



# State Street Global Advisors 2022 Proxy Voting Agenda



## Key Takeaways from the Annual CEO Letter

- In 2022, State Street Global Advisors (SSGA) will support the acceleration of the systemic transformations underway in **climate change** and the **diversity of boards and workforces**; moving towards **decarbonisation** and a more **diverse and inclusive future**.

### Climate Change

- SSGA has adopted a **net zero initiative**, aiming to achieve net zero greenhouse gas emissions across portfolio companies by 2050 or sooner, with interim targets for 2030. As a part of this initiative:
  - SSGA will **launch engagement campaigns** against the most significant emitters in their portfolios;
  - companies and directors will be **held accountable in 2023** if they fail to make progress and meet expectations; and
  - SSGA will **support relevant shareholder proposals or vote against directors** at shareholder meetings if progress is not made.
- SSGA has also introduced a new requirement for companies to align with **Task Force on Climate-related Financial Disclosures (TCFD)**, specifically:
  - board oversight** of climate-related risks and opportunities;
  - total Scope 1 and Scope 2 GHG emissions**; and
  - targets for reducing GHG emissions**.

Voting action will be taken against companies in the S&P 500, S&P/TSX Composite, FTSE 350, STOXX 600 and ASX 100 if the company fails to make suitable disclosures.

### Key Expectations for Climate Related Engagement

Category	Disclosure Expectations
Ambition	<ul style="list-style-type: none"> <li>Long-term climate-related ambition</li> </ul>
Targets	<ul style="list-style-type: none"> <li>Interim GHG emissions reduction targets</li> <li>Alignment with temperature goals</li> </ul>
TCFD Disclosure	<ul style="list-style-type: none"> <li>TCFD-aligned disclosure</li> <li>Scenario analysis</li> <li>Emissions reporting and assurance</li> </ul>
Decarbonization Strategy	<ul style="list-style-type: none"> <li>Transition plan integration into long-term strategy</li> <li>Decarbonization actions</li> <li>Carbon offsets utilization</li> <li>Decarbonization across the value chain</li> </ul>
Capital Allocation Alignment	<ul style="list-style-type: none"> <li>Integration of climate considerations into capital allocation decisions</li> <li>Capital expenditure on low carbon strategies</li> <li>Carbon pricing</li> <li>Investments in decarbonization</li> </ul>
Climate Policy Engagement	<ul style="list-style-type: none"> <li>Disclosure of climate change policies and positions</li> <li>Trade association review</li> </ul>
Climate Governance	<ul style="list-style-type: none"> <li>Board oversight</li> <li>Management oversight</li> </ul>
<i>Just Transition</i>	<i>State Street Global Advisors is in the process of developing our disclosure expectations</i>
Physical Risk	<ul style="list-style-type: none"> <li>Physical risk assessment</li> <li>Physical risk management</li> </ul>
Stakeholder Engagement	<ul style="list-style-type: none"> <li>Industry collaboration</li> <li>Investor engagement</li> <li>Climate expert engagement</li> <li>Internal engagement</li> </ul>

# State Street Global Advisors 2022 Proxy Voting Agenda (contd.)

## Key Takeaways from the Annual CEO Letter

### Diversity

- For the 2022 proxy season, SSGA expects all their portfolio companies to have **at least one woman on their board**. Failure to do so will result in a **vote against Chair of the Nominating Committee or the board leader**. In comparison, last year, this policy was applicable in select markets only.
- Starting 2023, if companies in the Russell 3000, TSX, FTSE 350, STOXX 600 and ASX 300 indices have boards comprised of **less than 30% female directors**, SSGA will **vote against the Chair of the Nominating and Governance Committee or the board leader**.
- **Racial and ethnic diversity standards** from 2021 still apply for companies in the S&P 500 and FTSE 100. If these standards are not met, **voting action will be taken against the Nominating and Governance Committee**. The standards include:
  - requiring at least one person of color on the board;
  - disclosing the **racial and ethnic diversity of the board**; and
  - disclosing **EEO-1** reports.

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