



STATE STREET®

2018 Corporate
Responsibility Report

2018 Corporate Responsibility Report Snapshot



Leadership and Governance

29

Countries with State Street Offices

27%

Female Board Members

27%

Non-US Board Members

91%

Independent Board Members



Business Model and Innovation

\$1.95^B

Investment Management Revenue

\$179.4^B

ESG Assets Under Management

\$10.0^B

Investment Servicing Revenue



Human Capital

40,137

Employees Worldwide

24

Employee Resource Groups

113

Employee Resource Group Chapters Globally



Social Capital

\$16.4^M

Foundation Philanthropic Contributions

\$5.1^M

Foundation Matching Gifts

112,200

Employee Volunteer Hours



Environment

-27%

Greenhouse Gas Emissions (Goal: -30%)

-14%

Water Usage (Goal: -10%)

67%

Recycling Rate (Goal: 80%)

All figures from State Street as of December 31, 2017.

Additional information with respect to our financial results, our common stock purchase program, stock dividends and the method used for computing earnings per share is provided in our 2017 annual report on Form 10-K.

Table of Contents

- Letter from Ron O’Hanley 4
- Letter from Rick Lacaille 7
- CR Goals and Progress 11
- Introduction 12
 - Corporate Responsibility as a Strategic Commitment 12
 - Corporate Responsibility Reporting Grounded in Value Creation 12
- I. Sustainability Accounting Standards Board Material 16**
 - Leadership and Governance 16**
 - State Street’s Governance Structure 16
 - Interview with Ilene Fiszel Bieler* 18
 - Risk Excellence and Compliance 20
 - Responsible Sourcing 24
 - Business Model and Innovation 28**
 - ESG Products and Services 28
 - ESG Opportunities - State Street Global Exchange 28
 - Charles River Development Acquisition 29
 - Interview with Lou Maiuri* 30
 - ESG Opportunities - State Street Global Advisors 32
 - Interview with Rakhi Kumar* 38
 - Municipal Finance 40
 - Tax-Advantaged Investments 41
 - Center for Applied Research 41
 - Digitization and Innovation 41
 - Human Capital 44**
 - Talent Recruitment and Retention 44
 - Inclusion and Diversity 48
 - Social Capital 55**
 - Strengthening Communities 55
 - Client Relationships 57
 - Interview with Andrew Erickson* 60
 - Client Data Protection and IT Resilience 62

| | |
|--|------------|
| Environment | 64 |
| Environmental Responsibility | 64 |
| Environmental Sustainability Employee Network | 66 |
| II: Task Force on Climate-related Financial Disclosures Material | 67 |
| TCFD Governance and Strategy | 67 |
| Overseeing Risks Associated with Climate Change | 67 |
| III: United Nations Sustainable Development Goals Material | 75 |
| SDG4: Quality Education | 75 |
| SDG8: Decent Work and Economic Growth | 75 |
| SDG5: Gender Equality | 80 |
| SDG7: Affordable and Clean Energy | 81 |
| SDG13: Climate Action | 81 |
| IV: Global Reporting Initiative Material | 82 |
| Appendix I: External Commitments and Memberships | 113 |
| UN Global Compact | 113 |
| Overview of Our Memberships | 116 |
| Appendix II: EU Directive on Non-financial Reporting Content Listings | 117 |
| Appendix III: Independent Assurance Statement | 118 |
| Disclaimer | 121 |

Letter from Ron O'Hanley



Ron O'Hanley is President and Chief Executive Officer of State Street Corporation as of January 1, 2019.

As State Street's new CEO, I am honored to introduce our Corporate Responsibility (CR) Report. Each year we summarize how we are performing against the environmental, social and governance (ESG) metrics we have set for ourselves in order to build a more sustainable and inclusive business for our stakeholders.

As both a servicer and a manager of global investments, our singular focus is on long-term value creation. This is because the investors we serve have long-term goals, liabilities and needs they must address. That is why our asset management business has been stressing ESG issues in its engagement with portfolio companies and in its investment risk frameworks. Our data and analytics business has also increased their efforts around developing solutions to help companies better understand their ESG exposures.

Not surprisingly, we apply the insights we gain from working with global institutional investors to our own ESG priorities as a company. After all, if these issues are important to us as investors, they should be important to us as a high-performing company as well. We believe that effectively managing our ESG priorities is critical to our ability to generate long-term value for our shareholders.

Incorporating ESG Into Our Business Strategy

We believe that ESG is central to our business strategy. Therefore, in the same way our stewardship team within State Street Global Advisors called on companies to incorporate sustainability into their long-term strategies, we plan, starting in 2019, to include these topics as part of our overall annual report in order to demonstrate their strategic importance.

Moreover, we are evolving how we report on ESG issues. In 2018, our board of directors committed to monitor material ESG risks to our business, just as Global Advisors had asked their portfolio companies to do. That commitment, in turn, requires that the board has the necessary information to fulfill its new mandate. We conducted an internal analysis last year to create a comprehensive framework for considering the material ESG issues for our business and to ensure that we are using metrics and categories that are most relevant to our investors.

Reporting What Matters to Investors

As a result of this analysis, we are evolving our ESG reporting practices toward the frameworks created by the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD). These are reporting frameworks that are investor-led and are designed to provide our shareholders with the information that matters most to them.

Developed with extensive market input, SASB standards are used by companies and investors to implement principles-based frameworks, including integrated reporting and the recommendations of the TCFD. SASB has worked closely with other organizations seeking to advance reporting and corporate disclosure on sustainability issues, and complements earlier initiatives such as the Global Reporting Initiative (GRI) and the International Integrated Reporting Committee.

Under the SASB framework we will begin to report key material information around five pillars: environment, social capital, human capital, business model and innovation, and leadership and governance. Since SASB's requirements do not cover all of the issues required by the TCFD, which we joined in 2017, we are also including a separate section of this report to cover that information.

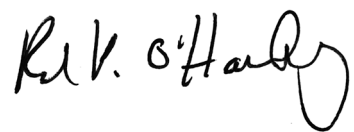
This transition will involve a multiyear process, but we believe it will lead to a more transparent and stronger integration of sustainability issues into our business strategy. It will also help us better demonstrate and articulate our commitment to sustainability to our stakeholders: clients, employees, shareholders and our broader communities. This framework will also be flexible enough for us to include new metrics as our business evolves.

As we continue to help our clients understand how to incorporate ESG considerations across their entire value chains, we believe adopting best practices around ESG data, analytics and reporting for ourselves will help us set an example for other companies to track the material issues that will help them drive more sustainable futures.

Promoting the UN Global Compact and Sustainable Development Goals

As a signatory to the United Nations Global Compact since 2014, we are also focused on how we can promote the UN's Sustainable Development Goals (SDGs). We have focused on five specific SDGs where we believe we can make a significant impact: gender equality, affordable and clean energy, climate action, and two of which are the focus of our State Street Foundation and corporate citizenship activities — quality education and decent work, and economic growth. You can read about our progress against these goals in the third section of this report.

Given our role as a leader in the financial services industry, as a trusted partner to our clients, and as a responsible corporate citizen, it is important for us to be transparent about our approach to all of these issues. I sincerely hope that the information in the pages that follow demonstrate not only the value of our initiatives, but the influence we have on effecting positive change in the broader societies in which we operate.

A handwritten signature in black ink that reads "Ron O'Hanley". The signature is written in a cursive, flowing style with a large loop at the end of the last name.

Letter from Rick Lacaille



Rick Lacaille is Global Chief Investment Officer of State Street Global Advisors and Executive Vice President of State Street Corporation. He has served as chairman of our Executive Corporate Responsibility Committee since June 2016.

The Executive Corporate Responsibility Committee's corporate responsibility priorities continue to be informed by the insights we gain through State Street's asset management and asset servicing businesses on environmental, social and governance issues (ESG). That virtuous cycle is also reinforced by the good work of our internal employee resource group, the Environmental Sustainability Employee Network (ESEN), which works closely with the committee to ensure that State Street delivers on its environmental goals for the business, including the multiyear targets set for reducing water usage, waste and carbon emissions. ESEN has in three short years become State Street's second-largest employee resource group, after the Professional Women's Network, with more than 2,000 members in our offices around the world. ESEN is a powerful example of the employee engagement synergies our ESG efforts across State Street help to drive.

Strengthening ESG-Related Governance

The combination of the ESG engagement our asset management business, State Street Global Advisors, has had with our portfolio companies over the last few years, as well as State Street becoming a signatory to the Task Force on Climate-related Financial Disclosure (TCFD), resulted in a notable change to the company's governance in 2018. We have now expanded the governance guidelines of State Street's board of directors to include monitoring the company's material activities and processes regarding ESG matters. Ron O'Hanley's letter this year details what that change will mean for how State Street will be reporting on those ESG issues that are important to our long-term sustainability as a business.

Meanwhile, our stewardship team within State Street Global Advisors continued to engage with companies on important ESG issues. Last year, they called upon companies to report on their compliance with the governance principles set out by the Investor Stewardship Group (ISG), which took effect in January 2018. Those principles include a commitment to articulate how sustainability issues are being incorporated into a company's long-term strategy. The ISG is an investor-led effort, which State Street Global Advisors has been part of since inception. The members include more than 60 US and international institutional investors with combined assets in excess of US\$31 trillion in the US equity markets, and reflects our commitment to work with other institutional investors to promote best practices around ESG reporting.

Continued Focus on Diversity

The stewardship team continued its focus on other ESG-related issues, such as gender diversity. In March 2018, on the one-year anniversary of placing the Fearless Girl statue in New York, Rakhi Kumar, head of stewardship and ESG investments at State Street Global Advisors, said in a speech at the Organization for Economic Cooperation and Development (OECD) that her team would call upon companies to publish comprehensive gender statistics across all ranks. In addition to the board and senior leadership levels, the focus will include the diversity quality of a company's talent pipeline, as that is an important driver of diversity at more senior levels. Since we launched Fearless Girl, 423 companies have added a female director to boards that previously had none and 22 companies have committed to do so.

State Street's own efforts to promote a more diverse employee base to ensure better cognitive diversity, creativity and inclusion continued in 2018. We have set new three- and five-year goals for assistant vice president positions and above for female talent globally and for employees of color in the US, and our most senior leaders are held accountable for progress year-over-year. We also now require a balanced slate for all hiring and executive promotions, so that at least two candidates in a slate of three or more must be either a female or a person of color. We are pleased that nearly 40 percent of our Management Committee, State Street's most senior leadership group, consists of women and that State Street's board has three female directors.

Our focus on diversity has had a multiplier effect throughout the industry, with more asset managers and owners calling for improvements. Policymakers are also concentrating on reducing gender inequities. Several US states recently

passed a law that prevents employers from asking any candidates, male or female, for their salary histories, in order to reduce the perpetuation of pay inequities based on historical pay. Massachusetts is one of the states that passed the law, so our operations there are bound to this practice. But as a committee, we found the argument in favor of this approach compelling enough to recommend that we apply it to all of our global hiring practices, both internal and external. This is just one example of how we are seeking to level up ESG approaches to the highest standards across State Street's global franchise. We have taken a similar approach in our global policies around anti-human trafficking and health and safety.

Embracing the ESG Data and Analytics Challenge

While the evidence for "why" ESG issues matter to long-term value creation is clear, our industry is increasingly focused on the "how" of incorporating ESG issues into business strategy. A significant part of that challenge involves understanding the right kinds of information to report and the most relevant KPI metrics for measuring progress as ESG data vendors continue to proliferate. As investors, we are sensitive to the ESG data challenge around quality and consistency. As a company, we are also sensitive to the cost/benefit analysis we must undertake as we face growing calls for reporting, which can be expensive and time-consuming.

A notable project in 2018 was State Street's participation in an industry-wide project sponsored by the Coalition for Inclusive Capitalism, which was aimed at creating new accounting measures to capture the value drivers around ESG. The effort showcased how difficult it is to quantify intangible qualities around corporate culture and human capital that are material to long-term value creation.

Nevertheless, State Street is committed to helping the industry solve that challenge. First, by adopting the Sustainability Accounting Standards Board (SASB) materiality framework for our own ESG reporting, we are committed to providing the data that matters most to investors and is relevant to our changing business priorities. Secondly, our asset management business has created an innovative ESG scoring system for all public companies. Lastly, our data and analytics business is dedicated to creating the ESG data and analytics solutions that will help institutional investors report on their underlying ESG exposures. As we are one of the largest custodians in the world, helping those clients become more aware and transparent about ESG risks and opportunities

will have a big impact. The ESGX® engine, a portfolio decision-supporting platform, that State Street launched has the potential of scaling ESG knowledge and best practices industry-wide.

While we acknowledge that there is still much work to be done, we are proud that State Street is taking a leadership role in helping institutional investors understand the risks and opportunities around ESG. That dialogue helps us recognize the best practices that we should be applying to our own business to build a more sustainable and inclusive future for all of our stakeholders.

A handwritten signature in black ink, appearing to read 'Rick Lacaille', with a stylized flourish at the end.

CR Goals and Progress

Progress Toward 2018 CR Goals



2019 CR Goals



Complete research and analysis of material ESG issues for State Street and communicate the results to the board of directors; begin a staged approach to integrating additional information into our annual Corporate Responsibility Report



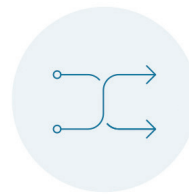
Continue to make progress on our 2025 environmental goals of 30% carbon dioxide reduction, 10% water reduction and 80% recycling rate of waste by identifying efficient and impactful projects and investments, and educating and engaging our employees



Increase awareness of corporate responsibility and its importance with a strategic communications plan targeting all levels of the organization, as well as for all external stakeholders



Influence the enhancement of policies and programs that improve our approach to corporate responsibility



Support and enhance the development of a company-wide approach to ESG products, services and thought leadership for our clients

Introduction

Corporate Responsibility as a Strategic Commitment

Our long-term success is due, in part, to our willingness to improve and find new ways to meet the needs of our stakeholders. We recognize that the impacts we have on human and social capital, as well as the environment, are significant. In this report, we assess how these impacts, positive and negative, contribute to the long-term success of our clients and our own business.

We believe that across all our goals and business lines, what's good for our stakeholders is generally good for our shareholders. As a result, our integration of company-wide corporate responsibility (CR) initiatives highlights our commitment to a business model driven by holistic value creation. As part of our commitment to all stakeholders, we conduct business in an ethical manner; work in partnership with our clients, employees and suppliers; support the communities where we work and live; and protect the environment. We believe that maintaining a strong focus on these areas elicits new opportunities for growth — and in turn, supports our performance and overall success. In other words, our commitment to CR is a crucial strategic initiative that strengthens the way we conduct business.

Corporate Responsibility Reporting Grounded in Value Creation

CR helps us create value for our business and our stakeholders. Thus in 2018, we began work on a gap analysis focused on the material environmental, social and governance (ESG) risks to our business and the extent to which our current reporting offered information about those for our board and investors. We reviewed our materiality in depth, comparing our current reporting with industry standards, external commitments and regulatory requirements. This contextualized materiality within our business and helped us integrate our strategic priorities under a new lens, which is the start of a holistic CR journey we hope to pursue moving forward.

This year, to more clearly tie together our discussion of material issues to our mission of value creation for our stakeholders, we are structuring the first section of our report in alignment with the framework of the Sustainability Accounting Standards Board (SASB).

SASB Framework

The SASB framework and the first section of this report are structured around five pillars:

- Leadership and Governance
- Business Model and Innovation
- Human Capital
- Social Capital
- Environment

SASB Universe of Sustainability Issues



Leadership and Governance

- Systemic risk management
- Accident and safety management
- Business ethics and transparency of payments
- Competitive behavior
- Regulatory capture and political influence
- Materials sourcing
- Supply chain management



Business Model and Innovation

- Life cycle impacts of products and services
- Environmental and social impacts on assets and operations
- Product packaging
- Product quality and safety



Human Capital

- Labor relations
- Fair labor practices
- Diversity and inclusion
- Employee health, safety and well-being
- Compensation and benefits
- Recruitment, development and retention



Social Capital

- Human rights and community relations
- Access and affordability
- Customer welfare
- Data security and customer privacy
- Fair disclosure and labeling
- Fair marketing and advertising



Environment

- GHG emissions
- Air quality
- Energy management
- Fuel management
- Water and wastewater management
- Waste and hazardous materials management
- Biodiversity impacts

The SASB structure facilitates reporting on issues of most interest to investors, namely those most likely to have material impacts on a company’s financial condition or operating performance. In addition to our general corporate responsibility goals, several of State Street’s internal goals align with the SASB framework. These seven company-wide goals, which were established by our management in 2018 and launched in 2019, define how we should prioritize our work and give us a clear understanding of how to drive our strategy:

1. Become our clients’ essential partner — trusted, strategic and proactive
2. Develop a scalable, configurable, end-to-end operating model that sets the standard for the industry
3. Deliver the industry’s first-ever global, interoperable, front-to-back platform that is second to none
4. Establish leadership in our key products
5. Be the global destination for talent and become a high-performing organization
6. Improve risk excellence
7. Achieve our financial commitments

Of the seven goals, four clearly align to SASB materiality topics: becoming our clients' trusted partner, establishing leadership in key products, being a global destination for talent and improving risk excellence. The remaining goals are more aligned with our business model and operations, and combined they cover the range of efforts necessary to advance our strategy in 2019.

We will also address several other areas in this report that we feel are germane to value creation and the interests of our stakeholders. We discuss our management and impacts related to climate change, in the context of the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD). We also seek to provide information related to how our activities align with the United Nation (UN) Sustainable Development Goals (SDGs), which are growing in importance to organizations across the globe. Lastly, as we recognize the value in transparent and detailed reporting, we are disclosing in accordance with the Global Reporting Initiative (GRI) Standards. In summary, inspired by the SASB framework and layout, State Street's 2018 CR Report is thus structured around four sections: SASB-focused content, TCFD highlights, UN SDGs commitments and an appendix with GRI disclosures. All data within the report is from State Street and is as of December 31, 2018, unless otherwise noted.

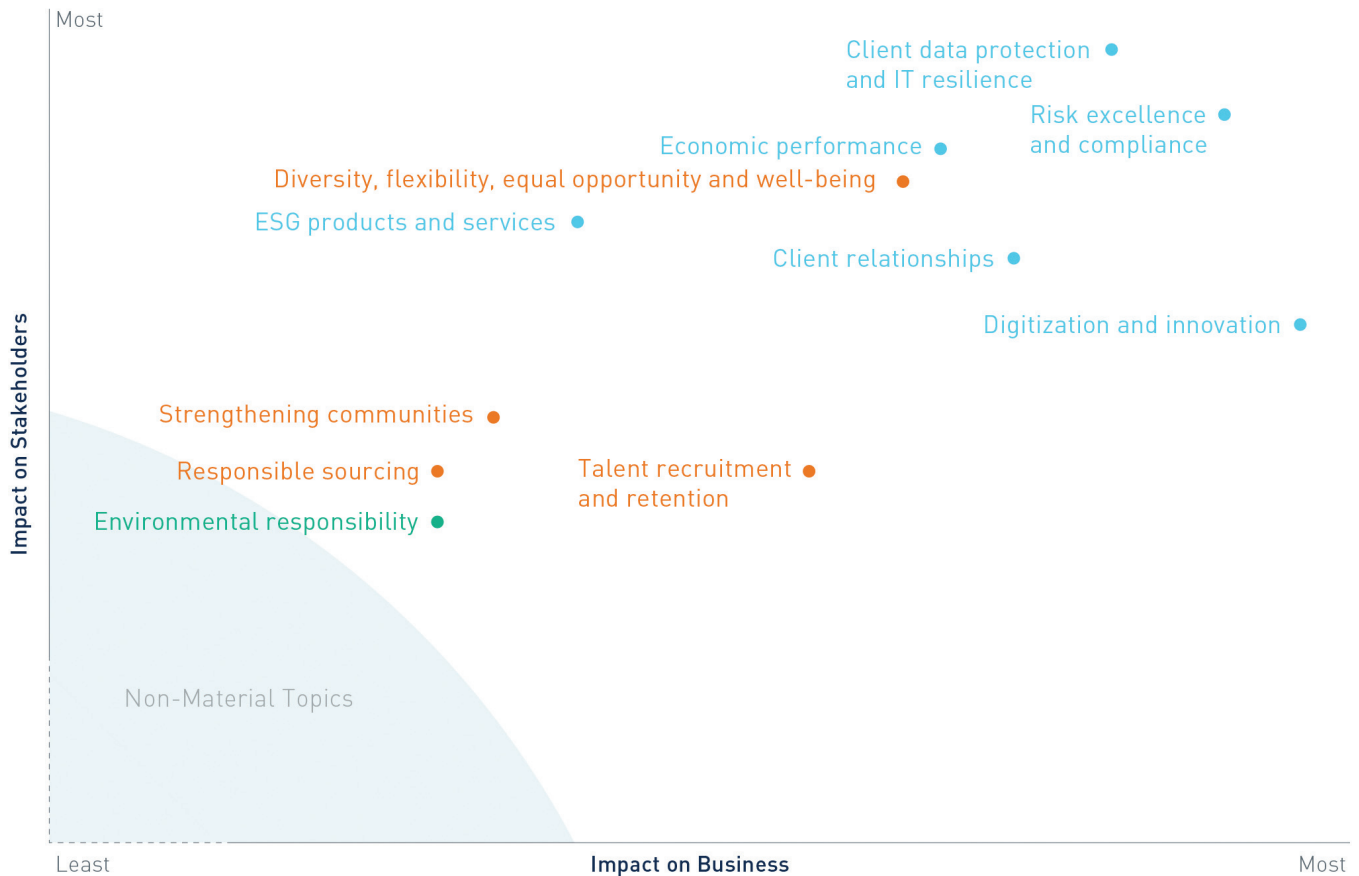
Meaningful Materiality

Every two years, we conduct our own materiality assessment to identify the CR issues most relevant to our company and stakeholders, and to our long-term value-creation process. Our material issues thus inform our CR management, goal setting and CR reporting. Following the biannual materiality assessment timeline, we plan to review our approach to determining material factors in 2019.

Our most recent materiality assessment was conducted in 2017 with support from Sustainerv Inc./GmbH, a CR consultancy. We began with a list of 32 potential CR topics compiled from sources including the GRI Standards guidelines, the Task Force on Climate-related Financial Disclosures and CR reports of other financial institutions. We then worked with internal and external stakeholders globally to incorporate their perspectives on which CR topics are most important. The 11 resulting topics, many of which overlap with SASB material topics, are depicted within the materiality matrix.

Materiality Matrix

● Economic ● Social ● Environmental



EU Directive on Non-financial Reporting

As a company operating in the European Union (EU), we are also required by EU law to disclose information on how we manage social and environmental issues. The EU Directive on Non-financial Reporting (the Directive) helps investors, consumers, policymakers and other stakeholders evaluate the non-financial performance of large companies like State Street and encourage these companies to develop a responsible approach to business.

As part of State Street’s disclosure, companies are required to include non-financial statements in their annual reports. Our 2018 Corporate Responsibility Report will fulfill State Street’s obligations under the Directive.

I. Sustainability Accounting Standards Board Material

Leadership and Governance

State Street’s governance structures encourage responsible growth and diligent supervision of our operations. This ensures that our actions are guided by prudence and a careful eye on managing the issues most material to our performance. While financial performance is the most common metric, our performance is also influenced by non-financial topics that are relevant to all of State Street’s business units.

Our leadership and governance structures oversee other core dimensions of our work, including our business model and innovation, management of social and human capital and stewardship of the environment. Leadership and governance are material to our long-term success and therefore pivotal in both our business model and our CR strategy.

| State Street Material Topics | SASB Material Topics |
|---|---|
| <ul style="list-style-type: none">• Economic Performance*• Risk Excellence and Compliance• Responsible Sourcing | <ul style="list-style-type: none">• Systemic Risk Management• Accident and Safety Management• Business Ethics and Transparency of Payments• Competitive Behavior• Regulatory Capture and Political Influence• Materials Sourcing and Supply Chain Management |

**Additional information on State Street’s economic performance may be found in our [\[Annual Report on Form 10-K\]](#).*

State Street’s Governance Structure

State Street’s directors, the majority of whom meet the criteria for independence required by the New York Stock Exchange (NYSE) corporate governance standards, are charged with exercising their business judgment in the best interests of the company and its shareholders, considering the interests of employees, customers and the community at large, and thereby enhancing the long-term value of the company.

