



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
SCOTT M. STRINGER

September 22, 2020

Ronald P. O'Hanley
Chairman and Chief Executive Officer
State Street Corporation, State Street Global Advisors, Inc.
1 Iron Street
Boston, Massachusetts 02210

Dear Mr. O'Hanley,

As man-made fires rage across the Amazon and Indonesia and thousands of acres of forest across the world are mowed down, I am calling on State Street to address its role in abetting global deforestation. Deforestation is the second largest contributor of carbon emissions after fossil fuels and is associated with well-documented abuses of human rights. Given the clear and material environmental, social, and governance risks associated with deforestation and climate change, it is crucial that all investors carefully scrutinize their exposure to deforestation. As a leading shareholder in many companies linked to deforestation, State Street holds tremendous power to help promote more sustainable business practices; however, in recent years State Street has instead voted against or abstained from voting on crucial shareholder resolutions focused on deforestation according to a recent Friends of the Earth report.¹ As Comptroller of the City of New York and chief investment advisor to the New York City Retirement Systems, I urge State Street to prioritize addressing deforestation risks in its portfolio, both by strengthening engagement and by supporting resolutions that can help minimize the risks deforestation poses to our economy and our climate.

Deforestation is a key driver of the climate crisis. When forests are pillaged and razed, the earth loses its capacity to lock down atmospheric carbon and our ability to achieve the goals of the Paris Agreement are threatened. On average, we have lost an area of forest as large as the United Kingdom every year from 2014-2018.² As a result of deforestation, 4.9 billion metric tons of carbon are released into the atmosphere every year. Forest loss in many parts of the world is accelerating, with the global rate of tree cover loss increasing by 44% since 2014.³ Continuing to lose forest at that rate will put our climate goals forever out of reach.

Furthermore, the industries responsible for deforestation are also closely linked with widespread violations of human rights and violence perpetrated against indigenous communities. The past decade has witnessed hundreds of killings of indigenous people and environmental advocates

¹ https://1bps6437gg8c169i0y1drtgz-wpengine.netdna-ssl.com/wp-content/uploads/2020/09/DD_Deforestation.pdf

² <https://forestdeclaration.org/summary>

³ <https://forestdeclaration.org/summary>

who have worked to resist illegal deforestation, land-grabs, and the destruction of native habitats.⁴ The world cannot continue to allow profit-driven deforestation to threaten safety of indigenous communities who serve as faithful stewards of our environment.

Deforestation and its associated human rights abuses are a direct consequence of the behavior of consumer goods, palm oil, food production, and agribusiness companies, many of which State Street is invested in. According to CDP – in which both State Street Corporation and State Street Global Advisors are investor signatories – “leading consumer goods companies [are] directly linked to deforestation: soybean, cattle, paper & palm oil risks potential threat to global supply chains” and related human rights violations.⁵ Many of these companies, as part of the Consumer Goods Forum, have made commitments to eliminating deforestation in their supply chain, but have so far failed to meet their own goals. Institutional investors like State Street have a clear obligation to press their portfolio companies on how they will address risks relating to deforestation.

Given State Street’s holdings in a range of companies involved in agribusiness or in the Consumer Goods Form (CGF), a trade group of the world’s largest retailers, I believe your company could drive real change if it prioritized deforestation in its R-Factor ESG scoring system and investment stewardship activities. Shareholder proposals that seek expanded reporting on deforestation in supply chains or that mandate the creation of strategies to reduce deforestation are unequivocally beneficial for the sustainable creation of long-term value and the minimization of climate risk. I ask that State Street take a much more proactive role on these risks, including through both its proxy voting and company engagement policies and activities. State Street can demonstrate its commitment to these issues by being fully transparent on its engagement criteria and voting record on issues relating to deforestation and human rights violations linked to deforestation.

State Street has been vocal that addressing ESG issues is a good business practice and a driver of long-term value. I agree. I believe that the long-term prospects of State Street, its portfolio companies, and our climate will all be better served if we urgently confront deforestation.

Sincerely,



Scott M. Stringer
New York City Comptroller

⁴[How Violence and Impunity Fuel Deforestation in Brazil's Amazon](#)

⁵<https://www.cdp.net/en/articles/media/leading-consumer-goods-companies-directly-linked-to-deforestation-soybean-cattle-paper-palm-oil-risks-potential-threat-to-global-supply-chains>