



February 10, 2021

Ms. Amelia C. Fawcett  
Lead Director  
State Street Corporation  
c/o Office of the Secretary  
One Lincoln Street  
Boston, MA 02111

Dear Ms Fawcett:

As State Treasurers or as elected fiduciaries and trustees of public funds and retirement savings with assets under management of over \$1 trillion, we are frequently asked to evaluate asset allocations to asset managers such as State Street. We write to you today in our personal capacity as people affiliated with institutional investors due to our concern with the erosion of political stability in the United States. A functioning democracy is foundational to a stable economy, and we rely on economic and political stability in order to generate consistent investment returns on behalf of our beneficiaries.

We believe that the events of January 6 add greater urgency to concerns and expectations regarding corporate political spending and lobbying transparency and practices. Accordingly, we join together as fellow capital markets participants to ask how State Street will reform both its own corporate practices as well as its approach to investment stewardship regarding the lack of transparency, alignment, and accountability in portfolio companies at which State Street votes proxies.

***Concerns Regarding State Street's own Disclosures, Practices, and Reputation***

We expect State Street, as one of the world's largest asset managers, to demonstrate excellence and leadership in best practices. Had State Street done so, perhaps the firm could have avoided the reputational harm related to its political action committee (PAC) donating \$67,000 to 20 legislators who continued to deny the results of the 2020 presidential election even after the invasion of the US Capitol.<sup>1</sup> While we applaud State Street's subsequent suspension of support for lawmakers or candidates who undermined legitimate election outcomes, the problem of corporate political spending goes beyond short-term measures that

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<sup>1</sup>Fund Managers Gave More Than \$1 Million to GOP Election Deniers." Bloomberg, January 12, 2021, available at <https://www.bloomberg.com/news/articles/2021-01-12/fund-managers-gave-more-than-1-million-to-gop-election-deniers?sref=Raf9WCg1>

may be reversed depending on the news cycle.

### ***Concerns Regarding State Street's Stewardship Expectations and Proxy Voting Practices***

We are also concerned by State Street's historic failure to support efforts by other shareholders to promote greater transparency regarding political spending and lobbying at publicly traded companies at which State Street votes proxies. State Street supported less than one third of the 48 shareholder proposals calling for greater lobbying and political spending disclosure at S&P 500 companies that received at least 20% support in the 2020 shareholder season.<sup>2</sup> State Street's failures in this regard have shielded issuers from much-needed transparency and accountability on policy influence activities that impact sustainable value creation.

Given State Street's failure to demonstrate leadership in its own practices or in its role as a top shareholder, please communicate the following:

- Will you commit to holding companies accountable for comprehensive disclosure of corporate political spending<sup>3</sup> by supporting shareholder proposals calling for greater disclosure, and by voting against those board members charged with the responsibility for overseeing such spending who have failed to do so?
- Under what circumstances will State Street vote against directors at companies that have failed to comprehensively disclose political spending activity?
- Under what circumstances will State Street vote against directors for lack of alignment between stated corporate positions and corporate political spending? Given that indirect giving (often referred to as "dark money") dwarfs direct corporate PAC contributions, how will State Street consider all such spending, not just direct PAC contributions, in making that determination?
- Will State Street forswear corporate political spending (direct or indirect) to the 147 members of Congress who voted to overturn the results of a free and fair democratic election on January 6th, 2021?
- In light of these concerns, what broader reforms will State Street undertake to rigorously reassess its own corporate political spending and evaluate whether payments serve to advance the company's business objectives and a stable democracy? What is the role of independent members of the board of directors in the reassessment of State Street's corporate political spending, and how will the board provide oversight once the temporary suspension of payments expires?

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<sup>2</sup> SEIU and Majority Action, "Equity in the Boardroom: How Asset Manager Voting Shaped Corporate Action on Racial Justice in 2020," p. 15, December 2020, available at <https://www.majorityaction.us/racial-justice-report-2020>

<sup>3</sup> For this and the following queries, "corporate political spending" includes, but is not limited to, trade association payments, groups that make independent campaign expenditures, party or campaign contributions via political action committees, direct and indirect lobbying, 527 organizations, 501(c) organizations, LLCs, SuperPACs and other vehicles at the local, state and national level.

We look forward to receiving your response. Should you wish to discuss the steps you are taking with us, please contact Renaye Manley (renaye.manley@seiu.org) or Lisa Lindsley (lisa@majorityact.org).

Sincerely,

Aaron Omer Ammons	State University Retirement System (SURS)*
Henry Beck	Maine State Treasurer
Roger Boudreau	ERSRI
Colleen Davis	Delaware State Treasurer
Michael W. Frerichs	Illinois State Treasurer
Deborah B. Goldberg	Massachusetts State Treasurer
Vivian Gray	LACERA
David Green	LACERA
Joshua Hall	Connecticut Retirement Plans and Trust Funds
Sharon Hendricks	CalSTRS Trustee
David Huerta	National Industry Pension Fund
Paige Kelly	SEIU Local 4 Benefits Fund
Liz Lee	LACERS
Seth Magaziner	Rhode Island State Treasurer
Theresa McGoldrick	Massachusetts PRIT Fund
Kenneth Munz	NIPF
David Pickus	New England Health Care Employees Pension Fund
Tobias Read	Oregon State Treasurer
Steven Rock	State Universities Retirement System
Curtis Rogers	KCPSRS
Ramon Rubalcava	CalPERS Board of Administration
Mark Sharwood	National Industry Pension Fund
Theresa Taylor	CalPERS
Carol M. Thomas	Connecticut Retirement Plans and Trust Funds
Verna R. Thompson	MEABF
Antonio A. Vasquez	State Universities Retirement System of Illinois
Mitch Vogel	State Universities Retirement System of Illinois
Betty T. Yee	CalPERS and CalSTRS Trustee
David L. Young	Colorado State Treasurer

\*All funds listed for identification purposes only.

Cc: State Street board of directors