

FairPensions' Climate Change Questionnaire 2009

Name of Firm: **State Street Global Advisors**

Assets Under Management: **£973.3 billion global assets as at 31 March 2009**

Section A: Assessment of climate change as an investment issue

1. In your business, how important is climate change as a factor in investment research, decision making and engagement activities with companies?

- a) Very unimportant
- b) Unimportant
- c) Important
- d) Very important

2. With regard to question 1, and compared to 2007, has climate change become:

- a) Less important
- b) Unchanged from 2007
- c) More important

3. As a fund manager, which of these factors do you see as a barrier to incorporation of climate change risks/opportunities into investment analysis and decision making?

(please mark any that apply in priority order with 1 as the most significant barrier)

a) lack of demand from clients	1
b) low current carbon price / difficulties in determining material financial impact	2
c) lack of regulatory requirements for investee companies	4
d) poor quality data on GHG emissions disclosed by firms	5
e) lack of regulatory requirements for investors	3
f) other - please specify	

Please comment on barriers to integrating climate change into investment analysis and decision making:

The vast majority of SSgA's assets under management are passive and therefore not subject to individual company investment analysis and decisions making or sector investment analysis and decisions making.

4. As a business, would you welcome regulatory requirements on investee companies to report GHG emissions?

- a) Yes
- b) No

5. As a business, would you welcome regulatory requirements on investee companies to reduce GHG emissions?

- a) Yes
- b) No

6. Do you (directly or through any collaborative initiatives) engage with government regarding regulation for companies and investors concerning GHG emission measurement, reporting and reduction responsibilities?

a) Yes

Please specify if via membership of any collaborative initiatives:

b) No

Please comment on your firm's stance on the regulatory framework for companies:

SSgA would likely not oppose standardized regulatory requirements for companies to disclose climate risks or GHG emissions provided that such requirements are meaningful to investors, consistent by sector or industry and not unduly burdensome to investee companies.

7. As a business, would you welcome stock exchange listing rules which require companies to disclose on a comparable basis climate change related risks?

a) Yes

b) No

Please comment on the relevance of listing requirements to achieving useful disclosure?

SSgA would likely not welcome stock exchange listing rules requiring companies to make such disclosures on the basis that many companies might simply move to exchanges that don't require the disclosure. Uniform regulatory requirements would not be subject to this concern.

Section B: Use of climate change data

1. Does your firm request climate change related information (including data on emissions) from investee companies?

a) In no sectors

b) In a minority of sectors you invest in

c) In a majority of sectors you invest in

d) In all sectors

Please comment on which sectors and why:

SSgA utilizes research vendors that request climate change related information to inform their research and ratings. SSgA utilizes such research in segregated accounts where the client seeks specific environmental exposures. In addition, State Street Corporation is a signatory to the CDP which seeks such data from all sectors.

2. As a business, do you factor climate change related risks and opportunities into analysis and investment decisions?

a) In no sectors

b) In a minority of sectors you invest in

c) In a majority of sectors you invest in

d) In all sectors

Please comment on which sectors and why:

We utilize research vendors that request climate change related information and synthesize into environmental ratings which we then apply into specific client-directed mandates. SSgA's Advanced Research Center has recently examined the historical correlations of climate change related and environmental factors, among other ESG factors, on share prices and may continue to do so periodically as circumstances and data availability evolve.

3. Are you currently making use of climate change related data provided by companies (including data on emissions) in investment decision making?

- a) In no companies
- b) In a minority of companies where data is available
- c) In a majority of companies where data is available
- d) In all companies where data is available

Please comment on your use of climate change information from investee companies:

See comment to the prior question.

4. In the last 2 years, have climate change related factors affected investment allocations at your firm (n.b. excluding specialist SRI / Environmentally focused funds)?

- a) In no sectors
- b) In a minority of sectors you invest in
- c) In a majority of sectors you invest in
- d) In all sectors

Please comment on why climate change does or does not affect investment allocations:

Outside of separately managed accounts where our clients seek specific environmental exposures, we have not integrated climate change factors into our investment allocations. SSgA exited the Fundamental equity business in December 2008 and that group did occasionally assess climate change impacts on future profitability in certain industries or companies. At present, SSgA runs Quantitative, Enhanced and Passive equity portfolios. Passive portfolios seek to match, as closely as possible, the risk and return characteristics of a determined benchmark. Introducing additional factors could introduce undesirable tracking error relative to the benchmark. Our Quantitative and Enhanced teams have not integrated climate change risk or alpha signals into their investment processes due to a lack of 1) client demand, and 2) statistically significant evidence that such factors would improve performance. However, SSgA's Advanced Research Center has recently examined the correlations of climate change related and environmental factors, among other ESG factors, on share prices and may continue to do so periodically as circumstances and data availability evolve.

Section C: Engagement on climate change issues

1. As a business, do you engage (via written or face-to-face communication) with investee companies to ensure that they address climate change related risks and opportunities effectively?

- a) with no companies
- b) with a minority of companies you invest in
- c) with a majority of companies you invest in
- d) with all companies you invest in

Please comment on why you engage or do not engage with companies to address climate change related risks/opportunities, and if relevant how you undertake engagement:

We recognize the issues presented by climate change, however; at this time we focus the majority of our engagement activity around governance practices that we believe are material to shareholder value. This

typically involves engaging over issuers dealing with capitalization requests, remuneration policy and practice, M&A activity, board structure, etc.

We have engaged with a limited number of firms relative to ESG related issues and we've engaged with shareholders over specific changes being advocated. While we have not necessarily advocated any specific change, we have sought to understand both shareholder and company perspectives, policies, and actions around issues such as climate change and how they may or may not impact shareholder value in a measurable way. We continue to conduct internal quantitative research on ESG related factors in an effort, among other things, to guide our engagement activity and goals.

2. Where engagement occurs, which of the following do you seek to have in place at investee companies?

i) Named board member / senior executive responsible for addressing climate change risks/opportunities

- a) Yes
- b) No

ii) Company measures its GHG emissions and discloses to shareholders

- a) Yes
- b) No

iii) Company has an action plan with targets to reduce GHG emissions over a specified timetable

- a) Yes
- b) No

iv) Other - Please specify

Please comment on the purpose of climate change related engagement with companies:

See response to question 1 above.

Section D: Reporting

1. As a business, do you report on action taken (including engagement with companies) to reduce portfolio risks and enhance opportunities arising from climate change?

- a) no reporting
- b) to clients who request it
- c) to all clients
- d) publicly on a website

Please comment on your policy for reporting action to reduce climate change risk and enhance opportunity:

We have not had clients request such reporting.

Please return the completed questionnaire by Friday 12th June 2009 to:

The Research Team
FairPensions
Trowbray House
108 Weston Street
London SE1 3QB