The board of directors holds regularly scheduled meetings throughout the year during which the board and management participate in discussions of a broad array of issues, including the company’s performance, plans and objectives.

The board has an Examining and Audit Committee, an Executive Compensation Committee and a Nominating and Corporate Governance Committee. All the members of these committees are independent directors of the board and independent under any criteria also applicable to the relevant board committee, as established by the Securities and Exchange Commission (SEC) and the NYSE.

The board also has a Risk Committee, Executive Committee and Technology Committee, each of which may include directors who are not considered independent, including directors who also serve as executive officers of State Street. The membership of the Risk Committee, however, complies with the applicable rules of the Federal Reserve System. Membership is reviewed annually, and from time to time, committee members are appointed by the board upon recommendation of the Nominating and Corporate Governance Committee, with consideration of the desires of individual directors.

The board and its committees attend to specific functions, including:

- Overseeing the business and financial strategies and risk appetite of the company, and evaluating, providing counsel on and authorizing major corporate actions;
- Promoting honest and ethical business practices and conduct, sound corporate governance, sound risk management, full, fair and timely public disclosure, and avoidance of conflicts of interest;
- Approving the financial statements and the program for compliance with the law;
- Evaluating the performance of the chief executive officer (CEO) and overseeing CEO succession planning;
- Approving the incentive compensation arrangements for senior executives;
- Providing advice on the selection of senior management and overseeing management development; and
- Monitoring the company's material activities and practices regarding environmental, social and governance (ESG) matters.

We incorporated the monitoring of material ESG issues into the governance guidelines of the board of directors in 2018. This decision institutionalizes the monitoring of our material activities and practices regarding ESG matters at the board level. In building this responsibility into their governance guidelines, the board chose to demonstrate our fully integrated commitment to CR, including our participation in TCFD reporting.

Executive Corporate Responsibility Committee

The Executive Corporate Responsibility Committee (ECRC) is charged with setting our corporate responsibility strategy, executing programs and initiatives and monitoring progress of the programs. Each year, the ECRC develops goals that are not only material to State Street but also promote new opportunities relevant to the company's ESG objectives. These issues include topics such as environmental sustainability, social and community-focused programs, and employee engagement and diversity programs. In addition to these, the ECRC has been charged with supporting State Street's responses to the Task Force on Climate-related Financial Disclosures and the European Union's Directive on Non-financial Reporting.

The Global Corporate Responsibility Officer at State Street is accountable to the ECRC and provides operational leadership for the corporate responsibility activities under the committee's purview. This includes the biannual materiality assessment, where internal and external stakeholders participate in a process to determine which issues will be the focus of State Street's corporate responsibility efforts for the next two years.

Interview with Ilene Fiszel Bieler



To learn more about investor relations at State Street, we spoke with Ilene Fiszel Bieler, Senior Vice President and Global Head of Investor Relations.

Q: As head of Investor Relations at State Street, which environmental, social and governance (ESG) factors do you see as most important for State Street’s long-term performance?

ESG factors are more integrated than ever into investors’ perspectives, including their daily decision-making. Although governance has always been top-of-mind, the “S,” or the social component, has increasingly become a consideration in several ways.

For example, the social component is important both internally at State Street and externally in the communities where we operate. To me, this speaks to the importance of human capital — namely, how we enhance the societal aspects of working at State Street to drive a high-performance culture.

If we think about how investors look at State Street, their most important performance indicators are those that directly impact revenue growth, expense management and capital return. When investors evaluate long-term shareholder value at State Street, they are looking at how we are advancing our leadership as a technology-driven scale provider — and there is no doubt that human capital is at the heart of future success. In order to achieve cutting-edge continuous technology advancements and problem-solving innovation, we need the best talent and a corporate culture that is conducive to a high-performing organization. As a result, we are transparent about how we manage our human capital, and that resonates with our investors.

Q: Why do you think careful management of human capital is so critical to State Street’s success?

Top talent wants to feel proud of their company and expects to work at a firm with high ethical standards and integrity. As we continue on our technology journey to create the industry’s first front-to-back office platform from a single provider, it’s crucial that we not only attract the best candidates, but also support them in reaching their full potential. I am the executive sponsor for an

undergraduate talent development program, and we've recently launched a graduate talent development program in our finance division. Both are two-year rotational programs with a highly selective admittance process and top-caliber candidates. Our goal is to retain this top-notch talent and foster their growth at State Street. In fact, I've recently hired a graduate of our program into my own team. We value our employees and want to see them become the best they can be. In turn, we benefit from their talent and work ethic.

In terms of corporate culture, focusing on collaboration is incredibly important to me. No single person ever owns the best ideas. In order to be innovative, we must tap into diverse perspectives and work across functions. It practically goes without saying that diverse perspectives lead to exceptional ideas and innovation.

Q: What are your favorite aspects of your work at State Street?

I enjoy challenging my right and left brain equally, and my work as Global Head of Investor Relations allows me to do just that. It's a very analytical and mathematically driven role, but at the same time requires me to connect the dots holistically and bring external and internal perspectives together.

Helping drive change is what inspires me most. I joined State Street a little over a year ago and came here just at the right time to witness and support its ongoing technology transformation. Seeing the organizational effects of the talent development program, as well as its impact on participants' careers, is incredibly rewarding. I love developing people and seeing them challenge themselves, reach out of their comfort zones and succeed in living their best lives.

Risk Excellence and Compliance

The relationships we build with our employees, clients, shareholders and communities are founded on trust. As a result, our awareness of the risks associated with our business operations — whether financial, social or environmental — is core to our culture and operational structures. We promote a culture of risk excellence and commitment to strict regulatory compliance, and we mitigate potential risks that could threaten our business.

As a cornerstone of our risk management strategy, multiple levels of defense govern risk both within our own operations and in our value chain. Risk excellence is an essential component of our business strategy, as articulated by our senior leadership and as embedded in our core programs. Our objective is to achieve long-term value creation and growth while protecting our economic, social, human and ecological capital.

Risk Culture and Compliance

Risk and compliance are everyone's responsibility. The following three lines of defense embody our commitment to being accountable for our decisions and actions, and ensure we're covering all of our bases:

- First line: The business lines and support functions have the ultimate responsibility to own and manage the risks that their activities create
- Second line: Enterprise Risk Management and Corporate Compliance teams establish and monitor adherence to the risk management and compliance frameworks
- Third line: Corporate Audit provides independent assurance of the process

In 2018, we strengthened our lines of defense by clarifying roles and unifying our risk taxonomy. Now, colleagues in the first and second lines of defense use the same language to describe risks across the company. This further enhances our holistic management of risks from the top down and bottom up.

Risk and Compliance Governance

In 2018, we evaluated our risk and compliance roles, distilling the responsibilities of each professional down to the areas in which they make the largest impact. Previously, members of the compliance team would both advise on regulations and design testing programs. Recognizing the unique skill sets associated with each of these tasks, we established specialized advisory teams and a department-wide testing program that is staffed with individuals who focus only on test design and execution. Through this process, we are better aligning our compliance teams' skill sets with roles that will help us achieve the highest efficacy.

Our overarching compliance and risk management programs are overseen primarily through the work of three risk management committees:

- Management Risk and Capital Committee
- Business Conduct Risk Committee
- Technology and Operational Risk Committee

These three committees report to one or more of the board of directors' level Risk Committee, by the Risk Committee, the Examining and Audit Committee and the Technology Committee. This structure provides comprehensive oversight for the wide range of issues related to risk, compliance and ethics.

In addition, our compliance teams now report to our Chief Risk Officer rather than our Chief Administrative Officer, who is responsible for many first line of defense risk programs across the company. This consolidated our principal second-line risk management functions under one reporting structure. Also central to our risk management program is our Compliance Risk Management Framework (CRMF). The CRMF outlines the roles and responsibilities of the board of directors and management regarding compliance risk management.

Developing a Common Risk Taxonomy

Prior to 2018, our risk and compliance procedures centered on 200 risk “themes,” which limited our compliance teams’ ability to widen the scope of potential risks. In 2018, we completely overhauled these themes, reducing them to only 35 so that we could focus on areas of highest risk, with the flexibility to incorporate additional issues that arise.

This new process better links compliance risk assessment with business risk assessment and provides for sharper focus on higher-risk areas, leading to greater analysis, judgment and comprehension of risk circumstances relevant to the nature of our business, our clients and regulatory implications.

Compliance Transformation

In 2018, we renewed our focus on the enhancement of our compliance structures and procedures. While our existing programs were effective, we recognized that the changing financial industry required us to become more agile and more efficient to react to threats. Therefore, our compliance leadership enhanced its organization design and compliance risk management program. We began by simplifying our methodology with streamlined policies and procedures, reducing low-value administrative tasks and increasing automation. These steps elevated our entire program with a more principles-based, less prescriptive approach focused on collaboration and transparency, which drove our successful compliance transformation.

As a result of our enhanced risk management methodology, we’ve improved our overall efficiency and increased impact from our program across the board. We’re now more responsive and proactive toward emerging risks in the industry and we’ve improved our understanding of the risks most impactful to our business.

Ensuring Ethical Business Practices

Conducting our business with integrity is also one of our utmost priorities. As conflicts of interest are inherent in the combinations of financial services we provide to different clients, we have invested in tools to guide ethical decision-making for employees.

State Street’s Standard of Conduct (SOC) includes an Ethical Decision-Making Framework that guides employees’ decision-making processes when there is no prescriptive rule for the situation at hand. It also prohibits all employees from engaging in any unfair competitive actions or misusing a client’s confidential information, and mandates disclosure of conflicts of interest. For example, it outlines our strict prohibition on employees giving or receiving anything of value in exchange for a specific or perceived business advantage.

Upholding the principles outlined in our global SOC, which all employees must abide by, is non-negotiable. The SOC prohibits misrepresenting any material facts, requires that employees understand and uphold laws, including

those regarding cross-selling and bundling of products and services, and mandates fair and ethical behavior in all aspects of our business. Our employees must always represent these values in their interactions with our clients, our peers, the companies we invest in and even our competitors.

We also comply with regulations regarding how we represent our products and how we compete in business. State Street Global Marketing relies on its compliance team to review and provide support to ensure that marketing materials and programs comply with all internal policies and applicable regulations. Our Compliance Oversight Program for Global Marketing also assists in managing regulatory risk related to marketing campaigns.

Policy and Controls

We continuously monitor anti-corruption legislation and liability risks across the globe. To ensure that we remain proactive, we continuously invest in technology and infrastructure that support compliance efforts and streamline processing for our clients. We also strive to harmonize risk excellence policies and goals across the entire company.

Our policies include:

- State Street's Standard of Conduct
- Anti-Bribery and Corruption Policy
- Anti-Corruption Employee Referral Policy
- Gift and Entertainment Policy
- Political Contributions and Activities Policy
- Anti-Bribery Due Diligence on Vendors and Intermediaries
- Anti-Corruption Due Diligence Procedures for Mergers and Acquisitions

We analyze all of our global business for risks related to bribery and corruption. In 2017, this process led to a deferred prosecution agreement with the Department of Justice and a separate settlement with the SEC in which we paid fines totaling US\$64.6 million in connection with the overcharging of certain commissions to transition management clients. In 2018, the U.S. Attorney's office in Boston charged four former employees with criminal fraud in connection with their alleged role in this matter. Two of these individuals pled guilty to one count of criminal conspiracy. A third was convicted of fraud in June 2018. Procedures for the fourth employee are ongoing.

In addition, we've also improved our policy monitoring program that oversees personal trading. In 2017, we enhanced our personal trading Control Room initiative that monitors 100 percent of the personal trading records we collect to identify potential for information misuse risk that could threaten our business. This initiative led to an upgrade of our Code of Ethics for advisors, which will go into effect in 2019.

To ensure we're proactive regarding regulations, we recently invested in a regulatory intelligence tool that will help us more efficiently survey what's happening with our top regulators across the globe. The tool will help demonstrate the impact of the external environment on State Street's businesses and enhance processes for proper regulatory compliance and strategic decision-making. We also implemented a "Lessons Learned" process that establishes an approach for investigating, analyzing and communicating the root cause of compliance, conduct and risk management events and for ensuring that lessons learned are applied across the organization. Lastly, we are integrating risk awareness, training and procedures within our recruiting and onboarding process to set employees' expectations as soon as they begin their careers at State Street.

Conduct Standards Program

In 2018, we marked the first full year of our new Conduct Standards Program. With its genesis in our Compliance and Legal teams, this company-wide program includes a committee of senior executives from across our organization that is charged with applying our Conduct Standards Framework to matters as they arise.

In mid-2018, we released a report to all employees highlighting this program's activities and outcomes. It noted the volume and type of matters that arose in 2018, and the way our committee reacted to them. The committee reviews two categories of cases: policy matters and behavioral matters. Depending on the level and type of the infraction, the breach could result in no action, counseling, or a formal sanction for the impacted employee. A number of additional policies and internal controls were added over the year to enhance the framework as well. Releasing such transparent information about relevant risks helps employees accept risk excellence as their shared responsibility.

Compliance Training

To fortify both our risk excellence culture and compliance practices, our employees undergo compliance training, including the use of our Ethical Decision-Making Framework and SOC. All State Street employees are required to successfully complete State Street's SOC training and remain informed of our Anti-Bribery and Corruption Policy. Our trainings expose all State Street employees globally to ethical decision-making guidelines and specific industry conduct requirements including:

- Information Security and Privacy
- Conflicts of Interest
- Gifts and Entertainment
- Political Activities and Donations
- Charitable Giving
- Insider Trading
- Fraud Awareness
- Internal Reporting
- Global Anti-Money Laundering and Sanctions Programs

This training helps employees across the company understand their responsibilities when interacting with clients or prospects, third-party business partners, high-risk individuals and their colleagues at State Street. We also monitor adherence to high-risk policy areas such as personal investment.

Before completing any of these training modules, employees must certify to the underlying policy. Training completion is tracked centrally, and employees who do not complete their assigned training within the allotted time are subject to disciplinary processes under the State Street Conduct Standards Policy. This policy establishes a standard global framework for the enforcement of all employee conduct matters, including the requirement to follow policies and complete compliance trainings on time. Finally, some employees complete additional targeted trainings on Fiduciary Risk and Political Activities, and all employees participate in other role-specific compliance-based trainings.

Speak Up/Listen Up

We empower employees to speak up when they observe or experience a risk issue and give them ample support to communicate those issues promptly. Our Speak Up/Listen Up program, which includes training on the most effective ways to develop stronger cultures of speaking up within organizations, helps us achieve this goal and continues to grow in efficacy. Speak Up/Listen Up trains managers to consciously listen to their peers and encourages employees to share their concerns and ideas that serve to further strengthen our compliance environment. In 2018, we relaunched the Speak Up Help Line and, as a result, experienced an increase in the number of matters raised to management. We also rolled out a Speak Up/Listen Up training company-wide.

Responsible Sourcing

Ethical and responsible business practices are foundational to our commitment to conduct business with integrity. This commitment extends beyond our transactions with our customers to our relationships with the providers of products and services that we use in our business. We screen our suppliers to ensure that their practices are consistent with our values and expectations, and that their costs and impacts are not disproportionately large considering the product or service they provide.

Our value chain consists of providers of the goods and services that we use in our business activities, and the purchasers of the products and services we produce. Upstream, our suppliers provide hard goods such as IT products, office equipment and general supplies, and professional services and information, such as financial information, financial intermediaries and regulatory information. Downstream of our supply chain, we serve clients in both the public and private sectors, including beneficiaries of pension funds and companies whose stocks and bonds are included in portfolios we manage.

Managing Our Supply Chain

We have more than 4,800 suppliers worldwide. In North America, 80 percent of our spend is with 154 suppliers; in EMEA, 80 percent of spend is with 93 suppliers; and in Asia Pacific, 80 percent of spend is with 98 suppliers. In 2018, this added up to US\$3.5 billion globally that was spent on products and services including financial, IT, business and professional services, market data, travel management and office support.

Our Global Procurement Services (GPS) team sets procurement standards, identifies suitable suppliers and negotiates favorable price and contract terms. This is typically achieved through an initial request for proposal (RFP) process. Currently, State Street's Master Services Agreement template issued by GPS includes questions related to environmental sustainability aspects, human rights, fair labor practices and legal proceedings against the supplier or its officers. Respondents must answer all questions, which allows us to evaluate suppliers consistently for environmental practices and certifications, workforce welfare, ethical sourcing practices, employment practices, anti-corruption and negative impacts on society.

We've continued to expand our internal governance program to allow for multilevel assessment of vendors and service providers globally. As a result, mandatory Third-Party Risk Management (TPRM) and Anti-Bribery and Corruption Screening (ABAC) purchasing have become key screenings in our global sourcing process. A mandatory "No Purchase Order, No Pay" policy or "Procure to Pay" also greatly improves our ability to manage vendors.

Our Environmentally Preferable Purchasing Program (EPPP) tracks progress against our environmental sustainability purchasing framework. The objective of the EPPP is to provide guidance on prioritizing vendors and choosing products and services that reduce the company's overall environmental footprint. The EPPP focuses on purchasing for North America and EMEA, where most of State Street's employees and spend are located. In 2019, we are expanding this program into APAC by benchmarking against peers while also looking for an effective and robust regional auditing service.

Our responsible sourcing programs also consider whether suppliers local to State Street's operations warrant preferential consideration. We recognize that supporting local businesses brings value to the regions where we operate and, where feasible and appropriate, we work with local vendors. The proportion of spending on local suppliers is not currently tracked. Overall, as part of our responsible procurement efforts, we focus on the most efficient and effective suppliers for our needs. In cases where an eco-friendly or high social impact solution is costlier, we manage trade-offs between our sustainability and economic goals.

Key Products and Services

Using our supplier assessment strategies, State Street pinpoints the "best-in-class" processes, technology and tools that will help us reach our spending and risk management objectives. Supply chain categories that GPS focuses on for key products and services include:

1. **Business Services:** Global management of the Contingent Labor at State Street (CLASS) Program for staff augmentation and other labor services needs across the company
2. **Financial Services:** Development of supplier strategies, negotiations and contracting to deliver risk-mitigating business value to State Street within the subcustody, insurance and operation support areas
3. **Information Technology:** Business applications, hosted applications, telecommunications, hardware and storage cybersecurity and software
4. **Market Data:** Financial data such as quotes, end-of-day prices, valuations, news, corporate actions, descriptions, estimates, ratings, indices, factors and information related to financial instruments
5. **Office Support Services:** Vendor and program management for print, office supplies, catering services, subscriptions and facility services in alignment with the Global Realty Services team
6. **Outsourcing:** GPS working with the business to source and negotiate onshore, near-shore and offshore outsourcing arrangements
7. **Professional Services:** Providing highest value third-party service solutions to meet the business's needs in the areas of consulting, marketing, legal, tax and audit
8. **Travel Management:** Travel agencies that manage our business travel and employees conducting business travel

Supplier Diversity Program

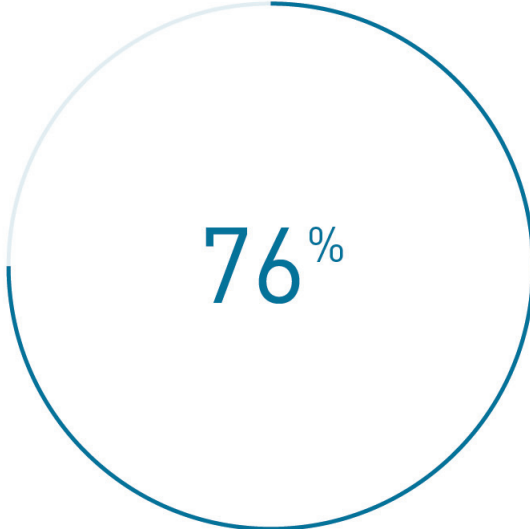
In 2018, our total spend with diverse suppliers increased significantly in overall amounts and percentages due to our improved focus on diversity. Of the US\$2.7 billion we spend annually with suppliers in the United States, US\$258 million went to diversity-owned suppliers (minority-owned, women-owned, veteran-owned, LGBT-owned, service disabled-veteran owned, historically underutilized business and Small Business Administration-defined small business concerns), which equates to 9.5 percent of sourceable spend. This is a significant improvement over our 3.8 percent mark in 2017, and is due to our focused effort in 2018, when our GPS team began a new formal staffing strategy to support our Supplier Diversity Program. Within diverse supplier spending, 76 percent of supplier diversity was captured by women-owned businesses.

Supplier Diversity

- 2018
- 2017



Annual Supplier Spending Allotted to Diversity-Owned Suppliers



Annual Supplier Spending Captured by Women-Owned Businesses

Our GPS team works to identify high-quality, cost-effective, flexible suppliers that help us serve our clients efficiently. To improve our supplier selection process in 2019, we plan to roll out our Supplier Plus program, which will widen the pipeline of potential suppliers with specific attributes, such as woman-, minority-, veteran- or other diversity-owned businesses.

Growing Our Supplier Partnerships

To achieve greater visibility and develop more partnerships with diverse suppliers, we will initiate several new approaches including presence at diversity conferences, a registration portal, and an internal requirement to invite diverse suppliers in RFPs and sourcing events. In the near future, we plan to roll out our Supplier Diversity Program across our global offices.

Committed to Human Rights

We recognize the global issue of slavery and human trafficking, and we're taking steps to reduce the risk of either occurring within our supply chain. We wholeheartedly support fundamental principles of human rights, such as those adopted in the United Nations' Universal Declaration of Human Rights. As a signatory to the United Nations Global Compact (UNGC), we have also confirmed our support of the UNGC's 10 principles within our organization, which include those related to human rights abuses and forced labor (see page 113 for more details). We believe that upholding these principles is an important reinforcement of our culture and values.

United Kingdom (UK) Modern Slavery Act

Since June 2016, as part of our global procurement supplier due diligence, potential suppliers have been asked to attest to whether they have a policy in place prohibiting child and/or forced labor, whether their policy extends to their own suppliers and subcontractors and to provide tangible proof of the policy, according to the UK Modern Slavery Act of 2015. Our due diligence process also requires information about a potential supplier's equal opportunity, human rights, anti-corruption and health and safety policies. All potential suppliers are also asked to provide information about how they monitor and comply with those legal standards. Finally, our standard supplier agreement asks them to provide an annual slavery and human trafficking report, setting out the steps they have taken to ensure that slavery and/or human trafficking is not occurring in their supply chains or any part of their business.

Business Model and Innovation

To flourish against a dynamic backdrop of changing markets and cultural and technological shifts, a successful business requires the integration of environmental, human and social issues in its value-creation process. Each of our business areas has these attributes at its core. Paired with a strong emphasis on using data as a foundation, this is how we create long-term value.

Ultimately, innovation drives State Street’s transformation and overarching value-creation processes. As our business continues to evolve into a more technology-centric organization, our ability to analyze and act on data to create shareholder value must also evolve. This innovation also involves the development of products that meet the expectations of a changing market — and consider environmental, social and governance risks and opportunities. We’re thrilled to dive into an increasingly complex future that demands a greater integration of business strategies, technology and innovation.

The topic of business model and innovation is material to our short-, medium- and long-term performance as effective management of these topics directly impacts our ability to become our clients’ essential partner, establish leadership in our key products and achieve our financial commitments.

Investors and asset managers now view ESG considerations as essential information to integrate with traditional financials. We hold the same belief and respond with engagement strategies and ESG products that drive long-term value while also managing risk and capitalizing on opportunities. We work to create value by providing ESG products and services as described below.

| State Street Material Topics | SASB Material Topics |
|--|--|
| <ul style="list-style-type: none">• Environmental, Social and Governance (ESG) Products and Services• Digitization and Innovation | <ul style="list-style-type: none">• Life Cycle Impacts of Products and Services• Environmental and Social Impacts on Assets and Operations• Product Packaging• Product Quality and Safety |

ESG Products and Services

Our approach to ESG investing is cross-functional, engaging business units including State Street Global Advisors, State Street Global Exchange and State Street Global Services. Each group is involved in the ESG investment process and delivers value to our clients. State Street Global Advisors supports clients in their investment process and asset management; State Street Global Exchange supports the analysis and quantification of the investments; and State Street Global Services supports the development of ESG-related products and services using its expertise in quantitative research.

