quantum relative to company performance
- Vesting periods and length of performance targets
- Mix of performance, time, and options-based stock units
- Use of special grants and one-time awards
- Retesting and repricing features
- Disclosure and transparency

In 2023, for example, we voted against executive compensation at a company because the portion of long-term compensation linked to performance outcomes was too low.

In 2023, there were 22,164 proposals on compensation practices or policies across our global investment portfolios. This represented 11 percent of all proposals that we voted on in 2023. In 2023, we supported approximately 77 percent of pay-related proposals, compared to 78 percent in the previous year.

Global Proxy Voting and Engagement Policy

Above, we have explained how we vote when our clients have given us the authority to vote their shares. This includes where a pooled fund fiduciary has delegated the responsibility to vote the fund's securities to us. We vote those securities in a unified manner, consistent with the principles described in the Global Proxy Voting and Engagement Policy (the "Policy").

Exceptions to this unified voting policy:

1 Where we have made our Proxy Voting Choice program available to our separately managed account clients and investors within a fund we manage, in which case a pro rata portion of shares held by the fund or segregated account attributable to clients who choose to participate in the Proxy Voting Choice program will be voted consistent with the third-party proxy voting guidelines selected by the client.

2 Where a pooled investment vehicle we manage utilizes a third-party proxy voting guideline as set forth in that fund's organizational and/or offering documents.

3 Where voting authority with respect to certain securities held by our pooled funds may be delegated to an independent third party as required by regulatory or other requirements. With respect to such funds and separately managed accounts utilizing third-party proxy voting guidelines, the terms of the applicable third-party proxy voting guidelines shall apply in place of the Policy, and the proxy votes implemented with respect to such a fund or account may differ from and be contrary to the votes implemented for other portfolios we manage pursuant to the Policy.

Proxy Voting Choice

Our Proxy Voting Choice program, which we announced in 2022 and launched in April of 2023, offers investors the ability to direct how shares held in the eligible funds they own are voted. The Proxy Voting Choice program offers eligible investors a range of voting policies that can be applied to the voting of shares held in those funds. Our clients with separately managed accounts (SMAs) already had the ability to direct their own voting, and the program was created to provide investors in pooled/commingled funds with a way to express their voting preferences. Investors who opt into the program can choose from eight voting policies based on which policy best fits their preferences. For clients who do not opt into the program, we continue to vote their shares in accordance with our Global Proxy Voting and Engagement Policy.

To establish the Proxy Voting Choice program, we worked with Institutional Shareholder Services (ISS), an industry leader in proxy voting administration and the current facilitator of our proxy voting process and administrator of the State Street Global Advisors proxy voting policy, as well as with Broadridge to offer the program to retail investors after the program was launched in 2023. Investors can express their views on specific areas through the following ISS voting policy options:

- ISS Benchmark Policy
- ISS Sustainability Policy
- ISS Socially Responsible Investment Policy
- ISS Catholic Faith-Based Policy
- ISS Public Fund Policy
- ISS Taft-Hartley Policy
- ISS Global Board-Aligned Policy (For US funds only)
- Vote with Company Board Recommendation Policy (For US funds only)

As of 31 December 2023, the program covers over 80% of the eligible index equity assets we manage, including all US and UK institutional index equity funds and a broad range of US index equity SPDR® ETFs and mutual funds.[4] By the end of 2024, we aim to include all eligible index equity US SPDR ETFs and US mutual funds we and our affiliates manage in the Proxy Voting Choice program.

Securities Lending Recall and Restriction Policy

We recognize the importance of balancing the benefits of voting shares and the incremental lending revenue for the pooled funds that participate in our securities lending program (the "Lending Funds"). Our objective is to recall securities on loan and restrict future lending until after the record date for the respective vote in instances where we believe that a particular vote could have a material impact on the Lending Funds' long-term financial performance, and the benefit of voting shares will outweigh the forgone lending income.

Accordingly, we have set systematic recall and lending restriction criteria for shareholder meetings involving situations with the highest potential financial implications (such as proxy contests and strategic transactions including mergers and acquisitions, going dark transactions, change of corporate form, bankruptcy, and liquidation). Generally, these criteria for recall and restriction for lending only apply to certain large cap indices in developed markets.

We monitor the forgone lending revenue associated with each recall to determine if the impact on the Lending Funds' long-term financial performance and the benefit of voting shares will outweigh the forgone lending income.

Although our objective is to systematically recall securities based on the aforementioned criteria, we must receive notice of the vote in sufficient time to recall the shares on or before the record date. In cases in which we do not receive timely notice, we may not be able to recall the shares on or before the record date.

Our procedure for Securities Lending is reviewed annually to determine whether any changes are necessary and whether it is working as intended.

Proxy Voting Ballot Proposals

The ballots of public companies carried more than 470 different types of proposals in 2023, presented by management and shareholders. Below, we review the most common types of voting proposals.

Management Proposals

Management mainly presents proxy proposals to elect directors, handle routine business, and seek approval for compensation. We believe that company boards do right by investors — in fact, in 2023 83% of our votes aligned with the voting recommendations of company boards. Differences with companies' boards have arisen 17% of the time, generally when a company does not demonstrate best practice disclosure in line with other companies in its sector or market, or otherwise does not meet the expectations in our Policy.

As a general matter, we believe company boards are best placed to oversee strategy and company management, but we have a duty as an asset manager to hold boards accountable to their shareholders, which we do through our engagement and proxy voting activities and use of our director votes. Our Policy outlines guidelines under which we may vote against directors. The common factors are failure to demonstrate effective oversight and lack of disclosure of risks and/or opportunities deemed material by the company.

Figure 13
Breakdown of Management Voting Proposals in 2023

Categories	Number of Meetings Voted	% of Total
Director Elections	95,402	48%
Routine business items (eg. Ratyfying auditors, approving income and dividend allocation)	38,112	19%
Compensation-related	21,971	11%
Capitalization-related	17,323	9%
Audit-related	11,805	6%
Other	15,625	8%
Total Management Proposals	**200,238**	**100%**

Source: State Street Global Advisors, 31 December 2023.

Shareholder Proposals

When voting our clients' proxies, we may be presented with shareholder proposals at portfolio companies that must be evaluated on a case-by-case basis and in line with our Policy. As discussed earlier, we believe that company boards do right by investors and are responsible for overseeing strategy and company management. Towards that end, we generally vote against a shareholder proposal if it appears to impose changes to business strategy or operations, such as increasing or decreasing investment in certain products or businesses or phasing out a product or business line or if it is not a topic that the company has deemed to be material in their public disclosure documents. When assessing shareholder proposals, we fundamentally consider whether the adoption of the resolution would promote long-term shareholder value in the context of our core governance principles of effective board oversight, quality disclosure, and shareholder protection.

Figure 14
Breakdown of Shareholder Voting Proposals in 2023

Categories	Number of Meetings Voted	% of Total
Director Elections	2586	52%
Routine business items (e.g., ratifying auditors, approving income and dividend allocation)	220	4%
Compensation-related	193	4%
Audit-related	693	14%
Other	1288	26%
Total Shareholder Proposals	**4980**	**100%**

Source: State Street Global Advisors, 31 December 2023.

We take a case-by-case approach and may vote for a shareholder proposal we believe will lead to increased alignment with our expectations for a company's disclosure and oversight practices.

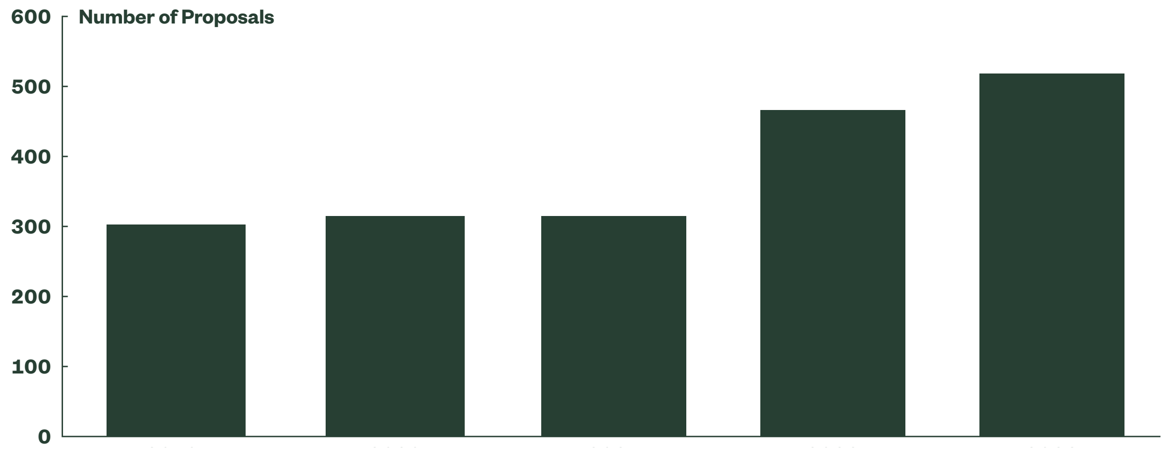
Voting on Environmental and Social Shareholder Proposals

We have developed a thoughtful and consistent approach to voting on shareholder proposals addressing environmental and social (E&S) issues.[5] When assessing shareholder proposals, we review such proposals against the principles of our Asset Stewardship program: effective board oversight, disclosure, and shareholder protection. We have also developed specific criteria on common topics which we use to evaluate such proposals. Such criteria include:

- Is the proposal seeking operational change?
- Is the proposal overly prescriptive?
- Has the company deemed the proposal topic to be material in their public disclosure documents?
- If the proposal relates to disclosure or shareholder protection, has the company provided a time-bound commitment to satisfy the spirit of the proposal?
- Has the board demonstrated a failure of effective oversight on the proposal topic?
- Would the adoption of the proposal enhance the protection of minority shareholder rights?

While the majority of shareholder proposals are focused on governance issues[6] (90 percent in 2023), there has been a notable increase in the number of shareholder proposals targeting environmental and social issues over the past two years, as illustrated in Figure 15. Despite the recent increase, these proposals accounted for approximately 0.25 percent of the proposals we voted on in 2023.

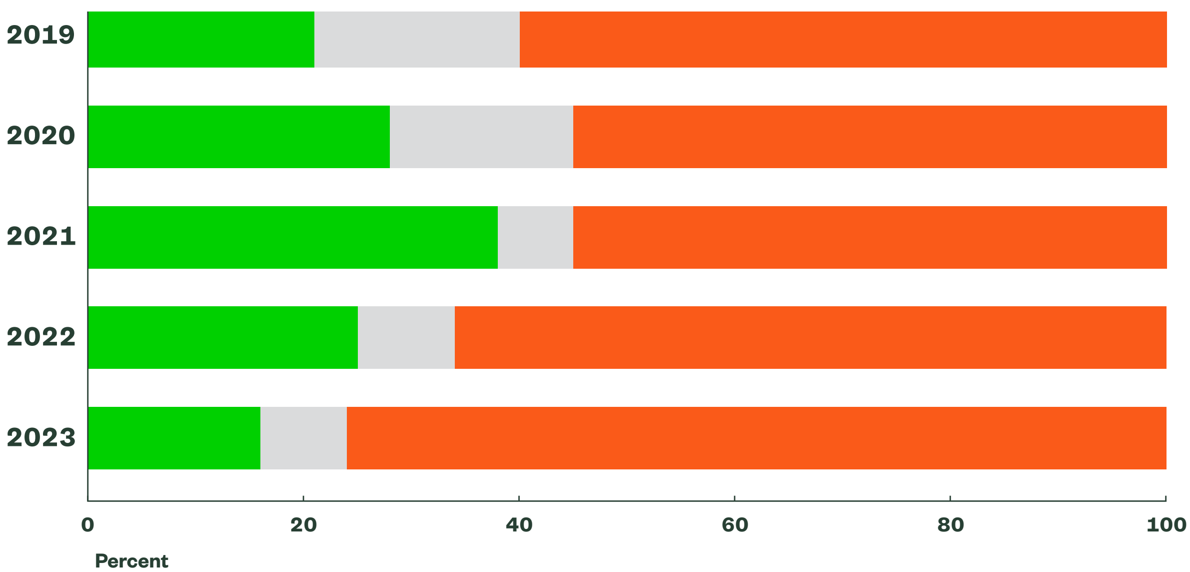
Figure 15
Envrionmental and Social Shareholder Proposals Filed Globally Over Time



Source: State Street Global Advisors, 31 December 2023.[7]

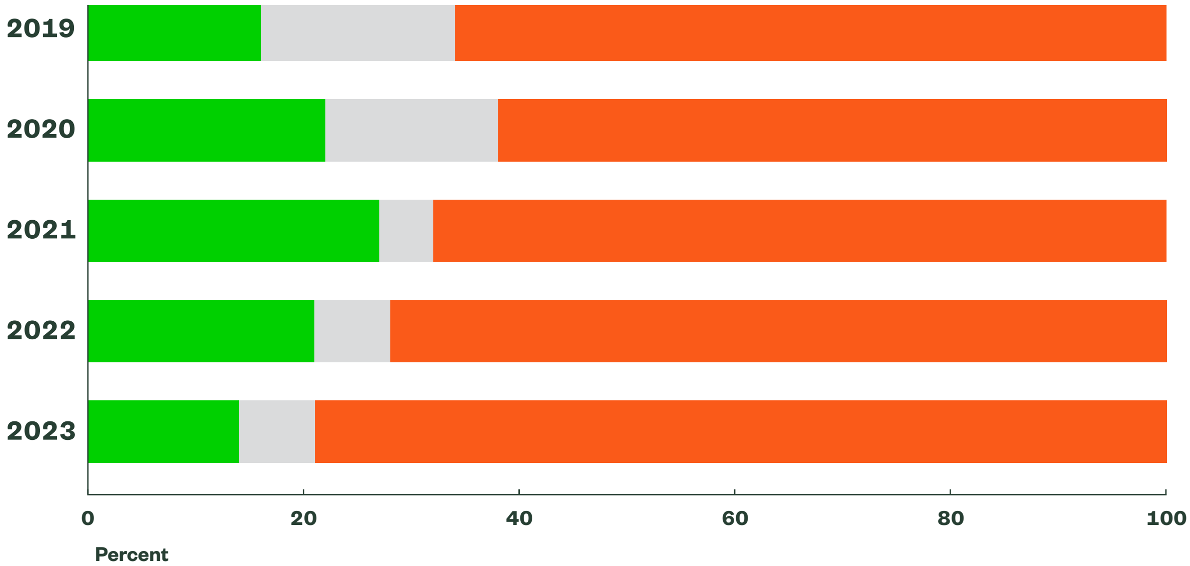
Our approach to voting on shareholder proposals has remained consistent, although we have also noted a decline in our support for such proposals both in North America and globally, as reflected in Figures 16 and 17.

Figure 16
North America Voting on Environmental and Social Shareholder Proposals



Source: State Street Global Advisors, 31 December 2023.[8]

Figure 17
Global Voting on Environmental and Social Shareholder Proposals



Source: State Street Global Advisors, 31 December 2023.[9]

We expect to continue a consistent approach to analyzing shareholder proposals, as outlined in our Policy, as long as doing so aligns with our clients' best interests, and we will also continue to use our director vote where appropriate.

Engaging With Other Investors Soliciting our Votes in Connection With Vote-No Campaigns or Shareholder Proposals

We believe it is good practice for us to speak to other investors that are running proxy contests, putting forth vote-no campaigns, or proposing shareholder proposals at portfolio companies. However, we generally limit such discussions with investors to one engagement with the proponent unless we believe it is necessary to have a follow-up discussion, and we also will seek to engage with the company. We welcome the opportunity to review materials sent in advance of the proposed discussion. To the extent possible, we review all materials made publicly available by the investor or the company on a contested ballot item before making our own independent voting decision.

Our primary purpose of engaging with investors is:

- To gain a better understanding of their position or concerns at portfolio companies.
- In proxy contest situations:
  - — To assess possible director candidates where investors are seeking board representation.
  - — To understand the investor's proposed strategy for the company and investment time horizon to assess their alignment with our views and interests as a long-term shareholder.

Proxy Contest Voting

Proxy contests are situations in which a group of company shareholders unite in an attempt to oppose and vote out the current management or board of directors. As long-term shareholders, we vote proxies in director elections, including related to nominating committee members who play a critical role in determining board composition. While our default position is to support the committees' judgement, we consider the following factors when evaluating dissident nominees:

- Strategy presented by dissident nominees versus that of current management, as overseen by the incumbent board
- Effectiveness, quality, and experience of the management slate
- Material governance failures and the level of responsiveness to shareholder concerns and market signals by the incumbent board

- Quality of disclosure and engagement practices to support changes to shareholder rights, capital allocation and/or governance structure
- Company performance and, if applicable, the merit of a recovery plan

Monitoring and Reporting Voting Outcomes

Our team monitors and reports on the effectiveness of our program including voting outcomes, disclosure alignment, and company-specific successes. We report our outcomes and activities in our quarterly stewardship activity reports, vote bulletins, and Vote View.

Vote View State Street Global Advisors' final votes are published on our public Vote View platform in the quarter following the quarter when the shareholder meeting occurred.

Vote Bulletins For certain votes, our team publishes a "Vote Bulletin" to offer insight into our rationale for our voting decision. These are available under the "How We Vote" tab of our Voting and Guidance Library. Recently published vote bulletins are summarized below.

