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Contact: Kari Hudnell, kari@abpartners.co



Shareholders Issue Strong Rebuke to State Street for Racial Justice Failures at Annual Meeting, With Over One Third Supporting Resolution In Support of Racial Equity Audit

BOSTON - State Street shareholders issued a strong rebuke to management at its annual shareholder meeting yesterday, with over one third, 36.75%, supporting a resolution in support of a comprehensive racial equity audit, [submitted by the Service Employees International Union Master Trust \(SEIU\)](#). Management resisted the calls, recommending that its shareholders vote against the proposal which would help State Street identify and analyze the racial impacts of its business activities and the risks they pose to shareholders.

“State Street has a responsibility to shareholders to redress its failures on racial justice, but instead, it’s resisting their calls for action,” said **Gerry Hudson**, Secretary-Treasurer, SEIU. “A racial justice audit would bring a sorely needed comprehensive evaluation of how State Street’s corporate behavior has harmed both its internal and external stakeholders and the risks it poses to the company. State Street must change course to break from their current support of boards that lack racial and ethnic diversity and undermine racial justice resolutions.”

“Asset managers like State Street have upheld structural racism by voting to continue corporate practices that harm and disenfranchise Black, Indigenous and other communities of color, exacerbating risks to long-term investors,” said **Eli Kasargod-Staub, CFA**, Executive Director of Majority Action. “State Street should be using its outsized holdings to mitigate the harms that systemic racism creates to long-term investors, but it continues to evade responsibility for this stewardship.”

The vote comes as State Street has faced intensified investor scrutiny in the past year for its failures to address racial inequity with internal and external stakeholders, despite its [stated commitment](#) from 2020 to “[address] racism and inequality.”

Background:

State Street opposing the racial equity proposal is consistent with its dismal track record on racial equity issues. 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. State Street has not outlined any steps it has taken to audit its pay practices to determine whether a racial pay gap exists more broadly at the company. In 2020, State Street supported [less than one-third of the 48 shareholder proposals](#) calling for greater lobbying and political spending disclosure.

In February, a coalition of state treasurers, elected fiduciaries and trustees from funds with assets under management of over \$1 trillion [asked State Street](#) to comprehensively reevaluate its approach to political spending and disclosures after it was revealed that its political action committee (PAC) [donated \\$67,000](#) to 20 legislators who continued to deny the results of the 2020 presidential election after the January 6 insurrection at the U.S. Capitol. The asset owners asked State Street whether it would hold companies accountable for political spending by supporting shareholder resolutions and voting against directors, renounce corporate political spending to the 147 members of Congress who voted to overturn the results of the election on January 6, 2021, and more broadly reform both its own corporate practices as well as its approach to investment stewardship regarding accountability for political spending. In April, SEIU submitted a shareholder proposal in support of a comprehensive racial equity audit at State Street, and [urged investors to support it](#).

State Street [responded to the original letter](#) stating that racial equity was one of its key stewardship priorities for 2021, and it was “carefully evaluating each shareholder proposal related to racial equity audits and other relevant topics,” and “conducting proactive engagements” to understand the risks. State Street touted its “[10 Actions to Address Racism and Inequality](#),” which fail to address the full range of adverse impacts, including broader societal harms. State Street made no verifiable commitment to use its shareholder power to reduce investor risk or hold corporate directors accountable, and instead urged shareholders to vote against the racial equity audit proposal.

In May, a group of 140+ racial justice leaders [published an open letter as a full-page ad](#) in the Financial Times, calling on State Street and other major asset managers to stop upholding systemic racism with their proxy voting.

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Majority Action is a nonprofit organization dedicated to empowering shareholders of all sizes to hold corporations and their leadership accountable to high standards of long-term value creation, corporate governance, and social responsibility. www.majorityaction.us

The Service Employees International Union (SEIU) unites 2 million diverse members in the United States, Canada, and Puerto Rico. SEIU members working in the healthcare industry, in the public sector, and property services believe in the power of joining together on the job to win higher wages and benefits and to create better communities while fighting for a more just society and an economy that works for all of us, not just corporations and the wealthy. www.seiu.org