ESG Opportunities — State Street Global Exchange

As interest in ESG grew within the marketplace and became a top priority for us, State Street Global Exchange created a formalized initiative: ESG Solutions. Since October 2016, ESG Solutions has operated within State Street Global Exchange and works closely with teams across the company to develop and provide ESG services for our US\$2.51 trillion in assets under management. ESG Solutions’ objective is to develop ESG-related products and services by using our team’s expertise and quantitative data research skills. To date, these services include:

- Sustainability scores that follow the UN Global Compact-based framework
- ESG exposure reporting
- Portfolio risk analytics
- ESG investible indices
- Thought leadership research
- Environmental attribute portfolio construction and branding
- Carbon footprint measuring (Scopes 1, 2 and 3)
- Bundled ESG solutions

ESG Solutions' Advisory and ESGX Tools

Investors increasingly seek to understand the value that ESG investing brings to their portfolios. Within State Street Global Exchange, ESG Solutions capitalized on the team's experience with quantitative research to identify and quantify non-financial risks that may ultimately manifest in financial performance. The result of this undertaking was the interactive, web-based tool ESGX®.

In January 2018, we officially launched ESGX, a portfolio decision-supporting platform. In coordination with State Street Global Advisors, using our own data as well as data from third-party providers, ESGX incorporates market data, ESG data and portfolio data to provide analytics that reveal risks and opportunities for each company in a given portfolio. ESG data is gathered through machine-driven processes (web scraping, machine learning and semantic language processing) and human-driven processes (incorporating analyst research of regulatory findings and other publicly available information). These processes allow users to comprehensively assess potential ESG risks. By quantifying how ESG factors pose financial risks, ESGX delivers "values-free" data to serve as a risk management tool. Individual managers are empowered to use the data to make their own judgments and decisions.

Currently, the primary users of ESGX are asset owners, asset managers, hedge funds, corporations and foundations. Features of the tool can be applied in many ways, including auditing, conducting risk adjustments, generating returns and analyzing corporations' branding.

Charles River Development Acquisition

In 2018, we acquired Charles River Development, a premier provider of investment management front-office tools and solutions. Once fully integrated with State Street's existing front-, middle- and back-office capabilities, Charles River Development's front-office systems will enable State Street to deliver a global interoperable front-to-back platform for asset managers and owners that is unique in the investment servicing industry. This platform, supported by deep enterprise data management capabilities, will enable investment workflows, provide advanced data aggregation, analytics and compliance tools, and connect and exchange data with other industry platforms and providers.

We also established the Charles River Development Client Advisory Board to provide ongoing strategic input into the platform development, engage with peers across the industry and shape new products and solutions aligned with market and industry trends.

Interview with Lou Maiuri



To learn more about State Street’s business model and innovation initiatives, including those relating to ESG, we spoke with Lou Maiuri, Chief Operating Officer, in his capacity as former head of State Street Global Markets and State Street Global Exchange.

Question: In your work, you’re charged with aligning State Street’s front-to-back vision and strategy, ensuring that the business, operational and supporting technology investments work together to enrich the product portfolio and foster product innovation. How do you see environmental, social and governance (ESG) considerations impacting this work?

The integration of both ESG and financial factors in investment decision-making is essential to protecting long-term financial growth. In State Street Global Exchange, for example, we take existing sets of data in the marketplace and give clients the ability to look at their portfolio through an ESG-risk-focused lens using our ESGX® platform. The ESGX platform aggregates existing sets of ESG data in the marketplace and enables clients to apply them to their portfolio. Because investing is all about information advantage, we plan to continuously grow our ESG data capabilities and solutions for our clients to ultimately give them more accurate insights about the long-term performance potential of their portfolios.

Moreover, in a broader sense, ESG data currently is highly unstructured. For this reason, we are working with academics to create structure and actionable signals for asset owners and managers. ESG data must become as readily available as financial data, and our role in this evolution is to conduct research, build tools and produce better-quality data to help manage risk in our clients’ investments. And, as quality data increasingly becomes available, I believe we’ll start seeing a shift in the industry’s view of ESG — with research analysts reviewing financial factors *and* ESG factors as they consider prospective transactions.

Q: The acquisition of Charles River Development (CRD) means that State Street will expand its client-facing tools. How do you see this supporting State Street's ESG investment efforts?

Our integration of CRD's capabilities will grow our front-to-back capabilities, helping us seamlessly manage data on the operating side, control and distribute liquidity to the front office and grow insights on data in the back office.

From a general risk and investment standpoint, the seamless integration of State Street's and CRD's capabilities will enhance our ability to make sound judgments and good decisions. CRD helps us do all of that and then some. In general terms, "digitization" means that the things we do today will be more efficient moving forward thanks to increased automation and the availability of more accurate and timely information. If you think about it, we're providing information back to our asset owners on their risks and opportunities in a way that enhances the long-term value of their portfolios.

Plus, how we deliver the insights we develop leads to greater management of risk factors, such as those identified by assessing ESG criteria. With the right insights, financial factors and ESG factors can be considered together, leading to greater value and performance. This is what the CRD acquisition brought to the table.

Q: It sounds like a key part of State Street's strategy is to build infrastructure that improves the quality of the insights it provides for its clients. With this in mind, what are you most excited about moving forward?

State Street has a long legacy of shaping the buy-side of the financial services industry. Historically, we were the first ETF, the first middle-office service provider and now, we will be the first front-to-back client servicing platform. As the industry continues to experience pressure, our platform will enrich our product portfolio by delivering both data and insights in one place. With CRD, we are strategically positioned to facilitate this change in a differentiated, streamlined way — but this is a journey.

State Street's history of making bold and strategic decisions to drive innovation makes for an exciting workplace culture. Our board's long-term vision demonstrates our commitment, as a company, to shaping the financial services industry. A company is measured by the long-term impact of its judgment and decisions, and I'm proud to be a part of State Street's consistent ability to move the needle on important issues and trends.

ESG Opportunities — State Street Global Advisors

State Street Global Advisors leads our Asset Stewardship program as well as the development and management of our ESG investment products. As support for ESG initiatives continues to grow at State Street, so does the demand from beneficiaries and stakeholders for greater transparency into potential ESG risks or opportunities. Through concerted efforts across State Street Global Advisors and our company as a whole, we're increasing our investments in robust ESG reporting and analytics.

Solutions

State Street Global Advisors' work is based on increasing evidence that companies managing relevant ESG considerations deliver better long-term financial returns while contributing to positive social progress. Day to day, we integrate advanced ESG data and decision-making into our clients' portfolios in pursuit of our overarching ESG goals. These goals include:

- Engaging clients to capture demand for ESG products and services
- Building a suite of ESG products and services
- Generating revenue by executing on ESG-related commercial opportunities
- Developing State Street's brand in ESG and demonstrating thought leadership
- Collaborating across State Street to identify commercial opportunities

ESG expertise is increasingly integrated into the portfolio management and investment teams to directly provide this insight at the point where investment decisions are made.

State Street Global Advisors currently has 33 ESG products on the market, along with hundreds of client mandates, which translate to more than US\$179.4 billion in ESG assets or 7.1 percent of State Street's assets under management as of December 31, 2018. We first started managing ESG portfolios in 1986, and for more than 30 years, we have been working collaboratively with our clients to help identify the ESG investing methods best suited to accomplish their goals. With a variety of ESG products and strategies — including those developed in collaboration with State Street Global Exchange — we're already tackling these goals and making progress on each one.

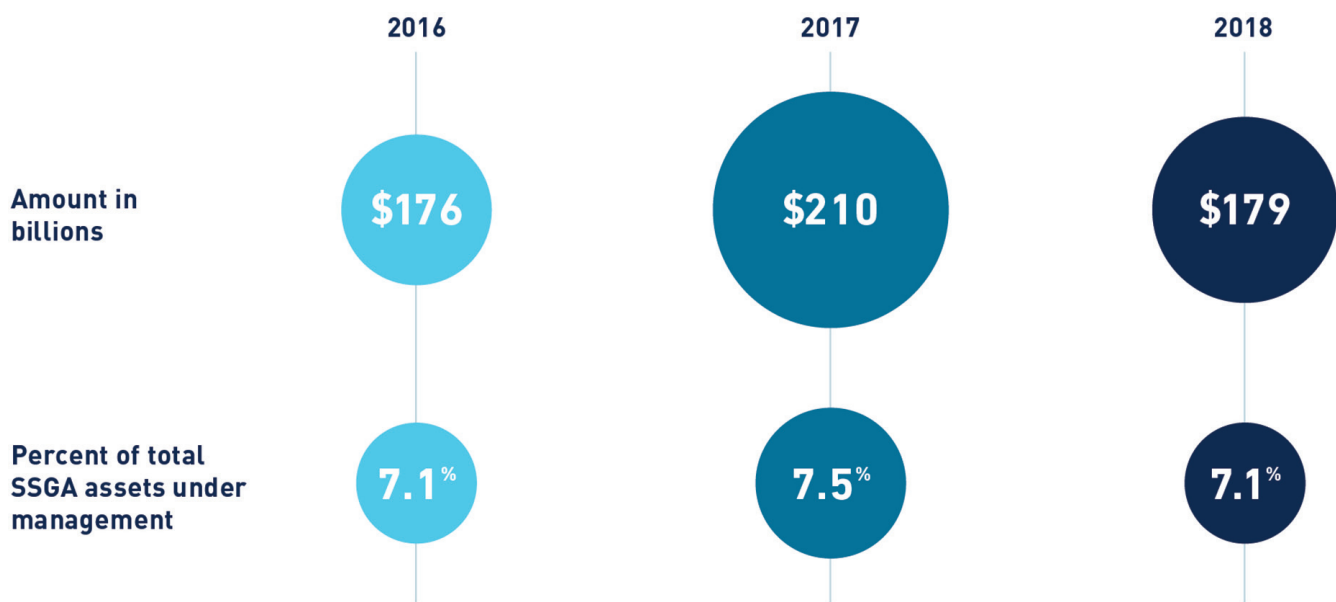
State Street Global Advisors Assets Screened — In Detail

With US\$179.43 billion in ESG assets under management at the end of 2018, as a proportion of US\$2.51 trillion total assets under management, we have broad perspective on the field of ESG investing and client viewpoints. The majority of our ESG investments are in client-directed index strategies. In these strategies, we collaborate with clients to express their own views through investments we manage on their behalf and offer products that address common client concerns. In addition, clients' demand has evolved to more ESG-integrated and thematic strategies, including climate-related solutions.

As of December 31, 2018, 93.48 percent (US\$167.73 billion) of our total ESG assets are subject to a negative screen. Meanwhile, 4.69% (US\$8.41 billion) use an integrative or thematic ESG strategy, and 0.57% (US\$1.02 billion) use both an integrative or thematic strategy and a negative screen. The remaining US\$2.25 billion (1.26%) use ESG strategies that are not described above.

State Street Global Advisors develops an annual stewardship program based on a series of strategic priorities to enhance the quality of screens.

ESG Assets Under Management



SSGA ESG Products:

- State Street IUT Ethically Managed Fund⁴
- State Street Global Index Plus (Hedged) Trust²
- State Street MSCI Europe Screened 100% Hedged to EUR Index Non-Lending Common Trust Fund¹
- State Street MSCI North America Screened 100% Hedged to EUR Index Non-Lending Common Trust Fund¹
- State Street MSCI Pacific Screened 100% Hedged to EUR Index Non-Lending Common Trust Fund¹
- State Street World ESG Index Equity Fund¹
- State Street Low Carbon ESG International Equities Index Trust¹
- State Street IUT Global Ethical Value Equity Fund³
- State Street Europe Enhanced Equity Fund²
- State Street Global Enhanced Equity Fund²
- Fixed Income Fund for Charitable Trusts¹
- State Street Australian Equity Fund²
- SPDR® SSGA Ultra Short Term Bond ETF
- State Street S&P 500® Screened Index Securities Lending Common Trust Fund²
- State Street S&P 500® Screened Index Non-Lending Common Trust Fund¹
- State Street S&P 500® Ex Tobacco Index Non-Lending Common Trust Fund¹
- SPDR® S&P 500 Fossil Fuel Reserves Free ETF¹
- SPDR® SSGA Gender Diversity Index ETF¹
- State Street U.S. Community Investing Index Non-Lending Common Trust Fund¹
- State Street Russell 3000® Screened Index Non-Lending Common Trust Fund¹
- State Street MSCI Europe Screened Index Non-Lending Common Trust Fund¹
- State Street MSCI North America Screened Index Non-Lending Common Trust Fund¹

- State Street MSCI Pacific Screened Index Non-Lending Common Trust Fund¹
- SPDR® MSCI EAFE Fossil Fuel Reserves Free ETF¹
- SPDR® MSCI Emerging Markets Fossil Fuel Reserves Free ETF¹
- State Street Emerging Markets SRI Enhanced Equity Fund²
- SPDR® MSCI ACWI Low Carbon Target ETF¹
- State Street MSCI ACWI ex USA IMI Screened Non-Lending Common Trust Fund¹
- State Street IUT Global 4Good Enhanced Equity Fund — Gross²
- State Street Global Index Plus Trust²
- State Street Multi-Factor Global ESG Equity Fund¹
- State Street Socially Responsible U.S. Credit Index Non-Lending Common Trust Fund¹
- State Street Euro Sustainable Corporate Bond Index Fund¹
 - 1 — indicates index strategy
 - 2 — indicates active quantitative strategy
 - 3 — indicates active fundamental strategy
 - 4 — indicates multi-asset strategy

ESG Opportunities Associated with Climate Change

Through our ESG products, services and research, we consider a range of issues that may represent risks to an asset's valuation and strive to maintain our clients' trust in our ability to provide the information necessary to mitigate those risks.

To ensure State Street proactively manages ESG-related investment risks, the firm's Asset Stewardship team utilizes a climate change risk oversight framework that helps us plan for any possible risks we may face due to climate change, encompassing all the equities we manage globally. Our management of climate-related risks for client portfolios is multifaceted, including:

- Climate-focused asset stewardship aimed at ensuring that boards and management teams are overseeing and managing their company's exposure to climate risks
- Best-in-class climate data used to develop targeted investment solutions
- Investable solution offerings, such as exclusionary screening, mitigation, adaptation and asset stewardship
- Climate-specific reporting designed to support clients in their understanding of how their strategies perform against climate-focused objectives

Transparency

ESG Products, Services and Research

ESG metrics are increasingly considered an essential, value-based dimension of investment portfolios and strategies. Clients are also increasingly demanding these non-financial insights. To be able to respond quickly to changing needs, we continuously research new, innovative approaches to ESG issues and risks, develop our data capabilities and pilot ESG products targeted to a variety of customers and expectations.

To internally address issues with ESG data quality, our ESG team designed and built R-Factor™, an ESG scoring system that leverages multiple data sources and aligns them to widely accepted, transparent materiality frameworks to generate a unique ESG score for listed companies. It was built to solve for the data quality problem and to remove opaqueness around ESG materiality in the scoring process. R-Factor is currently the only score that is backed by a

strong stewardship commitment from an asset manager. For State Street Global Advisors, we believe material ESG factors can impact a company's long-term performance. Our goal is not just to build ESG portfolios but also to encourage companies to focus on issues that matter while providing them with the transparency to meet those expectations. We believe this is the only way to create sustainable markets and long-term value for investors.

We designed R-Factor around four core pillars. These pillars define our approach to ESG data and scoring:

- **Focus on materiality:** For investors to be able to fully trust and integrate ESG scoring into their investment process, they must have confidence that the ESG considerations are material and have a demonstrated link to sustainable long-term value creation.
- **Commonly accepted, transparent frameworks:** We selected the materiality map of SASB, as well as national and/or investor-developed corporate governance codes, because they are transparent frameworks supported by large numbers of investors. We support these frameworks as they send a unified message to companies about which ESG factors are material to a company's performance and are therefore important to disclose and address.
- **Multiple data sources:** R-Factor is powered by the raw metrics from four different data providers, three that inform the environment and social component of the score and one that informs governance component of the score. This approach increases the overall coverage of our data set, filling in the gaps that exist with any one data provider. Using the inputs from multiple providers also reduces the potential biases that may be built into a provider's methodology.
- **Strong stewardship:** R-Factor supports the efforts of our Asset Stewardship team to provide clear expectations of company performance on material ESG factors. We screen companies for voting and engagement based on their scores. During engagements with portfolio companies, we disclose companies' R-Factor scores, as well as the underlying basis for those scores. This gives boards and management teams a roadmap for the specific dimensions that investors are evaluating to assess a company's sustainability efforts. It also helps companies identify which metrics to disclose and manage to improve future scores, creating a positive feedback loop in the market.

R-Factor not only powers our investment and reporting capabilities — it is also fully integrated into our stewardship program. Our stewardship team is already sharing companies' R-Factor scores with portfolio companies.

As companies develop infrastructure to manage ESG factors and improve their disclosure, we expect to see more meaningful ESG data driven throughout markets.

Stewardship

State Street Global Advisors' engagement with the 12,000 listed equities across its global portfolios is centered on our ability to prioritize and allocate resources to focus on companies and issues that potentially will have the greatest impact on shareholder returns. To support this process, we developed proprietary in-house screening tools to identify companies for active engagement based on various financial and ESG indicators that have the potential to impact shareholder value. Factors that we consider in identifying target companies are discussed in our Annual Stewardship Report and include:

- Size of absolute and relative holdings
- Companies with poor long-term financial performance relative to their peers

- Companies identified as lagging on market and industry ESG standards
- Outstanding concerns from prior engagements
- Priority themes and sectors based on an assessment of emerging ESG risks

Given the breadth and depth of asset classes, investment management styles and regions of our clients, the ways in which our investment teams address ESG materiality in their investment philosophy and decision-making processes may differ.

In 2018, we engaged a total of 600 global companies representing more than 47 percent of our total assets (12,000 in portfolio) on ESG issues. Of those engagements, roughly half were on environmental and social issues alone. As near perpetual shareholders of a substantial amount of the world's assets, we exercise our voting rights to conduct targeted and value-driven engagement with the goal of creating value for our clients. All voting and engagement activities are centralized within the Asset Stewardship team regardless of investment strategy or geographic region. By coordinating our voting decisions and engagement efforts, we leverage the full power of our institutional discretionary holdings and exert greater influence with management and boards.

In conducting our voting and engagement activities, we evaluate the various factors that play into the corporate governance framework of a company, including macroeconomic contexts, the political environment, the quality of regulatory oversight, enforcement of shareholder rights and the effectiveness of the judiciary. State Street Global Advisors complements its company-specific dialogue with targeted engagements with regulators and government agencies to address systemic market-wide concerns. As a long-term institutional investor, we believe it is important to establish a relationship and have a direct communication channel with independent directors in our investee companies.

In our engagement activities, we prefer to meet with the independent chairperson or lead independent director and representative of key board committees. Such meetings help us assess the quality and effectiveness of the board and the extent of oversight of management, as well as understand the board's perspectives on key issues such as strategy, risk, capital allocation and compensation. This approach also allows us to escalate matters to the board's attention if management has been unresponsive to issues discussed during prior engagements.

State Street Global Advisors has a dedicated team of ESG analysts, based in Boston, London, Kraków and Tokyo, that is charged with implementing its proxy voting guidelines and engagement activities globally. The activities of the Asset Stewardship team are directly overseen by an Investment Committee.

Shareholder Engagement with Portfolio Companies

Our approach to engagement and proxy voting is based on the understanding that companies adopting progressive governance and sustainability practices are better equipped to generate long-term value and manage risk.

The intensity and nature of our engagement with portfolio companies is determined by our holdings, engagement culture in a market and an assessment of the materiality of ESG concerns. We strive to build geographic diversity within our engagement activities to reflect our economic exposure to global markets.

Our approach is enriched by assessments from our Asset Stewardship team, which actively engages with companies, allowing us to leverage their expertise to map hundreds of governance metrics and assign custom weightings for each metric across six global regions.

Sector Analysis

In 2018, our Asset Stewardship team updated our strategic priorities for engagement. These are based on macroeconomic conditions, ESG trend developments and client feedback. In 2018, our stewardship priorities focused on the retail (including food, apparel and distribution), pharmaceuticals and materials sectors. Sector priorities allow us to allocate our resources pragmatically and delve into certain sectors to proactively monitor and engage with companies on their impacts and ESG trends. We share the insights we gain from sector deep dives with clients and report these findings in our Annual Stewardship Report.

Engagement on Controversial Investments

We believe in the value of engaging with controversial companies to help them better manage both financial and reputational risks, as a component of our fiduciary obligation to our clients. For example, in response to the movement against gun manufacturers in the wake of several mass shootings in 2018, we facilitated meaningful dialogue with several gun manufacturers held in our clients' portfolios to discuss risk management strategies as they pertain to mass shooting incidents and responsible gun ownership. These conversations are meant to seek greater transparency and to ensure that any shareholder resources used to influence legislation and regulations, or fund other advocacy efforts, is consistent with the company's public views. We engaged with the board and senior management of several of these manufacturers to discuss their perspectives on firearm safety and the way in which the company considers social issues in its long-term strategy. Additionally, we supported both shareholder proposals at civilian firearms manufacturers asking the companies to report on activities related to gun safety and the mitigation of risk associated with gun products.

Interview with Rakhi Kumar



To learn more about ESG investing and asset stewardship at State Street, we spoke with Rakhi Kumar, Senior Managing Director and Head of ESG Investments and Asset Stewardship for State Street Global Advisors.

Question: What are the challenges currently facing the development of ESG investing and how do you see them evolving in the future?

The most pressing challenge facing ESG investing is the quality of ESG data. Third-party rankings and ratings providers no doubt played a significant role in promoting the consideration of ESG data. However, a lack of consistent, comparable and material data poses several challenges for investors.

As of 2016, more than 125 providers of such data existed, each with their own proprietary scoring methodologies based on their unique ESG investment philosophy in terms of data acquisition, materiality, and aggregation and weighting.

In response, we have created a transparent scoring system called R-Factor. This system provides an ESG score based on widely adopted transparent frameworks from the Sustainability Accounting Standards Board and market-specific corporate governance codes. Through these scores, we're creating ESG investment strategies that meet the data challenge head on.

Q: How does ESG analysis change the way you engage with companies?

As long-term investors, we contend that strong performance on material ESG factors is critical to companies' ability to generate sustainable, long-term returns and thus frame our agenda around them when engaging with companies.

Companies will be increasingly encouraged to disclose their performance against reporting schemes such as SASB and the TCFD, to ensure that the information is structured, relevant and material to investors. Using frameworks such as SASB and TCFD allows us to promote market infrastructure while engaging with ESG in an organized and consistent way.

The R-Factor system I mentioned is a multi-data platform aligned with SASB that helps to evaluate material non-financial information from companies. We can then provide our clients a transparent lens on how we consider ESG factors in their portfolios. Insights from these comprehensive assessments also help us frame the agendas for our engagement with the companies we invest in. The scores offer us a more holistic picture of risks, opportunities and paths to long-term value creation; they also allow us to share with portfolio companies the exact ESG metrics that they're being evaluated on — offering a transparent path to firms' improved performance on ESG issues.

Q: What motivates you in this work?

Most people start out by seeing ESG as something separate from and unrelated to long-term value creation. I strongly believe that without sound ESG practices, you can't have sustainable long-term returns. I am passionate about making the business case for ESG and clearly articulating how ESG drives value. I find personal satisfaction when I have helped someone who did not fully appreciate or was agnostic about the value of ESG investing understand how it helps create value in the long term. For me, it's all about value. By incorporating ESG into the investment process, we are able to drive better outcomes for investors and stakeholders alike.

Municipal Finance

Our commitment to ESG also extends to the work our Municipal Finance group does in the United States (US). This group exclusively works with and provides credit facilities to US municipalities — including state and local governments; essential services providers such as water, sewer and power utilities; airports; transportation agencies; and housing authorities — to finance capital improvement projects. By accessing the capital markets with bank credit enhancement or borrowing directly from banks, municipalities are able to achieve cost-effective financial solutions while completing vital infrastructure improvements.