Figure 18
Vote Bulletins Summary

Company	Apple Inc.
Meeting Date	10 March 2023
Key Issues	Director time commitments; executive compensation; diversity, equity, and inclusion; civil rights; human rights; geopolitical risk
Vote Decisions	We voted with management on all ballot items. The company enhanced disclosures and improved oversight of director time commitments.
Company	Bayer AG
Meeting Date	28 April 2023
Key Issues	Compensation
Vote Decisions	We were concerned that the CEO's bonus is insulated from cash outflows in connection with litigation which has an impact on shareholder value. However, Bayer's supervisory board took a number of actions in order to respond to shareholder feedback regarding executive remuneration. For these reasons, we abstained on the 2022 remuneration report at the company's most recent annual meeting. We will continue to closely monitor Bayer's executive pay practices in the future.
Company	BP Plc
Meeting Date	27 April 2023
Key Issues	Compensation
Vote Decisions	We engaged with management and were satisfied that the remuneration committee had exercised downward discretion in the pay award in response to fatalities at the company and had adjusted their future approach to incentivize eliminating fatalities. We voted with management on the approval of the remuneration report.
Company	Norfolk Southern Corporation
Meeting Date	11 May 2023
Key Issues	Safety; human capital management; risk management; environmental impact; political participation and lobbying
Vote Decisions	We engaged prior to the May 2023 Annual General Meeting (AGM), voicing our expectation that the safety committee needs to be vigilant in their stakeholder engagement outreach and be transparent with the short-, medium-, and long-term steps taken to sufficiently resolve the risks that recent high-profile incidents had exposed. We continued this discussion in Q4 2023 where the company presented several material changes to their operational and safety oversight, corporate governance structure, and risk management practices, as a result of these adverse events.
Company	Taiwan Semiconductor Manufacturing Co., Ltd. (TSMC)
Meeting Date	06 June 2023
Key Issues	Corporate governance; provision of endorsement and guarantees; company strategy
Vote Decisions	After engaging with the company and reviewing its public disclosures, we supported the company's proposal to amend procedures for endorsement and guarantees. We believe the proposed amendments support the investments required to deliver on the company's growth opportunity and sustain its market position, in alignment with the company's long-term strategy.

Client Engagements We regularly address clients' requests to explain our rationale for votes on certain issues.

Quarterly Stewardship Activity Reports We provide details of our stewardship approach, engagement and voting policies, and activities during the quarter in our asset stewardship library.

When We Refrain from Voting

We aim to vote at all shareholder meetings where our clients have given us the authority to vote their shares and where it is feasible to do so. When we deem appropriate, we may refrain from voting at meetings when:

1. Power of attorney documentation is required
2. Voting will have a material impact on our ability to trade the security
3. Voting is not permissible due to sanctions affecting a company or individual
4. Issuer-specific special documentation is required or various market or issuer certifications are required
5. Unless a client in a separately managed account directs otherwise, State Street Global Advisors will not vote proxies in so-called "share blocking" markets (markets where proxy voters have their securities blocked from trading during the period of the annual meeting)

Additionally, we are unable to vote proxies when certain custodians used by our clients do not offer proxy voting in a jurisdiction or when they charge a meeting-specific fee in excess of the typical custody service agreement.

Voting authority attached to certain securities held by State Street Global Advisors' pooled funds may be delegated to an independent third party as required by regulatory or other requirements. Under such arrangements, voting will be conducted by the independent third party pursuant to its proxy voting policy and not pursuant to our Policy.

In 2023, 98% of meetings were voted across all our strategies. This included where our clients had given us their authority to vote their shares as well as where clients use Proxy Voting Choice. Our voting positions are monitored daily by our Asset Stewardship team via the ISS electronic voting platform. Using the same platform, we also track the progress of the vote submissions through to the relevant custodian bank or other intermediary responsible for the final submission of the vote to the issuing company.

2023 Changes to Global Proxy Voting and Engagement Policy

In 2023, we amended certain proxy voting and engagement guidelines as described below.

Virtual/Hybrid Shareholder Meetings: Global Markets

We will generally support proposals that grant boards the right to hold shareholder meetings in a virtual or hybrid format as long as companies uphold the below best practices:

- Afford virtual attendee shareholders the same rights as would normally be granted to in-person attendee shareholders
- Commit to time-bound renewal (five years or less) of meeting format authorization by shareholders
- Provide a written record of all questions posed during the meeting
- Comply with local market laws and regulations relating to virtual and hybrid shareholder meeting practices

Egregious Bylaw Amendments: US	Consistent with our existing voting guidelines, we may withhold votes from directors in cases where the directors have unilaterally adopted/amended company bylaws that negatively impact our shareholder rights without putting such amendments to a shareholder vote. We will also increase our focus on this topic in our engagements.
Cross-shareholdings: Japan	“Cross-Shareholdings” are a long-standing feature of the balance sheets of many Japanese companies but, in our view, can be detrimental for corporate governance practices and ultimately shareholder returns. We may vote against the board leader at those TOPIX 500 companies where the “cross-shareholdings” (strategic listed shares) held by a company exceed 30 percent of the company’s net assets (as in the securities report disclosed for the previous fiscal year).
Board Independence: Japan	In line with the recommendations of the Japan Corporate Governance Code, for companies in the TOPIX 500, we may vote against the board leader responsible for the director nomination process if the board does not have at least three independent directors and is not at least one-third independent. For non-TOPIX 500 companies, we may vote against the board leader responsible for the director nomination process if the board does not have at least two independent directors.
Climate-related Disclosures: Australia, Japan, Hong Kong, Singapore	We believe the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) provide the most effective framework for disclosure of climate-related risks. As such, in addition to potentially taking voting action against companies in the S&P 500, S&P/TSX Composite, FTSE 350, STOXX 600, and ASX 100, which became effective in March 2022, we began take voting action against companies in the ASX 200, TOPIX 100, Hang Seng, and Straits Times in 2023, if the companies fail to provide sufficient disclosure regarding climate-related risks and opportunities related to that company, or board oversight of climate-related risks and opportunities, in accordance with the TCFD framework.
Board Racial and Ethnic Diversity Disclosure: UK and US	To achieve alignment with our expectations for quality and consistent disclosure, if a company in the Russell 1000 or FTSE 350 does not disclose the gender, racial, and ethnic composition of its board, we may vote against the chair of the nominating committee.
Board Gender Diversity: Australia, Europe, Canada, UK, US	We now expect companies in the Russell 3000, TSX, FTSE 350, STOXX 600, and ASX 300 to have boards composed of at least 30 percent women directors. If a company does not meet this expectation, we may vote against the chair of the board’s nominating committee or the board leader in the absence of a nominating committee. Additionally, if a company does not meet this expectation for three consecutive years, we may vote against all incumbent members of the nominating committee or those persons deemed responsible for the nomination process.
R-Factor™: Global	Consistent with our existing engagement practices, we may engage with companies regarding their R-Factor score at the request of the company. This policy is available on our website.

5 Stewardship Engagement Highlights

Introduction

Our stewardship program has been anchored in effective board oversight and disclosure of material risks and opportunities. Our engagements help us to establish disclosure expectations and to more fully understand the nuanced challenges that companies seek to address, including those related to sustainability factors.

Guided by our Global Proxy Voting and Engagement Policy (the "Policy"), there are often areas where our team focuses our proactive engagement activity over multiple years. We regularly review these areas to ensure that they remain important to the creation of long-term value for our clients and that our interactions with companies remain effective and meaningful. To establish where we focus our attention, we conduct independent research on emerging risk factors that may affect portfolio companies. In addition, we discuss region- and investor-specific risks with our clients to ensure we are covering the issues that are important to them. We prioritize conversations with companies with respect to certain factors that we believe are important and/or that relate to our Policy or where we have received a shareholder proposal on their proxy that warrants discussion.

In 2023, some important topics that served as engagement themes for discussion of oversight and disclosure were climate risk management, human capital management, and diversity, equity, and inclusion. Our Policy includes assessment criteria related to these topics, and we engage with companies to learn about their related oversight practices as well as to encourage better disclosure. Below we provide more detail and highlights on our stewardship activities in 2023.

Effective Board Oversight

Engagement and Voting

Effective board oversight centers around governance. We conducted more than 450 governance-related engagements in 2023 in which we discussed issues regarding board practices, shareholder rights, and executive compensation, among other topics. Many of these engagements occurred before company shareholder meetings, but we also engaged with companies as part of the campaigns highlighted below.

Engagement Campaigns

Risk Management in an Uncertain Interest Rate Environment

The fallout related to Silicon Valley Bank and the subsequent banking crisis highlighted the risk of non-linear events that could precipitate systemic risks in the context of an uncertain interest rate environment. The resulting regulatory, reputational, legal, and market-related risks of these events demonstrate the importance of effective board leadership. Given the continued challenges companies face in navigating an uncertain interest rate environment, we sought engagements with portfolio companies in the banking and insurance sectors to better understand their insights learned in overseeing management's response to this operating environment. Where possible, we tried to speak with board members who lead or sit on the risk committee, the board chair, and/or those who otherwise maintain responsibility for the oversight of management's risk mitigation and disclosure practices.

Director Time Commitments

We have long believed that investors would benefit from more transparency about how nominating committees assess their directors' time commitments, including which factors are considered in this assessment. 173 of our portfolio companies in the US have updated their corporate governance guidelines, which are now aligned with our disclosure expectations.[10]

Following up on a comment letter to the Financial Reporting Council (FRC) in late 2023 in response to the consultation on the UK Corporate Governance Code, we conducted engagements with 16 of the top 30 FTSE companies to better understand their annual disclosure and oversight practices of assessing their directors' commitments outside of the board. Through these discussions we observed the following trends:

- Public disclosure of nominating committees' oversight practices regarding director time commitments is prevalent among the FTSE 30, including which factors are included in annual assessments and the nature of individual director commitment types and levels.
- Numerical limits for public company boards on which corporate directors can sit are less commonly disclosed in the UK market relative to the US,[11] where 81% percent of S&P 500 boards report that they have some limit on directors accepting other public company directorships.[12]

Risks and Opportunities related to Emerging Technologies

In 2022, we identified risks and opportunities related to emerging technologies as an area of growing importance, considering the increase in the number of shareholder proposals filed at the annual meetings of technology companies on this topic and the recent advancements in development and adoption of emerging technologies like generative artificial intelligence (AI). We plan to conduct engagements with companies in the technology and communications sectors that are involved in the development or implementation of these technologies. As a part of this campaign, we plan to discuss risks and opportunities associated with machine learning algorithms and AI, in addition to other emerging technologies that companies identify as material to their businesses.

Figure 19 **Board Oversight Engagement Highlights**

Company	**AGL Energy Limited**
Geography and Industry	Australia SICS Industry: Electric Utilities and Power Generators
Key Topics	Board Oversight, Executive Compensation
Asset Class	Equity
Key Resolutions	Director Elections, Executive Compensation
Background	In 2022 AGL Energy Limited (AGL) undertook a demerger transaction that was ultimately unsuccessful and resulted in a proxy contest where the full slate of dissident candidates were elected to the AGL board of directors.
Activity	In 2023, we engaged with AGL multiple times including ahead of the company's AGM to discuss several topics, including the current board composition and effectiveness, CEO succession, and climate-related disclosure. Remuneration was also a focus area of our discussions as the company faced a strike in 2022 and committed to amend certain aspects of the remuneration structure. During engagement we shared feedback for enhanced disclosure on linking these changes to strategy alignment.
Outcome	We supported management on all resolutions at the 2023 AGM, including director elections and the remuneration report. We appreciate the enhanced disclosure in the annual report of the board's decision-making on remuneration outcomes. We will remain engaged with the company as it continues to execute on its strategic commitments.
Company	**American Express Company**
Geography and Industry	United States SICS Industry: Consumer Finance
Key Topics	Director Time Commitments
Asset Class	Equity
Key Resolutions	Director Elections
Background	Under our Policy guidelines on director time commitments, one of American Express Company's ("American Express") directors was classified as "overcommitted" prior to the company's May 2023 AGM.
Activity	In 2022, we updated our voting Policy on directors' commitments to ensure nominating committees evaluate their directors' time commitments, regularly assess director effectiveness, and provide public disclosure on their policies and efforts to investors. Through our recurring engagement with the company, we notified it of this updated Policy and offered this disclosure-driven waiver prior to the May 2023 AGM, pending the company's commitment to complying with our expectations in the second half of the year.
Outcome	American Express updated their corporate governance guidelines and enhanced their disclosure in their proxy statement to provide shareholders with more transparency on the role played by the nominating committee in overseeing director time commitments. This disclosure was fully compliant with the four criteria outlined in our Policy. As a result, we are positioned to continue to support the identified director at the AGM.

Company	**Apple Inc.**
Geography and Industry	United States SICS Industry: Hardware
Key Topics	Director Time Commitments, Executive Compensation
Asset Class	Equity
Key Resolutions	Director Election, Executive Compensation
Background	Director elections and time commitments: The time commitment associated with serving as a director on a public company board is ever-increasing. At Apple Inc.'s 2022 annual meeting we voted against multiple directors for misalignment with our expectations. Executive compensation: We voted against executive compensation at Apple Inc.'s 2022 annual meeting. At the time we expressed the need for a greater portion of executive pay to be linked to performance.
Activity	Following our adverse votes against management's recommendations at the 2022 annual meeting, we held three engagements with Apple through the off-season and leading up to the company's 2023 annual meeting. During these engagements we provided feedback on areas of improvement for the company's disclosure of their oversight of the board's outside obligations. We shared with members of the total rewards team our perspective regarding the inadequate linking of performance to long-term compensation.
Outcome	Director elections and time commitments: In its 2023 proxy, the company disclosed that "The Board amended its Corporate Governance Guidelines to require an annual review by the nominating committee of each director's various time commitments. The nominating committee has determined that, in its view, no director currently has time commitments that would prevent them from properly discharging their duties as directors." Given the company's enhanced disclosure and improved oversight of director time commitments, we did not vote against any directors at the company's most recent annual meeting. Executive compensation: Prior to its 2023 annual meeting, we engaged with Apple and were pleased to learn that while the compensation vote passed with 64% investor support, Apple heard feedback from a number of investors and subsequently made structural changes to compensation. In particular we agreed with the company's decision to increase the portion of performance-based RSUs granted to its CEO from 50% to 75% moving forward, beginning for the 2023 target equity award.

Company	**FUJIFILM Holdings Corp.**
Geography and Industry	Japan SICS Sector: Technology and Communications SICS Industry: Hardware
Key Topics	Board Effectiveness, Board Independence
Asset Class	Equity
Key Resolutions	Director Elections
Background	Since 2020, we have annually identified companies who we believe could strengthen their governance practices relative to relevant country-level corporate governance codes. Since most governance codes are implemented on a comply-or-explain basis, we request engagements with these companies to better understand their perspective and any plans for change.
Activity	In February 2023, we reached out to over forty of our portfolio companies globally – including Fujifilm– to better understand their plans and progress in strengthening their practices relative to investors' governance expectations and local governance code. Our outreach resulted in a first-time engagement with an independent director of the company. As Japanese boards become more independent, we expect an increased opportunity to engage with independent directors in order to understand the impact of their outside voice on board discussions and oversight. In our engagement, we learned of the board's refreshed focus on the annual board effectiveness evaluation process, including a revamped director skills matrix, succession planning oversight, and executive sessions and site visits consisting solely of independent directors, a first for the company.
Outcome	Due to Fujifilm's efforts and our ongoing engagement, we supported the election of all directors and all management-proposed items at the company's 2023 AGM.

Company	**Nokia Oyj**
Geography and Industry	Finland SICS Industry: Technology and Communications
Key Topics	Director Time Commitments, Executive Compensation, Shareholder Rights
Asset Class	Equity
Key Resolutions	Director Elections
Background	In 2022, we updated our voting Policy on directors' commitments to ensure nominating committees evaluate their directors' time commitments, regularly assess director effectiveness, and provide public disclosure on their policies and efforts to investors. During our November 2022 engagement with Nokia Oyj ("Nokia"), we informed the company that in 2023 we may waive our director time commitment Policy if companies made specific disclosures.
Activity	We consider if a company publicly discloses its director time commitment policy (e.g., within corporate governance guidelines, proxy statement, company website). This policy or associated disclosure must include: • Description of the annual policy review process undertaken by the nominating committee to evaluate director time commitments • Numerical limit(s) on public company board seat(s) the company's directors can serve on We encouraged Nokia to develop and publish a policy on director time commitments that would be aligned with our waiver.
Outcome	During our November 2023 engagement, Nokia informed us that it had developed and published a policy on director time commitments. Nokia's policy is fully aligned with our disclosure waiver criteria and serves as an example of outstanding disclosure practices.

