

[State Street Corporation: Rule 14a-8 Proposal, December 6, 2021]

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ITEM 4\*: Report on Asset Management Policies and Diversified Investors

**RESOLVED**, *shareholders ask that the board report on (1) how the majority of its clients and shareholders—for whom overall stock-market performance is the primary determinant of financial returns—are affected by Company policies that account for the effect of social and environmental issues on portfolio companies' financial performance, but not for the effect that portfolio company activities have on overall stock-market performance through their impacts on social and environmental systems and (2) whether its clients and shareholders would be better served by the adoption of asset management policies that directly accounted for the impact that portfolio companies have on the global economy.*

**Supporting Statement:**

Our Company provides investment management services and has more than \$3.4 trillion in assets under management, primarily weighted toward indexed strategies. In line with Modern Portfolio Theory, most of its clients and shareholders are likely to be broadly diversified.

Such diversified investors rely on healthy social, economic, and environmental systems to support all their investments. Corporate practices that reduce GDP also decrease diversified portfolio returns.<sup>1</sup> As manager for more than \$3 trillion in assets, the Company's stewardship activities—engaging with portfolio companies and voting their shares—could significantly improve overall market performance by stewarding companies away from practices that degrade the global commons, even when those practices are profitable to the company in question.

However, the Company will currently steward a portfolio company to improve its social and environmental practices only when doing so improves such company's own internal financial performance.<sup>2</sup> The Company's stewardship policy does not address social and environmental practices of a portfolio company that harm the global economy if the practices can improve that company's financial performance. This position encourages companies to externalize environmental and social costs, and is thus counter to the interests of both its clients and its shareholders.

The Proposal would encourage the Company to study whether it should explicitly account for any improved performance in the diversified portfolios of its clients that would result from individual portfolio companies ending practices that improve their internal performance but harm the systems that support a healthy global economy and overall financial market performance. Such a report would help diversified shareholders determine whether to seek a change in corporate direction so that the Company can better serve the interests of clients and shareholders.

Please vote for: Report on Asset Management Policies and Diversified Investors – Proposal 4\*

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<sup>1</sup> [https://www.unepfi.org/fileadmin/documents/universal\\_ownership\\_full.pdf](https://www.unepfi.org/fileadmin/documents/universal_ownership_full.pdf); [https://archive.fortune.com/magazines/fortune/fortune\\_archive/2001/12/10/314691/index.htm](https://archive.fortune.com/magazines/fortune/fortune_archive/2001/12/10/314691/index.htm) (total market capitalization to GDP “is probably the best single measure of where valuations stand at any given moment”) (quoting Warren Buffet).

<sup>2</sup> <https://www.ssga.com/library-content/pdfs/ic/global-Proxy-Voting-and-engagement-guidelines-es-issues.pdf>



[This line and any below are *not* for publication]

[\*Number to be assigned by the Company]

The graphic above is intended to be published with the rule 14a-8 proposal. The graphic would be the same size as the largest management graphic (and accompanying bold or highlighted management text with a graphic) or any highlighted management executive summary used in conjunction with a management proposal or a rule 14a-8 shareholder proposal in the 2021 proxy.

The proponent is willing to discuss mutual elimination of both shareholder graphic and any management graphic in the proxy in regard to this specific proposal.

Reference SEC Staff Legal Bulletin No. 14I (CF)

[\[16\]](#) Companies should not minimize or otherwise diminish the appearance of a shareholder's graphic. For example, if the company includes its own graphics in its proxy statement, it should give similar prominence to a shareholder's graphics. If a company's proxy statement appears in black and white, however, the shareholder proposal and accompanying graphics may also appear in black and white.

Notes: This proposal is believed to conform with Staff Legal Bulletin No. 14B (CF), September 15, 2004, including (emphasis added):

Accordingly, going forward, we believe that it would not be appropriate for companies to exclude supporting statement language and/or an entire proposal in reliance on rule 14a-8(i)(3) in the following circumstances:

- the company objects to factual assertions because they are not supported;
- the company objects to factual assertions that, while not materially false or misleading, may be disputed or countered;
- the company objects to factual assertions because those assertions may be interpreted by shareholders in a manner that is unfavorable to the company, its directors, or its officers; and/or
- the company objects to statements because they represent the opinion of the shareholder proponent or a referenced source, but the statements are not identified specifically as such.

**We believe that it is appropriate under rule 14a-8 for companies to address these objections in their statements of opposition.**

See also Sun Microsystems, Inc. (July 21, 2005).

*I also remind you of the SEC's recent guidance and my request that you acknowledge receipt of this shareholder proposal submission. In SLB 14L Section F, <https://www.sec.gov/corpfin/staff-legal-bulletin-14l-shareholder-proposals>, Staff "encourages both companies and shareholder proponents to acknowledge receipt of emails when requested."*