As of December 31, 2018, we provided credit enhancement and direct loans to issuers in support of:

- US\$4.1 billion of debt issued by state and local governments
- US\$3.53 billion in debt issued by essential services providers
- US\$690.49 million in debt issued by transportation agencies
- US\$297.50 million in debt issued by airports
- US\$395.38 million in debt issued by housing authorities

Municipalities frequently seek to incorporate sustainability into these new capital investments in order to mitigate risks, including climate-related risks. Similarly, as certain industries become liabilities, our own credit risk requirements shift accordingly. For example, we have historically extended credit facilities to public utilities that included coal in their fuel mix. However, in recent years, we are more focused on the risk of non-renewable energy sources and are leaning toward utilities that are increasing their commitment to renewable power generation.

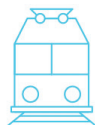
In general, all Municipal Finance credit decisions are guided by our Credit Risk Guidelines (CRG), which are overseen by Enterprise Risk Management and reviewed annually. These CRGs include exposure limits, risk appetite and risk-rating guidelines for our investments. Since protection of the environment can sometimes be closely linked to a municipality's core operations, we include those issues in our risk analysis and due diligence processes. Current and emerging issues we monitor and analyze for each credit exposure include susceptibility to climate events and natural disasters, cost of legal and regulatory compliance, reliance on renewable energy, condition and maintenance of capital assets and sustainable access to water.

Municipal Finance



\$3.53^B

in debt issued by
essential services
providers



\$690.49^M

in debt issued by
transportation projects



\$297.50^M

in debt issued by
airports



\$395.38^M

in debt issued by
housing authorities

Tax-Advantaged Investments

In 2018, the tax-advantaged investments group in our Finance department continued its commitment to enabling affordable housing and renewable energy projects by providing US\$213 million in financing.

Depending on market opportunities, the proportion of financing we provide to different types of projects varies. State Street has historically invested in wind and solar assets and is continuing to evaluate the exciting trends in the energy space, including energy storage and solar power as well as offshore wind, which both can further bring renewable power to consumers across the United States. Following the construction of affordable housing complexes, we continue to invest in capital improvements while maintaining affordability.

The value of these subsidized investments is two-pronged: they help us meet revenue targets and provide capital for areas of the economy in critical need.

Center for Applied Research

The Center for Applied Research (CAR), State Street's interdisciplinary in-house think tank, provides aspirational and action-oriented thought leadership that challenges the financial services industry to think differently about the future of investing. CAR amplifies research and insights from teams across State Street, generating momentum for a larger dialogue on innovative ways to address industry challenges and shifting markets.

Since its inception in 2011, CAR has explored topics such as how investor behavior is redefining performance to how principle and pragmatism can create sustainable value through ESG-focused investing. To investigate these questions, CAR collaborates with external experts from nonprofit organizations and investment networks and associations.

CAR conducts its work by:

- Developing cutting-edge thought leadership on a range of strategic topics
- Collaborating with external experts on carefully selected research projects
- Engaging our top clients by sharing research findings and exploring new ideas
- Contributing to a broader industry-level dialogue on timely questions

Through its differentiated voice, CAR supports State Street's goal of contributing to a sustainable future by engaging with the complex sustainability challenges facing the financial industry.

Digitization and Innovation

State Street has been investing in technology transformation for many years. In 2018, we took a fresh look at our core systems, identified the key needs of the future and began investing in solutions for tomorrow. We are focused on developing a holistic unified data architecture that harnesses emerging technologies, allowing us to create services that help our customers operate more effectively in a rapidly changing marketplace. We do this by bringing together our smartest people, encouraging diverse thinking and championing the best ideas. Problem-solving with emerging technologies is integrated into organizations and teams across the company, helping to generate new insights.

Reinforcing Our Systems

In late 2015, we announced Beacon, a multi-year program working to digitize every aspect of our financial services business in order to become more efficient, improve client service and increase profits by material shrinking State Street's cost base in the first five years. In early 2018, it was reported that Beacon had already driven US\$150 million in savings for the company and by the fourth quarter of 2018 these savings grew to US\$245 million, outpacing expectations. In 2019, we announced that, having completed our Beacon program, we would launch an additional effort to reduce expenses through resource discipline, automation and process re-engineering.

Another example of how our technology drives value creation is State Street VerusSM. This solution uses a combination of machine learning algorithms, natural language processing and human editorial expertise to identify direct and indirect connections between news and user portfolios. The connections are then ranked by the Verus Score, or V-Score, which helps users prioritize news based on its potential impact to their holdings.

Collaborative Enhancements

As technology needs deepen, we have been expanding our internal and external processes to meet those needs. The company was quick to invest in technology development many years ago and the organization has continued to leverage that commitment, integrating capabilities to innovate and deploy new tools. Our teams are built with diverse thinkers and a wide range of skill sets. Our innovation process leverages a Design Thinking methodology, which focuses on the needs of end users. We encourage our teams to prototype their ideas and "fail fast," testing out ideas to quickly determine their feasibility. While our teams work diligently internally, this innovation process also relies on collaboration with our business partners. We survey clients to understand how we've performed in the past and what they expect from us in the future. We regularly engage clients, subject matter experts, innovation hubs and more. As a result, we've been able to quickly develop new approaches that create significant value for our clients that we otherwise wouldn't have discovered.

Approaching Regulation with Automation

June 2018 was the first compliance deadline for a new SEC regulation: Investment Company Reporting Modernization. The regulation requires institutions to prepare monthly reports for each fund type in scope under the regulation. The SEC estimated that processing this data could take close to 168 hours per fund, putting additional stresses on reporting teams.

State Street took the regulation and its transformative requirements to heart and leveraged several automated processes already in place, while building new ones, so that the necessary data is populated into each regulatory form. Millions of data points are culled directly from multiple sources and scrubbed for completeness. This demonstrates an area where digitization and innovation is already helping to automate processes in our accounting and administrative functions, including data aggregation, enrichment and reporting.

Expanding Our Capabilities

State Street is committed to investing in key emerging technologies that will enhance our security, resilience and data capabilities for clients. We have been using artificial intelligence (AI) for many years and will continue to roll out new solutions. In one of our tools, AI consumes complex reports and helps investment professionals apply high-quality findings that otherwise may have remained hidden.

Another area of focus is data capabilities, where our technology will allow clients to drive new levels of intelligence from their data. We are integrating back-end and front-end systems in unique ways that lead to more robust security while enhancing a client's ability to access and derive intelligence from their own data. Our technology teams are also leveraging cloud-based options to more efficiently connect data processing and analytics.

Finally, our technologists are exploring the potential of distributed ledger technology and blockchain, though significant challenges remain for the technology to reach widespread adoption. Potential improvements at State Street could include faster servicing, minimizing the need for reconciliations and better managing risk and regulatory reporting capabilities. These capabilities would certainly reduce costs but at the same time would fundamentally change many aspects of transactions that have decades of history behind them. We are working with industry leaders on the Steering Committee for the Post-Trade Distributed Ledger Group, which recently merged with the Global Blockchain Business Council, to investigate potential uses as well as advocate for distributed ledger and blockchain. This group anticipates having a significant impact on the evolution and usage of the technologies, and we are committed to remaining a part of this work.

Human Capital

For more than two centuries, the commitment, expertise and creativity of our employees have helped us make our mark on the financial services industry. Each one of them brings a unique set of perspectives, experiences and insights to our company. We strive to do everything we can to hire the best talent and keep our current workforce of more than 40,000 employees motivated and engaged by providing an inclusive environment where all employees feel valued and supported and have the resources to live up to their full potential.

Human capital drives our success, supporting every aspect of our business model and our CR strategy. These material topics, which support our overarching CR strategy, directly and indirectly deliver on our promise to become a global destination for talent as we continue to be a high-performing organization.

| State Street Material Topics | SASB Material Topics |
|---|--|
| <ul style="list-style-type: none">• Talent Recruitment and Retention• Diversity, Flexibility, Equal Opportunity and Well-being | <ul style="list-style-type: none">• Labor Relations• Fair Labor Practices• Diversity and Inclusion• Employee Health, Safety and Well-being• Compensation and Benefits• Recruitment, Development and Retention |

Talent Recruitment and Retention

Our ability to create value relies on our employees’ ability to develop the skills necessary to meet the technology-centric nature of our business. As the entire global organization undergoes a technological transformation, data analytics will become the core of more roles and far fewer employees will engage in manual activities. As a result, the talent profile we are now seeking has widened and our approach to recruitment has shifted toward a more integrated and connected hiring strategy. We’re working to evolve the way we find, select and hire employees globally as the needs of our company and the financial sector grow and change, particularly in new markets around the world.

Recruiting with a Purpose

In 2018, we increased our focus on proactive and targeted recruitment to compete for highly skilled technology professionals. As part of this effort, we leverage our global teams and concentrate operations in regions with a particular emphasis on high-growth markets based on business needs. For example, we have grown our operations in Austin, Texas, an area known for technology hires. Our internship program is also an important element in this new approach, allowing us to engage students earlier in their academic careers and develop their talent internally. By connecting them to our brand and culture and maintaining a relationship while they grow, we actively encourage them to consider joining State Street as their first employer after graduation.

Similarly, our Professional Development Program (PDP) continues to be a successful tool to recruit recent graduates. High-performing candidates are invited to participate in a two-year rotational program that allows them to grow and thrive at State Street. In 2018, we hired 42 PDP participants into 13 business units and corporate functions across the organization.

Another key aspect of our business that plays into our recruitment strategy is leveraging the power of our diverse workforce while ensuring that we offer an inclusive and supportive working environment. Our Talent Acquisition team works hand in hand with State Street's Global Inclusion and Diversity group. Through this collaboration, we've established partnerships with various organizations that help us attract a diverse slate of candidates and advance our diversity targets. We utilize a diverse slate strategy for positions open at the managing director and above levels as well as rotational programs, mentorship and sponsorship programs, talent reviews and diversity goals.

In addition, our Boston WINs initiative, which began in 2015, cultivates career readiness in public high school students to develop their capabilities and performance for future employment either at State Street or elsewhere in the community. The program has been very successful. Of the WINs program participants, we've hired 1,200 students as interns as of August 2018, many of whom have transitioned into full-time roles. Seventeen percent of our 2018 PDP participants were initially recruited through Boston WINs.

Revamping Our Professional Development and Training

We continuously enhance our talent development programs to ensure our employees are given the tools they need to be successful. In 2018, professional development and training underwent a transformation: State Street Learning, our Center of Excellence, was created as a new central and modern learning organization. Our Learning team also added staff in Poland and Ireland, growing to 150 across the organization with representation around the globe.

In launching this new function, we established a governance structure with an advisory board, identified priorities, improved efficiency and rolled out other enhancements across the entire organization. For example, we acquired and implemented a new learning management system that consolidated several previously separate technologies (a system referenced in the 2017 Corporate Responsibility Report as Cornerstone). Our employees benefit from the intuitive interface and better search capabilities while our managers have access to improved visibility and reporting features. We plan to add additional technology in 2019 to further enhance user experience.

State Street Learning is committed to creating a learner-centric approach that provides easily accessible resources. We create curricula that help employees better understand the path they need to complete to achieve knowledge on particular topic areas. For example, as of this year, employees now receive their mandatory compliance training in bundles throughout the year, allowing for greater flexibility regarding timing of completion. While we still offer classroom-style trainings, we are also providing more enhanced online programs, facilitated courses and virtualization as part of the learning experience at State Street. In 2018, State Street employees completed an average of approximately 17.5 hours of training per employee.

State Street Learning's primary programs include:

- Onboarding/new hire development
- Skills of the future
- Leadership and management development
- Sales and marketing
- Compliance education
- Technical learning

For example, “Respect in the Workplace” is a new State Street Learning training that was added in 2018 and our Manager Training Program will be updated in 2019.

Building on these learning opportunities is the continued success of our two-year rotational Leadership Development Program (LDP), a program focused on building an internal pipeline of diverse talent. In 2018, 31 LDP participants completed the program and were successfully placed into vice president roles. In 2019, 29 more participants are anticipated to finish their program, while 26 candidates will commence the LDP.

Engaging and Retaining an Effective Team

In order to gauge employee sentiment and ensure that employees remain engaged overall, including with our approach to training and development, we conduct pulse surveys on a regular basis. From our most recent check-ins, we learned that overall employee engagement has increased at State Street by 2 percent from 2017 across the company, resulting in 57 percent of employees reporting feeling engaged in 2018. In addition, State Street continues to see improvement in the managers’ qualities that were identified as having the highest impact on engagement at State Street.

One way we strive to engage and retain talent is through effective performance management. In 2018, we launched a new approach to managing performance that focuses on more frequent and meaningful feedback, as well as the ability to constantly evolve priorities and goals as the year progresses. Since moving to this new approach in the middle of 2018, employees’ perception of development (feedback, skills improvement and access to training), as measured through our pulse surveys, increased by 9 percentage points, providing an early indication of the potential positive impact of our newly launched performance management program.

Performance Management at State Street

In 2018, State Street implemented a new performance management process. This new process is designed to provide robust, high-quality coaching conversations and two-way dialogue between the employee and manager. Conversations each month ensure that both employees and managers are aligned on expectations. The manager uses this information to make decisions for overall performance, ongoing development, compensation and promotion. The employee uses this monthly conversation to adjust performance, determine effort for development and gain feedback from managers, colleagues and direct reports. At the end of the year, the employee and manager participate in a recap conversation to summarize year-end performance and the manager communicates and documents a performance rating.

Flexible Work Options

We’re committed to providing an inclusive and supportive work environment. Flexible work options support that commitment when possible. Based on business needs, our employees have flexibility in how, when and where they do their work. We see this as a strategic tool for both our employees and managers, allowing the company to improve employee engagement and productivity as well as talent retention and recruiting while maximizing workspace use.

Working Parents

We keep building on our offerings for employees with children. Starting in 2018, State Street employees in the United States have been eligible for the company's extended paid parental leave (up to eight weeks) and paid family caregiver leave (four weeks), from the first day of their employment. These benefits were previously offered to employees with a minimum of one year's service. We've also made a number of other policy changes to provide more inclusive benefits for employees in the US:

- Paid Adoption and Surrogacy Leave — We now offer four weeks of primary caregiver paid time-off for those employees who become parents through a surrogacy arrangement, similar to the four weeks of paid Adoption Leave that we offer.
- Adoption Assistance — We increased the maximum adoption assistance reimbursement to US\$20,000 per adoption event per calendar year and extended the lifetime maximum to two times for use of this benefit.
- Fertility Assistance — A US\$20,000 reimbursement per event per calendar year was instituted to assist families with fertility-related matters such as surrogacy. This benefit will have a maximum of two uses per lifetime.

In addition to the extensive improvements to our US-based policy, State Street offers parental leave benefits globally. For example, our employees in the UK are eligible for up to 52 weeks of both paid maternity leave and paid adoption leave immediately upon hire. In addition, employees in India who have worked at least 80 days are eligible for up to 12 weeks of adoption leave and 26 weeks of maternity leave. Finally, State Street employees in Australia who have completed at least six months of continuous service are eligible for up to 52 weeks of parental leave.

BeWell Program

Our global employee well-being program is available around the world, with benefits that vary by country. The program offers our employees the tools and resources that help them proactively manage their total well-being. Numerous programs are offered as part of BeWell, around three pillars: physical wellness, emotional wellness and financial wellness. Benefits may include online wellness portals, employee assistance programs, tuition assistance and fitness reimbursements. Employees can earn an additional paid day off for participating in different BeWell programming, and healthy habits challenges are held throughout the year.

Global Health and Safety Policy

As part of our effort to streamline our operations across the globe, we consolidated all regional Health and Safety standards into one global policy. It became effective by the end of 2018 and roll-out is expected to be complete by the end of 2019. The Global Health and Safety Executive Steering Committee is responsible for the execution of the policy, which includes the development of procedures for training, risk assessment, incident reporting and remediation of all health and safety matters.

The Health and Safety Policy outlines our commitment to providing a safe working environment for our employees, contingent workers and visitors. This policy establishes a framework for:

- Establishing a Global Health and Safety Program and related governance
- Promoting an understanding and awareness of health and safety risks
- Identifying and assessing health and safety risks through periodic risk assessment and remediation

- Reporting incidents and injuries
- Complying with regulatory requirements

To the extent that regulations or regulatory guidance of a local jurisdiction require additional health and safety measures, such measures are specified in country-specific policies.

Inclusion and Diversity

Inclusion and diversity are strategic imperatives at State Street. As a global company, we value the backgrounds, perspectives and experiences that make our employees unique. We strive to provide an inclusive environment where all employees feel engaged and respected. The diversity of our workforce enables us to serve our clients in better ways and differentiate ourselves.

Our Inclusion and Diversity Mission Statement

At State Street, inclusion and diversity are embedded in our values and culture. We know an inclusive culture and a diverse workforce make us stronger and more successful. In a fast-paced and evolving world, we make it a priority to ensure that all of our employees across the globe feel that their identities and experiences are represented, embraced and celebrated. Fostering an environment that encourages the authenticity of our employees isn't just smart, it's essential. By educating, inspiring and empowering our employees at every level of the business, we cultivate a global force of leaders that reflects the diverse markets we serve. That's why we focus on attracting, hiring, developing and advancing talent of all kinds. Our progress isn't always perfect, but we each have the power to have courageous conversations and advocate for the things that matter most. It isn't enough to lead the way, we must build the way.

Inclusion and Diversity Pillars

In 2018, we marked the launch of our new five-year strategy built on the four pillars of Communication, Accountability, Talent Pipeline, and Learning and Development. Our newest pillar, Learning and Development, is focused on building better and more inclusive leaders. We want to create a space where our leaders understand how to manage differences to produce better outcomes and enable a culture where difficult and challenging conversations are encouraged in a safe environment. This begins by promoting and educating our workforce on a common understanding of inclusion and diversity topics and their value to us as individuals and as an organization.

For example, in 2018 we focused on giving our middle managers tools to become more inclusive leaders. An updated Unconscious Bias Training pilot was offered to 800 managers of Global Services, our largest business unit. Seventy-nine percent of these managers completed the voluntary training, which has now been rolled out to the entire organization. Moreover, we conducted a Master Unconscious Bias class for our Executive Promotion Councils (AVP and EVP) and added a Respect in the Workplace training, which all employees are required to take.

Policies and Commitments

To ensure an inclusive work environment that supports diversity of background and thought, we do not tolerate discrimination or harassment based on an employee's race, color, religion, creed, national origin, ancestry, ethnicity, age, disability, genetic information, sex, sexual orientation, gender, gender identity, citizenship, marital

status, domestic partnership or civil union status, familial status, military and veteran status or other characteristics protected by applicable laws. This commitment to an inclusive work environment is built into our global Standard of Conduct as well as the following policies and procedures:

- Equal Employment Opportunity Policy
- Diversity Policy
- Affirmative Action Policy
- Non-Discrimination and Non-Retaliation Policies
- Sexual Harassment Policy

Strengthening Our Impact

Our Global Inclusion and Diversity team expanded its presence in 2018, adding employees in global hub locations in India and Poland. Currently, 12 professionals in seven countries provide support to the organization.

Increasingly, our clients want to engage more deeply with us in sharing best practices and understanding our approach to inclusion and diversity management. In response, we developed a comprehensive client-facing document in collaboration with Marketing and the client-facing team from State Street Global Advisors (SSGA) that explains our inclusion and diversity journey. We have learned that our commitment to creating a more inclusive and diverse company not only differentiates us for many customers but allows us to exercise our influence as investors to encourage our investee companies to take on similar commitments.

Gauging Our Progress

We have a systematic and multi-pronged approach for making progress on inclusion and diversity. One strategy we leverage is our nine business-led Diversity Leadership Councils. To advance their impact, we created the North America Inclusion and Diversity Councils' Leadership Forum in late 2018. Twenty North America members from across eight councils represent their business areas in this effort. The EMEA Diversity Council led a number of initiatives as well, including a two-day training on inclusive interviewing for hiring managers in Ireland.

In APAC, a noteworthy initiative in 2018 was the first Returnee Drive held in India. More than 200 shortlisted female candidates who had taken career breaks of up to four years were invited for interviews. Ultimately, 45 women out of this pool were hired into different positions at State Street worldwide. Moving forward, Global Inclusion and Diversity is planning focus groups with these new hires and will integrate them into the Professional Women's Network, as described within *Fostering Internal Connections: Employee Resource Groups*.

Our goal is to weave inclusion and diversity throughout the organization as it relates to ethics, risk, conduct, engagement and creating culture. To this end, our Chief Diversity Officer joined the Risk and Conduct Committee in 2018, which led to the addition of inclusion and diversity language into our Standard of Conduct.

Diversity Goals and Performance

Our diversity goals are stated openly and are accessible to the public on our new Inclusion and Diversity landing page. Our new strategy includes three- and five-year diversity targets. We have eight targets covering female employees globally at the assistant vice president (AVP) level and above, and employees of color (EOC) in the United States also at the AVP level and above.

By the end of 2018, we had made progress on four of our eight targets, stayed flat on two and lost a little ground on two:

Diversity Goals: A Look Forward

Global Female Employees

| | 2017 | 2018 | Percent Change | 3-Year Goal | 5-Year Goal |
|------|------|------|----------------|-------------|-------------|
| SVP+ | 28% | 29% | +1% | 33% | 36% |
| MD | 32% | 32% | 0% | 36% | 37% |
| VP | 34% | 33% | -1% | 36% | 38% |
| AVP | 42% | 41% | -1% | 43% | 44% |

US Employees of Color

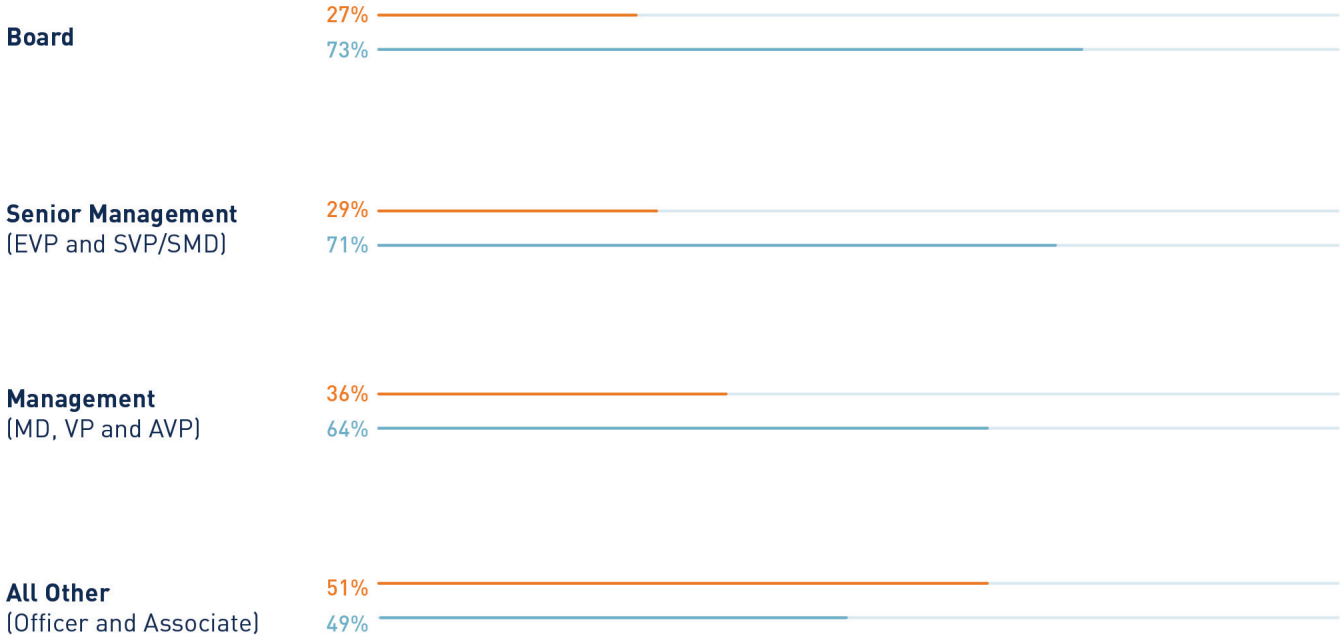
| | 2017 | 2018 | Percent Change | 3-Year Goal | 5-Year Goal |
|------|------|------|----------------|-------------|-------------|
| SVP+ | 14% | 16% | +2% | 19% | 22% |
| MD | 17% | 17% | 0% | 21% | 22% |
| VP | 25% | 26% | +1% | 30% | 33% |
| AVP | 30% | 32% | +2% | 34% | 35% |

We will look to add veteran, disability and supplier diversity goals in the future.