Company	**Obayashi Corp**
Geography and Industry	Japan SICS Sector: Infrastructure SICS Industry: Engineering and Construction Services
Key Topics	Board Oversight, Capital Allocation, Cross-Shareholdings
Asset Class	Equity
Key Resolutions	Director Elections
Background	Many Japanese companies make strategic investments in other companies via "cross-shareholdings." These companies often defend the practice as the best use of capital or as an opportunity to strengthen business relationships with other companies, but, in our view, cross-shareholdings can be detrimental to corporate governance and ultimately shareholder value. Consistent with this view, we may vote against the board leader at those TOPIX 500 companies where the cross-shareholdings (strategic listed shares) held by a company exceed 30 percent of the company's net assets (as in the securities report disclosed for the previous fiscal year).
Activity	In November 2022, we reached out to over twenty of our portfolio companies globally – including Obayashi Corp – to understand their perspective and learn if they have plans to provide a specific, timebound, and publicly available plan for reducing their exposure to cross-shareholdings. In our discussion, we learned about the company's medium-term business plan, which announced a commitment to bring the ratio of cross-shareholdings to less than 20 percent of the company's consolidated net assets by March 2027. The company also explained that it intends to use the proceeds from sales of the cross-shareholdings to enhance corporate value by investing in areas of the business that it believes will contribute to sustained medium- and long-term growth. The company also provided an overview of the board and management's oversight of this responsible wind-down process of cross-shareholdings over the next four years.
Outcome	Due to Obayashi's specific, timebound, and publicly available plan for reducing its exposure to cross-shareholdings to less than 20 percent by 2027, we supported the company's board leader at the 2023 AGM.

Company	**The Procter & Gamble Company**
Geography and Industry	United States SICS Industry: Household and Personal Products
Asset Class	Equity
Key Resolutions	Director Elections
Background	Under the Policy on director time commitments, one of Procter & Gamble's directors was classified as "overcommitted" prior to the company's October 2023 AGM.
Activity	In 2022, to ensure nominating committees evaluate their directors' time commitments, regularly assess director effectiveness, and provide public disclosure on their policies and efforts to investors, we introduced a waiver to our voting Policy. Through our recurring engagement with the company, we informed it of this update and offered this disclosure-driven waiver prior to the October 2023 AGM.
Outcome	Procter & Gamble updated its corporate governance guidelines and enhanced its disclosure in its proxy statement to provide shareholders with more transparency on the role played by the nominating committee in overseeing director time commitments. This disclosure was fully aligned with the criteria outlined in our waiver-eligible expectations. As a result, we waived our withhold vote, supporting the individual director at the AGM.

Company	**Smith & Wesson Brands, Inc.**
Geography and Industry	United States SICS Industry: Toys and Sporting Goods
Asset Class	Equity
Key Resolutions	Director Elections
Background	Under the Policy on director time commitments, one of Smith & Wesson's directors was classified as "overcommitted" prior to the company's September 2023 AGM.
Activity	In 2022, we introduced a disclosure-driven vote waiver and guidelines on directors' commitments to ensure nominating committees evaluate their directors' time commitments, regularly assess director effectiveness, and provide public disclosure on their policies and efforts to investors. Through our recurring engagement with the company, we informed it of this update and offered this disclosure-driven waiver prior to the September 2023 AGM.
Outcome	Smith & Wesson updated its corporate governance guidelines and enhanced its disclosure in its proxy statement to provide shareholders with more transparency on the role played by the nominating committee in overseeing director time commitments. This disclosure was fully aligned with the criteria outlined in our waiver-eligible expectations. As a result, we waived our withhold vote, supporting the individual director at the AGM.

Company	**Tesla, Inc.**
Geography and Industry	United States SICS Industry: Automobiles
Key Topics	Board Independence, Board Structure, Board Accountability, Share Pledging, Executive Compensation
Asset Class	Equity
Key Resolutions	Executive Compensation, Director Elections
Background	We voted against a director at the company's 2022 annual meeting due to misalignment with our expectations of appropriate board oversight. In our recurring engagements with the company, we have discussed the board's views and oversight of corporate governance and executive compensation practices.
Activity	Executive compensation Before the May 2023 AGM, we engaged with the company to give feedback on the company's executive compensation practices. This included our continued reservations about the company's allowance of share pledging activity by named executive officers and board directors, and the central role this plays in the compensation committee's philosophy. In our engagements with the company, we have expressed our belief that share pledging activities present unnecessary and material risks to shareholders' investments in the company. These risks include the potential negative impact to the company's share price in the event of a margin call or other forced sale, conflict of interests arising from an executive's financial exposure versus their voting rights, and the time period required to unwind the pledged position. At the May 2023 AGM, we took the following voting actions: Shareholder rights and corporate governance We voted against the board chair to express our continued concerns over several corporate governance practices including the share pledging activities, the company's maintenance of a classified board structure and lack of rights afforded to shareholders, and the board's decision to replace an independent director with a non-independent nominee. Independence and board accountability We voted against the newly nominated director to express our concerns about the board's decision to replace an independent voice on the board with a nominee who is a co-founder and former executive of the company. This decision was detrimental the overall independence of the board and is in conflict with best practices in corporate governance. Independent directors are critical elements of an effective board as they can provide objective oversight and act as a check on management decisions, prioritizing the interests of shareholders and the long-term prospects of the company. Executive compensation Considering the board's view that the company's pledging policy continues to be a central part of their compensation philosophy, we voted against the "say on pay" advisory vote.
Outcome	We will continue to engage with the company on what we believe would be a more effective approach to board oversight, shareholder protection, and executive compensation. We may continue to use our vote, including on director ballot items, if the company does not enhance its governance practices and compensation structure.

Company	**Warner Bros Discovery**
Geography and Industry	United States SICS Industry: Media and Entertainment
Key Topics	Executive Compensation
Asset Class	Equity
Key Resolutions	Director Elections
Background	Prior to the May 2023 AGM, we engaged with the company to express our feedback on the pay plan, specifically our concerns tied to the lack of alignment between the structure of the executive compensation plan with long-term shareholder value creation and our expectation that the company return to a more regular compensation program moving forward that is less reliant on the use of discretion and extraordinary awards. State Street Global Advisors voted against executive compensation at the company's 2023 annual meeting. At the time, we expressed the need for greater alignment between executive pay and the shareholder experience, a pay plan that utilizes longer-term performance evaluation periods, and less reliance on one-time or other special awards. We also expressed our expectation that the company move to an annual executive compensation vote from their existing three-year cadence.
Activity	Through our recurring engagement with the company, we met again in Q4 2023 to learn about the changes made to the pay plan in the second half of the year and to provide our feedback.
Outcome	Since our adverse vote, the Warner Bros Discovery compensation committee took meaningful action to strengthen the company's executive compensation practices. Responding to our shareholder feedback, the company moved to an annual vote on executive compensation and made several changes to the performance evaluation of executives covered by the plan including: 1) introducing a more diverse set of quantifiable operational and financial metrics, including Free Cash Flow and Total Shareholder Return (TSR); 2) adding a TSR modifier mechanism; 3) adjusting the long-term incentive plan to be more performance-oriented; and 4) committing to better shareholder access to the compensation committee for engagement and feedback.

Climate Risk Management

At State Street Global Advisors, we believe that managing climate-related risks and opportunities may be a key element in maximizing long-term value for our clients. Climate risk management has been part of our stewardship efforts for nearly a decade. As a result, we have a longstanding commitment to enhancing investor-useful disclosure around this topic. Through our engagements, we better understand how companies are effectively managing and disclosing climate-related risks and opportunities and encourage enhanced disclosure in line with our expectations. Through our thought leadership, we provide both transparency to the market on our views and guidance for companies on our disclosure expectations. As our climate stewardship efforts evolve, we are committed to thoughtful engagement, maintaining our disciplined approach to proxy voting, and serving as a pragmatic partner to companies.

Engagement

In 2023, we had over 160 engagements with portfolio companies on climate-related risk management. Our engagements focus on understanding how companies are both managing climate-related risks and addressing climate as an opportunity. We have held more than 1,300 climate-related engagements since 2014 and have been successful in driving improved disclosure in line with our guidance. Examples of this year's successes can be found in the "Climate Risk Management Engagement Highlights" sub-section below.

Through our conversations with company boards and management teams, we aim to understand whether and how companies are incorporating overseeing the risks and opportunities related to climate into relevant strategy setting and financial planning processes.

We find that the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) provide an effective framework for disclosure of climate-related risks and opportunities. We believe all companies should provide public disclosures in accordance with the following four pillars of the TCFD framework:

1. **Governance** The TCFD recommends companies describe the board's oversight of, and management's role in, assessing and managing climate-related risks and opportunities.
2. **Strategy** The TCFD recommends companies describe identified climate-related risks and opportunities and the impact of these risks and opportunities on their businesses, strategy, and financial planning.
3. **Risk Management** The TCFD recommends companies describe processes for identifying, assessing, and managing climate-related risks and describe how these processes are integrated into overall risk management.
4. **Metrics and Targets** The TCFD recommends companies disclose metrics and targets used to assess and manage climate-related risks and opportunities.

Figure 20
Climate Engagement Statistics

Climate-related Engagements Since 2014	1300+
Climate-related Engagements in 2023	160+
Engagements on Disclosure of Climate Transition Plans in 2023	85

Source: State Street Global Advisors, 31 December 2023.

Engagement Campaigns

Climate Transition Plan Disclosure [13]

We seek to understand and assess how companies are managing the climate-related risks and opportunities that are material to their business, including those presented by the transition to a lower-carbon economy. In 2022, we began conducting engagements with companies across sectors in our portfolio, including high emitters, to discuss their climate transition plans and share feedback on improving disclosure in line with our disclosure assessment criteria. We held 90 climate transition plan engagements in 2022 and 85 in 2023. As we continue to develop our climate stewardship efforts, we seek to enhance our engagement with companies in carbon-intensive industries.

Climate Transition Plan Disclosure Assessment Criteria

We do not require companies to adopt net zero ambitions or join relevant industry initiatives. For companies that have adopted a net zero ambition and/or climate transition plan, the disclosure criteria set out below serve to provide transparency on the criteria we assess. Given that climate-related risks present differently across industries, our assessment of the below criteria may vary to account for best practices in specific industries.

Figure 21
Assessment Criteria for Climate Transition Plan Disclosure

Ambition	Disclosure of long-term climate ambitions
Targets	Disclosure of short- and/or medium-term interim climate targets Disclosure of alignment of climate targets with relevant jurisdictional commitments, specific temperature pathways, and/or sectoral decarbonization approaches
TCFD Disclosure	As recommended by TCFD: Description of approach to identifying and assessing climate-related risks and opportunities Disclosure of resilience of the company's strategy taking into consideration a range of climate-related scenarios Disclosure of Scope 1, Scope 2, and relevant categories of Scope 3 emissions and any assurance
Decarbonization Strategy	Disclosure of plans and actions to support stated climate targets and ambitions Disclosure of emissions management efforts within the company's operations and, as applicable, across the value chain Disclosure of carbon offsets utilization, if any Disclosure of the role of climate solutions (e.g., carbon capture and storage) Disclosure of potential social risks and opportunities[14] related to climate transition plan, if any
Capital Allocation Alignment	Disclosure of integration of relevant climate considerations in financial planning Disclosure of total actual and planned capital deployed toward climate transition plan Disclosure of approach to assessing and prioritizing investments toward climate transition plan (e.g., marginal abatement cost curves, internal carbon pricing, if any)
Climate Policy Engagement	Disclosure of position on climate-related topics relevant to the company's decarbonization strategy Disclosure of assessment of stated positions on relevant climate-related topics versus those of associations and other relevant policy-influencing entities, such as trade associations, industry bodies, or coalitions, to which the company belongs, and any efforts taken as a result of this review to address potential misalignment
Climate Governance	Disclosure of the board's role in overseeing climate transition plan Disclosure of management's role in overseeing climate transition plan
Physical Risk	Disclosure of assessment of climate-related physical risks Disclosure of approach to managing identified climate-related physical risks
Stakeholder Engagement	Disclosure of engagement with relevant internal stakeholders related to climate transition plan (e.g., workforce training, cross-functional collaboration) Disclosure of engagement with relevant external stakeholders related to climate transition plan (e.g., industry collaboration, customer engagement)

Source: State Street Global Advisors, 31 December 2023.

Methane Emissions in the Oil and Gas Industry

In 2022, we initiated a series of engagements with 26 global companies across the upstream, midstream, and downstream oil and gas value chain to better understand efforts related to managing methane emissions. Through our engagements, we aimed to better understand each company's methane strategy and encourage best practice disclosure on topics including methane detection and monitoring, methane and flaring emissions management, and methane measurement and quantification. We completed this campaign in 2023 and have observed several companies improve disclosure in line with our feedback. For example, we engaged Southwestern Energy as part of this campaign to discuss the company's methane emissions targets, approach to emissions monitoring and measurement, and approach to allocating capital toward managing methane emissions. In the company's latest sustainability report, Southwestern enhanced disclosure on efforts to improve methane measurement via continuous monitoring and also disclosed capital investment in 2022 for methane reduction initiatives and estimated spend for 2023.

Climate and Nature-related Risks in the Food Value Chain

Companies across the food and agriculture value chain may be exposed to a range of potential climate and nature-related regulatory,[15] reputational,[16] legal,[17] and market-related risks and opportunities. These span from climate-related physical and transition risks to risks associated with land use, deforestation, water use, and pollution. We are conducting an engagement campaign focused on companies across segments of the food value chain — including the fertilizers and agricultural chemicals, agricultural products, and packaged food subindustries[18] — to better understand how companies are responding to climate- and nature-related risks and opportunities and to identify best practices on these topics.

Voting

Director Elections

We have a longstanding commitment to enhancing decision-useful disclosure on climate risk management and have encouraged our portfolio companies to report in accordance with the recommendations of the TCFD since we first endorsed the framework in 2017. In 2022, we began taking voting action against directors of companies in the S&P 500, S&P/TSX Composite, FTSE 350, STOXX 600, and ASX 100 indices where the companies fail to provide sufficient disclosure regarding climate-related risks and opportunities in accordance with TCFD. In 2023, we expanded the universe of companies subject to this voting guideline to include the ASX 200, TOPIX 100, Hang Seng, and Straits Times indices. We voted against directors at over 130 companies in 2023 for lack of sufficient climate-related disclosure or oversight.

Figure 22
Climate Related Votes Against Directors

2022	**2023**
151	132
companies for lack of sufficient disclosure in line with TCFD per our voting policy	companies for lack of sufficient disclosure in line with TCFD per our voting policy

Source: State Street Global Advisors, 31 December 2023.

For more information, refer to our Global Proxy Voting and Engagement Policy.

Environmental Shareholder Proposals

We voted in favor of 14 percent of environmental shareholder proposals in 2023.[19] As shown in the Figure 24, our support for environmental shareholder proposals decreased in the last two years. The decline in our support is attributed to several factors. There has been an increase in the number of environmental proposals; for example, we voted on 206 environmental proposals in 2023, compared to 183 in 2022. With this increase, the proposal topics, nature of proposals filed, and targeting of proposals have all evolved. In recent years, there has been an evolution of proposals that use increasingly prescriptive language. Proposal language has moved from disclosure-focused to requesting changes to corporate practices or policies. For example, there has been an increase in proposals calling for the phasing out of a product or business line within a defined timeframe, increasing or decreasing investment in certain products, and/or decommissioning assets, which we generally do not support.

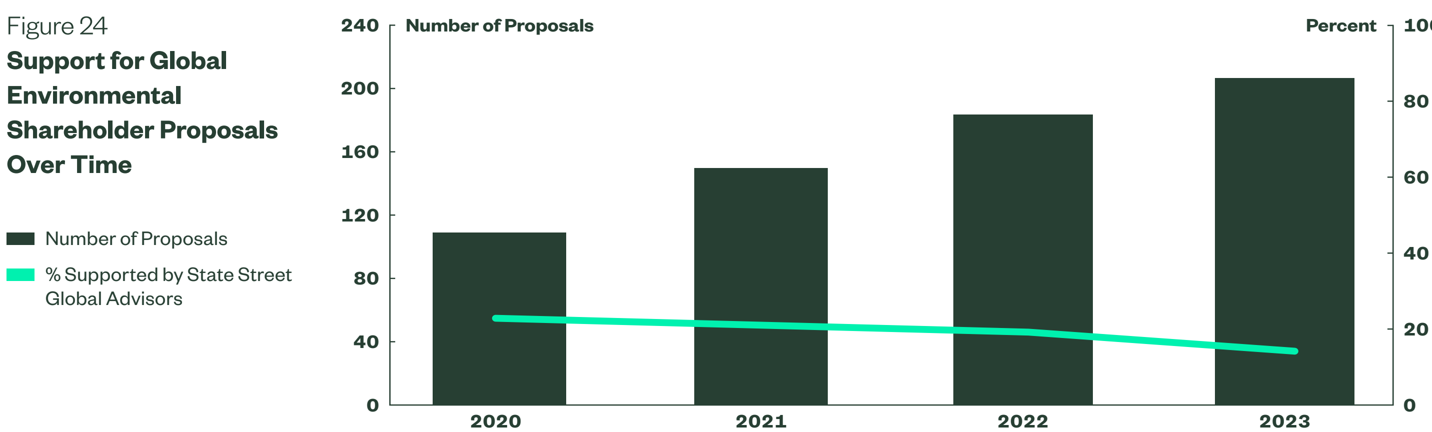
Figure 23
Voting on Environmental Shareholder Proposals in 2023

206	14%
proposals voted	proposals supported

Source: State Street Global Advisors, 31 December 2023.[20]

In 2023, proposals continued to be filed with companies where disclosures have improved. Proposals of the same climate topics were refiled with the same companies year over year, despite many companies providing enhanced disclosure and responsiveness to our engagements. Where we viewed enhanced disclosures to be in line with our expectations, we did not support these proposals. Further, an increasing number of proposals this season targeted emerging topics that are not yet well defined or for which consistent market expectations or frameworks are not yet widely available. Further information can be found in our Q2 2023 Stewardship Activity Report and in our vote bulletins.

