

Vote Bulletin – Nippon Telegraph & Telephone Corp.

Meeting Type – Annual

Meeting Date – 20 June 2024

Item number	Proponent	Item description	Management recommendation	SSGA vote
2.2	Management	Elect Director	FOR	AGAINST

Text of Proposal

Item 2.2: Election of Member to the Board

SSGA Policy

We believe that risk management is a key function of the board, which is responsible for setting the overall risk appetite of a company and for providing oversight on the risk management process established by senior executives at a company. To effectively manage and assess the risk of our clients' portfolios, we expect our portfolio companies to manage risks and opportunities that are material and industry-specific and that have a demonstrated link to long-term value creation, and to provide high-quality disclosure of this process to shareholders.

If we believe that a company has failed to implement and communicate effective oversight of these risks, we may consider voting against the responsible directors. Our voting policies on Board Accountability are outlined in our [Global Proxy Voting and Engagement Policy](#).

Analysis

We engaged with Nippon Telegraph and Telephone Corp ahead of its 2024 Annual General Meeting (AGM) to discuss the board oversight of material risks and opportunities of its business and operations, risk management and board accountability in light of the prolonged data and security breach that occurred in a fully-owned subsidiary.

As a result of the incident, in February 2024, the Ministry of Internal Affairs and Communications (MIC) issued administrative guidance to Nippon Telegraph and Telephone West Corp. (NTT West) requesting the company review, implement and strengthen measures for preventing reoccurrences¹. Subsequently, the President of NTT West formally resigned in March 2024.

From our engagement, we heard that the company conducted investigations to identify the root-cause of the incident and is taking steps to prevent data leakages in the future. The company has now identified data security and safety as central to its business and has started conducting regular training programs for its employees. The company also allocated capital and resources to minimize future risks related to data security.

Whilst the company has taken steps to manage risks and implement remediation measures, we note that the leakage of customer information has occurred over a 10 year period, raising concerns over supervision and oversight of risk management given the prolonged nature of occurrence. This is amplified by concerns over the effectiveness of the company's internal controls and related-governance system when the findings of an initial in-house investigation in 2022 did not identify security breaches after a client brought the matter to attention. As such, we also sought to understand the company's risk management framework, including how concerns raised throughout the organisation, inclusive of subsidiaries, were assessed, prioritised and reported to senior management and the board.

After careful consideration on board accountability, we believe that withholding support for the internal director that had served on the board of NTT West when the incident took place is in the best interest of our clients.

SSGA Vote

For these reasons, SSGA voted AGAINST.

¹ Ministry of Internal Affairs and Communications, [Press release February 9, 2024](#)

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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.

Marketing Communication

Important Risk Information:

Global Entities Link

https://www.ssga.com/ae/en_gb/institutional/ic/footer/state-streetglobal-advisors-worldwide-entities

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