Diversity of Governance Bodies and Employees

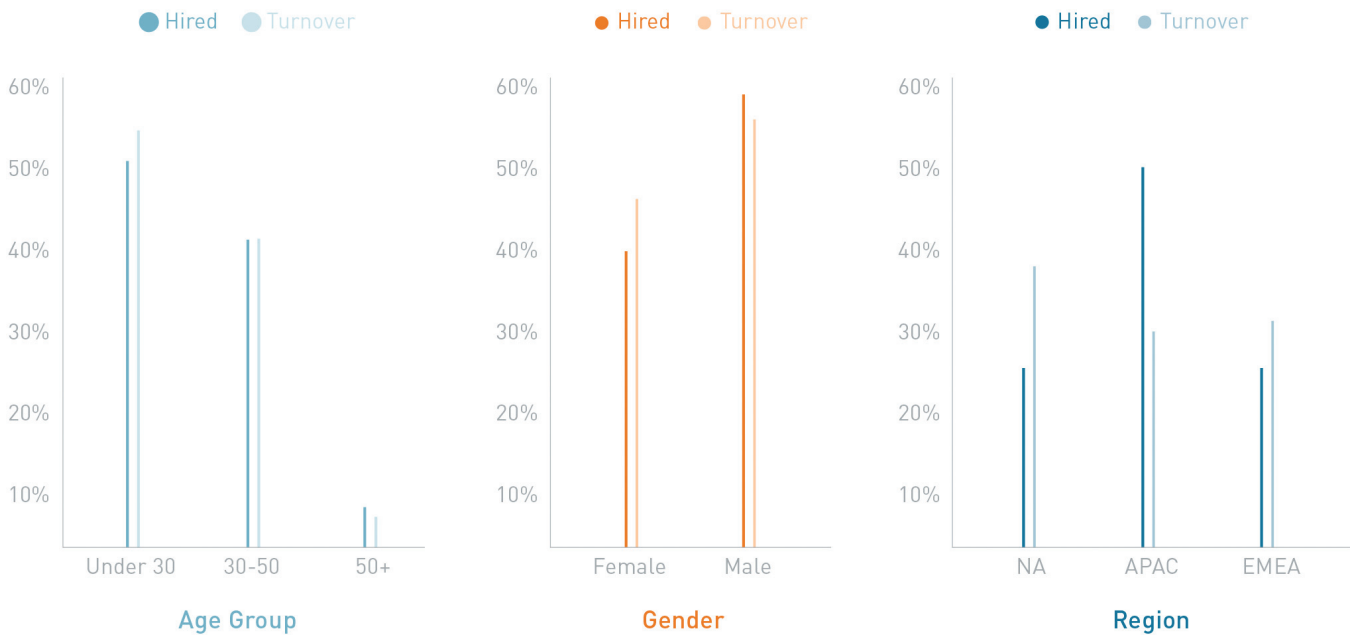
Percent of global total

● Female ● Male



*As of December 31, 2018, the CEO of State Street was also the Chairman of State Street's board of directors, and therefore counted both as a board member and an internal executive officer in the above table.

New Hires and Turnover



* Unspecified age groups and gender accounted for less than 1% of final results

EU Directive Update

In line with the European Union (EU) Directive's disclosure on non-financial and diversity information, we have set gender targets at four levels: Supervisory Board, Executive Management Board, Vice President and above, and Assistant Vice President. The current targets, which were set in June 2017 for a two-year period, are as follows:

- Supervisory Board: 30%
- Executive Management Board: 25%
- Vice President and above: 34%
- Assistant Vice President: 40%

Pay Differences between Men and Women

In addition to targets for staffing our workforce with a more representative percentage of women, we continuously assess the ratio of female to male compensation. This is part of our commitment to gender equity, which we are continuously working to improve. For the second time, we have released our UK Gender Pay Gap Report, which addressed gender and compensation for our United Kingdom-based operations, broken down by State Street overall, State Street Bank and Trust (SSBT) and State Street Global Advisors (SSGA).

Pay Differences Between Men and Women in the United Kingdom

| 2018 | State Street Overall | SSBT | SSGA |
|-------------|-----------------------------|-------------|-------------|
| Mean | 16.9% | 11.6% | 32.0% |
| Median | 20.4% | 20.3% | 17.7% |
| 2017 | | | |
| Mean | 17.0% | 15.3% | 18.1% |
| Median | 18.3% | 19.1% | 11.8% |

It is important to note that the UK Gender Pay Gap Report addresses the gender pay gap, not equal pay for equal work. While our overall pay gap numbers largely remain the same compared to last year, State Street Global Advisors' gender pay gap increased due to male appointments to senior and higher incentive-paying roles, as well as the lower representation of women in more senior-level and higher-paying roles.

We are focused on increasing female representation and diversity across our organization and have set aggressive targets to do so. We're continually working to identify and close pay gaps, monitor pay decisions and train managers to make appropriate pay awards. We unequivocally support the concept of equal pay for equal work. As we discuss elsewhere within this report, we are working to have more women in senior roles, and we recognize that there is more work to be done.

Diversity in the Value Chain

In 2018, when supplier diversity became a strategic focus, we collaborated closely with Global Procurement Services to utilize suppliers that are also diverse. We are already seeing results: our spend on diverse suppliers doubled and now stands at 9.5 percent as compared to 3.8 percent in 2017. We also established new partnerships, such as becoming members of the Boston Chamber of Commerce's Pacesetter program. This partnership of large and midsized companies and anchor institutions use their collective purchasing power to create opportunities at scale for local, ethnic minority-owned businesses. We also are a founding sponsor of the newly formed Massachusetts LGBT Chamber of Commerce.

Fostering Internal Connections: Employee Resource Groups

Our employee resource groups, run by employee volunteers, continue to play an invaluable role in creating an inclusive work environment and enabling open conversations. We now have 24 employee resource groups, more than 100 global chapters and 50 executive sponsors.

Employee Resource Groups



Noteworthy events and initiatives led by the employee resource groups in 2018 included:

- “Coming Out at Work” (Global PRIDE)
- “Color Blind or Color Brave” (Black Professionals Group in partnership with the National Black MBA Association)
- “Straight Talk” (Latin America Professionals Group)
- “Executive Networking Night” (a collaboration of five employee networks across North America)
- “Fearless Woman” panel attended by more than 500 people in-person and virtually (a collaboration of five employee networks and a business-led council)
- Consulting and mentoring initiatives that addressed and delivered recommendations for real business challenges in the organization, conservatively resulting in US\$400,000 value added in external consulting spend (Professional Women’s Network)
- 72 events during our first Inclusion and Diversity Week in EMEA, in Poland, Ireland and Italy, with other European countries joining via video conference

Social Capital

The topic of social capital covers our relationships with key stakeholders, as well as our interactions with society at large. Our ability to create long-term value for these key stakeholders, particularly our clients, is core to both our business model and CR strategy. In addition, our ability to support and engage with the communities in which we operate will help us work toward a positive impact on our employees as well as the rest of our stakeholders. Effective management of our social capital efforts supports the security and prosperity of our employees and also strengthens our relationships with our clients. In doing so, we support our company-wide goal of becoming our clients’ essential partner.

| State Street Material Topics | SASB Material Topics |
|--|--|
| <ul style="list-style-type: none"> • Strengthening Communities* • Client Relationships • Client Data Protection and IT Resilience | <ul style="list-style-type: none"> • Human Rights and Community Relations • Access and Affordability • Customer Welfare • Data Security and Customer Privacy • Fair Disclosure and Labeling • Fair Marketing and Advertising |
| <p><i>*Additional information on State Street’s material topic Strengthening Communities may be found within [III. UN SDGs Material].</i></p> | |

Strengthening Communities

State Street strives to act as a good corporate citizen and to help improve the communities in which we work. We engage with local governments, suppliers, customers, nonprofits and other stakeholders to seek better ways to contribute. We encourage our employees to engage with their communities and to help improve the lives of those who are less advantaged by volunteering.

By supporting organizations that align with our strategic focus on education and workforce development, we maximize our impact on the communities where we operate. As community members gain access to higher education and sustainable employment, they improve their financial circumstances and the economy in which they live. In some cases, they even join us as part of the State Street team.

Our community investment goes beyond providing financial contributions to qualifying organizations; we also encourage our employees to volunteer and donate their time to projects that matter to them, and we financially match their contributions. Corporate Citizenship sponsors Community Support Program (CSP) committees made up of employee volunteers who advise on local grant funding decisions and lead employee engagement efforts within the community. By focusing our efforts on programs that generate high-quality outcomes, we’re able to positively affect our communities.

State Street Corporate Citizenship

State Street's Corporate Citizenship group encompasses three core functions:

1. Investing in local nonprofit organizations
2. Providing engagement opportunities for our employees
3. Ensuring the proper management of sustainability issues through sound corporate responsibility

State Street Foundation is State Street's charitable arm, and is responsible for State Street's investments in nonprofit organizations. In 2018, State Street Foundation provided US\$21.5 million to organizations around the world. For more information, see page 76.

In recent years, we've received feedback from our employees regarding challenges in recording their volunteer hours and charitable gifts. As a result, in 2018, we launched CyberGrants, a new grants management and volunteering engagement system. This major upgrade in technology now gives our employees a more user-friendly system that makes it easier to record gifts and volunteer hours. Thanks to these enhancements alongside the intentionality of our Corporate Citizenship initiatives, we're increasing engagement between State Street and our local communities.

In 2018, Corporate Citizenship sponsored 154 charitable events for our community partners — a 12 percent increase over the previous year. We also achieved our grant funding goals except for the launch of high-impact funding initiatives we had set forth for our partnerships in APAC and EMEA. This was a result, in part, of due diligence process initiatives that took longer than anticipated. We plan to launch these initiatives in 2019.

The GIVE Program

The GIVE Program offers our employees a stronger voice in how they deepen the impact of State Street in the community. Opportunities include guiding Foundation grants, becoming volunteer ambassadors and joining nonprofit boards of directors.

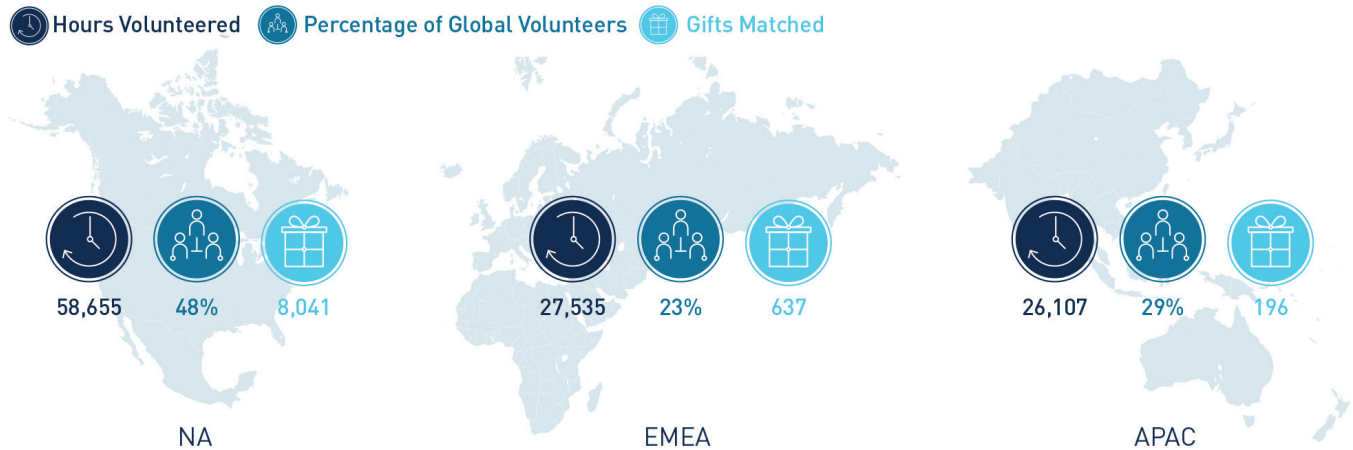
Employees can give back financially by taking advantage of our matching gift program, which matches charitable contributions made by all employees (GiveMore), by monetizing volunteer time (DoMore) and by supporting individual fundraising efforts (CollectMore). Employees who wish to volunteer can utilize up to 16 hours of paid volunteer release time each year to provide service, both individually and on teams, in nonprofit organizations or accredited schools of their choice.

Last year, we doubled the employee match from \$250 to \$500 for every 16 hours of employee volunteer effort to a single organization. Additionally, Boston WINs program partners receive double the support — all matching gifts are doubled and employee volunteer efforts are matched at \$1,000 per 16 hours volunteered.

Volunteering in 2018

In 2018, State Street employees recorded 112,297 volunteer hours globally, as outlined below:

Employee Engagement Map



Through these efforts, we supported 1,184 unique community organizations. At year-end, 18 percent of employees recorded volunteer hours and 74 percent of State Street executive vice presidents served on charitable boards. Since we encourage our employees to become involved with nonprofit organizations, we track executive vice presidents' participation with nonprofit boards. We also provide training for vice presidents and above interested in learning how to join and actively engage on a nonprofit board.

To track volunteering more closely and better understand our impact, in 2018 we added two new questions for our employees to answer when documenting their volunteer hours. The questions ask about the number of people impacted by their volunteer efforts and track skill-based volunteering, where employees are using their specific skill sets and expertise to support organizations or projects. Looking forward, we expect this improvement will better document our employees' volunteer efforts and will lead to higher engagement in 2019. We also plan to deepen our relationship with our human resources team and other business partners to help them better understand how skills-based volunteering can help employees meet their professional and performance goals.

Client Relationships

To create and maintain successful, long-term client relationships, we focus on understanding our clients' needs and exceeding their expectations. Our most important responsibility is to create long-term financial value for our clients, which we achieve by listening to our clients' needs and in turn, making decisions that enhance their trust, loyalty and satisfaction.

Measuring Client Satisfaction

Our clients face many challenges: increasing regulatory scrutiny, rising costs of doing business, new challenges to their business models and ever-relentless fee pressures. To track and monitor our clients' experiences with us, we provide frequent opportunities for them to articulate their needs and suggest ways we can improve our relationship. These include client experience and satisfaction surveys and qualitative feedback from direct interactions. By giving our clients the chance to engage and be heard, we can continue to adjust our offerings to meet their needs.

State Street's Client Experience Program ensures that we're listening and supporting clients' needs. Using the Net Promoter Score System® (NPS) framework, this program provides a holistic mechanism for driving continuous improvement for our key relationships. In 2018, 401 individuals across 65 client accounts participated in the program and almost 2,000 unique comments were received. Clients provided feedback on their experience and key aspects of the organization, commercial arrangements, service quality and technology investment. A large proportion indicated a willingness to advocate on behalf of the organization and commented on recent improvements in the quality of service.

However, we do not stop at collecting feedback from our clients. After we engage with clients directly, we process their feedback and develop action plans that address their wants and needs. Action plans are reviewed with executive sponsors quarterly and escalated to State Street's Management Committee on a regular basis. This structure ensures organization-wide visibility of feedback and promotes open dialogue with our clients and partners.

Maintaining Client Relationships

As part of a structured process for continuous improvement, we contact clients after they provide feedback in order to understand more about their experience and address any issues they articulated. To identify strategic opportunities to build client relationships, we develop client account action plans that connect business initiatives to the specific feedback we receive. In addition, in 2019 we will be hiring additional client executives to further enhance key relationships.

Our Client Experience Program enables us to identify what we need to focus on to deepen our partnerships. For example, in 2018, our clients identified areas for improvement in our delivery across product lines and geographies. Over time, feedback from the program, along with cultural changes in client interactions, will extend across our entire organization, providing our clients with even better and more customized services.

Internally, we also developed advisory boards that help us ensure we're managing our client relationships effectively. These include:

- State Street Asset Manager Client Advisory Boards: covers approximately 20-25 asset management clients
- State Street Asset Owner Client Advisory Board: includes approximately 20-25 asset owner clients
- State Street Regional Client Advisory Board: smaller, regionally-focused boards that include approximately 10-12 clients based in EMEA and Canada and will expand in APAC in 2019
- Charles River Client Advisory Board: launched in 2019, this board will support the State Street Charles River Development acquisition transition and includes approximately 16 asset manager and owner clients

Collaborating with Clients to Develop Shared Thought Leadership

Given the scale of State Street's assets under management and the breadth of our participation in global markets, our clients benefit not only from our extensive financial experience but also from our thought leadership, which we often develop through collaborative efforts.

For example, we have established CEO roundtables, which include eight to 10 CEOs and convene annually on relevant industry topics such as disruption, technology and trends in asset management. In 2018, North America

roundtables occurred in Boston, Chicago, New York, Los Angeles and San Francisco, with APAC roundtables in Hong Kong, Singapore and Tokyo. We plan to expand this program to EMEA in 2019. Our 2018 CEO roundtable feedback led us to conclude that we've built fundamentally strong, trusted relationships, but we also identified areas where we could do better in terms of developing and delivering thought leadership. Looking forward, improved diagnosis and quantification of ESG risks, particularly in terms of climate change, is one key area identified for improvement across our client portfolios.

Furthermore, with the 2018 acquisition of Charles River Development, we will have the ability to compile all client data in one place and analyze the data for a variety of purposes. This will allow us greater opportunity to provide the leading-edge insights that our clients expect. Together, our Client Experience Program and CEO roundtables strengthen our relationships with our valued clients and help identify ways to improve our services.

Interview with Andrew Erickson



To learn more about client relationships at State Street, we spoke with Andrew Erickson, Executive Vice President and Head of Global Services, who is a 28-year veteran of the company.

Q: From your perspective, how are ESG factors and sustainability driving long-term value for State Street?

We are in a symbiotic relationship with our customers — if they do well, we do well. Because of this, they place immense trust in us. One way this trust manifests is that our customers increasingly ask us to partner with them on ESG investment projects. This offers unique opportunities to contribute to the thinking around the challenges of this growing industry.

Our ESG investing efforts also force us to evaluate information in a new way. As data becomes the new currency, ESG-related data will be critical to recognize “sleeper problems” that often take time to reveal themselves within companies. For this reason, the consideration of ESG factors will become a must-have for all financial services providers and will gradually become integrated into traditional risk assessments.

Q: How does this change the management of client relationships?

We recognize that our employees are better equipped to speak about products and services that they believe in. So, after educating our staff on the connection between ESG investing and long-term value, we’ve found that the majority enjoy speaking to clients about these capabilities.

ESG investing has thus developed into a unifying topic for our offices globally. Having worked out of five different countries, I can tell you firsthand that cultures differ on many levels. But regardless of the culture, our employees appreciate working for a company that understands the importance of ESG issues both from a value-driving and values-enforcing perspective.

Q: What role does digitization and innovation play at State Street?

Digitization plays a huge role in our work as it allows us to use the same information in different ways. For example, with one transaction, we can

calculate performance, run a risk report and measure counterparty exposure. This enables us to gradually phase out the manual reconciliation process, which is very time consuming. The more we are able to digitize, the better we can do our jobs and the more equipped we are to leverage the data resources we have.

Our mobile application, Verus, is a great example of the efficiencies that result from digitization. Clients are able to upload their portfolio to Verus, which then uses machine learning algorithms, natural language processing and human expertise to curate a continuously updated newsfeed containing information pertinent to the user's holdings. Our technology looks for both direct and indirect connections between news stories and a client's position while simultaneously recognizing biases. Clients are increasingly looking for such consumable forms of information, which underlines the importance of digitization to our present and future work.

Q: How have you seen State Street transform over the years and where is this transformation going?

As the financial services industry evolves, we have to constantly weigh what it means to put the investor first. At the end of the day, we make sure that we align with the interests of the people we serve. In this respect, our acquisition of Charles River Development was an investment in these interests and in the future. We know that by digitizing what we do in a front-to-back way, we can rethink the entire value chain and thus support our clients in many more ways.

Q: What inspires your work?

Even as technology optimizes financial services, at its core, it is still a people business. In my work, I feel continually supported, because all of our clients are rooting for us to succeed. They view us as a trusted partner working in their interest and providing value. I'm also inspired by the hard work of our employees, who reflect the communities we work in. Our work and the people doing it are central to who we are. This energizes me daily.

Client Data Protection and IT Resilience

As a custodian responsible for the safekeeping of trillions of dollars in assets, inherent risk lies within every transaction. This is especially true for the vast amount of data stored across our network of platforms. How we manage our clients' data — and foresee potential threats to that data—is ultimately at the heart of what we do every day.

A Cohesive, Multi-Faceted Approach

Our approach to information technology centers on creating value for our clients by preparing for and combatting risks from multiple angles. By investing in people, training, processes and technologies, we minimize threats to data privacy, access and security. While our networks are providing cutting-edge data access and analysis capabilities, behind the scenes our people are focused on updating our IT infrastructure, segmenting our network to create resilience, and partnering with service providers to increase security monitoring of our systems both internally and externally.

Client Data Protection and Data Privacy

Client data protection and data privacy are at the core of our mission to deliver solutions to our clients and stakeholders. To support this, our Information Security Officer (ISO) program drives tight integration of information security risk management practices throughout each of our business lines. In 2018, we started a process of strengthening our ISO program to drive improved two-way communication between the Corporate Information Security team and our overarching management team. Thus, our company is now able to more quickly identify and mitigate risks through our integrated network of ISOs, risk tools and platforms.

Our Data Loss Prevention Strategy is a set of cohesive technologies that allow us to evaluate the movement of critical or sensitive data from a security, user education and process improvement perspective. The program will inspect, monitor, escalate and deter unauthorized disclosure of State Street "critical" data in accordance with our Data Loss Prevention & Protection Policy, Corporate Information Security Controls, data handling and usage policies, and legal and regulatory policies. The Data Loss Prevention Strategy is currently implemented through an integrated process of endpoint protection, device controls, proxy access, web filtering, network monitoring, data at rest recovery and information classification, among other functions. In 2018, our Data Loss Prevention Strategy rolled out classification schemes for emails and other documents that promote enhanced data-handling protocols. These capabilities will soon encompass all our channels in order to help achieve enterprise-wide resilience.

Client data privacy is supported by a state-of-the-art Identity and Access Management Program that ensures critical information is only accessed by credentialed personnel at appropriate times. In 2018, this program enhanced convenience for our employees with its "Bring Your Own Device" options, eliminating the need for two devices while maintaining strict privacy protocols. We also implemented an Inadvertent Data Disclosure (IDD) initiative, a multi-faceted effort to reduce IDD, and worked to further enhance the existing global incident management framework.

Information Technology Infrastructure and Resilience

To ensure our operations are protected, we continually improve our IT infrastructure to enhance adaptability and resilience. For example, our Centralized Access Management platform, which automates our controls with systematically enforced policies and workflow rules, and speeds up processing time and data access while reducing cybersecurity risk.

Protection against cyberattacks is a top priority in our dynamic and technology-driven age. As threats to data and IT are real and growing, companies like ours must be ready and able to address this reality. To test our readiness, in 2018 we conducted an offsite exercise with one of our key vendor partners that simulated an actual cyberattack. Our top executives were immersed in a lifelike attack scenario that required them to make many of the key decisions they would have to make if we were subject to a real attack. The exercise simulated attacks against many of our key business lines that could result in client impact. The executives worked diligently to direct response actions including activities that required external-facing procedures. This exercise gave our employees and top executives the insight they needed to even further enhance our cybersecurity protocols.

In 2018, we adopted the National Institute of Standards (NIST) cybersecurity controls. To date, we've implemented an internal policy structure for the controls program and will continue this implementation across our systems, including within Charles River Development.

While cybersecurity preparedness is part of our day-to-day operations, 2019 will see the implementation of even more sophisticated visibility and detection capabilities.