Figure 24
Support for Global Environmental Shareholder Proposals Over Time



Source: State Street Global Advisors, 31 December 2023.[21]

Figure 25 **Climate Risk Management Engagement Highlights**

Company	**Applied Materials, Inc.**
Geography and Industry	United States SICS Sector: Technology and Communications
Key Topics	Climate Risk Management – Climate Transition Plan Disclosure
Asset Class	Equity
Background	We engaged Applied Materials, Inc. in 2022 and 2023 to better understand the company's approach to managing relevant risks and opportunities related to several environmental topics including climate, water management, waste management, and materials sourcing. We discussed the company's progress on enhancing disclosure in line with the TCFD and its ongoing efforts to develop its climate transition plan, which was published in 2023.
Activity	During our engagements, we gained insight on Applied Materials' approach to climate-related target setting and efforts related to energy management, customer and supply chain engagement, and innovation in product efficiency. We discussed the company's progress on quantifying its Scope 3 emissions inventory and the challenges and opportunities with reducing energy consumption for semiconductor products. We shared feedback and opportunities to enhance disclosure in line with our guidance, including disclosure about the company's decarbonization strategy to achieve its stated climate-related targets.
Outcome	In 2023, Applied Materials, Inc. updated its climate-related targets and enhanced disclosure on its strategy to achieve these goals. This includes a roadmap outlining the main levers the company is pursuing toward its targets and the estimated contribution of each lever toward overall emissions reductions. The company also received validation for its science-based 2030 Scope 1, 2, and 3 emissions targets and disclosed progress on supply chain emissions management, product efficiency, and other efforts.
Company	**Cboe Global Markets, Inc.**
Geography and Industry	United States SICS Sector: Financials SICS Industry: Security and Commodity Exchanges
Key Topics	Sustainability-Related Disclosure Practices
Asset Class	Equity
Key Resolutions	Director Elections
Background	Since 2019, we have annually identified portfolio companies that we believe could strengthen their sustainability-related disclosure practices relative to our disclosure expectations.
Activity	In February 2023, we reached out to over 40 of our portfolio companies globally – including Cboe Global Markets, Inc. (Cboe) – to understand their perspectives and to learn if they have plans to elevate their disclosure practices moving forward. Our outreach resulted in an engagement with several members of Cboe's leadership team who have direct oversight of the risk and sustainability-related disclosure functions. In our discussion, we learned about Cboe's process over the prior year to create and monitor enterprise-level risk factors which cover financially material ESG-related issues, as reflected in the ESG Materiality Matrix in the company's 2022 ESG Report. Additionally, Cboe outlined its continued ambitions to disclose its climate-related emissions profile in a TCFD-aligned format, including its Scope 1 and Scope 2 emissions. We also learned of the board's role in overseeing these disclosure exercises and ensuring that financially material findings are addressed by management.
Outcome	Due to Cboe's commitment and demonstrated progress towards elevated disclosure practices and our ongoing engagement, we supported the company's senior independent board leader at the 2023 AGM.
Company	**Russel Metals Inc.**
Geography and Industry	Canada SICS Sector: Extractives and Minerals Processing SICS Industry: Iron and Steel Producers
Key Topics	Climate Risk Management
Asset Class	Equity
Key Resolutions	Director Elections
Background	In 2022, we began taking voting action against directors at companies that fail to provide sufficient disclosure on climate-related risks and opportunities in accordance with the TCFD framework. As part of the S&P/TSX Composite Index, Russel Metals is subject to our TCFD expectations for climate-related disclosures.
Activity	We engaged with Russel Metals Inc. ahead of the 2022 AGM to discuss the company's climate disclosure. We shared feedback on opportunities to enhance disclosure in line with our expectations and withheld support from an independent director in 2022 for lack of sufficient disclosure in line with the TCFD framework per our voting Policy.
Outcome	In April 2023, the company published its 2022 Sustainability Report, which includes enhanced disclosure on climate-related governance and oversight, as well as on the company's strategy to reduce Scope 1 and 2 GHG emissions within its metals distribution business. We supported all board members at the company in 2023 given the company's improved TCFD-related disclosure.

Company	**Intuitive Surgical, Inc.**
Geography and Industry	United States SICS Industry: Medical Equipment and Supplies
Key Topics	Climate Transition Plan Disclosure
Asset Class	Equity
Key Resolutions	Director Elections
Background	In 2022, we began taking voting action against directors at companies in select indices that fail to provide sufficient disclosure on climate-related risks and opportunities in accordance with the recommendations of the TCFD. As part of the S&P 500 Index, Intuitive Surgical is subject to our TCFD expectations for climate-related disclosures.
Activity	We engaged Intuitive Surgical, Inc. ahead of its 2022 AGM to discuss several topics, including climate-related disclosure. We shared feedback on opportunities to enhance disclosure in line with TCFD expectations and withheld support from an independent director in 2022 for lack of sufficient disclosure in line with the TCFD framework.
Outcome	In 2023, the company published its latest ESG Report which includes enhanced disclosure in line with the TCFD framework. The company discussed board and management-level oversight of climate-related risks, its approach to developing a carbon plan, and reported its Scope 1, Scope 2, and Scope 3 emissions. We supported all directors at the company's 2023 AGM.

Company	**Telefonica SA**
Geography and Industry	Spain SICS Industry: Technology and Communications
Key Topics	Sustainability-Related Disclosure Practices
Asset Class	Equity
Background	In 2022, Telefonica SA reached out to investors to discuss the company's climate-related disclosure and strategy, and to solicit perspectives on the company's approach to developing its Climate Action Plan.
Activity	We engaged with the company in Q4 2022 and shared feedback on opportunities to enhance disclosure in line with our guidance.
Outcome	Telefonica SA published its Climate Action Plan in Q3 2023 and enhanced disclosures to include information on how the company applies the use of an internal carbon price to finance low-carbon projects, as well as initial values for capital expenditures that may substantially support its climate change mitigation and adaptation targets in alignment with the EU taxonomy for sustainable activities. The company also provided disclosure on addressing the potential social impacts of its transition strategy, or "just transition," through workforce training and reskilling.

Company	**Marathon Petroleum Corporation**
Geography and Industry	North America SICS Sector: Extractive and Minerals Processing
Key Topics	Climate Risk Management – Methane Emissions
Asset Class	Equity
Background	In 2022, we initiated an engagement campaign with global companies across the oil and gas value chain focused on understanding efforts to manage methane emissions and related regulatory, reputational, market, financial, and other risks and opportunities. We discussed disclosures and best practices on topics including methane emissions detection, monitoring, measurement, and reporting. Methane emissions management is an ongoing topic of discussion in our climate engagements with companies in the Energy sector.
Activity	We conducted several engagements with Marathon Petroleum Corporation ("Marathon Petroleum") between 2022 and 2023. Our discussion on climate-related topics focused on understanding the company's climate-related targets, decarbonization strategy, and approach to managing potential social risks and opportunities related to this strategy. We also discussed the company's approach to managing methane emissions and shared feedback on related disclosures.
Outcome	In Q4 2023, we held an engagement to discuss the company's latest climate-related disclosure published in 2023. Marathon Petroleum enhanced disclosure on the company's efforts to reduce methane emissions, such as controlling emissions from reciprocating compressors, reporting expected methane emissions reductions from each action through 2030, and estimating planned capital expenditures to achieve these reductions. Further, the company enhanced disclosure on pursuing a more measurement-based methane emissions inventory and discussed findings from enhanced monitoring within the midstream sector, including higher emissions from methane slip.

Human Capital Management

Research suggests that employees are increasingly considered to be a material asset, and human capital management (HCM)-related risks and opportunities can affect financial performance. Academics have noted that human capital is increasingly a driver of competitiveness and value creation for firms worldwide, thus making HCM a potentially material topic for investors.[22, 23] Some research connects effective HCM strategies to corporate performance.[24, 25, 26] Since HCM-related risks and opportunities may affect long-term value, we engage on this topic to better understand how portfolio companies are managing accordingly.

Engagement

We conducted over 120 engagements on HCM in 2023. Common topics included oversight of recruitment and retention efforts; innovations in the context of a tight labor market and challenging economic conditions; progress toward diversity, equity, and inclusion (DEI) goals; and the KPIs tracked by boards to gauge the effectiveness of their human capital management and DEI strategies.

We believe quality public disclosure on this topic includes the following:

- **Board Oversight** Methods outlining how the board oversees human capital-related risks and opportunities
- **Strategy** Approaches to human capital management and how these advance the long-term business strategy
- **Compensation** Strategies throughout the organization that aim to attract and retain employees, and incentivize contribution to an effective human capital strategy
- **Voice** Channels to ensure the concerns and ideas from workers are solicited and acted upon, as well as how the workforce is engaged and empowered in the organization
- **Diversity, Equity, and Inclusion** Efforts to advance diversity, equity, and inclusion

Engagement Campaigns

Human capital management continues to be an area of focus for our Asset Stewardship team. In an effort to encourage greater alignment with our relevant disclosure expectations, in 2024 we plan to engage 20 of the largest US employers, which are also among our top holdings. Our conversations will focus on risks and opportunities related to human capital on the following topics: board oversight; human capital strategy; compensation strategies; employee voice; and diversity, equity, and inclusion. We will also share our view on best practices for disclosures on this important topic with companies engaged. We intend to share our campaign findings and progress in future publications.

Figure 26 **Human Capital Management Engagement Highlights**

Company	**Amazon**
Geography and Industry	United States SICS Industry: E-commerce
Key Topics	Human Capital Management
Asset Class	Equity
Key Resolutions	Director Election, Shareholder Proposals
Background	We engaged with Amazon over several years, including as part of our HCM engagement campaign. In 2022, we withheld support from the chair of the compensation committee given our concerns with the board's oversight of HCM risks and supported multiple shareholder proposals related to HCM.
Activity	In 2023, we engaged with the chair of the compensation committee, the director against whom we voted in 2022. While we appreciated the opportunity to engage with this particular director in advance of the 2023 AGM, we continued to have concerns with the board's oversight of management's human capital strategy. Shareholders and other stakeholders continued to flag potential risks related to the company's expansive workforce, as reflected in two shareholder proposals, which were filed in 2022 and 2023, and which we continued to support. Despite several engagements with company representatives and directors, we remained concerned with the board's ability to oversee these risks. Workers continued to seek improved working conditions through union campaigns, for example, and regulators and elected officials continued to scrutinize the company's labor practices. We continued to have concerns that the board was not sufficiently overseeing risks to the long-term sustainability of such a significant company.
Outcome	We withheld support from the compensation committee chair in 2023 and supported two shareholder proposals related to human capital management. Given the size of the workforce, risks related to recruitment and retention described in the company's 10-K, and potential risks articulated by shareholders, employees, and other stakeholders, we believe investors would benefit from greater transparency and disclosure about the company's human capital management strategy and the board's oversight. We will continue to engage with the company on this topic.
Company	**Norfolk Southern Corporation**
Geography and Industry	United States SICS Industry: Rail Transportation
Key Topics	Safety, Human Capital Management, Risk Management, Environmental Impact, Political Participation and Lobbying
Asset Class	Equity
Key Resolutions	Director Elections
Background	At the company's May 2023 AGM, State Street Global Advisors voted against all members of the Norfolk Southern Corporation (NSC) board's safety committee due to a failure of the board to properly oversee the safety program and practices at the company and to sufficiently mitigate the resulting legal, regulatory, and reputational risks stemming from high-profile incidents.
Activity	During our engagement prior to the 2023 AGM, we voiced our expectation that the safety committee needs to be vigilant in their stakeholder engagement outreach and be transparent with the short-, medium-, and long-term steps taken to sufficiently resolve the risks that these material incidents have exposed. We continued this discussion in Q4 2023 where the company presented several material changes to their operational and safety oversight, corporate governance structure, and risk management practices, as a result of these adverse events.
Outcome	In October 2023, the company announced completion of their soil and water excavation projects in East Palestine, Ohio — the community impacted by the company's train derailment — marking a significant milestone on its environmental remediation journey working with state, local, and federal authorities. At the board level, the company installed new chairs of the safety committee and nominating and governance committee and added two new independent directors with a focus on strengthening the board's oversight of safety, supply chain integration, and sustainability. Now led by a new chair, the safety committee also increased its regular cadence for meeting at the committee level. Extending this safety-centric focus to the management team, the compensation committee introduced new safety metrics into the executive compensation performance plan including train accident and worker injury rates. We look forward to our continued conversation with NSC and will continue to use our proxy voting and company engagement activities to hold the NSC board accountable for overseeing these safety and risk management initiatives.

Diversity, Equity, and Inclusion

History

Since at least 2017, we have focused on the importance of diverse perspectives to shareholder value, particularly gender, racial, and ethnic identities, through our voting policies and engagements, including in our Fearless Girl campaign.[27] We began by conducting research and writing letters to boards in certain markets to formalize our expectation that boards should have at least one woman director. We started these activities in markets where we had seen some progress on board diversity before seeking to expand it to other markets. We extended the policy over time, and we now expect all companies in all regions to have at least one woman board member.

In 2023, we expanded the voting guideline further in select indices (e.g., the S&P 500), and we expect women to comprise at least 30% of boards. When a board is not sufficiently diverse, we will first consider taking voting action against the nominating and governance committee chair. If we continue to see limited progress and ineffective dialogue, we will vote against the entire committee if a company does meet the expectation for three consecutive years.

Academic research[28] has highlighted the role our firm has played in advancing the representation of women on boards across the market. Additionally, our analysis of MSCI data indicates that, in January 2017, less than three quarters of companies in the Russell 3000 index had one woman on the board, whereas in January 2024, almost every company did.

Engagement and Voting

We conducted 295 engagements on the topics of racial, ethnic, and gender diversity in 2023. We also have an ongoing targeted engagement campaign focused on DEI practices and disclosures at some of the largest employers in our portfolio. Our goal is to increase our understanding of DEI best practices, monitor the state of DEI risk management at our portfolio companies, and drive greater adoption of our suggested disclosures across the market.

We have developed the following assessment criteria to evaluate portfolio company public disclosures:

1. **Board Oversight:** Describe how the board executes its oversight role in diversity and inclusion.

2. **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.

3. **Goals:** Describe what time-bound and specific diversity goals (related to race, ethnicity, and gender, at a minimum) the company has established, including how these goals contribute to the firm's overall strategy, and how they are managed and progressing:

4. **Metrics:** Provide measures of the diversity of the firm's global employee base and board, including:

    — Workforce: Employee diversity by race, ethnicity, and gender (at a 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 US 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.

— Board: Characteristics of the board of directors including racial, ethnic, and gender makeup (at minimum).

5 **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.

Board Gender Diversity

In 2022, we advised that across our global portfolio we may take voting action against the chair of the nominating committee, or the board leader in the absence of a nominating committee, if a company's board did not have at least one woman. In 2023, we extended this policy and started taking voting action if a company's board is not composed of at least 30 percent women for companies in the Russell 3000, TSX, FTSE 350, STOXX 600, and ASX 300 indices.

Board Racial and Ethnic Diversity Disclosure

In 2022, we advised we may take voting action against the chair of the nominating committee of FTSE 100 or S&P 500 companies if a company did not disclose, at minimum, the gender, racial, and ethnic makeup of its board. Starting in 2023, we extended the coverage of our board racial and ethnic diversity disclosure policy across the FTSE 350 and Russell 1000 indices.

Figure 27
Votes Against Responsible Director(s)

Voted against responsible director(s) at companies that did not:	
Have at least one woman on the board (all boards of all listed companies)	709
Have at least 30% of women directors (in Russell 3000, TSX, FTSE 350, STOXX 600, ASX 300)	1216
Disclose gender, racial and ethnic composition (Russell 1000 and FTSE 100) **and/or** Have at least one director from an underrepresented background (S&P 500 and FTSE 100)	73
Disclose their EEO-1 report (S&P 500)	105

Source: State Street Global Advisors, 31 December 2023.[29]

Engagement Campaigns

Global Insights on DEI

In recent years, we have enhanced and expanded our expectations of companies regarding board diversity. In 2024, we will undertake a series of engagements with companies in key markets where we aim to strengthen our understanding of risks and opportunities related to establishing diverse boards. In the Asia Pacific region, we will engage with companies that have limited or no gender diversity on their boards, in order to encourage alignment with our expectations and glean insights into barriers to board diversification. We will also engage with companies that have made progress on racial and ethnic board diversity in several markets outside the US and UK, in order to understand opportunities for greater diversity in a global context.

