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**Alex Castle**

Chief Executive Officer of State Street Global Advisors Limited

**Karen Wong**

Global Head of ESG and Sustainable Investing, State Street Global Advisors

State Street Global Advisors  
20 Churchill Place  
London E14 5HJ

**The Vote Reporting Group**

12 Endeavour Square  
London E20 1JN

Submitted via: [VoteReportingGroup@fca.org.uk](mailto:VoteReportingGroup@fca.org.uk)

**A consultation and discussion paper from the UK Vote Reporting Group**

Dear Sir/Madam:

State Street Global Advisors<sup>1</sup> appreciates the opportunity to provide feedback on the consultation and discussion paper (the “proposals”) issued by the Vote Reporting Group (“VRG”) regarding a vote reporting template.<sup>2</sup>

State Street Global Advisors is the investment arm of State Street Corporation, a leading provider of financial services to institutional investors. As an investment manager, State Street Global Advisors has discretionary proxy voting authority over many of its client accounts and votes these proxies in the manner that we believe will most likely protect and promote the long-term economic value of client investments.

Specifically, where State Street Global Advisors’ clients have requested that their shares be voted on their behalf or where a commingled fund fiduciary has delegated the responsibility to vote the fund’s securities to State Street Global Advisors, we will vote those client and fund-owned securities in a unified manner, consistent with the principles laid out in our public proxy voting and engagement guidelines. Exceptions to this unified voting policy are also outlined in that document. This includes: (1) where investors in comingled funds opt-in to our ‘proxy voting program’ such that a pro rata portion of fund shares are voted consistent with their selected third-party proxy voting policies; and (2) where a pooled investment vehicle utilises a third-party proxy voting guideline.<sup>3</sup>

Proxy voting and engagement with portfolio companies is, in our view, often the most direct and productive way for shareholders to exercise their ownership rights. Equally important is increasing active participation in proxy voting. Hence, in 2022, State Street Global Advisors announced plans to empower investors to choose a voting policy that directs the proxy votes of shares owned in the index equity funds in which they are invested. Eligible investors in certain institutional funds in the UK and the US are now offered a range of voting policies,

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<sup>1</sup> With USD 3.8 trillion assets under management, as of 30 June 2023; this includes approximately USD 63 billion of assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated. Please note all AUM is unaudited.

<sup>2</sup> <https://www.fca.org.uk/publication/consultation/vote-reporting-consultation-discussion-paper.pdf>

<sup>3</sup> [Asset Stewardship Report Library \(ssga.com\)](https://www.ssga.com/asset-stewardship-report-library)


made available through a recognised independent proxy advisor, to be applied to the voting of shares held in those funds.<sup>4</sup> Our clients in separately managed accounts already have the option to vote their shares directly or delegate to our asset stewardship team. Earlier this year, in May, we announced a further extension that will result in investors having the ability to make choices on how voting occurs for approximately 80% of index equity assets by the end of 2023—with additional plans targeted for 2024.

Overall, we support standardised and comprehensive vote reporting, and have provided our feedback on the VRG's proposals further below. There are, however, two overarching issues that may warrant further consideration to ensure the VRG's final recommendations lead to effective vote reporting:

- I. Voluntary application: we agree that there should be some degree of flexibility in the implementation of these proposals, however, we would note that a 'voluntary' status does not preclude investors in the UK expecting their asset managers to provide this information even though not compulsory for managers to do so; and
- II. International coordination: the VRG acknowledges that there are similar regulatory initiatives under development in other jurisdictions;<sup>5</sup> recognising that pension funds invest globally, and many asset managers operate globally, SSGA would welcome alignment between the final VRG recommendations and other frameworks.

Please do not hesitate to contact Benjamin Colton [Benjamin\_colton@ssga.com] should you wish to discuss the content of this submission.

Yours sincerely,



**Alex Castle**  
Senior Managing Director and Chief  
Executive Officer, State Street Global  
Advisors Limited



**Karen Wong**  
Senior Managing Director and Global Head  
of Environmental, Social and Governance  
(ESG) and Sustainable Investing, State  
Street Global Advisors

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<sup>4</sup> [State Street Global Advisors Extends Proxy Voting Choice to More Investors | State Street Bank and Trust Company](#) Additional details and information on the proxy voting policies that will be offered to investors as part of this program can be found on our [website](#).

<sup>5</sup> Pg. 16-17

## **State Street Global Advisors comments on consultation questions**

### **Standard Fields**

We agree with the proposed 'standard fields'. Additional guidance for completing the standard fields would be helpful, as several fields could be subject to wide and varied interpretation. This would help promote consistent implementation across asset managers and proxy advisors.

### **Vote category fields**

Providing standardised vote reporting could be beneficial by enabling asset owners to more readily identify and evaluate voting information. For example, the broad and clearly defined categories stipulated by the Securities and Exchange Commission ("SEC") in the US are, in our view, helpful to asset managers for reporting purposes.

Outside of the US SEC's regulatory regime, there is no non-commercial standardisation of the proposed category fields, which could result in variance between firms. For example, categorising 'resolution types', or the types of 'proponents' when looking at shareholder proposals. While asset managers can feed into that categorisation, by providing clients with additional supporting information (e.g., more transparency on vote rationale), issuers themselves could be encouraged to standardise their approach. This would allow for a more objective approach to categorising resolutions. We are committed to working with our clients and their advisors to understand how we can refine and improve our disclosure/reporting.

### **Vote rationale fields**

There is growing demand from the investor community to understand the rationale for directing proxy votes cast by asset managers on behalf of their clients.

We recognise the importance of this information for our clients and are supportive of voluntary disclosure. As well as publishing our proxy voting guidelines which guide our voting decisions, State Street Global Advisors currently provides rationales for selected proposals through our 'vote bulletins', quarterly stewardship activity reports, and annual Asset Stewardship Report.

### **Frequency of reporting**

We agree with the proposed frequency of reporting. State Street Global Advisors provides quarterly disclosure of shares voted through our 'Vote View'.

### **Client-led reporting**

As referred to above, we have been developing solutions to enable investors in certain pooled funds to opt-in to our 'proxy voting program' such that a pro rata portion of fund shares are voted consistent with their selected third-party proxy voting policies. We are also analysing other potential solutions to enable pooled funds to direct how shares are voted. As also referred to above, clients in separately managed accounts already have the option to vote their shares directly. In situations such as these where the manager's own voting policy

is not being used, we do not believe it is appropriate to disclose the vote information as the voting decision would not be based upon the manager's own voting policy.

**Ownership of the template**

Should there be sufficient take-up, there would need to be adequate oversight and maintenance of the reporting template on an ongoing basis, which integrates multiple stakeholder perspectives. Ownership over the template should therefore be further consulted upon in due course.

**Public registry**

There may be benefit of a public register in time, however, we believe the current focus should be to enhance vote reporting to clients