Environment

To be a responsible corporate citizen, we continuously work to minimize the environmental impacts of our everyday business operations. Our commitment to environmental responsibility is evident in the quantifiable goals we set and the resources we allocate to address environmental issues that have been deemed material to our business. Because each region differs in its environmental impact and capabilities, we give managers latitude to pursue appropriate initiatives as they see fit. This topic, especially its subtopic greenhouse gas emissions from operations, directly supports our commitment to the Task Force on Climate-related Disclosure (TCFD)*.

| State Street Material Topics | SASB Material Topics |
|--|---|
| <ul style="list-style-type: none">• Environmental Responsibility<ul style="list-style-type: none">◦ Greenhouse Gas Emissions from Operations*◦ Energy Efficiency*◦ Recycling*◦ Water Use and Discharge* | <ul style="list-style-type: none">• Systemic Risk Management• Accident and Safety Management• Business Ethics and Transparency of Payments• Competitive Behavior• Regulatory Capture and Political Influence• Materials Sourcing and Supply Chain Management |

**Additional information on State Street’s environmental responsibility subtopics may be found in [\[II. TCFD Material\]](#)*

Environmental Responsibility

As a global company, we are particularly aware of the role we play in climate change, and we continually strive to reduce our impact while managing the resulting risks to our business. This section of our report illustrates our commitment to not only setting appropriate goals but holding ourselves accountable as we continue to transform as a company.

Environmental Sustainability Policy

Endorsed by State Street's Environmental Sustainability Committee and our Executive Corporate Responsibility Committee, our Environmental Sustainability Policy outlines our pledge to the following actions:

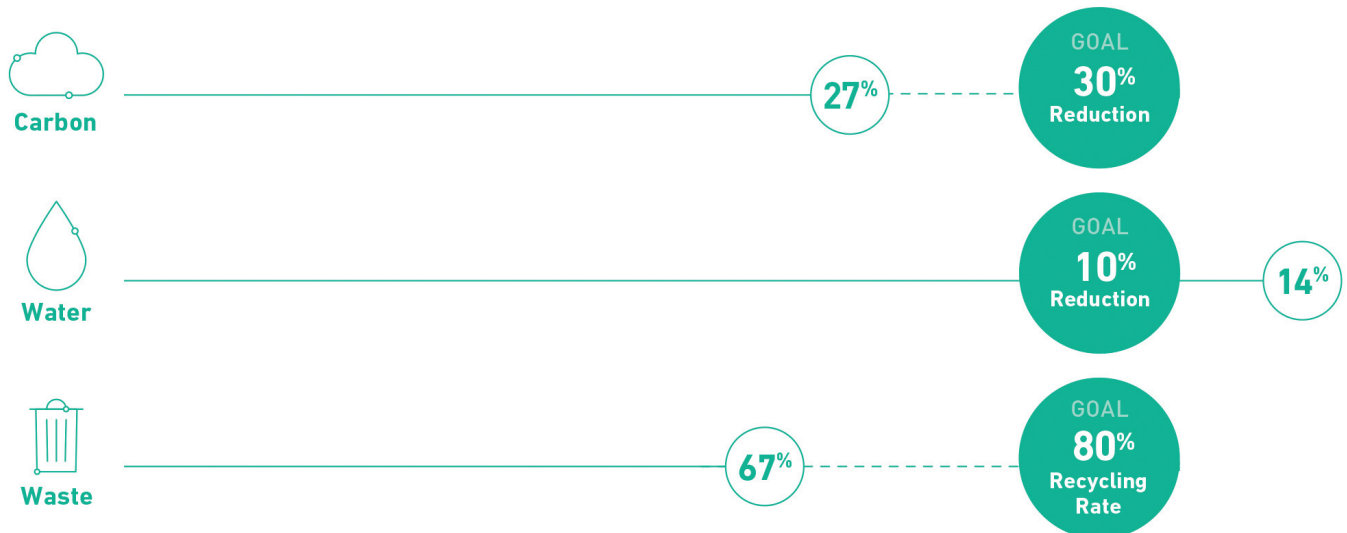
- **Establish and review quantifiable objectives and targets** that are meaningful and relevant to improve environmental and energy performance and reduce the associated greenhouse gas emissions.
- **Comply with applicable legal requirements and other requirements** to which the organization subscribes related to environmental and energy performance.
- **Protect the environment and prevent pollution** by managing and controlling our operations using best-practice techniques.
- **Continuously improve** the use of energy resources at our facilities and during our activities throughout the entire resource life cycle, optimizing the technology and design of processes as well as the operation of our facilities, and supporting the purchase of energy-efficient products and services.
- **Promote greater awareness among all stakeholders** by providing them with reliable and transparent information regarding our environmental and energy consumption, our corresponding greenhouse gas emissions and the improvement actions undertaken, and the importance of these initiatives.
- **Implement processes to adhere to our Environmental Sustainability Policy**, which State Street considers the responsibility of all individuals who take part in our activities.

These actions are intended to minimize the impacts that our business operations have on the ecosystems in which we operate while simultaneously reducing our exposure to associated business risks.

Environmental Goals

In support of our environmental commitments, we set goals and track our performance regarding our energy use, greenhouse gas emissions, water use and recycling rate. We review our strategies annually to pursue these goals, improving our ability to achieve targets and further reduce the impacts of business operations.

Progress Against Global 2025 Goals



Oversight Strategies and Guiding Frameworks

As part of our management of environmental issues in our operations, we utilize ISO environmental management frameworks. Last year, State Street transitioned from the ISO 14001 2004 standard to the 2015 standard in North America (NA), Asia and Pacific (APAC), and Europe, Middle East and Africa (EMEA). In 2018, we made significant strides toward consolidating our three regional certifications to one global certification. As of December 31, 2018, 17 State Street facilities were certified according to this standard.

Environmental Sustainability Employee Network

Founded in 2016, our Environmental Sustainability Employee Network (ESEN) enables employees to share their passion for environmental sustainability as they work with State Street's business units to execute and deliver on our sustainability initiatives. ESEN has more than 2,000 members from various regions around the world and is led by a Steering Committee.

With the goal of making State Street more sustainable, ESEN undertakes projects that address behavioral and operational challenges. In 2018, ESEN continued its support of sustainable client product and service initiatives while simultaneously driving employee engagement, operational initiatives, cultural transparency and community involvement.

To further engage employees globally, the network brings chapters together to learn and discuss best practices. Each year, ESEN hosts a large-scale launch event to allow members to network and share their passion for the issues most important to them. ESEN also organizes a speaker series on a per-chapter basis to educate employees on topics such as tropical forest monitoring and environmental justice. ESEN also arranges volunteer events where employees can plant trees and participate in environmental clean-ups. Chapters in Poland and the United Kingdom, among others, organized speakers on environmental challenges and trends in their respective countries and facilitated dialogue around local issues.

II: Task Force on Climate-related Financial Disclosures Material

Since 2017, State Street Corporation and State Street Global Advisors have supported the mission and objectives of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD is a market-driven initiative designed to provide a set of recommendations for voluntary and consistent climate-related financial risk disclosures in financial and other mainstream disclosures. It covers thematic concerns that investors pay attention to regarding risks and opportunities associated with climate change, with particular focus on the financial risk from climate-related issues.

The TCFD recommends that companies disclose climate-related risks and impacts in the areas of governance, strategy, risks, metrics and targets. For a company such as ours, this pertains to two areas: the impacts of our own operations and the impacts of the assets we manage in our investment portfolios on behalf of our clients. We address both areas in this report.

TCFD Governance and Strategy

State Street's corporate responsibility efforts are overseen by the Executive Corporate Responsibility Committee, which reports to the board of directors at least once per year. In 2018, the board of directors took on responsibility for oversight of material ESG-related issues, such as greenhouse gases and climate-related risks. State Street Global Advisors' ESG investments team also regularly reports on their activities, including risk assessments, stewardship efforts and corporate engagements, to State Street Global Advisors' chief investment officer and chief executive officer as well as State Street's board of directors.

We have a robust program of engagement with the companies in our portfolios regarding climate-related risks and impacts. Our analysts regularly interact with the companies in their portfolios on a range of issues, and where climate-related risks are indicated, the companies are asked to provide information regarding their risk mitigation strategy and encouraged to enhance disclosure when necessary.

Our proprietary databases and assessment tools also provide our clients with insights into the performance and impacts of companies they are investing in in order to enable them to address climate-related interests in their own portfolios. By empowering our clients to make their own decisions, we are broadening the conversation regarding climate change to include a wider set of stakeholders who can address these issues in a way that fits their values and priorities.

Overseeing Risks Associated with Climate Change

As a signatory to the United Nations Global Compact and supporter of the TCFD, we're committed to a precautionary approach to all environmental challenges. Our focus on environmental sustainability and GHG emission reduction is a means of continuously acknowledging and addressing the physical risks associated with climate change. We also continually assess the regulatory landscape for risks that may impact existing business operations or increase the cost of operations due to environmental issues.

Investment Risks Associated with Climate Change

From the investment perspective, we recognize the value in assessing energy, greenhouse gas and other climate-related data for the companies in our portfolios. The objective is to better understand how the companies we invest in manage and work to mitigate climate-related risks, which in many cases may materially impact future financial performance. At the same time, we also recognize the complexity of quantitatively assessing such risks and are working to improve the quality and timeliness of the data required to make more robust assessments. To address these complexities, we provide a variety of data and analytics capabilities to portfolio managers and analysts across State Street, as well as to our clients. This information can then be incorporated into their risk assessments, allowing them to make investment decisions best suited to their objectives. This approach is described in more detail in the ESG Products and Services section of this report.

When we recognize risks or opportunities for improvement, we typically seek information from companies in the following areas: governance processes, greenhouse gas goals, internal carbon pricing schemes, and scenario-based assessments of risks and opportunities. In our experience, more accurate and timely information and deeper engagement on these topics will help us, the boards and management teams of the companies we invest in and our clients assess climate-related risks more holistically and identify opportunities to maximize value creation.

Physical Risks Associated with Climate Change

To stay abreast of any operational vulnerabilities related to environmental factors, we regularly evaluate the physical and financial risks of climate change in the context of our own activities. This includes assessing the frequency and severity of major weather events that may impact our operations, induce damage, disrupt our supply chain or potentially hinder our ability to provide products or services. We're committed to protecting our clients from any service interruptions, including those related to climate change, in addition to taking responsibility for mitigating our own climate impacts.

The possible impacts we evaluate and address in our business continuity strategy include:

1. The potential loss of, or temporarily restricted access to, buildings or operations
2. The loss of or damage to technology and operations infrastructure
3. Business, operations or technology impacts to employees because of severe weather

Our building and operations teams also use this approach when exploring potential new business locations. If a property is in an area that has a higher risk of climate change effects, we conduct due diligence to assess the risks for our operations. In addition, we implement appropriate infrastructure to safeguard against any business interruptions that could occur due to climate-related events.

While we currently address climate change-related risks and management of those risks in our operations, we're continuing to build robust scenario testing for physical implications of climate change.

Energy and Greenhouse Gas Emissions

Our commitment to the TCFD and UN Global Compact means we continuously acknowledge and address physical risks associated with climate change through our environmental and GHG emission reduction initiatives.

In support of the science-based carbon reduction target we established in 2017, we continued implementing our carbon fee program and further developed our carbon offset program. These mechanisms are intended to help reduce our carbon emissions by 30 percent to meet the overarching United Nations Framework Convention on Climate Change (UNFCCC) Paris Agreement to limit the global temperature rise to below 2°C.

Our company-wide carbon fee program was employed in 2018 by allocating an internal fee to each site based on its carbon intensity relative to its location. In addition to our carbon pricing program, we also facilitate a carbon offset program. As of 2018, we accomplished a variety of milestones in our environmental currency portfolio, including:

- We derived 100 percent of State Street's projected North American electric load for 2018 from renewable energy
- We received LEED certification for John Adams and Channel Center buildings, supported in part by purchasing Renewable Energy Credits (RECs) to cover electricity, natural gas and diesel usage.
- We supported wind and solar facilities in Buzzards Bay as well as other United States wind projects with the purchase of Renewable Energy Credits (RECs)
- We stayed on track to reach the 2025 Carbon Target by purchasing International RECs (I-RECs) and Guarantees of Origin (GOs) for 2018
- We reached State Street's stated internal goal of supporting a carbon offset project with a compelling grassroots or human-interest element, as well as promoting local economic activity, further promoting our brand recognition as a sustainability leader

In 2018, we supported the Paradigm Healthy Cookstoves and Water Treatment Project in Kenya and Uganda through the purchase of Gold Standard carbon offsets. The project reduces carbon emissions and improves people's health and incomes by reducing time and money spent acquiring fuel for household and institutional cooking. The 2018 project will also contribute to offsetting State Street's carbon emissions released from business travel in 2017.

In addition to the cookstove project, we also purchased RECs from the Massachusetts Maritime Academy wind and solar projects, in addition to other US wind farms. We plan to continue purchasing RECs from local projects to support in-state, small-scale renewable energy initiatives that serve as an educational tool for students and professionals in Massachusetts.

In 2018, we achieved 27 percent CO₂ emissions reduction toward our 30 percent overall goal by 2025, measured by our CO₂ emissions per floor area. This total includes our 2018 purchases of RECs as calculated using the market-based method.

State Street Energy Use and Savings

| Total Internal and External Energy Consumption | | | | | |
|--|------------------------|------------------|------------------|------------------|------------------|
| | Unit | 2018 | 2017 | 2016 | 2015 |
| Total Scope 1 Fuel Usage | | | | | |
| Natural Gas | Gigajoules (GJ) | 132,695 | 121,415 | 123,302 | 144,349 |
| Diesel | Gigajoules (GJ) | 5,960 | 3,937 | 7,339 | 3,992 |
| Total Scope 2 Indirect Energy Usage | | | | | |
| Electricity | Gigajoules (GJ) | 815,297 | 875,087 | 899,057 | 927,400 |
| Heating | Gigajoules (GJ) | 34,608 | 32,352 | 34,122 | 32,922 |
| Cooling | Gigajoules (GJ) | 3,459 | 3,210 | 3,341 | 6,269 |
| Total Scope 3 Energy Usage | | | | | |
| Business Travel (Non-Renewable) | Gigajoules (GJ) | 202,454 | 235,832 | 161,446 | 276,395 |
| Total Energy Usage | Gigajoules (GJ) | 1,194,473 | 1,271,833 | 1,228,607 | 1,391,327 |
| Energy Intensity | | | | | |
| | Unit | 2018 | 2017 | 2016 | 2015 |
| Energy Intensity Ratio | | | | | |
| Numerator | KWH | 275,560,881 | 287,777,947 | 296,433,517 | 309,736,531 |
| Denominator | Occupants | 39,996 | 37,846 | 37,350 | 34,394 |
| Energy Intensity | | 6,890 | 7,604 | 7,937 | 9,005 |
| Energy Saved | | | | | |
| | Unit | 2018 | 2017 | 2016 | 2015 |
| Total Energy Saved | | | | | |
| Electricity | Gigajoules (GJ) | 14,348 | 21,557 | 10,682 | 5,236 |
| Heating | Gigajoules (GJ) | 0 | 1,971 | 0 | 1,192 |
| Total Energy Saved | Gigajoules (GJ) | 14,348 | 23,528 | 10,682 | 6,428 |

Comments: Energy project savings account for all regions. Units saved have been converted from KWH and Therms to Gigajoules. Annual totals include projects completed within the specified calendar period and do not include prior years' recurring savings.

State Street Greenhouse Gas (GHG) Emissions

| Direct and Indirect Greenhouse Gas (GHG) Emissions (Scopes 1, 2 and 3) | | | | |
|---|----------------|----------------|----------------|----------------|
| Direct GHG Emissions (in Metric Tonnes CO2 Equivalent) Gases below included in totals: | 2018 | 2017 | 2016 | 2015 |
| CO2 Direct | 7,335 | 6,601 | 6,902 | 7,802 |
| CH4 Direct | 17.13 | 15.02 | 16.22 | 17.70 |
| N2O Direct | 4.60 | 4.02 | 4.50 | 4.67 |
| HFCs Direct | 2,458 | 3,060 | 1,322 | 2,821 |
| Total Direct (Scope 1) | 9,814 | 9,680 | 8,244 | 10,645 |
| Biogenic CO2 | 4.50 | 2.53 | 3.11 | 3.45 |
| Total Indirect (Scope 2) | 78,678 | 90,185 | 92,344 | 100,861 |
| Total Scope 3 | 95,888 | 96,283 | 87,031 | 98,441 |
| Total GHG Emissions | 184,380 | 196,148 | 187,619 | 209,947 |

Comments: We utilize the WBCSD/WRI GHG Protocol Corporate Standard and IPCC 5th Assessments 2014 (AR5) as the GWP sources. The underlying energy usage used in calculating the emissions is based on actual metered data from most of the sites. For those sites without metered data, we estimated our energy usage. We calculated Scope 2 emissions using both the market-based and location-based approaches; the Scope 2 emissions shown in the table above relate to the location-based approach. We used the EPA E Grid, WRI GHG tools and country-specific sources for emissions factors, and the GHG Protocol Corporate Standard and IPCC AR4 as the GWP sources. Total direct GHG emissions data has been publicly disclosed for four consecutive years. Scope 1 includes natural gas usage, diesel and refrigerants. Biogenic emissions in the table above include composting. Scope 2 includes electricity and district heat/cooling usage, and Scope 3 includes business travel, employee commute impacts, waste/recycling and grid losses. Scope 3 business travel emissions are based on vendor-reported travel type and distances and calculated utilizing the GHG Mobile Tool. Waste and employee commute emissions are calculated with the following source: Waste — DEFRA Conversion Factors 2018, and Employee Commuting — Transportation Energy Data Book Edition 36.2 (August 2018).

| GHG Emissions Intensity | | | | | |
|--------------------------------|--|------|------|------|------|
| | Denominator | 2018 | 2017 | 2016 | 2015 |
| GHG Emissions Intensity Ratio: | Metric Tonnes of CO2 Equivalent per Employee | 2.21 | 2.64 | 2.69 | 3.24 |

Comment: Gases include carbon dioxide (CO2), methane (CH4) and nitrous oxide (N2O) for direct (Scope 1) and indirect (Scope 2) emissions.

| GHG Reductions | | | | | |
|--|--|-------|-------|------|------|
| | Denominator | 2018 | 2017 | 2016 | 2015 |
| Total GHG Reductions in Metric Tonnes CO2 Equivalent | Emissions Reduced: Direct (Scope 1) and Indirect (Scope 2) | 5,410 | 1,710 | 787 | 484 |

Comments: 2015 is the baseline year. Engineering calculations have been utilized in determining energy savings. Where available, metering data was used in validating pre- and post-energy usage. Specific protocols have been set up for continued evaluation of operating characteristics of applicable measures. Run times, KW draw and other load variables were used as the basis for calculating the overall usage profiles of the various equipment.

Innovative Approaches to Energy Efficiency

For several years, a working group convened by Global Realty Services has explored ways to create additional cost-effective solutions for resiliency and sustainability. We researched the costs and benefits of pursuing solar energy versus developing a microgrid and concluded that investing in a fuel cell microgrid project was more technically feasible and cost effective. Through a microgrid fuel cell, we expect that our carbon usage would dramatically decrease, and we would avoid converting large areas of land needed to invest in solar. Our data center would be fueled by a microgrid that converts natural gas to electricity. We would then recapture heat produced by the microgrid and use it as a cooling medium in our buildings. This fuel cell would allow us to buy and sell credits for energy in the market and participate in cap-and-trade mechanisms. We are particularly enthusiastic about opportunities like this, which will help State Street create energy and cost savings for the firm while leveraging new environmental technologies.

Thinking Beyond Retrofitting

Throughout 2018, we continued to invest in retrofitting our buildings to meaningfully reduce our energy usage and costs. LED lighting installation and retrofit projects continued throughout the year, and all our new construction projects across the APAC region are now using LEDs.

Other improvements in energy efficiency included transitioning to a colocation data center in Scotland, an arrangement that co-locates data centers to share utilities and resources, which also allowed us to capture dramatic savings on capital costs and maintenance. In weighing potential colocation centers, we look for the application of energy management best practices to assess how efficiently the building operates in order to maximize our cost and environmental benefits from such changes.

Flexible and Sustainable Commuting Options

We have made significant advances in offering sustainable commuting options for employees. In 2018, we expanded flexible work schedules and other alternative commuting options to reduce the impact of commuting by our employees. Most significantly, we tackled great challenges in APAC by consolidating our employee transportation logistics. With the region's expansion, we recognized that offering transportation benefits was an opportunity to reduce pollution while attracting and retaining employees.

In Hangzhou, China, we pick up and drop off employees at communal collection points using different transportation services with varying timetables and routes. We are operating a similar service in India, which has experienced rapid growth as we increase our presence there. We have also consolidated our vendors and use an app that optimizes the travel routes. We hope to further develop such programs globally in the future.

As the transportation sector of the economy is a large driver of global carbon emissions, our investments in these commuting and travel benefits not only contribute to our employees' well-being, but also decrease impacts on the earth's climate.

Reducing Water and Waste

In 2018, we surpassed our goal to reduce water consumption by 10 percent per full-time equivalent (FTE) by 2025, achieving a 14 percent reduction. As previously mentioned, we value the initiative and insights of managers from our various offices and therefore grant them leeway to pursue projects they deem appropriate. For example, in India and China, low-flow and sensor-operated toilets were installed.

Although local offices are making progress, we are focused on achieving our global goals. Therefore, the most significant major development was establishing a global strategy group that will measure and make recommendations about our progress toward our 2025 goal.

Similarly, in 2018 we continued working toward our 2025 goal of an 80 percent recycling rate by reusing, recycling and composting whenever possible. While progress was made globally, the most significant improvement was seen in APAC. Many of our APAC offices have now implemented waste segregation with centralized bins rather than individual desk bins. Other offices are pursuing creative approaches to reducing waste. In China, a pilot program was launched to recycle food in office kitchens. In India, "Avoid Plastic" programs were initiated, creating dialogue and awareness among employees.

In 2018, we achieved a recycling rate of 67 percent globally and will continue to support ongoing initiatives in regional offices to minimize their waste.

State Street Water Consumption and Waste Generation

| Water Consumption | | | | |
|--|--------------|--------------|--------------|--------------|
| | 2018 | 2017 | 2016 | 2015 |
| Water Consumption – Office Only (million cubic feet) | 16.84 | 16.51 | 17.35 | 16.49 |
| Water Consumption per Person – Office Only (cubic feet) | 421 | 436 | 465 | 480 |
| Water Consumption – Office & Data Center (million cubic feet) | 19.19 | 18.93 | 20.17 | 19.11 |
| Water Consumption per Person – Office & Data Center (cubic feet) | 480 | 500 | 540 | 556 |
| Waste Generation | | | | |
| Total Wastestream (tons) | 4,853 | 5,163 | 5,472 | 5,995 |
| Landfill Waste (tons) | 865 | 1,053 | 975 | 1,005 |
| Energy Recovery (tons) | 749 | 793 | 1,010 | 1,121 |
| Total Recycled (tons) | 3,239 | 3,317 | 3,488 | 3,869 |
| Landfill Waste per Person (pounds) | 43 | 56 | 52 | 58 |
| Diverted Waste per Person (pounds) | 162 | 175 | 241 | 290 |
| Recycling Rate | 67% | 64% | 64% | 65% |
| Operational Control Footprint | 2018 | 2017 | 2016 | 2015 |
| Employees | 39,996 | 37,846 | 37,350 | 34,394 |

Comments: In 2017, State Street updated its three main environmental goals, and the waste goal was changed from “Diversion from Landfill Rate” to “Recycling Rate,” with a 2025 end date against a 2015 baseline.

III: United Nations Sustainable Development Goals Material



As a leading global financial services institution, State Street became a signatory to the United Nations (UN) Global Compact in December 2014. The goal of the UN Global Compact is to drive business awareness and action in support of achieving the UNGC’s 10 principles and more recently the 17 Sustainable Development Goals (SDGs) that support sustainable development for the entire globe.

Many of our stakeholders are looking to understand the broader social and environmental impacts our work has on sustainable development. We’re also receiving questions from our clients and investors on how we address SDGs and the ways in which the SDGs reflect our values. As a result, State Street has decided to focus on five SDGs that we identified as relevant, or material, to our company-wide goals and CR strategy.

The following five SDGs address our goal of being our clients’ essential partner — one that is trusted, strategic and proactive for its participation in global issues like the UN Global Compact, as well as contributing to our goals of establishing leadership in our products, especially our ESG-related products, and improving our risk excellence by understanding our impact on local communities and ecosystems. For more information on our company-wide goals, see [\[Introduction, page 12\]](#). These SDGs also support our CR goals. For more information on our CR goals, see [\[Introduction, page 12\]](#).