Figure 28 **Diversity, Equity, and Inclusion Engagement Highlights**

Company	**PTC Inc.**
Geography and Industry	United States SICS Industry: Software and IT Services
Key Topics	Diversity, Equity, and Inclusion and Climate Risk
Asset Class	Equity
Key Resolutions	Director Elections
Background	We outline our expectations on TCFD-aligned disclosure and EEO-1 workforce diversity disclosure in our Global Proxy Voting and Engagement Policy. We expect every company in the S&P 500 to disclose its EEO-1 report, and we encourage other US companies to do so as well.
Activity	Prior to PTC Inc.'s annual meeting we engaged the company on both diversity and climate disclosure as the company's disclosures for these areas were previously not in line with our expectations. With the publication of its "Employer Information Report," the company now aligns with our workforce diversity disclosure expectations. The company has made a written commitment in its proxy to provide investors with GHG emissions information, as well as creating goals around those emissions, stating: "To help us and our stakeholders understand our environmental impact, we have undertaken an effort to measure and ultimately report our GHG emissions. Our goal is to begin reporting our Scope 1 and Scope 2 emissions in FY2023 and to introduce reduction targets thereafter."
Outcome	At the 2023 AGM, we supported all directors as the company now aligns with our expectations around EEO-1 disclosure and made a written commitment to provide investors with GHG emissions information.
Company	**Rio Tinto Plc**
Geography and Industry	United Kingdom Metals and Mining
Key Topics	Diversity, Equity, and Inclusion
Asset Class	Equity
Key Resolutions	Director Elections
Background	In March 2021 we introduced a proxy voting Policy where we may vote against the chair of the nominating and governance 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. Prior to voting Rio Tinto Plc's 2022 AGM, we determined that the company — which is a FTSE 100 constituent — did not disclose the gender, racial, and ethnic composition of its board. As a result, we voted against the chair of the nominating and governance committee at Rio Tinto.
Activity	We engaged with members of management to communicate our disclosure expectations. During the engagement, the company committed to updating related disclosures in its annual report for 2022 and subsequently confirmed this change to us in a written response. Due to the company's verbal and written commitments to provide enhanced board composition disclosure, we waived our policy to vote against the re-election of the chair of Rio Tinto's nominating committee at the 2022 AGM.
Outcome	Leading up to the company's 2023 annual meeting, we reviewed relevant materials, including the annual report for 2022. During our review, we confirmed that the company was responsive to our requests and enhanced their disclosure. As a result, we continued to support the chair of the nominating committee at the 2023 AGM.
Company	**Conagra Brands, Inc.**
Geography and Industry	United States SICS Industry: Processed Foods
Key Topics	Diversity, Equity, and Inclusion
Asset Class	Equity
Key Resolutions	Director Elections
Background	Prior to voting Conagra Brands, Inc.'s (Conagra) 2022 AGM, we determined that the company did not disclose its EEO-1 report. As part of the S&P 500 Index, Conagra is subject to our expectations for DEI-related disclosures, thus we voted against the chair of the company's human resources committee — the named board committee responsible for compensation matters at Conagra.
Activity	Following the company's 2022 AGM, we remained engaged with members of management and continued to communicate our disclosure expectations.
Outcome	Leading up to the company's 2023 AGM, we engaged with the company and reviewed relevant materials, including the company's proxy, Citizenship Report, and website. Conagra's proxy statement confirmed that, "in response to feedback received from [its] shareholders, [Conagra has] publicly disclosed [its] EEO-1 report containing employee demographic information through [its] Citizenship Report." As a result, we supported the chair of the human resources committee at the 2023 AGM.

Company	**MAXIMUS, Inc.**
Geography and Industry	United States SICS Industry: Services
Key Topics	Diversity, Equity, and Inclusion
Asset Class	Equity
Key Resolutions	Shareholder Proposal
Background	Our Civil Rights Disclosure Criteria, which is contained in our Global Proxy Voting and Engagement Policy, provides the criteria we assess for companies domiciled in the US on this topic.
Activity	At the company's 2022 AGM, we supported a shareholder proposal requesting that the company undergo a third-party racial equity audit. We considered this proposal against our Policy, specifically our disclosure criteria related to civil rights issues.
Outcome	In an October 2023 engagement with two directors and multiple members of management, the company confirmed that it is undergoing a racial equity assessment in response to shareholder feedback.

Fixed Income Engagement

In Chapter 4, Engagement and Voting, we describe our approach to Fixed Income engagement. Below we highlight some of our engagements from 2023.

Figure 29 **Fixed Income Engagement Highlights**

Company	**Diebold Nixdorf, Inc.**
Geography and Industry	United States SICS Industry: Hardware
Asset Class	Fixed Income
Background	The corporate action election event leading to this reactive engagement was centered on converting debt to equity as part of a bankruptcy proceeding. Diebold utilized debt to acquire Nixdorf in 2016, and related debt servicing became unsustainable in the context of the pandemic, leading to a restructuring in 2023.
Activity	We engaged with Diebold Nixdorf in June 2023 in response to the corporate action election event to better understand the context of the consent solicitation and to inform our election decision. Diebold Nixdorf highlighted that as part of the restructuring, there had been many governance-related changes at both the senior management and board levels and that further board refreshment was expected going forward. While the bankruptcy process aims to treat all debtors fairly, we noted that in the context of investor protection and good governance, bondholder rights should be considered throughout the entire restructuring process. In addition, we noted that not all debt investors are permitted to hold equity securities, depending on their mandates.
Outcome	The engagement discussion was useful in better understanding the consent solicitation. We also gained an appreciation of the corporate governance changes at the issuer and were able to express our interest in due consideration of bondholder rights protection in such situations going forward. Diebold Nixdorf emerged from bankruptcy in August 2023.
Company	**Adler Real Estate AG**
Geography and Industry	Germany SICS Industry: Real Estate Services
Asset Class	Fixed Income
Background	The corporate action election event leading to this engagement was focused on amending terms of bond issuances associated with Adler Real Estate's deleveraging efforts in the context of a company-wide restructuring.
Activity	We engaged with Adler Real Estate in February 2023 in response to a corporate action election event to better understand the context of the bondholder consent solicitation and to inform our election decision. There were various amendments to the terms of bond indentures, including extending maturities, as the company sought to sell off assets and reduce debt levels. As part of the restructuring, there had also been significant changes to corporate governance at the issuer, including a new chairman.
Outcome	The engagement discussion was useful in informing our position prior to electing on this event. While the proposed amendments to indenture terms were rejected by bondholders of select tranches, the issuer's restructuring plan was sanctioned by a court under UK law in May 2023. However, in January 2024, this ruling was overturned as part of an appeal, putting the restructuring into jeopardy. Given the breadth of governance-related changes at the issuer as part of the restructuring efforts, we plan to follow-up with another engagement in the future to assess progress with restructuring efforts and related governance considerations.

Company	**Obrascón Huarte Laín, S.A.**
Geography and Industry	Spain SICS Industry: Engineering and Construction Services
Asset Class	Fixed Income
Background	The corporate action election event leading to this engagement related to amending terms to bond indentures associated with the disposal of non-strategic assets, as well as the creation of a new credit facility.
Activity	We engaged in March 2023 with Obrascón Huarte Laín, S.A., in response to a corporate action election event. The purpose of the engagement was to better understand the context of the bondholder consent solicitation and to inform our election decision. The event related to the disposal of non-strategic assets and the creation of a new lending facility as part of the issuer's deleveraging efforts. The specified assets for disposal consisted of commercial buildings in major cities. The transaction would also require a new working capital lending facility. Both the use of proceeds from asset sales and the new lending facility required bondholder approval to amend terms of the indentures.
Outcome	The engagement discussion helped inform our election decision on this corporate action election event. The consent solicitation was approved in April 2023.

6 Internal Governance of Asset Stewardship Program

We believe an effective stewardship approach is underpinned by strong governance, resourcing, and robust processes and must follow a deliberate and well-considered approach. In this section, we describe the governance structure of State Street Global Advisors, how we align our remuneration and incentives to our program, and our model for managing conflicts of interest.

Our Approach to Governance

State Street Global Advisors sits within State Street Corporation's wider corporate governance framework, led by its board of directors. Within State Street Global Advisors, our governance structure is designed to support effective and efficient decision-making and provide oversight of 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 body for the benefit of the firm's President and CEO, Yie-Hsin Hung. The EMG includes the firm's Global CIO, Lori Heinel, and the Global Head of ESG and Sustainable Investing, Karen Wong, who oversees the Asset Stewardship team.

The EMG is responsible for strategic planning, business goal and financial tracking, overall firm governance, and talent management. It also oversees the activities of the six senior committees: the Risk Committee, the Global Investment Committee, the Global Fiduciary and Conduct Committee, the Global Product Committee, the Global Operations and Compliance Committee, and the ESG Committee. These six senior committees and the subcommittees underlying them govern 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 firmwide oversight.

The dedicated ESG Operations team supports our sustainable investing governance framework. This team's remit includes facilitating the work of the State Street Global Advisors ESG Committee, providing support around sustainable investing policies, procedures, and controls, and advancing the firm's efforts to meet regulatory requirements and other reporting obligations related to sustainable investing and stewardship matters.

Figure 30

Governance Structure

Executive Management Group (EMG)

Consultative body responsible for strategic planning, business goal and financial tracking, overall firm governance and talent management.

Reporting

Risk Committee

Responsible for ensuring the alignment of strategy, risk appetite and risk management standards (corporate-wide).

Subcommittees

Liquidity and Derivatives Oversight

Escalation of Material Risk Breaches

Reporting

Environmental, Social & Governance (ESG)Committee

Responsible for overseeing the firm's ESG and proxy voting framework and philosophy.

Global Investment Committee

Responsible for the firm's investment philosophy and processes, investment strategies, approach to new markets and instruments and relationships with counterparties.

Subcommittees

- Technical
- Trade Management Oversight
- Investment Strategy Review
- Securities Lending

Global Product Committee

Responsible for the creation of products based on the firm's investment strategies.

Subcommittees

- EMEA Product
- APAC Product
- Sub-Advisory Oversight

Global Fiduciary & Conduct Committee

Responsible for addressing fiduciary and business conduct matters across the firm and oversight of the firm's collective investment funds.

Subcommittees

- EMEA Fiduciary & Conduct
- Independent Fiduciary
- Class Action Litigation
- Sales Practices

Global Operations & Compliance Committee

Responsible for the firm's operating infrastructure & compliance functions.

Subcommittees

- North American Valuation
- EMEA Valuation
- APAC Valuation
- Global Operational Risk
- Business Technology Investment

Source: State Street Global Advisors, 15 April 2024.

ESG Committee

To strengthen governance of stewardship and sustainable investing, we established an ESG Committee in 2022. The ESG Committee is responsible for overseeing the Firm's sustainable investing and proxy voting framework and philosophy. The ESG Committee is chaired by Karen Wong, our Global Head of ESG and Sustainable Investing. The ESG Committee's purpose is to:

- Oversee matters relating to sustainable investing, business practices, and public policy, including any requirements relating to the Firm in its capacity as an asset manager (collectively "Sustainable Investing Matters"), and
- Oversee the Asset Stewardship team proxy voting and issuer engagements on behalf of all the Firm's discretionary portfolios (collectively, "Asset Stewardship Matters") and to review and approve the policies, guidelines, and guidance that pertain to Asset Stewardship Matters (the Global Proxy Voting and Engagement Policy).

The ESG Committee Chair is appointed by the CEO of the Firm, and the members of the Committee are appointed by the Committee Chair. The ESG Committee is composed of senior staff across our Investment, Client-facing, Legal, Compliance, Risk Management, and Operations teams. In 2023, the ESG committee reviewed a number of topics relating to the Asset Stewardship team, including approval of the Global Proxy Voting and Engagement Policy (the "Policy"), review of the securities lending recall process and governance model, and proxy season updates.

The firm periodically reviews its governance structure and may make adjustments from time to time.

Our Approach to and Oversight of Proxy Voting Policies

The ESG Committee is responsible for reviewing and approving, at least annually, the Global Proxy Voting and Engagement Policy and any changes to it. The committee also oversees the application of and compliance with the Policy, including any material exceptions to it.

Our Conflicts of Interest Policy

State Street Corporation ("State Street") has a comprehensive standalone Conflicts of Interest Policy and other policies that address a range of identified conflicts of interest that may apply to State Street Global Advisors. Under the Conflicts of Interest Policy, State Street Corporation defines a conflict of interest as "a circumstance where State Street or its employees have interests or relationships that could raise questions about State Street's objectivity, judgment, or ability to perform services for a particular client or group of clients." The Conflicts of Interest Policy sets forth State Street's approach to identify and appropriately manage all conflicts of interest in connection with the provision of State Street's services. Whenever a potential conflict is identified, State Street responds with a combination of disclosure, mitigating controls, or conflict avoidance. The Conduct Risk Management Office serves as an escalation point. The Conflicts of Interest Policy is reviewed periodically and was last updated in 2022.

In addition, State Street Global Advisors maintains a conflicts register that identifies key conflicts and describes controls in place to mitigate the conflicts (the "Conflicts Register"). Further, State Street Global Advisors' Managing Conflicts of Interest Arising From State Street Global Advisors' Proxy Voting and Engagement Activity (the "Conflicts Mitigation Guidelines") is designed to act in conjunction with related policies and practices employed by other groups within the organization and complement those policies and practices by providing information about managing the conflicts of interest that may arise through State Street Global Advisors' proxy voting and engagement activities.

The combination of the Conflicts of Interest Policy, Conflicts Register, and Conflicts Mitigation Guidelines detailed above enable us to identify, manage, and mitigate conflicts of interest that may arise through our business activities.

Conflicts Arising from Our Stewardship Activities

State Street Global Advisors has implemented processes designed to prevent undue influence on State Street Global Advisors' proxy voting and engagement activities that may arise from relationships between proxy issuers or companies and State Street Corporation, State Street Global Advisors, State Street Global Advisors affiliates, State Street Global Advisors Funds, or State Street Global Advisors Fund affiliates.

For example, State Street Global Advisors assigns sole responsibility for the implementation of the Global Proxy Voting and Engagement Policy to members of its Asset Stewardship team. This team is independent from other functions within the organization, such as sales and marketing, portfolio management, or client-facing teams. All State Street employees are subject to State Street's Standard of Conduct, Conflicts of Interest Policy, and other policies that address a range of identified conflicts of interests. Proxy voting is undertaken in accordance with the Policy, which is overseen by the ESG Committee and reviewed at least annually. In rare circumstances where nuances within specific proxy proposals fall outside of the scope of the Policy and require case-by-case analysis, such proposals are escalated to the Head of Asset Stewardship. Voting consistently with the Policy helps mitigate potential conflicts of interest, as the Policy is determined without reference to any specific entities or relationship.

Typical conflicts of interest and the protocols designed to help mitigate potential conflicts of interest include those covered in the figure below.

Figure 31
Examples of Potential Conflicts of Interest and Mitigation Protocols

	Stewardship Conflict of Interest Description	Typical Conflict Mitigation Protocols That We Employ
Business Relationships	A conflict of interest may arise where, for example, we hold investments in companies with which we, or our affiliates, have material business relationships.	Assigning sole responsibility for the implementation of the Global Proxy Voting and Engagement Policy to members of Asset Stewardship team and voting in accordance with the Policy are our primary conflict mitigation protocols. Furthermore, the voting rationale is recorded to provide transparency. Additional mitigation steps may be implemented on a case-by-case basis. This may include, for example, blackout periods for communications with issuers/clients.
Equity Investments	A conflict of interest may arise where client accounts and/or State Street Global Advisors pooled funds, where State Street Global Advisors acts as trustee, may hold shares in State Street Corporation or other State Street Global Advisors affiliated entities, such as mutual funds affiliated with SSGA Funds Management, Inc.	Mitigants may include, for example, outsourcing voting decisions relating to a shareholder meeting of State Street Corporation or other State Street Global Advisors affiliated entities to independent outside third parties.
Outside Business Interest	A conflict of interest may arise where an Asset Stewardship team employee or a key employee in the firm has an outside business interest (such as a director role in a company we invest in, or in the same industry as we invest).	State Street Global Advisors maintains an Outside Activities Policy, and employees must submit a request requiring approval before undertaking any outside activities that are captured by the Outside Activities Policy. The request will be reviewed by the employee's manager and the Conduct Risk Management Office to ensure compliance with applicable policies and procedures (such as the Global Anti-Corruption Policy and the Standard of Conduct) and ensure potential conflicts are mitigated. Additional mitigation steps may be implemented on a case-by-case basis. This may include, for example, retaining an independent fiduciary to make a voting decision where State Street Global Advisors believes it may be conflicted from voting due to an employee's outside business interest.
Other Personal Conflicts	A conflict of interest may arise where a family member or other personal contact of an employee is employed by a company in which we invest.	Mitigation steps may be implemented for personal conflicts on a case-by-case basis. This may include, for example, filing a Personal Conflicts declaration with a mitigation strategy to document how the conflict will be avoided. Such strategies may include, for example, a member of the Asset Stewardship team with a conflict recusing him/herself from voting and participating in engagement activities at the relevant company, and implementing blackout periods for communications with issuers/clients.
Securities Lending	We may lend securities that we hold in one of our portfolios to another financial counterparty. This may create a conflict of interest regarding whether to recall those securities to enable us to vote on behalf of the portfolio in a shareholder resolution, which may impact the intended securities lending income.	Our approach to securities lending recall, and any potential conflicts that may be created through our securities lending recall activity, is governed by the Securities Lending Recall for Proxy Voting Procedure, which is co-owned by the Asset Stewardship team, Securities Lending team, and Proxy Operations Group. The conflict mitigation protocols include predefining criteria to systematically recall shares, periodic review of the recall procedure by relevant stakeholders, and periodic reporting of recall activities and associated forgone lending income to the relevant internal governance bodies.

