AS YOU SOW

2016 Shareholder Resolution
STATE STREET
Request: Report on Proxy Voting and Executive Compensation

WHEREAS:

State Street, like all investment managers, is responsible for voting proxies of companies in its portfolios. It has a fiduciary responsibility to vote proxies in a manner that avoids and discourages wasteful behavior by the companies in its investment portfolios, including excessive and unwarranted CEO pay.

From July 1, 2014 through June 30, 2015, State Street approved, with its "Say on Pay" proxy votes, 97 percent of CEO pay packages in the S&P 500 companies. This level of support was higher than that of other investment managers; the average approval rating of 118 of these managers was 90 percent.

We find State Street's voting record inconsistent with evidence on long term performance. In its recently released guidelines, State Street Global Advisors acknowledges the critical role compensation plays at a company, and states that "[State Street] supports management proposals on executive compensation where there is a strong relationship between executive pay and performance over a five-year period." As noted above, the company has been very supportive of most Say on Pay proposals. Yet a report by the As You Sow Foundation, The 100 Most Overpaid CEOS, shows that when viewed over the long term, growth in executive compensation of S&P 500 companies, has generally outpaced performance.

Numerous academic studies, for example Lucien Bebchuck's "Pay without performance" have shown a history of growing executive pay disconnected from company performance. Even when companies purport to link performance, in reality they often do not. For example, some analysts point out that company performance is frequently determined by forces outside the executives' control. Other analyses have highlighted weak performance targets, for example revenue growth merely equal to the inflation rate.

BE IT RESOLVED:

Shareowners request that the Board of Directors issue a report to shareholders by December 2016, at reasonable cost and omitting proprietary information, which evaluates options for bringing its voting practices in line with its stated principle of linking executive compensation and performance, including adopting changes to proxy voting guidelines, adopting best practices of other asset managers and independent rating agencies, and including a broader range of research sources and principles for interpreting compensation data. Such report should assess whether and how the proposed changes would advance the interests of its clients and shareholders.