SDG4: Quality Education **SDG8: Decent Work and Economic Growth**

State Street Foundation’s focus areas are education and workforce development, which connect directly to both quality education and decent work and economic growth. By supporting education and workforce development initiatives in the communities where we operate through the Foundation, we support education, employability and employment for people in our community.

Investing in Local Nonprofit Organizations — State Street Foundation

Founded in 1977, our charitable arm, State Street Foundation, primarily invests in nonprofit organizations that deliver education and workforce development programs in communities where we have a business presence. This investment focus aligns with the economic stake that we have in our communities and our deep interest in preparing local individuals from diverse backgrounds for meaningful employment and careers.

The Foundation supports numerous organizations each year through strategic grants, by matching employee donations and by monetizing employee volunteer hours. The Foundation’s primary focus is to fund education and workforce development programs that help disadvantaged individuals become financially self-sufficient.

In 2017, State Street Foundation provided \$20.3 million, including strategic grantmaking and matching gifts. In 2018, we increased our year-over funding by an additional \$1.2 million, ultimately investing \$21.5 million in the community. This global expansion of budgets in early 2018 was a result of State Street’s reinvestment of its US tax credit, a portion of which allowed us to increase Foundation investments. State Street intentionally gives grants that make up a relatively small percentage of organization budgets in order to support their work while avoiding reliance on State Street support.

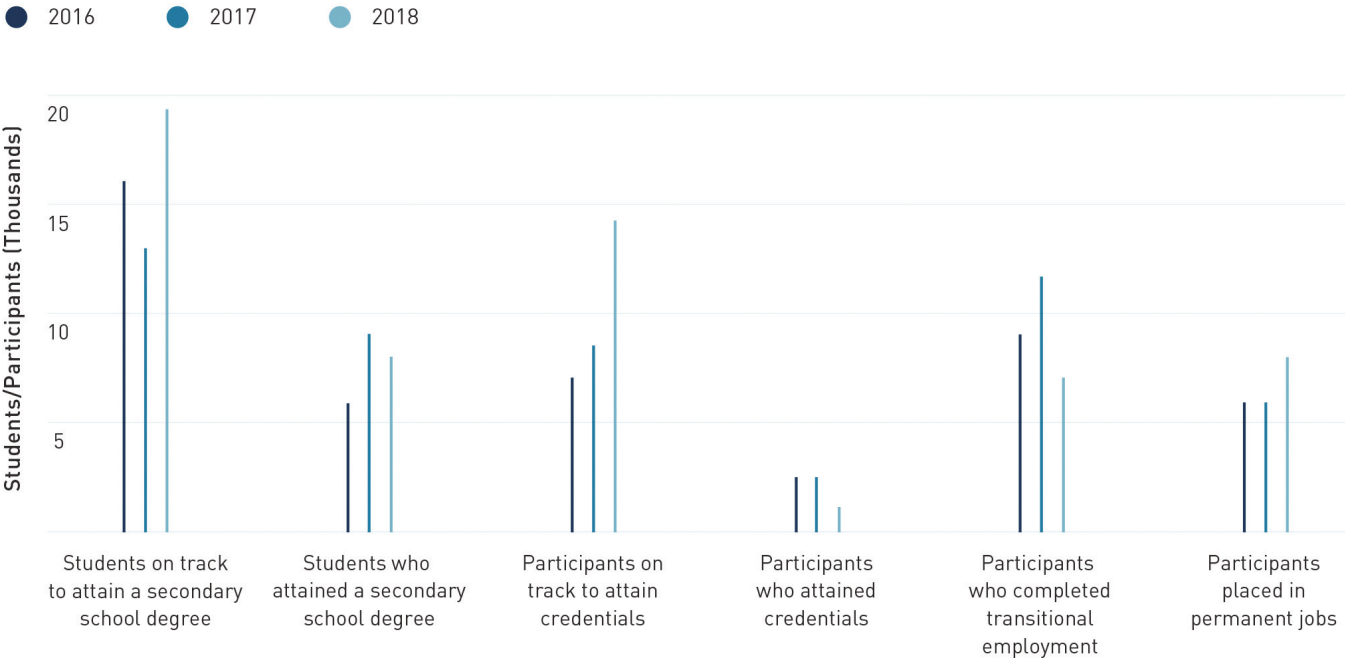
Philanthropic Giving Breakdown

Strategic and Non-strategic Grants



Organizations that apply for strategic grants indicate which identified outcomes their programs will address, and provide targets. After the funds have been used, the grantees submit a final report to demonstrate performance against target and illustrate the improved outcomes achieved. Trends for key education and workforce development indicators tracked in grantee final reports are illustrated in the accompanying graphic:

Education and Workforce Development



Examples of Nonprofit Organizations Supported by Foundation Grants

Overall, 38 of our offices have active Community Support Programs (CSPs) in which they can participate, covering over 95 percent of our employees. Each year, this report features some of the most unique, dynamic and successful organizations that we support. This year’s organizations include United Way Hyderabad, East London Business Alliance (ELBA) and Saint John’s Program for Real Change.

United Way Hyderabad

CSP Committee: Hyderabad, India

Grants History:

2018: \$75,000 (first year of funding)

United Way Hyderabad partners with NGOs to drive improvement in the quality of STEM (Science, Technology, Engineering and Math) education offered in government high schools so that local secondary school students from low socioeconomic backgrounds are empowered to pursue higher education and STEM careers. The program provides resources and training for STEM teachers, schedules visits to science and technology centers, and strengthens the school monitoring committee for each high school so that they can provide community oversight. In total, 11 schools and 4,500 students are expected to benefit from this project.

The United Way project encourages the representation of women in the STEM workforce, making it a strong strategic fit for State Street’s mission. As in many other parts of the world, in India women are vastly under-represented in STEM studies and careers. It is also well-documented that STEM careers typically have increased earning potential, which helps break the cycle of poverty. This program offers economically disadvantaged girls the opportunity to learn the core concepts of STEM and receive the support and encouragement needed to pursue higher education and a career in this field.

East London Business Alliance (ELBA)

CSP Committee: London, UK

Grants History:

2018: \$55,000 (second year of funding the Parity Project)

The Parity Project was designed in partnership with ELBA to improve the employability and subsequent employment outcomes for young black men living in London. ELBA is a social mobility and regeneration charity providing education, community and employment services. Its strategic goal is to promote and enable social mobility by providing access to jobs with higher earnings and better career prospects for people from disadvantaged backgrounds. ELBA works with employers to promote responsible recruitment and increase employee diversity using the power and influence of commerce to inspire and develop local talent. ELBA has extended greater levels of support to school leavers and graduates, increasing access to role models and peers who are able to offer industry-specific advice and guidance.

The Parity Project responds to the fact that despite improvements in educational attainment, young black men have a significantly higher unemployment rate than young men and women in other ethnic groups. The collaborative partnership with ELBA has improved outcomes for young black men by utilizing the skills and expertise of employee volunteers to shape and deliver specialized solutions, which include training and mentoring, while leveraging ELBA’s connections to identify work experience placements, internships and permanent employment.

Saint John’s Program for Real Change

CSP Committee: Sacramento, California, USA

Grants History:

2018: \$27,500

2017: \$22,000

2016: \$20,000

Saint John’s provides short-term shelter and education for women and their children. State Street Foundation supports a one-year program designed to help the women finish their education; gain life and job skills; receive treatment for drug addiction; and become independent. The workforce training takes place in a restaurant run by program participants. The program also provides a stable and safe environment for the women’s children.

We support this organization because it serves a critical need, delivers a holistic service and is successful in doing so. The one-year program brings women who are in crisis into a safe environment. Throughout the year, the program helps the women complete their high school diplomas, enroll in city college classes, and develop job skills, interview skills, parenting skills, and life skills in general.

We support Saint John's through sponsorships, volunteerism and grants, as well as recurring volunteer events to help with food preparation and other activities. In addition, the State Street Asian Professional Alliance helps to supply food and recruit volunteers to prepare seasonal holiday dinners.

Boston WINs

We remain committed to supporting the local community of our headquarters in Boston. In 2015, State Street Foundation launched our signature philanthropic initiative, Boston Workforce Investment Network (WINs), which brings together the private, public and nonprofit sectors for a common goal: creating meaningful career paths for Boston youth.

Boston WINs is a partnership with five high-performing nonprofits that center on education and workforce development: Boston Private Industry Council (PIC), Bottom Line, College Advising Corps, uAspire and Year Up. Initially launched as a \$20 million multiyear investment, these partner organizations committed to scaling the number of students they each serve by 60 percent. As we increase this local talent pipeline, State Street has also set a goal of hiring 1,000 young people served by the Boston WINs partners by December 2021.

Our high-performing partners each bring unique value to the initiative, allowing Boston WINs students to have a more holistic service experience as it relates to increasing college and career readiness. Moreover, the organizations collaborate directly with one another and with the Boston Public Schools system in an approach we call Coordinated Action. Through Coordinated Action, we've established four key services that students receive in order to be better prepared for college and for their careers, including coaching and support on college admissions, college affordability, college completion, and work experience and career advising. The Boston WINs initiative funded by State Street Foundation also created a centralized data system so that the partners can track which services the juniors and seniors have received to ensure that all graduates receive all necessary post-secondary support services, thereby increasing their chance for future success.

As a company, we've committed to supporting Boston WINs beyond just financial commitments. We're bringing all of State Street's relevant resources to bear: employees' time and talent as well as career and development opportunities. We're even extending proprietary development trainings to the staff of our partners, helping enhance their organizational capabilities.

A Growing Success

Boston WINs continues to outperform expectations. By the end of the third year (June 2018), the network organizations had collectively served 29,577 students, an increase of 63 percent since its launch, though some students may be duplicated between organizations due to data-tracking limitations. The network has also provided a lasting talent pipeline for early career opportunities at State Street in Massachusetts. In total, 589 of the students served started working at the firm and more than 1,200 undertook internships as of August 2018.

In addition to achieving these career placement goals, State Street continued enterprise-level efforts to promote the network during 2018. Since its inception, the WINs employee resource group has primarily been stewarded and supported by Corporate Citizenship and Global Inclusion and Diversity staff members. This year a number of WINs alumni joined the governance and leadership committee following directed outreach — an unprecedented level of WINs employee engagement. Our focus on working veteran groups also continued in 2018 after hiring a military sourcing professional, and we made progress on overall veteran engagement and

hiring. Cross-promotion opportunities were created with Boston WINs partners, especially Year Up, recruiting young veterans into existing training pipelines toward full-time employment at State Street.

As a result of its success, in 2018 we decide to extend WINs for two years and provide an additional US\$6 million in funding, totaling US\$26 million over six years, in order to institutionalize the impact of the Coordinated Action model.

Our Investment and Commitment: Boston WINs



WINs Volunteering and Community Engagement

Our employees are an important part of the Boston WINs story. They engage in a variety of volunteer opportunities with our partners: mentoring students, facilitating trainings, serving on our partners’ boards and more. Our employees also take advantage of an incentivized two-for-one match of any donations they make to these organizations, resulting in US\$281,000 of matched funds since launch as of August 2018.

Looking forward, our next step is to increase the engagement of State Street employees with the WINs partners. To do this, we are working with Common Impact, an organization that sources capacity-building, human resources and compensation projects, then helps match employee volunteers to the opportunities.

SDG5: Gender Equality

State Street has been a vocal proponent of creating gender equity in the financial services sector. State Street Global Advisors’ Fearless Girl campaign continues to take a stand on gender diversity issues and raise awareness of the importance of diversity in corporate leadership. In 2018, we evolved our advocacy efforts, calling on our portfolio companies to monitor and disclose the level of gender diversity not only on their boards but at all levels of management, bringing women’s economic inclusion to the forefront of the discussion. We utilized our proxy votes to vote against companies that did not add women to their boards and did not demonstrate a plan to do so.

We are also a signatory to the Boston Women’s Compact, where we pledged to take concrete steps to eliminate gender gaps in wages and representation. In addition, in 2018, we launched new multiyear goals for gender representation across the company and made progress toward one of our four gender goals [\[see I: SASB Material: Human Capital: Inclusion and Diversity, pages 48-54\]](#) for more details.

There are two employee resource groups centered on empowering women at State Street. The first is our Professional Women's Network, which offers events, mentorship, and other resources to support the development of women within State Street globally. In addition, the Women's Information Network is a community where women in IT at State Street can extend their network, enhance their knowledge and receive help in achieving their career goals.

Finally, we support grantees that address gender equality, including the United Way of Hyderabad, whose STEM program encourages young women to pursue higher education and STEM careers.

SDG7: Affordable and Clean Energy

SDG13: Climate Action

As a company with clients and operations around the world, State Street can leverage our expertise and scale to promote environmentally sustainable business practices. We offset our North American electricity use with renewable energy certificates (RECs) as well as carbon offsets. In addition, State Street expanded its REC use globally through support for International RECs in Poland and India as well as Guarantees of Origin (GOs), demonstrating a commitment to reducing our global impact. Our tax-advantaged investments group also committed \$139M to renewable energy projects for the year.

As part of our science-based targets, State Street has set a goal of decreasing our global greenhouse gas (GHG) emissions by 30 percent by 2025, a goal which we almost surpassed seven years early, hitting 27% carbon reduction in 2018.

State Street manages a robust environmental sustainability program to limit our impact on climate change. We pursue certifications like Energy Star, LEED and ISO 14001 in order to demonstrate our positive impact on the environment. Additionally, one of State Street's largest employee resource groups, the Environmental Sustainability Employee Network, is dedicated to raising employee awareness about environmental initiatives within the company and community involvement in environmental efforts.

State Street is dedicated to providing sustainable investment opportunities and research to our clients. In addition, State Street Global Advisors, one of the world's largest asset managers, plays a key role in influencing the climate-related policies of the companies we invest in. As a voluntary signatory to the Task Force on Climate-related Financial Disclosures (TCFD), we are committed to disclosing meaningful climate-related information and will continue to encourage companies in our portfolios to assess, respond to and mitigate long-term climate-related risks. State Street Global Advisors is also a signatory to the Principles for Responsible Investment (PRI), showcasing our commitment to sustainable investing. Additionally, we support our clients' engagement on ESG-related issues, like climate change, through specific solutions like ESGX®. Created by State Street Global Exchange, ESGX is a tool that comprehensively assesses ESG profiles and risk factors across portfolios. As a global investor, we see ourselves as an important accountability mechanism, leveraging our role in ways that can both combat climate change and help limit its impact.

For more information on our operational and investment-related activities that pertain to climate action, please see [\[I: SASB Material: Business Model and Innovation: ESG Products and Services\]](#) and [\[Section II: TCFD Material\]](#).

IV: Global Reporting Initiative Material

| General Disclosures | | Information |
|-------------------------------|--|--|
| Organizational Profile | | |
| 102-1 | Name of the organization | State Street Corporation |
| 102-2 | Activities, brands, products, and services | <p>We have two lines of business: Investment Servicing and Investment Management.</p> <p>State Street Corporation provides services to asset owners; asset managers and alternative asset managers; official institutions including central banks and sovereign wealth funds; and insurance companies through its four primary lines of business: State Street Global Services, State Street Global Advisors, State Street Global Markets and State Street Global Exchange. Each of these groups is focused on maximizing the value they create for their customers and delivering on this promise.</p> <p>See [GRI 102-6] below for additional information.</p> |
| 102-3 | Location of the headquarters | <p>State Street Corporation State Street Financial Center One Lincoln Street Boston, MA 02111</p> |
| 102-4 | Location of operations | <p>We serve clients in more than 100 markets and have offices in 29 countries. For a list of office locations, see the About section on www.statestreet.com.</p> |
| 102-5 | Ownership and legal form | <p>State Street is a financial holding company organized as a C-Corporation under the laws of the Commonwealth of Massachusetts. Our common stock is listed on the New York Stock Exchange.</p> |

| | | |
|---------------------|----------------------------------|--|
| <p>102-6</p> | <p>Markets served</p> | <p>We provide investment management, research and trading, investment servicing, and data analysis and insights to the world’s institutional investors. Our clients include asset owners; asset managers and alternative asset managers; official institutions, including central banks and sovereign wealth funds; and insurance companies. Our solutions cover our clients across the investment life cycle.</p> <p>Our investment servicing business, State Street Global Services, provides customized servicing solutions across traditional and alternative investments. Our services range from custody, accounting, administration and shareholder recordkeeping to complete investment operations solutions. And our performance measurement and analytics tools help clients make better-informed decisions.</p> <p>State Street Global Advisors is a global leader in investment management, focused on investing responsibly to enable economic prosperity and social progress. Investors rely on us for disciplined investment processes, powerful global investment platforms, and access to every major asset class, capitalization range and style.</p> <p>Our investment research and trading arm, State Street Global Markets, creates access to alpha, insights, liquidity and financing that enhance our clients’ portfolio values. We provide specialized research, trading, securities lending and innovative portfolio strategies to asset owners and managers.</p> <p>Delivering new perspective and insight into risk management and investment strategy, State Street Global Exchange combines capabilities in research and advisory services, portfolio performance and risk analytics, electronic trading and clearing, information and data management; all are designed to help investors capitalize on the opportunities and actions that will generate the most value.</p> <p>We operate in more than 100 geographic markets worldwide, including the United States, Canada, Europe, the Middle East and Asia.</p> |
| <p>102-7</p> | <p>Scale of the organization</p> | <p>See [State Street’s 10-K] concerning State Street’s key financials, and further information concerning assets, debt, and shareholders’ equity. Please also see [I: SASB Material: Human Capital] and [102-8] concerning staff numbers.</p> |

| | | |
|-----------------------------|--|--|
| 102-8 | Information on employees and other workers | <p>Female employees: 18,136 (17,237 full-time and 899 part-time). Male employees: 21,905 (21,730 full-time and 175 part-time).</p> <p>Data was unavailable for 90 full-time and 6 part-time employees.</p> <p>Employees in APAC: 10,767 Employees in EMEA: 12,721 Employees in North America: 16,649</p> <p>We do not use temporary workers for any business-critical roles and thus do not disclose data about permanent vs. temporary contracts in these disclosures. All human resources data is collected from central human resource databases.</p> <p>See [I: SASB Material: Human Capital: Inclusion and Diversity] for additional information.</p> |
| 102-9 | Supply chain | [I: SASB Material: Leadership and Governance: Responsible Sourcing: Key Products and Services] |
| 102-10 | Significant changes to the organization and its supply chain | <p>There were no significant changes regarding the organization's size, structure, ownership, or its supply chain.</p> <p>Any office openings and/or closings are considered minor in impact and not material to the disclosures contained in this report.</p> |
| 102-11 | Precautionary Principle approach | [II: TCFD Material: TCFD Governance and Strategy: Overseeing Risks Associated with Climate Change] , [Appendix I: External Commitments and Memberships: UNGC] |
| 102-12 | External initiatives | TCFD, CEO Action for Diversity, UN Principles for Responsible Investment, UNEP Finance Initiative, UN Global Compact, Boston Women's Compact, CDP, Ceres, ISO 14001 |
| 102-13 | Membership of Associations | [Appendix I: External Commitments and Memberships: Overview of Our Memberships] |
| Strategy | | |
| 102-14 | Statement from senior decision-maker | [Letter from Ron O'Hanley] |
| Ethics and Integrity | | |
| 102-16 | Values, principles, standards, and norms of behavior | [I: SASB Material: Leadership and Governance: Risk Excellence and Compliance: Ensuring Ethical Business Practices] |
| Governance | | |
| 102-18 | Governance structure | [I: SASB Material: Leadership and Governance: State Street's Governance Structure] |

| Stakeholder Engagement | | | | | | | | | | | | | | | |
|------------------------|--|---|-------------|-------|----------|--------------|----------------------|------------------------------------|----------------------------------|---|---------|--|--|--------------------------------|---|
| 102-40 | List of stakeholder groups | Shareholders, clients, employees, academics, NGOs, investment analysts, business partners. | | | | | | | | | | | | | |
| 102-41 | Collective bargaining agreements | We are committed to adherence to local laws regarding the freedom of association and collective employee action. State Street employees in six of our European offices participate in collective bargaining agreements, totaling 3.6 percent of State Street employees globally. | | | | | | | | | | | | | |
| 102-42 | Identifying and selecting stakeholders | As a publicly traded company whose success depends on supporting the success of our clients with financial services, we have for a long time defined shareholders, clients and employees as key stakeholders. Further, stakeholders are important as they provide expert perspectives or impact our reputation in the marketplace [see [GRI 102-40]] . | | | | | | | | | | | | | |
| 102-43 | Approach to stakeholder engagement | Engagement with all categories of stakeholders (shareholders, clients, employees, academics, nongovernmental organizations, investment analysts and business partners) occurs every two years and all engagement is undertaken as part of the report creation process, specifically to identify the areas of focus for the report. For the 2017 materiality assessment, shareholders, clients, academics, nongovernmental organizations, investment analysts and business partners were engaged using a survey they were asked to complete and return to State Street’s CR team. Employees were also engaged using a survey they were asked to complete and return to State Street’s CR team. They also participated in three workshops conducted for colleagues in the North America, EMEA and Asia Pacific regions. | | | | | | | | | | | | | |
| 102-44 | Key topics and concerns raised | <table border="1"> <thead> <tr> <th>Stakeholder</th> <th>Issue</th> <th>Response</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Shareholders</td> <td>Economic Performance</td> <td>[2018 10-K Filing]</td> </tr> <tr> <td>Talent Recruitment and Retention</td> <td>[I. SASB Material: Human Capital: Talent Recruitment and Retention]</td> </tr> <tr> <td rowspan="2">Clients</td> <td>Client Data Protection and IT Resilience</td> <td>[I. SASB Material: Social Capital: Client Data Protection and IT Resilience]</td> </tr> <tr> <td>Risk Excellence and Compliance</td> <td>[I. SASB Material: Leadership and Governance: Risk Excellence and Compliance]</td> </tr> </tbody> </table> | Stakeholder | Issue | Response | Shareholders | Economic Performance | [2018 10-K Filing] | Talent Recruitment and Retention | [I. SASB Material: Human Capital: Talent Recruitment and Retention] | Clients | Client Data Protection and IT Resilience | [I. SASB Material: Social Capital: Client Data Protection and IT Resilience] | Risk Excellence and Compliance | [I. SASB Material: Leadership and Governance: Risk Excellence and Compliance] |
| Stakeholder | Issue | Response | | | | | | | | | | | | | |
| Shareholders | Economic Performance | [2018 10-K Filing] | | | | | | | | | | | | | |
| | Talent Recruitment and Retention | [I. SASB Material: Human Capital: Talent Recruitment and Retention] | | | | | | | | | | | | | |
| Clients | Client Data Protection and IT Resilience | [I. SASB Material: Social Capital: Client Data Protection and IT Resilience] | | | | | | | | | | | | | |
| | Risk Excellence and Compliance | [I. SASB Material: Leadership and Governance: Risk Excellence and Compliance] | | | | | | | | | | | | | |

| | | | |
|--|---------------------------------------|---|---|
| | | <p>ESG Products and Services</p> <p>Client Relationships</p> | <p>[I. SASB Material: Business Model and Innovation: ESG Products and Services]</p> <p>[I. SASB Material: Social Capital: Client Relationships]</p> |
| | Employees | <p>Economic Performance</p> <p>Diversity, Flexibility, Equal Opportunity and Well-being</p> <p>Talent Recruitment and Retention</p> <p>Environmental Responsibility</p> | <p>[2018 10-K Filing]</p> <p>[I. SASB Material: Human Capital: Inclusion and Diversity]</p> <p>[I. SASB Material: Human Capital: Talent Recruitment and Retention]</p> <p>[II. TCFD Material]</p> |
| | Academics | <p>Talent Recruitment and Retention</p> <p>Digitization and Innovation</p> | <p>[I. SASB Material: Human Capital: Talent Recruitment and Retention]</p> <p>[I. SASB Material: Business Model and Innovation: Digitization and Innovation]</p> |
| | Non-governmental organizations | <p>Responsible Sourcing</p> <p>Environmental Responsibility</p> <p>ESG Products and Services</p> | <p>[I. SASB Material: Leadership and Governance: Responsible Sourcing]</p> <p>[II. TCFD Material]</p> <p>[I. SASB Material: Business Model and Innovation: ESG Products and Services]</p> |