Source: State Street Global Advisors, 31 December 2023.

Conflicts of Interest – Identification and Mitigation in 2023

Examples of how we managed specific conflicts of interest in 2023 include:

- Outsourced voting decisions relating to shareholder meetings of State Street Corporation and the company of which State Street Corporation's CEO serves as a non-executive board member to an independent third-party fiduciary
- Outsourced voting decisions relating to shareholder meetings of the companies of which State Street Global Advisors' former CEO serves as a non-executive board member to an independent third-party fiduciary
- Required recusal of an employee from participating in voting and engagement activities with a specific issuer due to a personal relationship

Team Structure and Resourcing

We have a team specifically devoted to asset stewardship. Our Asset Stewardship team is based around the globe — operating out of the US, the UK, Poland, Australia, and India. It is a diverse team in gender, ethnicity, viewpoints, and backgrounds, with extensive industry experience. Team members have professional expertise in the fields of audit, governance, corporate strategy, environmental management, policy-making and regulation, and economics. This expertise was developed in corporate, advisory, government, and financial roles.

We continue to seek ways to strengthen our Asset Stewardship program. For example, in 2023, following a review of the structure of the team we added a dedicated fixed income stewardship specialist, adding to the other areas of specialization in the team. In addition, we began implementing regional leadership roles and hired a Head of EMEA Asset Stewardship who is responsible for oversight of voting and engagement activities in the region. We will seek to hire a Head of Asia Pacific and Head of US in 2024. We believe this model of team members with deep technical specialization complemented by regional expertise will increase our understanding, capacity, and capability for engagement and voting with our portfolio companies in the best interests of our clients' investments. Biographies of the senior leaders of our Asset Stewardship team are provided in the Appendix of this report.

We also have a dedicated ESG team focused on research, investment strategy, and operations, and several other sustainable investing resources across the business within individual Investment, Legal, Compliance, Marketing, Operations, and Reporting teams who devote a significant portion of their time to sustainable investing-related matters.

Linking Remuneration to Our Stewardship Activities: Performance and Incentives

Each year, we allocate an incentive pool for our employees based on State Street's and State Street Global Advisors' business results and consistent with market-based compensation information. While the firm's investment performance is an important component of individual compensation awards, it is not the only factor. Performance against risk-related goals is an important component of the overall funding of the incentive compensation pool and an important consideration of the discretionary compensation decisions at the individual level. Individual employees' performance objectives and development plans are designed to encourage individual and team-level contributions to the effective delivery of business priorities. For members of the Asset Stewardship team, such activities include voting, engagement, and the development of thought leadership, as described in this report.

For members of our investment teams, we link annual incentive decisions to investment performance over a multi-year period. This includes sustainable investing strategies where they support the strategies' risk profile, achievement of mandates, and investment outcomes.

The State Street Global Advisors' CEO and executive vice presidents' incentive compensation may be impacted by goal behaviors that include ensuring that management practices such as diversity, inclusion, and employee engagement initiatives are in place. These activities are tracked and measured using targeted scorecards. In addition, those in senior management functions, including our chief risk officer and chief financial officer, have included climate change objectives in their statements of responsibilities.

In terms of performance management, risk excellence and leadership qualities are also evaluated. Additionally, our performance management system requires each manager to list a specific goal related to diversity and inclusion; this goal is reviewed and measured throughout the year and could impact incentive compensation.

Training and Knowledge Sharing

Within daily operations, each stewardship analyst has access to a handbook document that serves as a reference point for analysts on various stewardship topics including, but not limited to, proxy voting procedures, guidelines for engagement, advisor oversight, conflicts of interest, information sharing, and record keeping. Our handbook document is intended to be a living, centralized, helpful resource that is refreshed and enhanced on an ongoing basis and reviewed annually. The team also receives refresher training on policies and key policy changes before the start of the proxy voting season. In 2023, the team also received training on best practice engagement techniques.

Additionally, our Asset Stewardship and ESG teams provide training internally to key stakeholders on an ongoing basis and across firm functions in global locations, including portfolio management, sales, relationship management, portfolio strategy, data, and research teams. Training covers a variety of topics and developments, which may include proxy voting and engagement, investment strategies and products, taxonomy, as well as portfolio assessment on ESG score, climate and business involvement, and controversy.

Members of the Asset Stewardship and ESG teams regularly meet with internal colleagues to discuss industry trends, client needs, research priorities, sustainability metrics and analytics, and new sustainable investing strategies, among other topics.

In addition, we facilitate several sustainability-focused employee resource groups that promote learning, peer support, and growth in specific areas:

- The Environmental Sustainability Employee Network (ESEN)'s vision is to advance State Street's sustainability initiatives by driving and communicating employee engagement, operational initiatives, cultural transparency, and community involvement, while supporting and actively participating in sustainable client product and service initiatives.
- The Professional Women's Network (PWN) leads programming to support professional development and networking opportunities and drive a culture of inclusion aligned with the firm's corporate goals aimed at inspiring and motivating women to achieve personal bests and fuel State Street's success.
- The Race & Ethnicity Network is a forum where all employees can interact and support other colleagues, raise awareness, and promote inclusion and equity for diverse ethnicities and cultures at State Street.

Third-Party Service Providers

We complement the services provided by our in-house resources with third-party service providers. The primary one is ISS, which we utilize to support our proxy voting program. ISS also helps to implement our Proxy Voting Choice program. In addition, Broadridge supports our Proxy Voting Choice program for our ETFs and mutual funds by reaching out through intermediaries to underlying shareholders, collecting responses, and splitting the ballots, and administering mirror voting for our SPY and DIA ETF Trusts.

In situations in which we use third-party providers, they are expected to deliver the same standard that we have set for our internal resources. We employ robust processes and governance oversight to monitor service providers and engage with them when expectations are not being met, as discussed below.

Monitoring Proxy Voting Activities: As set out above, we use ISS to support our proxy voting processes and Proxy Voting Choice program. As part of this relationship, ISS assists us with managing the voting process at shareholder meetings. We employ ISS to:

- Act as our proxy voting agent (providing us with vote execution and administration services)
- Assist in applying our voting guidelines
- Provide research and analysis relating to general corporate governance issues and specific proxy items
- Provide proxy voting policies for our Proxy Voting Choice program
- Provide the service of splitting a ballot for our Proxy Voting Choice program, which allows investors to select an ISS proxy voting policy that will be applied to the investor's pro rata shares of a commingled fund

We have ongoing processes to oversee ISS's implementation of the Policy, in addition to an annual vendor due diligence process to ensure ISS continues to have adequate staff resources and competencies, systems, processes, and controls in place to provide services at the level of quality required to support our voting activities. We discuss any issues that have arisen, agree on areas for improvement, and identify opportunities for new areas of development.

In addition, we also have access to Glass Lewis and region-specific meeting analysis provided by the Institutional Voting Information Service (IVIS). Research and data provided by these third parties complement our in-house analysis of companies and individual ballot items.

We do not automatically follow vote recommendations of ISS or other proxy advisors; instead, we have put in place our own Policy with specific voting instructions. All final voting decisions are based on our proxy voting policies and operational guidelines.

Assurance of Our Asset Stewardship Program

Our Asset Stewardship program is subject to periodic internal independent reviews conducted by State Street's Internal Audit department. Internal Audit's scope encompasses, but is not limited to, the assessment of the design and effectiveness of controls used to support our Asset Stewardship program. Specific areas of coverage have included issuer engagement, proxy voting, and governance and reporting.

Regarding disclosure, our goal is to ensure that our stewardship reporting is fair, balanced, understandable, and serves our clients' best interests. For example, when we publish company engagement highlights, we select examples that are balanced among different sectors and regions and based on a wide range of topics, challenges, and successes. Our stewardship publications, including activity reports, guidance, thought leadership, and vote bulletin pieces, are subject to a comprehensive review process by relevant senior leaders within the Asset Stewardship and ESG team, as well as our standard marketing compliance process before publication.

In 2023 we utilized internal assurance resources because we believe they allow us to allocate resources appropriately and leverage existing teams and processes to ensure that our activities are comprehensive and robust.

Examples of the processes and oversight that support our stewardship activities include:

- **Control testing by the dedicated Business Risk Management Executive (BRME) team** BRME is part of the first line of defense and follows the State Street Assurance Standard in implementing a control testing coverage and frequency model; Compliance and Enterprise Risk functions – both part of the 2nd line of defense – also perform targeted reviews.
- **Internal Audit Reviews** Our Internal Audit function – the third line of defense – periodically conducts independent reviews of our internal controls, such as the processes and controls followed in our stewardship activities.
- **Committee Oversight** The ESG Committee oversees sustainable investing and Asset Stewardship matters. In addition, both the Model Risk Committee and the Technical Committee have reviewed, validated, and approved our R-Factor methodology and scoring system, which supports our stewardship activities. The Model Risk committee is responsible for validating R-Factor models, specifically data governance and controls.

We aim to continually strengthen our internal oversight and control environment, including in response to review and oversight. During 2023, we enhanced our procedure related to proxy voting and securities lending. Additionally, we strengthened our processes related to data and reporting of stewardship activities and took steps to mitigate key person risk around these processes. Further, we identified opportunities to centralize our Global Proxy Voting and Engagement Policy.

7 Promoting Well-Functioning Markets

We recognize our responsibility to support well-functioning markets and do so through a multi-targeted approach to engagement with the market. We engage with regulators, policymakers, our clients, and our portfolio companies on the risks that we believe are most important to our work on behalf of our clients.

Engagement With the Market

Thought Leadership on Asset Stewardship and Sustainability Topics

We promote awareness of our stewardship approach, as well as the firm's sustainability-related capabilities and insights, in various ways, including the publication of thought leadership content on our website.

Figure 32
Thought Leadership Example Topics

Asset Stewardship	• Making It Plain: Our Asset Stewardship Approach
Integration of Climate in the Investment Process	• A Case For: An Active Fundamental Approach to Climate Transition • Understanding the Complexities of Scope 3 Carbon Emissions Data • Climate Scenarios: An Introduction • Climate Scenarios: Unpacking the 1.5°C Pathways • EU Climate Benchmarks: Paris Aligned or Climate Transition?
General Sustainable Investing Insights (State Street Global Advisors)	• Peeling Back the Onion: Understanding What Goes into an ESG Rating • ESG Data Governance and Oversight in Asset Management: A Primer
General Sustainable Investing Insights (State Street Corporation)	• Carbon Assets: Category Growth, Strategies and What Comes Next • The Future of ESG: Supplying the Demand

Source: State Street Global Advisors, 31 December 2023

Asset Stewardship Team Public Speaking Activities

In addition to our thought leadership, we also seek to provide our perspectives on asset stewardship by participating in industry and stakeholder gatherings as panelists and keynote speakers. We use the speaking opportunities to share our message on stewardship or our views on developing issues.

Figure 33 **Public Speaking Activities**

Event	Description
New York University School of Law - Institute for Corporate Governance and Finance	• Participated in a panel focused on "pass-through voting" and its potential impact on corporate governance • The panel featured industry leaders and academics directly involved with shaping this initiative from a product and regulatory perspective.
Summit on Workforce Valuation and Performance at the University of Michigan Ross School of Business - The Investor Demand for Human Capital Data	• Participated in a panel that featured investors' perspectives on the importance of increased human capital management disclosures from companies • The panel was composed of investors who incorporate data on human capital into their investment decisions and stewardship programs.
The Harvard Law School Corporate Governance Roundtable	• Participated in a roundtable event with an agenda that included (i) the 2023 proxy season: ESG and anti-ESG proposals; (ii) hedge fund activism; (iii) investor engagement and priorities; (iv) current ESG issues; (v) executive compensation; and (vi) legal and institutional developments • Participants included asset managers, asset owners, publicly traded companies, academics, corporate law firms, and proxy advisory services.
PriceWaterhouseCoopers (PwC) – 2023 Proxy Season Preview Webcast	• Participated in a webcast segment about the Universal Proxy Card (UPC), trends in shareholder activism and shareholder engagement best practices • Investors, lawyers, auditors, and accountants provided perspectives.
ICR Governance Forum – 2023 Proxy Season Preview Panel	• Participated in a panel in session that focused on the UPC, trends in shareholder activism, and shareholder engagement best practices • Investors and lawyers shared their observations and experiences in advising clients and engaging with portfolio companies on the UPC.
Bloomberg and 30% Club Poland Annual Diversity Conference	• Participated in a panel focused on board gender diversity and related asset manager expectations • The panel included representatives of Polish listed companies responsible for DEI efforts.
Polish Chamber of Funds and Asset Managers Annual Conference	• Participated in a panel about the value of sustainability • The panel featured representatives of Polish asset managers, the regulator, and an associated issuer.

Collaboration With Other Market Participants

As outlined in Chapter 4, Engagement and Voting, we believe that to properly exercise the duties that we owe to our clients, we must always act independently when making decisions about how to invest our clients' assets and how to vote the equity securities in which we invest those assets. At the same time, we have joined various industry groups and industry initiatives, discussed in more detail below, to participate in conversations and information sharing about issues that impact global and local markets and may affect the long-term value of our clients' assets. Doing so helps us expand our knowledge and share our views with other industry members, as well as to seek the best available information regarding sustainability and important risks that may help us serve our clients.

Additionally, our parent company, State Street Corporation, is a member of various organizations and initiatives including UN Global Compact and Investment Leaders Group. State Street Global Advisors participates in some of those parent company relationships, as described below.

The following is a non-exhaustive list of the industry organizations and initiatives that we have joined and for which there was notable activity in 2023. We highlight what we believe are particular benefits to our clients and the broader capital markets with respect to standards-setting, improving disclosures, contributing to research and knowledge-sharing, and supporting diverse market participation.

Supporting Standards-Setting

Climate Bonds Initiative (CBI) We are a close partner with the Climate Bonds Initiative, with whom we coordinate research on the topic of green bonds. In 2023, we participated in regular calls with the CBI, attended by representatives from our Fixed Income Investment, Fixed Income Strategy, ESG Strategy, and Marketing teams.

International Financial Reporting Standards (IFRS) Sustainability Alliance In 2023, we continued to use the IFRS platform to access information on IFRS and ISSB endeavors, keep abreast of updates, and listen to academic speeches on the use of SASB/ISSB standards.

International Sustainability Standards Board Investor Advisory Group (ISSB IIAG) (formerly Sustainability Accounting Standards Board: Investor Advisory Group (SASB IAG)) Our membership on the IIAG allows us to participate in the ongoing monitoring and reviewing of the SASB standards, which are a widely accepted framework for assessing materiality used by the market. In 2023, we attended quarterly IIAG meetings and participated in the ISSB Corporate-Investor Dialogue event and ISSB Watcher Conference.

Supporting Better Disclosure

Principles for Responsible Investment (PRI) State Street Global Advisors is a signatory member of PRI, supporting and participating in disclosure around the investment implications of sustainability factors. We publicly reported our sustainable investing practices during the 2023 reporting cycle and remained active in various PRI Initiatives. We participated in the Signatory General Meeting and the PRI in Person and Online 2023 conference, supporting knowledge-sharing by taking part in the panel discussion, "How to bridge the ESG skill gap and to drive ESG fluency across the whole organization."

Task Force on Climate-related Financial Disclosures (TCFD)[30] Financial markets need information on the impacts of climate change, including risks and opportunities. TCFD relied on industry support to drive adoption, and because we share the view that financial markets benefit from the recommended disclosure, we became a supporter in 2017. We have encouraged disclosure by issuers since we first endorsed the framework, and in 2022, we began voting against directors at companies that did not align with our published guidance. In 2023, we continued those efforts to promote investor-useful disclosure around the topic of climate-related risks and opportunities.

Supporting Research and Knowledge-Sharing

Council of Institutional Investors (CII) State Street Global Advisors is an Associate Member of the Council of Institutional Investors. CII is an industry group that provides an opportunity for us to share our views on corporate governance and proxy voting issues and also hear directly from asset owners regarding their priorities. In 2023, we served on CII's Corporate Governance Advisory Council.

Ford Foundation and Russell Reynolds Associates We joined the Ford Foundation and Russell Reynolds Associates in 2022 to research a topic of increasing importance: board oversight of human capital management, with a specific focus on employee voice. We define "employee voice" as the perspectives, interests, and needs of the workforce. This collaboration resulted in our 2023 publication, The Board's Oversight of Employee Voice.

Institutional Investors Group on Climate Change (IIGCC) State Street Global Advisors has been a member of the IIGCC since 2021 and is a contributor to certain working groups related to net zero benchmarks and index investing.

One Planet Asset Manager initiative (OPAM) The OPAM initiative was launched in 2019 to support the members of the One Planet Sovereign Wealth Funds (OPSWF) in their implementation of the OPSWF Framework. In 2023 State Street Global Advisors joined the group attending the "Summit on a new Global Financial Pact" hosted by French President Emmanuel Macron in Paris, and we contributed to discussions around disclosure expectations for effective climate transition plans by issuers.

