Vote Bulletin – Air Transport Services Group, Inc. (ATSG)

Meeting Type – Annual
Meeting Date – 22 May 2024

Item number	Proponent	Item description	Management recommendation	SSGA vote
Items 1a-1i	Management	Elect Directors	FOR	WITHHELD support from an independent director
4	Shareholder	Adopt GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal	AGAINST	AGAINST

Text of Proposal
Shareholders request Air Transport issue near and long-term science-based GHG reduction targets aligned with the Paris Agreement's ambition of maintaining global temperature rise to 1.5 degrees Celsius and summarize plans to achieve them. The targets should cover the Company's full range of operational and supply chain emissions.

SSGA Policy
We believe that risk management is a key function of the board. We expect our portfolio companies to manage material and industry-specific risks and opportunities that have a demonstrated link to long-term value creation, and to provide high-quality disclosure of this process. We may vote against directors for failing to demonstrate effective oversight of climate risk management at companies in carbon-intensive industries[1] or where companies receive climate-related shareholder proposals that exhibit significant misalignment with our Taskforce for Climate-related Financial Disclosures (TCFD) disclosure assessment criteria.

Analysis
Air Transport Services Group ("ATSG") is the world's largest freighter aircraft lessor and a provider of aircraft operations, maintenance, and related services. ATSG is in the Air Freight & Logistics industry, which is classified by State Street Global Advisors as a carbon-intensive industry[2]. We assess a range of risk drivers, including those relating to environmental factors, and seek to understand how companies address these risks and maintain sound governance and oversight practices. We expect all companies to provide public disclosures in accordance with the four pillars of the TCFD framework: Governance, Strategy, Risk Management, and Metrics & Targets. We expect companies in carbon-intensive industries to provide additional climate-related disclosures outlined in our [Global Proxy Voting and Engagement Policy.]

ATSG discloses several climate-related metrics including Scope 1 greenhouse gas (GHG) emissions and carbon emissions per revenue passenger miles. The company outlines efforts to manage these emissions through fleet modernization, fuel efficiency, and ground operations efforts. However, in our assessment, ATSG can enhance reporting on several elements of our disclosure criteria including the company's approach to identifying and assessing climate-related risks and opportunities[3], the board's oversight of these risks and opportunities, and how they are considered in strategic and financial planning. Further, ATSG can improve disclosure in line with the Metrics & Targets pillar of the

[1] See footnote 1

[2] SSGA defines carbon-intensive industries as the following Global Industry Classification Standard (GICS) subindustries: Electric Utilities, Integrated Oil &Gas, Multi-Utilities, Steel, Construction Materials, Independent Power Producers & Energy Traders, Oil & Gas Refining & Marketing, Oil & Gas Exploration & Production, Diversified Metals & Mining, Airlines, Commodity Chemicals, Industrial Gases, Aluminum, Oil & Gas Storage & Transportation, Multi-Sector Holdings, Diversified Chemicals, Fertilizers & Agricultural Chemicals, Air Freight & Logistics, Agricultural Products, Environmental & Facilities Services, Coal & Consumable Fuels, Paper Packaging, Railroads, Marine, Automotive Retail, Oil & Gas Drilling, Food Retail, Paper Products, Hotels, Resorts & Cruise Lines, Internet & Direct Marketing Retail, Hypermarkets & Supercenters, Precious Metals & Minerals.
[3] ATSG's regulatory filings indicate the company may be exposed to climate- and environmental-related regulatory, legal, market, financial, and other risks.

TCFD to better align with our expectations and general industry and market practice. This includes the company's Scope 2 and Scope 3 emissions[4] footprint and detail on how the company measures and monitors progress on managing climate-related risks. Following our analysis, we felt the company's climate-related disclosures did not align with our expectations for carbon-intensive industries and the TCFD framework, in addition to a lack of disclosure on effective oversight of climate risk.

While we expect companies in carbon-intensive industries to disclose relevant categories of Scope 3 emissions and to explain efforts to address Scope 3 emissions in line with the TCFD, State Street Global Advisors is not prescriptive on target setting or temperature pathway alignment. As such, we do not fully align with the proposal's request for near- and long-term Paris-aligned science-based GHG targets that cover both operational and supply chain (Scope 3) emissions. Further, we note the adoption of near and long-term science-based GHG targets is not standard market practice for companies of this size in this industry.

SSGA Vote

For the reasons outlined above, we WITHHELD support from an independent director and voted AGAINST the shareholder proposal.

[4] We expect companies to identify and disclose the most relevant categories of Scope 3 emissions as defined by the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. We recognize that Scope 3 emissions estimates have a high degree of uncertainty; therefore, if the company determines that categories of Scope 3 are impracticable to estimate, we instead encourage companies to explain these limitations.

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*Pensions & Investments Research Center, as of 12/31/22.

†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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