

RESOLVED that shareholders of State Street Corp. (“State Street”) urge the Board of Directors to oversee a racial equity audit analyzing State Street’s impacts on nonwhite stakeholders and communities of color. Input from civil rights organizations, employees, and clients should be considered in determining the specific matters to be analyzed. A report on the audit, prepared at reasonable cost and omitting confidential and proprietary information, should be publicly disclosed on State Street’s website.

SUPPORTING STATEMENT

High-profile police killings of black people—most recently George Floyd—have galvanized the movement for racial justice. That movement, together with the disproportionate impacts of the COVID-19 pandemic, have focused the attention of media, the public and policy makers on systemic racism, racialized violence and inequities in employment, health care, and the criminal justice system.

State Street CEO Ronald O’Hanley responded to these events by avowing that State Street “stand[s] with the countless thousands” who “are committed to ending the violence and bigotry that degrades our common humanity.” O’Hanley stated that “we need to begin to answer the ‘what must we do’ question by focusing on our firm and how we make it better.”¹

Currently, State Street’s board has no black directors² and none of the company’s Executive Leaders are black.³ In 2017, State Street paid \$5 million in back pay to settle Department of Labor charges, based on a pay equity analysis, that the company paid top female and black workers less than top male and white workers.⁴

State Street has notified portfolio companies that it expects them to “articulate their risks, goals and strategy as related to racial and ethnic diversity,” including workforce diversity data, starting in 2021. The company indicated that it is “prepared to use [its] proxy voting authority to hold companies accountable for

¹ <https://www.statestreet.com/ideas/articles/racism-degrades-all.html>

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<https://www.bostonglobe.com/2020/08/08/business/many-massachusetts-biggest-companies-do-not-have-single-black-board-member/>

³ <https://www.statestreet.com/executive-leaders.html>

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<https://www.pionline.com/article/20171006/ONLINE/171009852/state-street-to-pay-5-million-in-back-pay-to-settle-charges-of-compensation-discrimination>

meeting [its] expectations.”⁵ A 2020 report suggests that proxy voting would be a useful subject for a racial equity analysis: It noted that State Street’s proxy voting guidelines contain no explicit mention of race, referring generically to “board diversity,” and found that State Street often did not use its clout as a significant owner to advance racial justice. State Street supported all directors at 60% of companies with all-white boards and backed two directors with problematic histories regarding racial issues.

State Street is a member of the Securities Industry Financial Markets Association (“SIFMA”).⁶ SIFMA lobbied most frequently in the current Congress on the Wall Street Tax Act of 2019, which would tax financial transactions.⁷ Supporters argue that the revenue raised through the tax could fund measures such as student loan forgiveness and the Green New Deal,⁸ which would mitigate impacts of systemic racism.⁹

We urge State Street to address the “what must we do” question by evaluating its behavior through a racial equity lens to identify how it contributes to systemic racism and could begin to help dismantle it.

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<https://www.ssga.com/us/en/institutional/etfs/insights/diversity-strategy-goals-disclosure-our-expectations-for-public-companies>

⁶ <https://investors.statestreet.com/corporate-governance/lobbying-activities/default.aspx>

⁷ <https://www.opensecrets.org/orgs//summary?id=D000000229>

⁸ E.g.,

<https://thehill.com/blogs/congress-blog/economy-budget/463361-a-wall-street-tax-can-help-pay-for-bold-policy-solutions>;

<https://www.cfo.com/tax/2019/05/bernie-sanders-introduces-plans-for-wall-street-speculation-tax/>

⁹ See

<https://www.marketwatch.com/story/you-have-a-degree-but-who-do-you-know-why-student-debt-is-a-racial-justice-issue-2020-06-15>;

https://www.cjr.org/covering_climate_now/green-new-deal-climate-justice.php