Supporting Diversity, Equity, and Inclusion

Diversity Project State Street Global Advisors is a member of the Diversity Project, a cross-company initiative championing a diverse, equitable, and inclusive UK investment and savings industry. We are engaged on the Diversity Committee at the Advisory Council, Steering Committee, and Working Group levels. Examples of initiatives in which we have been involved include the Diversity Project Pathway initiative, which aims to develop women portfolio managers of the future; the "Power Hour" initiative, which aims to improve ethnic representation at senior levels in the industry; and the UpReach mentoring initiative.

Regulators and Policymakers

In recent years, regulatory and supervisory agendas around the world have focused on climate and wider sustainability policy matters. At State Street Corporation ("State Street"), the Regulatory, Industry, and Government Affairs (RIGA) division is responsible for monitoring policy, legislative, or regulatory developments globally and for engaging regulators and policymakers on these issues. We publish letters to regulators and policymakers on State Street's website, and details of our lobbying activities can be found here. With respect to trade organizations, we periodically assess their scope and purpose to identify where their positions may materially diverge from State Street's positions, including on sustainability issues, and to evaluate the benefit of continued membership.

Our interactions with asset owners, asset managers, data providers, and other key stakeholders from across the globe give us unique insight to engage in evolving policy debates around sustainability issues. Below are two examples of our recent engagements with policymakers on sustainability-related issues.

The Financial Reporting Council UK Corporate Governance Code Comment Letter

In late 2023, the Financial Reporting Council (FRC) consulted on revisions to the UK Corporate Governance Code. One of these proposals focused on the importance of companies considering the demands on directors' time when making board appointments. We expect companies to disclose the board's annual review process for evaluating directors' overall time commitments and wrote to the FRC to support a similar approach being adopted in the UK Corporate Governance Code, although it was not included in the final update. Read more about our policy on director time commitments in the US in Chapter 4, Engagement and Voting.

Vote Reporting: A Consultation and Discussion Paper from the UK Vote Reporting Group (VRG)

In June 2023, the Financial Conduct Authority (FCA) opened a consultation with the aim of building industry consensus on a voluntary vote reporting template for asset managers in the UK. In our response to the consultation, we stated our support for standardized and comprehensive vote reporting. Our general comments to the VRG proposals focused on two areas: voluntary application and international coordination.

Regarding voluntary application, we agree that there should be some degree of flexibility in the implementation of these proposals; however, we note that 'voluntary' status does not preclude investors in the UK from expecting their asset managers to provide this information, even though it is not compulsory for such managers to do so.

On international coordination, the consultation paper acknowledges there are similar regulatory initiatives under development in other jurisdictions. Recognizing that pension funds invest globally, and many asset managers operate internationally, we welcome alignment between the final VRG recommendations and other frameworks.

Our Clients

Our Asset Stewardship team works closely with our global client coverage teams to maintain an open and constructive dialogue with clients on the delivery of our stewardship activities. Our client approach is centered on client engagement and reporting. We recognize the importance of being accountable to our clients on how we fulfill our duties as responsible fiduciaries on their behalf.

We meet with clients to discuss and answer questions about our stewardship activities. We believe that regularly engaging with our clients allows us to better understand their expectations in terms of their stewardship journey and investment objectives, and we incorporate their feedback into our stewardship program where appropriate.

We are continually looking for ways to develop our client engagement on these important topics. As such, we have introduced periodic client meetings specifically to discuss stewardship and sustainability matters. These discussions are attended by subject matter experts from our Asset Stewardship and ESG teams alongside the client coverage team.

In addition, we participated in a Net Promoter Score (NPS) survey program since 2020 to gather feedback from clients to assess their satisfaction with State Street Global Advisors and identify areas for improvement. 2023 marked the first year a company-wide NPS score was calculated, allowing us to identify broad themes, trends, and priority areas to improve the client experience.

Over time, we have been able to implement the following improvements to ensure that we continue to deliver increasing levels of support and value to our clients:

- **Enhanced vote transparency** We implemented a new quarterly reporting schedule in response to our clients' demand for more transparency on how we vote and engage.
- **Vote Bulletins** In 2023, we published five Vote Bulletins on various topics, which can be viewed in our asset stewardship library.
- **Proxy Voting Choice program** In 2023, we launched this program that empowers clients to direct the proxy voting of shares held in the eligible funds and segregated accounts they own.

Reporting

We provide transparency about our stewardship activities through our regular client reports and relevant information reported online, including quarterly stewardship activity reports providing details of our stewardship approach, engagement and voting policies, and activities throughout the year. We also regularly publish thought leadership on governance and sustainability on our website.

Consistent with our commitment to transparency, we increased the frequency that we publish our voting record from annual to quarterly beginning in 2021. This information is available on Vote View, an interactive platform that provides relevant company details, proposal types, resolution descriptions, and records of our votes cast. Our 2023 Stewardship activity reports are listed below and are available in our asset stewardship library.

- Q1 2023
- Q2 2023
- Q3 2023
- Q4 2023

Disclosure of Significant Votes (SRD II) for UK Clients

In compliance with the UK SRD II, we have developed a framework that identifies our most significant votes for our UK clients. Using this framework, we create reports on a quarterly basis for our UK clients that include a brief explanation of the most significant votes identified in their portfolios. We identified significant votes for the purposes of the SRD II as follows:

- All votes on environmental-related shareholder proposals
- All votes on compensation proposals where we voted against management's recommendation
- All against votes on the re-election of board members due to poor disclosure by their companies
- All against votes on the re-election of board members due to poor compliance with the local corporate governance code of their companies
- All against votes on the re-election of board members due to a lack of gender diversity on the board

8 Investment Approach

Introduction

Sustainable investing is an investing philosophy wherein an investor takes a company's environmental, social, and corporate governance factors into account.

To help investors meet investment needs and objectives, we offer a wide spectrum of investment strategies from which our clients may choose. Whether our clients are focused on risk management, responding to new regulations, making investments that align with their values, or seeking to enhance long-term performance, our sustainable investing capabilities can support clients in achieving their sustainability objectives and investment goals.

Our sustainable investing solutions vary depending on the type of strategy provided to our clients, but generally fall into one of three broad categories:

1. **Negative Screening** A "Negative Screen" (also known as an exclusionary screen) is a screen incorporated into the investment strategy utilized for the management of a portfolio that results in the exclusion from the portfolio of securities of issuers that fail to satisfy certain sustainability criteria. Negative Screens include but are not limited to State Street Global Advisors Point of View (POV) screens, norms-based screens, Socially Responsible Investing (SRI) screens, and screens provided by clients or other third-parties.

2. **Positive Screening** A "Positive Screen" is a screen incorporated into the investment strategy utilized for the management of a portfolio that intentionally includes securities of issuers identified as having positive sustainability characteristics (including positive characteristics of sub-components of sustainability such as environmental, climate or social characteristics) relative to the issuer's industry or sector peers. Positive Screens include but are not limited to targeting an overall improvement of a portfolio's sustainability profile as compared to a benchmark or stated investment guideline, measured in ESG scores or metrics, or investing only in issuers within an industry or sector that score higher within that industry or sector than the issuers' peers.

3. **Third Party ESG/Sustainable Index Investment Strategies** An index is deemed to be a "Third Party ESG/Sustainable Index" if the index methodology incorporates ESG/sustainability factors or characteristics that are utilized by the third-party index provider to determine which securities and/or how much in weight are included as index constituents.

Our Approach to Negative Screening/ Exclusions

At State Street Global Advisors, exclusionary screening can be applied to portfolios as a standalone approach or in combination with other investing styles. Other styles include thematic investing, such as a focus on climate or gender diversity, or integrating sustainable investing into the investment process, such as an active portfolio manager considering sustainability signals and factors, where appropriate, in efforts to mitigate risk and seek opportunities for long-term performance potential. Screening may sound simple, but the process can involve a significant amount of judgment on the part of asset managers or the third-party data providers with whom they partner to conduct exclusionary screens.

It is the choice of our clients if or how exclusionary screens are applied with respect to their portfolios. Still, we believe it is important, where appropriate, to offer clients our own perspective on how to conduct exclusionary screening. This perspective, which we have named Point of View (POV), is guided by the same rigor that steers all of our work.

POV: Guiding Principles

Four guiding principles inform our exclusionary screening POV:

1. **Systematic and Transparent Approach** We follow a well-defined methodology that can be flexibly applied to different use cases.

2. **Leverage Best-in-Class Available Data** We typically use inputs from multiple data providers where accessible to us. This broadens our overall coverage universe and reduces the potential biases of a single data provider.

3. **Awareness of Impact on Risk and Return Objectives** Our point of view is attentive to the impact of excluded securities on a broader set of investment considerations.

4. **Strive for Firm-Wide Consistency While Accommodating Differences** We deviate where appropriate to adapt to investment styles, legal requirements, and/or market-specific norms prevalent in certain regions. This allows us to offer our clients a defined perspective as well as investment solutions most appropriate to their contexts.

POV Screening Approach

Our standard POV screens employ, where possible, a 10% revenue threshold (i.e., the screens focus on companies that derive at least 10% of their revenue from a specific factor included in the screen) and focus specifically on companies with direct involvement in a specific factor included in the screen (rather than involvement through ownership exclusively).

In addition, our POV screens leverage ESG data provided by Sustainalytics and, whenever available, MSCI, and are updated on a quarterly basis. We apply focused lists and 10% revenue-based metrics with the intention of concentrating our restricted securities on those issuers with meaningful involvement in the product, issue, or topic in question. Our intention is not to screen every issuer that touches the topic in question, but rather to screen those with significant involvement. This allows us to balance screening preferences with other investment considerations.

Our Approach to Positive Screening

Under our positive screening approach, we determine which investments should be included within our sustainable investing-focused funds and portfolios based on the positive sustainability characteristics they exhibit. We invest in companies, sectors, and countries selected for superior sustainability performance relative to their peers.

An example of how positive screening may be implemented is where a portfolio targets an improvement in sustainability-related characteristics compared to the benchmark. Our approach to positive screening identifies companies who have certain characteristics in sustainability that we can positively tilt towards in order to generate an improved profile to a standard fund or index. We use sophisticated data sets to identify scores or metrics and ensure we truly address and integrate the issues relevant to clients' requirements.

Positively screening companies can be used to identify themes and specific sustainability objectives our clients want to address. This is often referred to as thematic investing, where we support our clients' desire to invest in a particular area, such as climate or gender diversity. For investors seeking to align their portfolios with their climate ambitions and/or align with climate-aware industry frameworks, we offer climate-related investment products and solutions that are designed to meet specific climate-related objectives. Those solutions may consider climate change mitigation, which addresses how to reduce the level of greenhouse gas emissions and/or climate change adaptation, which addresses how to adapt to the climate change taking place and how to build resilience into portfolios.

Our range of climate products and solutions includes proprietary investment models, such as our sustainable climate equity strategies, sustainable climate bond strategies, a low-carbon equity framework, and a low-carbon bond framework, as well as strategies for which we partner with third-party index providers to build solutions for our clients.

Incorporating Sustainability Across Our Asset Classes and Investment Strategies

Active Strategies

With respect to management of our clients' portfolios in active strategies, we believe sustainability factors should be considered alongside traditional investment factors when making investment decisions to develop a more complete picture of portfolio companies' future financial trajectory and business risks. We believe this practice allows issuers to demonstrate their value proposition more fully to investors and for the market to appropriately value an issuer's securities. Sustainability factors could cause either a negative or positive impact on a variety of financial metrics. In addition, we recognize that some sustainability-related risks and opportunities are likely to materialize over longer term time horizons. Finally, the degree to which these factors may drive future business results may or may not be well recognized in the market.

Therefore, we believe it is important to assess these factors as part of a comprehensive assessment of the value of an investment, as applicable, depending on the investment strategy. However, unless specifically disclosed to investors in a strategy, sustainability factors are not material to the way the investment strategy is managed and are not necessarily determinative of investment selection.

Tools Available to Our Investment Teams

Our investment teams utilize a variety of data and analytical tools in their various approaches to sustainable investing. Our ESG data platform includes more than 50 data sets from 10 data providers, leveraging thematic information from leading third-party vendors. These data cover a range of matters including ESG ratings and scores, thematic sustainability topics like climate (e.g., carbon emissions, fossil fuel reserves, brown and green revenues, physical and transition risk, carbon value at risk), corporate governance, controversies, product involvement, and impact.

Below, we provide additional information about our use of ESG data in relation to R-Factor.

What Is R-Factor™?

Sustainable investing requires a tool to measure a company's effectiveness in managing and disclosing the financially material ESG challenges and opportunities facing the company's industry. Hence, we created R-Factor — an ESG score that leverages multiple data sources and aligns them to the widely accepted, transparent Sustainability Accounting Standards Board (SASB) Materiality Framework for over 12,500 publicly listed companies.

How We Use R-Factor™

As of 31 December 2023, we scored more than 12,500 issuers using R-Factor, and we aim to continue expanding our coverage universe. We use R-Factor as a quantitative input to a variety of investment solutions and as a metric in relevant reports and factsheets. Additionally, a company may request its R-Factor score (instructions are posted on ssga.com) and may also request a related engagement with our Asset Stewardship team. Finally, R-Factor scores are among the many inputs our Asset Stewardship team may review when performing analysis on portfolio companies before engagements.

Please see Chapter 5, Stewardship Engagement Highlights, for additional information on how we use R-Factor to support and enhance our engagements with portfolio companies.

9 Identifying and Managing Risks

Identifying and managing material risks is a critical part of our role as stewards of client capital. In this section, we provide an overview of our risk management framework and explain how we generally identify and respond to market-wide, systemic, and operational risks. We also provide information on the risks we identified and responded to in 2023.

Structure and Approach to Risk Management

We leverage the principles of the “Three Lines of Defense” model in designing our overall risk framework to drive strong risk accountability, identification, monitoring, and control improvement activities. The first line of defense comprises the business and support teams, such as portfolio managers and research analysts, which have direct risk and control ownership and risk management responsibilities. These teams are supported by an embedded and dedicated Business Risk Management Executive (BRME) team with dual reporting lines to the Chief Operating Officer of State Street Global Advisors and the Chief Administrative Officer of State Street Corporation. The second line of defense comprises the Risk and Compliance teams, which establish and monitor adherence to the risk and control framework and create an additional layer of independence. The third line of defense comprises the Audit team, which provides final assurance that the first and second lines of defense are designed and operating effectively in carrying out these responsibilities.

The State Street Global Advisors Risk Committee (RC) is the most senior oversight and decision-making committee for risk management oversight within the firm. The RC’s mission is to ensure alignment of strategy and risk appetite, as well as alignment with State Street corporate-wide strategies and risk management standards.

The State Street Global Advisors Chief Executive Officer and Chief Risk Officer serve as the RC Co-Chairs. Members of the Committee are appointed by the Co-Chairs. RC members include our Chief Compliance Officer, Chief Administrative Officer, Chief Financial Officer, Chief Investment Officer, and Heads of EMEA and APAC, as well as State Street’s Head of Risk Superstructure.

The second line of defense risk approach is driven by our Enterprise Risk Management Group, led by the Chief Risk Officer. This group includes our Investment, Liquidity, Counterparty, Model, Operational, and Superstructure Risk teams. The group is tasked with monitoring, supporting, and ensuring the management of business risks throughout the organization. The Enterprise Risk Management Group’s mission is to protect both our firm and our clients from unintended risks by providing an independent assessment framework to evaluate risk exposures and process controls across asset classes.

Identifying Risks

Emerging Risk Review Framework

We have established an emerging risk review framework that allows the Risk team to proactively identify and respond to market-wide and systemic risks in the global financial system and global economies. The framework is intended to help manage and mitigate uncertainties in investment strategies and funds by proactively measuring and quantifying associated risk, thereby enabling a preventive approach to risk management. We have built out our risk management framework to include important risks that we believe cut across all risk types.

In 2023, several emerging risks were identified through the framework and reviewed, including:

- Higher U.S. interest rates for longer as the Federal Reserve deals with potentially persistent inflation, contrary to market expectations
- Economic risk posed by a possible global recession
- Return of banking stress coupled with the potential for a commercial real estate crisis
- War and geopolitical conflict
- Equity index concentration and reduced diversification driven by a handful of AI-themed stocks

Investment Risk

The Investment Risk team is responsible for independently monitoring investment risk exposures to ensure that risk contributions are consistent with return expectations and to highlight intentional and unintentional exposures. Attention is focused on where we have risk, how much risk we have, and whether it is consistent with our views and client objectives. Furthermore, the team is in the process of developing an associated framework and risk processes to monitor ESG-related targets and metrics for relevant strategies. In addition, the team provides portfolio level risk reporting to investment managers — inclusive of climate data reporting when appropriate — to help ensure that the strategy's risk profile is consistent with the investment objectives.

Liquidity Risk

The Liquidity Risk Management team is responsible for independently monitoring and reporting on asset and funding redemption liquidity risk to ensure appropriate levels of liquidity across portfolios and to ensure adherence to regulatory liquidity requirements. Furthermore, periodic table-top exercises are held with the business to ensure awareness of roles and responsibilities and preparedness of the business and its operations through simulated stress events. These steps, along with regular monitoring and governance, ensure that liquidity risk is well understood and prudently managed.

Counterparty Risk

The Counterparty Risk Management (CRM) team strives to prudently manage counterparty risk while enabling traders to achieve best execution for clients. Our objective is to be comprehensive, capturing all elements that materially impact counterparty creditworthiness including asset quality, earnings, funding and liquidity, capitalization, and management. Sustainability considerations are incorporated into our credit views to the extent they materially affect counterparty credit quality. Such considerations may influence our opinions but are not the only factors that drive our credit decisions. CRM has developed capabilities to incorporate ESG scores (such as MSCI and/or R-Factor) into select reporting to provide integrated data to internal stakeholders for informational purposes only. ESG scores are independent from our credit decisions.

Operational Risk

The role of the Operational Risk Management team is to assist the organization in effectively managing the risk of errors in people, processes, technology, and external events in conjunction with achieving business objectives. The Operational Risk Management team oversees this process by executing a framework to identify, measure, control, monitor, and report on operational risks. In partnership with the business, the team is responsible for delivering a risk governance structure that facilitates risk discovery, prioritization, and management in order to inform business discussions and decision-making. The team is an independent risk function with responsibility for the capability of the firm's people and processes to reliably deliver their business activities, and acts as an operational risk industry liaison, continuously tracking, monitoring, and furthering best practices. Emerging risks and topics such as sustainability are identified, assessed, and monitored using Material Risk Identification and Targeted Risk Assessment, which are some of the core elements of the operational risk frameworks used by the team.

Model Risk

State Street Corporation has company-wide requirements for model risk management to which our models adhere. The Model Risk team administers State Street's Model Risk Management framework to ensure that model risk is identified, assessed, mitigated, and monitored over time. In addition, at State Street Global Advisors, the Technical Committee, a subcommittee of the Investment Committee consisting of a first-line team of investment professionals, is focused on model risk within the Investment Division overseeing all models used to manage and value funds.

Independent model validation is a formally structured process intended to determine whether a model has been developed and implemented consistently with its design objectives and business uses and has an ongoing monitoring plan in place. Validation is performed in accordance with State Street corporate guidelines by independent model risk management validators or by independent first-line reviewers who specialize in the model's asset class and investment style, depending on the model risk tier. The validation conclusions determine if the model is approved for implementation.

Model validation is conducted prior to model use and on a periodic basis with a frequency commensurate with the assessed risk and whenever model changes are made, in addition to annual model reviews. These guidelines apply to both internally developed models and to all third-party or vendor models.

Superstructure Team

The Superstructure team manages the risk infrastructure at State Street Global Advisors and is responsible for ensuring the firm meets its risk management regulatory requirements. The team oversees project management of key technology and platform initiatives as well as the development and execution of our risk strategy, leading coordination across all risk disciplines and ensuring that client and enterprise risks are identified, measured, and monitored in an effective manner. To support this enterprise risk identification process, the Enterprise Risk Management team prepares an annual overview of the top emerging risks at State Street Global Advisors, with the objective of facilitating an open business discussion on the prioritization and management of evolving risk trends.

Managing Market-Wide and Systemic Risks

At State Street Global Advisors, we define market-wide risks and systemic risks as those that may lead to financial loss or affect overall performance of the entire market and those that may lead to the collapse of an industry, financial market, or economy, respectively.

To understand and ensure effective management of these risks, our Investment Risk team conducts a variety of stress tests, encompassing both historical and theoretical market and economic scenarios, and reports to the Portfolio Management teams. Additionally, the Operational Risk team performs the Material Risk Identification (MRI) assessment at a firm-wide level and, at a Legal Entity level, Scenario Analysis, which focuses on potential “tail risks” (i.e., low frequency, higher impact events) and Stress Testing to demonstrate adequate capitalization.

The Global Market Event Response Team (GMERT) responds to market-based crisis events that pose significant financial, legal, or reputational risk to State Street Global Advisors. GMERT’s purpose is to act as a central coordinating body to address all aspects of our response to an unusual scenario. GMERT comprises senior team members of Risk, Compliance, Investment, Trading, and Operations who are all notified to ensure we provide a coordinated and appropriate response. In response to the U.S. regional banking crisis, we assessed fund and client exposures to the affected entities and the related market movements through GMERT as well as convened a working group dedicated to timely client communications.

We regard our external engagement in the area of sharing risk best-practice as an important step in helping manage market-wide and systemic risks across the industry. In response to the stress in the Liability Driven Investments (LDI) market, we adjusted leverage and capital call windows, closely monitored relevant LDI indicators, engaged with the Central Bank of Ireland on enhancing macro-prudential oversight, and socialized revised regulatory expectations internally to ensure the requirements were well understood. More recently, we actively engaged with index providers in light of FX conversion issues surrounding the Egyptian pound.

Furthermore, State Street Global Advisors conducts an annual Climate Risk Workshop to identify potential risks arising from climate change that may impact the firm’s financial performance and operations. In addition, the Risk team engages in several regulatory and industry initiatives that seek to socialize industry best practices. We are active members of the Global Association of Risk professionals (GARP) buyside forum and responded to GARP’s 2023 Nature Risk Survey. We also responded to the European Securities and Markets Authority (ESMA) Call for Evidence on shortening of the settlement cycle, sharing our experience on how best to manage conflicting risks. Further, State Street Corporation’s Third Party Risk Management (TPRM) framework establishes required oversight by setting forth minimum standards and tailored controls for all our Service Providers. Our industry participation, alongside our engagements with third-party providers, enables us to function in an effective and resilient manner while minimizing risks that may arise from third-party business failure, as well as sharing best practices with other market participants.

Managing Industry Risk and Liquidity Risk

In the past decade, crises demonstrated that liquidity risk is often the cause of fund failures and contagion risks across asset classes. We sought to manage systemic risks from a lack of liquidity by building out a liquidity risk management framework based on measurement and monitoring, contingency planning, and disclosures, transparency, and governance.

Clear and transparent disclosures resulted in a set of liquidity risk management tools designed to minimize and mitigate liquidity risks for funds. Furthermore, each investment and product team holds regular table-top exercises to ensure that the teams are aware of the steps to follow and that processes are well documented and understood. These steps, along with regular monitoring and governance, ensure that systemic risk arising from liquidity is well understood and appropriately managed.

In July 2023, the Financial Stability Board (FSB) and International Organization of Securities Commissions (IOSCO) released consultation papers on liquidity risk and its management in open-ended funds. The FSB consultation aims to address the structural vulnerabilities from liquidity mismatch in Open-Ended Funds, with insight and/or lessons learnt following numerous market shocks to the financial system, including the March 2020 COVID-driven market turmoil, since its initial recommendation in 2017. We responded to the 2023 FSB consultation paper with constructive feedback on the recommendations, e.g., bucketing approach. We engaged in several meetings, organized by European Fund and Asset Management Association (EFAMA), with central banks and financial regulators to discuss the recommendations and provide insight through the lens of industry practitioners involved in liquidity risk management.

Sustainability Considerations in Risk Management

In recent years, we focused on integrating sustainability considerations into our risk management processes, where appropriate. In 2023, we continued to build out our risk management framework to ensure we are appropriately measuring risks, including sustainability-related risks, that may impact State Street Global Advisors and our products. In June 2023, we conducted our annual State Street Global Advisors Climate Risk Workshop with the purpose of identifying key drivers of climate risks that could impact the firm's financial performance, operations, and franchise value.

Effectiveness of Our Risk Management Approach

We monitor the effectiveness of our risk management program over time and consider where changes can help improve the risk management framework. This happens formally through processes such as Risk Appetite reviews, as well as informally as risks and emerging risks are discussed. We believe that our approach to risk management — including the identification of, and response to, market-wide and systemic risks — helps to mitigate the risk to consumers and promote well-functioning markets.

Conclusion

As long-term holders of capital on behalf of our clients, we believe the informed exercise of voting rights, coupled with value-driven engagement, is one of the most effective mechanisms of creating value for our clients. Accordingly, our stewardship program proactively identifies companies for engagement and voting in order to mitigate risks in our portfolios that may impact long-term value creation for our clients across a range of topics, including sustainability factors.

Appendices

Appendix A: State Street Global Advisors Key Links

Global Proxy Voting and Engagement Policy

- Voting and Guidance Library

Voting Summary

- Vote View

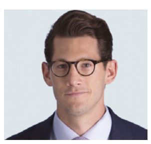
Appendix B: Stewardship Team Senior Leader Biographies

Karen Wong
Global Head of ESG and Sustainable Investing

Karen Wong is a Senior Managing Director and Global Head of ESG and Sustainable Investing at State Street Global Advisors. In this capacity, she leads the asset stewardship and ESG functions including ESG investment strategy, research, and operations. She is responsible for developing and driving the firmwide ESG positioning and business strategy, defining the ESG product roadmap, and coordinating with the broader State Street ESG initiatives to amplify our collective voice. She chairs SSGA's ESG Committee and is a member of SSGA's Executive Management Group.

Before joining State Street Global Advisors, Karen worked at Mellon Investments Corporation for more than 20 years, where she held various investment and leadership positions. Most recently, she was Head of Index Portfolio Management overseeing over $300 billion assets in equity and fixed income index and beta strategies, with primary responsibility for portfolio management and business strategy. In addition, she was Mellon's ESG Champion and collaborated across the firm to drive ESG integration. In 2014, she developed and launched Mellon's first green beta product, a landmark sustainable investment solution.

Karen is a graduate of San Francisco State University with a Master of Business Administration and Bachelor of Science in Statistics and Accounting. She earned the Chartered Financial Analyst (CFA) designation and is a member of the CFA Institute and the CFA Society of San Francisco.



Benjamin Colton
Global Head of Asset Stewardship

Benjamin heads up the Asset Stewardship team globally. His responsibilities include developing and implementing our global proxy voting policies and guidelines, as well as managing our proxy voting activities and issuer engagement.

Previously, he was the Head of Asset Stewardship in Asia-Pacific. Prior to joining the company, Benjamin served as a member of the Active Ownership Team at Norges Bank Investment Management (NBIM) based in Oslo, Norway and later in New York City, U.S.

Benjamin earned an Executive Global Master of Science in Management (Distinction) from the London School of Economics & Political Science (LSE). He also holds a Master's degree in Economics from the University of Nevada and a Bachelor's degree (Distinction) in Economics from the University of Nevada.

Claudia Chapman
Head of EMEA Asset Stewardship

Claudia joined State Street in September 2023 as Head of EMEA Asset Stewardship and is responsible for overseeing voting and engagement for the region. She joined from the Financial Reporting Council (FRC) where she led the substantial review and implementation of the UK Stewardship Code. Claudia joined the FRC to work with a coalition of companies, investors, and wider stakeholders, to deliver a report, Corporate culture and the role of boards, which led to revisions of the UK Corporate Governance Code.

Prior to that she spent nine years at ACCA (the Association of Chartered Certified Accountants), a global education and membership body, in business development and policy roles. Finally, she led a campaign to raise corporate governance standards in developing markets, and to bring together finance and HR to improve inclusion and diversity in companies. Claudia grew up in Jamaica, before studying Marine Geography at Cardiff University, and holds a professional marketing qualification (CIM).

Michael Younis
Head of Stewardship Strategy

Michael is a Vice President and Head of Stewardship Strategy at State Street Global Advisors. In this role Michael is responsible for ensuring that our stewardship activities meet the objectives of our clients, including presenting our stewardship strategy and approach externally and ensuring that our reporting provides transparency into our proxy voting and engagement efforts. Before joining State Street, Michael focused on climate and circular economy issues while working at environmental advocacy and impact investing organizations. Michael earned his Master of Environmental Management from Duke University's Nicholas School of the Environment, where he also holds a Certificate of Inclusion and Diversity, and his Bachelor of Science in Business Administration from the Boston University School of Management. Michael currently sits on the board of the Investor Stewardship Group.

Appendix C: Stewardship Team Roles and Tenure

Name	Job Title / Function	Nature of Role	Years of Experience		
			ESG / Stewardship	Industry	Firm
Karen Wong	Senior Vice President, Global Head of ESG and Sustainable Investing	Lead asset stewardship and ESG functions	9	25	3
Benjamin Colton	Managing Director, Global Head of Asset Stewardship	Oversee proxy voting and engagement	14	14	6
Michael Younis	Vice President, Head of Stewardship	Proxy voting and engagement – client lead	14	14	9
Claudia Chapman	Vice President, Head of EMEA Asset Stewardship	Oversee proxy voting and engagement – EMEA	10	22	1

Endnotes

1 This figure is presented as of 31 December 2023 and includes approximately $64.44 billion USD 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.

2 We do not require companies to adopt net zero ambitions or join relevant industry initiatives. For companies that have adopted a net zero ambition and/or climate transition plan or are in the process of developing a climate transition plan and request our feedback, we may discuss our disclosure criteria and provide guidance accordingly.

3 Includes proposals defined by ISS Proposal Class between 1 January 2023–31 December 2023.

4 "Eligible equity index assets" include all fund and client accounts managed by State Street Global Advisors and its affiliates that employ an equity index strategy and which have granted, or are able to grant, proxy voting authority to State Street Global Advisors and its affiliates.

5 E&S issues are defined by the E, S, or E&S ISS Proposal Class.

6 Governance issues are defined by ISS Proposal Class.

7 Environmental and Social Proposals are defined by ISS Proposal Class. The graph includes shareholder proposals assigned the E, S, or E&S ISS Proposal Class.

8 Ibid.

9 Ibid.

10 Source: State Street Global Advisors voting data.

11 Excluding financial institutions subject to the Capital Requirements Directive (CRD IV), which require numerical limits on public company board seats for executive directors.

12 2023 Spencer Stuart U.S. Board Index.

13 We do not require companies to adopt net zero ambitions or join relevant industry initiatives. For companies that have adopted a net zero ambition and/or climate transition plan or are in the process of developing a climate transition plan and request our feedback, we may discuss our disclosure criteria and provide guidance accordingly.

14 Social risks and opportunities refer to the potential impacts on stakeholders, such as a company's workforce, customers, communities, or supply chains related to the company's climate transition plan, which may give rise to risks or opportunities related to human capital management, human rights, and economic development, among others.

15 Source: https://environment.ec.europa.eu/topics/forests/deforestation/regulation-deforestation-free-products_en.

16 Agriculture is a significant contributor to global deforestation and biodiversity loss. Given the growing focus on biodiversity in international policy agendas, in company commitments and disclosure, and among consumers and the public, portfolio companies across the food and agriculture value chain may be subject to increased reputational risks related to these topics.

17 Source: https://www.epa.gov/enforcement/criminal-provisions-water-pollution.

18 As defined by The Global Industry Classification Standard (GICS) subindustry https://www.msci.com/our-solutions/indexes/gics.

19 Source: State Street Global Advisors, as of 31 December 2023. Includes environmental shareholder proposals per ISS' Proposal Class between 1 January 2023–31 December 2023. Support for all environmental proposals, including management climate-related transition plan/reporting proposals (i.e., Say on Climate) per ISS Proposal Class, was 24% in 2023. Given the complexities with defining climate-related shareholder proposals and the increase in proposals addressing multiple climate and environmental topics, we no longer report climate-related proposals as a standalone category.

20 Ibid.

21 Ibid.

22 Serafeim, George, "Social-Impact Efforts That Create Real Value," Harvard Business Review Magazine (September – October 2020).

23 Regier, Matthias and Rouen, Ethan, "The Stock Market Valuation of Human Capital Creation" (October 2020): link.

24 Ibid.

25 Donangelo et al., "The cross-section of labor leverage and equity returns," Journal of Financial Economics, Volume 132, Issue 2 (May 2019).

26 Edmans, Alex, "Does the stock market fully value intangibles? Employee satisfaction and equity prices," Journal of Financial Economics, Volume 101, Issue 3 (September 2011).

27 Bernile et al. find that, on average, both operating performance and asset valuation multiples increased with board diversity among their sample of US companies (Bernile et al., "Board diversity, firm risk, and corporate policies," Journal of Financial Economics, Volume 127, Issue 3 [March 2018]). BoardReady looked at the performance of S&P 500 companies in 2020 and found that 54 percent of companies with more than 30% women on the boards had YoY revenue growth, and companies with more than 30% women on boards outperformed less-gender-diverse peers in 11 of 15 S&P 500 sectors (Subramanian, Rajalakshmi, "Lessons from the Pandemic: Board Diversity and Performance," BoardReady [July 2021]: link).

28 Gormley, Todd, et al., "The Big Three and board gender diversity: The effectiveness of shareholder voice," Journal of Financial Economics, Volume 149, Issue 2, (August 2023).

29 Leverages ISS data on related disclosures.

30 The TCFD disbanded as of October 2023, with climate-related disclosure now overseen by the International Financial Reporting Standards [IFRS] Foundation.

About State Street Global Advisors

Our clients are the world's governments, institutions and financial advisors. To help them achieve their financial goals we live our guiding principles each and every day:

- Start with rigor
- Build from breadth
- Invest as stewards
- Invent the future

For four decades, these principles have helped us be the quiet power in a tumultuous investing world and help millions of people secure their financial futures. This takes each of our employees in 28 offices around the world, and a firm-wide conviction that we can always do it better. As a result, we are the world's fourth-largest asset manager* with US $4.34 trillion† under our care.

* Pensions & Investments Research Center, as of December 31, 2022.
† This figure is presented as of March 31, 2024 and includes ETF AUM of $1,360.89 billion USD of which approximately $65.87 billion USD is in gold 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. Please note all AUM is unaudited.

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State Street Global Advisors Worldwide Entities

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