| | | | |
|---------------------------|--|---|---|
| | | <p>Investment analysts</p> <p>Risk Excellence and Compliance</p> <p>ESG Products and Services</p> <hr/> <p>Business partners</p> <p>Responsible Sourcing</p> | <p>[I. SASB Material: Leadership and Governance: Risk Excellence and Compliance]</p> <p>[I. SASB Material: Business Model and Innovation: ESG Products and Services]</p> <p>[I. SASB Material: Leadership and Governance: Responsible Sourcing]</p> |
| Reporting Practice | | | |
| 102-45 | Entities included in the consolidated financial statements | All data presented in the report represents all wholly owned State Street Corporation operations, unless explicitly noted otherwise. | |
| 102-46 | Defining report content and topic boundaries | <p>The content for this report was informed by topics of the SASB framework, the GRI Standards and other reporting standards relevant to State Street and our activities and impacts. A materiality assessment performed in 2017 consulted our internal as well as external stakeholders. This helped define the topics most material to State Street, and hence described in this report. In addition, some non-material information was added, where we felt it would be of interest to certain stakeholder groups. Topic boundaries were defined in consultation with State Street (STT) subject matter experts for each material topic. In principle the content of this report covers all STT global operations. Any exceptions are explained under GRI 103-1 for each material topic.</p> <p>[Introduction], [Introduction: Meaningful Materiality]</p> | |
| 102-47 | List of material topics | [Introduction] , [Introduction: Meaningful Materiality] | |
| 102-48 | Restatements of information | No restatements. | |
| 102-49 | Changes in reporting | The boundaries for the report have not changed from previous years. | |
| 102-50 | Reporting period | January 1 to December 31, 2018 | |
| 102-51 | Date of most recent report | May 2018 | |
| 102-52 | Reporting cycle | Annual Reporting | |

| | | |
|--------|--|---|
| 102-53 | Contact point for questions regarding the report | Richard Pearl, Global Corporate Responsibility Officer +1 617 786 3000 |
| 102-54 | Claims of reporting in accordance with the GRI Standards | This report has been prepared in accordance with the GRI Standards: Core Option. |
| 102-55 | GRI content index | [IV: Global Reporting Initiative Material] |
| 102-56 | External assurance | We obtain independent assurance on our annual Corporate Responsibility reporting. For details of the scope and basis of the assurance carried out by ERM CVS on our 2018 CR Report, please refer to ERM CVS's assurance statement in [Appendix III] . State Street senior executives participate in the assurance process as needed to verify claims and representations made herein. |

| Topic-specific Disclosures | Information |
|---|---|
| Material Topic: Economic Performance | |
| The State Street material topic "Economic Performance" corresponds to the GRI topic "201 Economic Performance." | |
| Disclosure on Management Approach | |
| 103-1 | <p>Explanation of the Material Topic and its Boundary</p> <p>Creating economic value for our clients, communities and society is paramount for the success of State Street and our stakeholders. To achieve this, we work hard to manage and maintain our economic performance, market presence and indirect economic impacts in all parts of our organization. Doing so requires careful, strategic processes and policies and cooperation from our entire team. This applies to the entire organization as explained in [102-46].</p> |
| 103-2 | <p>The Management Approach and its Component</p> <p>The members of State Street's Management Committee (MC) are the most senior policymakers in the organization, and the committee sets the tone and business parameters for the company, including its financial goals and strategies. The MC is supported by State Street's Strategy Office, which develops annual business strategies for the entire organization. The board of directors is responsible for providing oversight of management and has six committees that help streamline topics of review. Annually, the board engages with management in a two-day strategy session to discuss the company's long-term strategy and business initiatives. State Street's capital policy and capital plan — Comprehensive Capital Analysis and Review (CCAR) — sets forth our planned capital actions for the year and is a requirement for banks. State Street also has many departments of finance, including a capital group, accounting and tax.</p> |

| | |
|-------|--|
| 103-3 | <p>Evaluation of the Management Approach</p> <p>As a public company, we establish financial goals on a quarterly and annual basis, and our corresponding results are released in the same quarterly schedule as our earnings disclosures.</p> <p>The board of directors goes through an annual assessment of its own performance and the performance of its committees throughout the year. In addition, the Examining and Audit Committee of the board performs an in-depth internal review of the quarterly results prior to release, and the Federal Reserve reviews our CCAR filing on an annual basis. In 2018, none of these reviews and evaluations indicated a need to significantly change our management approach with respect to economic performance.</p> |
|-------|--|

GRI Topic-specific Disclosures: 201 Economic Performance

| | | |
|-------|---|------------------------------------|
| 201-1 | Direct economic value generated and distributed | [2018 10-K Filing] |
|-------|---|------------------------------------|

Material Topic: Client Relationships

The State Street material topic “Client Relationships” refers to client satisfaction and our brand image.

Disclosure on Management Approach

| | |
|-------|---|
| 103-1 | <p>Explanation of the Material Topic and its Boundary</p> <p>The relationships with our clients build the foundation for our success. A positive brand image translates into loyalty and longevity, while regular engagement allows us to create and prioritize activities that will generate the best possible client outcomes. Our goal is always to transition short-term satisfaction into long-term advocacy.</p> |
|-------|---|

| | |
|-------|---|
| 103-2 | <p>The Management Approach and its Component</p> <p>Our Client Experience Program is overseen by the Head of Marketing and Client Experience. We use the Net Promoter® System (NPS) methodology in the program to monitor and act on feedback from key clients. The tool allows us to not only collect client feedback, but to translate it into action plans. Please see [I: SASB Material: Social Capital: Client Relationships] for more information.</p> <p>Furthermore, State Street measures professional service consultants’ brand image perceptions in a yearly survey. This group plays an important intermediary role in referring clients to the organization; their views on key brand attributes are tracked over time to help target areas for improvement and drive referrals.</p> |
|-------|---|

| | |
|-------|---|
| 103-3 | <p>Evaluation of the Management Approach</p> <p>State Street’s Management Committee (MC) receives regular global and regional dashboards on client feedback and progress updates on key priorities. Within the client teams in each region, there are monthly team calls to discuss client satisfaction and progress achievements. MC members are also assigned to each of the key clients that have a Net Promoter System® (NPS) score with us. Action plans generated through the Client Experience Program are reviewed with executive sponsors on a quarterly basis and outcomes are reported to the program’s Executive Steering Group (ESG). This structure ensures organization-wide visibility of feedback and promotes open dialogue with our clients and partners. Please see [I: SASB Material: Social Capital: Client Relationships] for more information.</p> |
|-------|---|

In 2018, 401 individuals from our top 65 clients participated in the program, including key strategic contacts in Europe, the Middle East and Asia Pacific. We've seen strong, sustained response rates from participating accounts. To support the further integration of the methodology, Management Committee members have included NPS among the corporate goals to be reported to the State Street board and endorsed an expansion to our top client accounts globally.

Detailed information on this Non-GRI Topic

| | | |
|----------------------|------------------------------|---|
| Non-GRI Topic | Metric on the material topic | [I: SASB Material: Social Capital: Client Relationships] We utilize the NPS and other metrics to track client satisfaction. As a matter of policy, we consider the actual data to be confidential in nature and do not disclose it publicly. |
|----------------------|------------------------------|---|

Material Topic: Risk Excellence and Compliance

The State Street material topic "Risk Excellence and Compliance" includes the GRI topics "205 Anti-Corruption," "206 Anti-competitive Behavior," "417 Marketing and Labeling" and "419 Socioeconomic Compliance." It also covers our risk excellence programs.

Disclosure on Management Approach

| | |
|--------------|--|
| 103-1 | <p>Explanation of the Material Topic and its Boundary</p> <p>At State Street, our business depends on being a trusted partner. Risk excellence across all our operations is essential due to their potential impact on State Street's reputation with our stakeholders and the risk to shareholders in the event of breaches. Ensuring legal and regulatory compliance, including anti-corruption, prevention of anti-competitive behavior, and honest and transparent marketing, is a top priority. We strive to foster a culture that allows us to identify and address potential issues before they become problematic from a compliance perspective. This also includes an open and ethical approach to the marketing of our products and services.</p> |
|--------------|--|

| | |
|--------------|--|
| 103-2 | <p>The Management Approach and its Component</p> <p>State Street is committed to conducting business in a fair and ethical manner. We manage all compliance and risk-assessment programs primarily through the work of three management committees: the Management Risk and Capital Committee, the Business Conduct Risk Committee and the Technology and Operational Risk Committee. The work of these three committees is overseen at the board of directors level by the Risk Committee and the Examining and Audit Committee. Together, this structure provides comprehensive oversight to the wide range of issues related to risk, compliance and ethics.</p> <p>Since 2018, our compliance teams report to our Chief Risk Officer (CRO) rather than our Chief Administrative Officer (CAO), who oversees the first line of defense. This consolidated our second line under one reporting structure. Prior to this, our CAO oversaw the rationalization of compliance and business controls, which is why these functions reported into the same role. State Street employs a company-wide three lines of defense structure. The second line of defense is guided by the Compliance Risk Management Framework (CRMF). Please see [I: SASB Material: Leadership and Governance: Risk Excellence and Compliance] for more information</p> <p>Our Standard of Conduct sets forth our ethical priorities. The Standard of Conduct explains the core concepts of ethics, includes an Ethical Decision-Making Framework, and guides employees' decision-making process even when there is not a prescriptive rule for the situation at hand.</p> |
|--------------|--|

Some of the principal Compliance policies that support our Standard of Conduct are:

- Standard of Conduct
- Anti-Bribery and Corruption Policy
- Anti-Corruption Due Diligence Procedures for Mergers
- Gifts and Entertainment Policy
- Political Contributions and Activities Policy
- Anti-Bribery Due Diligence on Vendors and Intermediaries
- Reporting on Concerns

Anti-Corruption

Our Standard of Conduct and our Anti-Bribery and Corruption Policy convey our anti-corruption policies to all employees. Ethics, First Line managers, Procurement, Finance & Accounting, Human Resources, Legal and Audit departments are all involved in the management of our anti-corruption policies. The policies mitigate regulatory and enforcement risk. They require our employees to neither offer nor receive anything of value in order to drive a particular outcome or benefit. In our procurement procedures, we apply due diligence to our business partners to ensure the partner is one we wish to do business with, from a compliance and reputational perspective as well as from a capability perspective. This means holding the business partners to appropriate standards. In addition, our policies require that employees and interns associated with State Street are hired based only on their merit, rather than any association.

Anti-Competitive Behavior

Fair competition is upheld by our policies and the law. Our Standard of Conduct prohibits misusing a client's confidential information or engaging in any unfair dealing with competitors. Advance approval must be obtained by our Chief Legal Officer and General Counsel before discussing pricing strategies with competitors, entering into agreements concerning market opportunities or otherwise engaging in joint action. Competitive information and market data can only be obtained from public sources and through lawful means.

Marketing

Regarding information on the products and services we offer, we have controls in place to ensure transparent, material and consistent product and services disclaimers. We provide training within the Compliance team, and Compliance provides training to employees in various business roles to make sure appropriate disclaimers are made. Our Standard of Conduct prohibits all employees from misrepresenting any facts and requires employees to understand the permissible scope of cross-selling and bundling to ensure that products and services are not linked in a manner that would violate laws.

Socioeconomic Compliance

All our business units are responsible for complying with rules and regulations and adhering to our ethical requirements. All compliance and risk assessment programs are overseen by three management committees: the Management Risk and Capital Committee, the Business Conduct Risk Committee and the Technology and Operational Risk Committee. The work of these three committees is overseen at the board of directors level by the Risk Committee and the Examining and Audit Committee. Together, this structure provides comprehensive oversight to the wide range of issues related to compliance issues that are not explicitly covered under the topics described above.

| | | |
|--|--|---|
| 103-3 | <p>Evaluation of the Management Approach</p> <p>Our Chief Compliance Officer runs an annual compliance risk assessment to determine the amount and type of compliance monitoring that is required considering both the strength of our compliance internal controls and emerging trends. The evaluation of anti-bribery and corruption risk is conducted as part of this annual exercise and is reviewed throughout the year for material changes. Our management approach is highly adaptive. Adjustments are constantly made to meet emerging trends and needs. We also implemented a “Lessons Learned” process which establishes an approach for investigating, analyzing and communicating the root cause of all types of compliance-related issues (including marketing and labeling), conduct and risk management events and for ensuring that lessons learned are applied across the organization. Lastly, we are integrating risk awareness, training and procedures within our recruiting and onboarding process to set employees’ expectations as soon as they begin their careers at State Street.</p> <p>Our “Speak Up/Listen Up” initiative encourages employees as well as business partners to report complaints, grievances, including any observed instances of corruption, misconduct and fraud and potential violations of policy through “the Speak Up line,” a confidential reporting hotline that promptly routes issues to the Conduct Office and in certain cases to the Lead Director of the board. Additionally, the Ethics Office, Global Human Resources, Legal and Global Security maintain confidential channels in which to report concerns. We also conduct regular risk assessments that target certain organizational risk indicators such a “Tone at the Top.”</p> | |
| GRI Topic-specific Disclosures: 203 Anti-corruption | | |
| 205-1 | Operations assessed for risks related to corruption | <p>[I: SASB Material: Leadership and Governance: Risk Excellence and Compliance: Policy and Controls]</p> <p>100% of our 90 sites were assessed for risks related to corruption in 2018.</p> |
| 205-2 | Communication and training about anti-corruption policies and procedures | <p>[I: SASB Material: Leadership and Governance: Risk Excellence and Compliance: Compliance Training]</p> |
| 205-3 | Confirmed incidents of corruption and actions taken | <p>[I: SASB Material: Leadership and Governance: Risk Excellence and Compliance: Policy and Controls]</p> <p>In 2017 we entered into a deferred prosecution agreement with the DOJ and a separate settlement with the SEC and paid fines totaling US\$64.6 million in connection with the overcharging of certain commissions to transition management clients. In 2018, the U.S. Attorney’s office in Boston charged four former employees with criminal fraud in connection with their alleged role in this matter. Two of these individuals pled guilty to one count of criminal conspiracy. Procedures for the fourth employee are ongoing.</p> |

| | | |
|--|---|--|
| GRI Topic-specific Disclosures: 206 Anti-competitive Behavior | | |
| 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | There were no legal actions taken against State Street for anti-competitive behavior, anti-trust issues or monopolistic practices in 2018. |
| GRI Topic-specific Disclosures: 417 Marketing and Labeling | | |
| 417-3 | Incidents of noncompliance concerning marketing communications | In 2018, we had no instances of noncompliance with regulations or our policies regarding marketing communications, which reflected our dedication to ethical marketing and fair competition. |
| GRI Topic-specific Disclosures: 419 Socioeconomic Compliance | | |
| 419-1 | Noncompliance with laws and regulations in the social and economic area | State Street had no instances of noncompliance with laws or regulations in the social and economic areas in 2018. |
| Material Topic: Client Data Protection and IT Resilience | | |
| The State Street material topic "Client Data Protection and IT Resilience" corresponds to the GRI topic "418 Customer Privacy." It also covers our efforts to ensure resiliency of our IT systems. | | |
| Disclosure on Management Approach | | |
| 103-1 | Explanation of the Material Topic and its Boundary Customer privacy is handled with extreme seriousness at State Street. We do not just hold custodial cash and securities, but also data. Our clients' trust and confidence are the foundation of our relationship with them. They rely on us not only to enable them to make the best investment decisions, but also to safeguard sensitive information in our care. Keeping data safe is one of our core fiduciary responsibilities. Doing so is central to State Street's reputation in the marketplace. This is important across the entire organization, but especially for our investment arm, State Street Global Advisors. | |
| 103-2 | The Management Approach and its Component State Street's Identity and Access Management Program ensures access to the right resources, at the right times and for the right reasons. Our enterprise provisioning platform automates the access request and approval process for applications across State Street throughout the employee, contractor and client life cycle. We monitor compliance with Corporate Information Security (CIS) policy and controls through our Information Security Officer (ISO) Program. Every State Street employee is responsible for upholding our Privacy Program as they serve clients, as defined in our Standard of Conduct. Their interactions are determined by our Global Privacy and Personal Data Security Program, which is developed by our Privacy Office. Responsibility for oversight of our client data is housed in the Client Information Security division, in close collaboration with appropriate business units. | |

| | | |
|--|---|---|
| | <p>Our Data Loss Prevention Strategy will ensure unauthorized disclosures of State Street “critical” data are inspected, monitored, escalated and prevented in accordance with our Data Loss Prevention & Protection Policy, Corporate Information Security Controls, data handling and usage policies, and legal and regulatory policies. In 2018, we also implemented an Information and Data Disclosure (IDD) program, a multi-faceted solution to reduce data disclosures.</p> <p>Data protection includes preventing potential physical damages to our data centers and information technology due to unforeseen events, such as those precipitated by climate change.</p> | |
| 103-3 | <p>Evaluation of the Management Approach</p> <p>The efficacy of our Privacy Program is independently assessed by our corporate audit function as part of our overall Compliance Oversight Program. State Street’s governance process also ensures awareness of client data protection and privacy programs at all levels of management. We do not publicly disclose the results of these exercises in order to maintain client privacy and to avoid disclosing any vulnerabilities of our systems and processes.</p> <p>In 2018 we conducted an offsite exercise with an industry-leading vendor that simulated an actual cyberattack. Many of our senior executives participated in the event with the goal of driving cyber-security awareness at all levels of the organization and helping to ensure our leaders are prepared should a cyber-event occur.</p> | |
| GRI Topic-specific Disclosures: 418 Customer Privacy | | |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | State Street did not receive any complaints concerning breaches of customer privacy in 2018, nor did we identify any leaks, thefts, or losses of customer data. |
| Material Topic: Responsible Sourcing | | |
| The State Street material topic “Responsible Sourcing” includes the GRI topics “204 Procurement Practices,” “308 Supplier Environmental Assessment,” “412 Human Rights Assessment” and “414 Supplier Social Assessment.” | | |
| Disclosure on Management Approach | | |
| 103-1 | <p>Explanation of the Material Topic and its Boundary</p> <p>We recognize that a sustainable supply chain is no longer just an optional benefit — it’s a business imperative. Our commitment to fair, ethical and responsible business practices is central to our way forward, and our stakeholders expect us to do business with suppliers that align with our business and corporate responsibility goals. This topic is material to our suppliers and to State Street’s own operations across the globe as explained in [102-46]. Impacts occur in our entire supply chain, as described under [I: SASB Material: Leadership and Governance: Responsible Sourcing: Key Products and Services].</p> <p>Given the nature of our business and our reliance on global suppliers with robust ESG risk management systems, we believe our supply chain is at low to moderate risk of disruption by environmental factors. However, selecting suppliers that are environmentally responsible has positive impacts on environmental protection and our reputation.</p> | |

| | |
|--------------|---|
| | <p>Our ESG risk management systems also evaluate suppliers regarding labor practices, human rights practices and social impacts. The goal is to ensure all people are treated with the appropriate level of respect and fairness. At its most fundamental level, corporate responsibility includes a respect for human rights both within State Street and across our supplier communities. We recognize that the possibility of slavery or human trafficking exists in our supply chain and are taking steps to reduce that risk.</p> |
| <p>103-2</p> | <p>The Management Approach and its Component</p> <p><u>Procurement Practices</u></p> <p>Our Global Purchasing Policy strategically manages vendors through the procurement life cycle, which includes sourcing, contracting, purchasing, contract storage and fulfillment. This sourcing function ensures that we expend our resources according to a prescribed process that maximizes State Street’s total buying power, resulting in the selection of vendors that offer the best overall value. The policy is used to meet business needs, set strategy by category of sourcing activities, and select vendors through a risk-mitigating mindset and total cost of ownership. The policy applies to all areas (i.e., business units, corporate functions, support areas and corporate departments) of State Street, including subsidiaries and joint ventures.</p> <p>Our Global Procurement Services (GPS) team works with Third Party Risk Management and our Legal Department to ensure our suppliers adhere to our strict sourcing policies and commitments.</p> <p>These include:</p> <ul style="list-style-type: none"> • Global Procurement Policy • Third Party Risk Management Policy • Global Procurement Supplier Master Database Policy • Standard Supplier Agreement • Environmental Preferred Purchasing Program (EPP) • Supplier Diversity Program <p>When scale and cost permit, we use local suppliers. Mandatory No Purchase Order (PO), No Pay Policy or Procure to Pay (P2P) also greatly improves our ability to manage vendors</p> <p><u>Environmental Assessment</u></p> <p>This topic is primarily material to State Street and its vendors. We ask all new suppliers that go through the Request for Proposal (RFP) process to answer questions regarding environmental sustainability. Our Environmentally Preferable Purchasing Program (EPPP) tracks progress against our environmental sustainability purchasing framework. The objective of the program is to provide guidance on prioritizing vendors and choosing products and services that reduce the company’s overall environmental footprint. It focuses on purchasing for North America and Europe since the majority of State Street employees (and spend) are located within these regions. We are expanding this program into APAC in 2019. All else being equal, we choose to work with suppliers that offer products and services that reduce our overall environmental footprint. In cases where the eco-friendly solution is costlier, however, we must manage trade-offs between environmental and economic goals.</p> |

| | |
|---------------------|--|
| | <p><u>Social and Human Rights Assessments</u></p> <p>This topic is primarily material to State Street and its vendors. Our Global Procurement Services (GPS) team assesses the quality of our supplier labor practices and their impacts on society and human rights. Our standard supplier agreement asks suppliers to represent and warrant that they comply with all applicable laws, regulations and other legal obligations to their personnel specifically including, but not limited to, employment laws and prohibitions against insider trading, bribery and corruption. All Requests for Proposals (RFPs) for vendor products and services include evaluation language to understand a vendor’s perspective/ policy on fair employment practices, promoting workforce welfare, and ethical sourcing and anti-corruption.</p> <p>We also ask all new suppliers that submit an RFP to answer questions regarding human rights. Where practical, we also work with our vendors to encourage the utilization of responsibly and sustainably produced goods and services.</p> <p><u>Supplier Diversity Program</u></p> <p>Our GPS team works to identify high-quality, cost-effective, flexible suppliers that help us serve our clients efficiently. As a signatory to the United Nations Global Compact, we have confirmed our support of the UNGC’s 10 principles, which include those relating to human rights abuses and forced labor. We have signed the Modern Slavery Act Statement and adhere to a Human Rights and Anti-Human Trafficking policy.</p> |
| <p>103-3</p> | <p>Evaluation of the Management Approach</p> <p>The Chief Procurement Officer (CPO) is responsible for collecting progress reports on all different spending categories against our Environmental Purchasing Policy (EPP). This is done annually, or as required by the Executive Corporate Responsibility Committee.</p> <p>We evaluate the management approach through the use of an independent, third-party firm, “The Network,” to facilitate multilingual communication regarding concerns related to our supplier network 24 hours a day, seven days a week. Individuals can contact “The Network” to report their concerns on a confidential basis without fear of reprisal. All reports are first handled by Corporate Audit. As needed, Corporate Audit coordinates with those who have subject matter expertise to conduct a proper investigation of certain reports (Global Human Resources, Legal and Global Security) regarding supplier conduct. In addition, our standard supplier agreement asks all suppliers to provide us with an annual slavery and human trafficking report setting out the steps they have taken to ensure that no violations are occurring in any of their supply chains or parts of their business. We are limited in our ability to otherwise assess the effectiveness of the management approach regarding social assessments and human rights assessments as we cannot calculate the percentage of suppliers, investments or contracts that were screened specifically for social or human rights criteria because the Master Services Agreement does not govern all vendor relationships, and not all contract and investment agreements include such information.</p> |

| | | |
|---|---|--|
| GRI Topic-specific Disclosures: 204 Procurement Practices | | |
| 204-1 | Proportion of spending on local suppliers | While the procurement organization tracks key metrics for spending, the proportion of spending on local suppliers is not currently tracked. As we build out our supplier diversity program, we plan to improve data collection processes as well, but are not currently able to report on this data point. We seek to disclose such data in a CR report in the next few years. |
| GRI Topic-specific Disclosures: 308 Supplier Environmental Assessment | | |
| 308-1 | New suppliers that were screened using environmental criteria | While the procurement organization tracks key metrics for spending, we do not calculate the percentage of suppliers that were screened specifically for environmental practice criteria. We are seeking other mechanisms to collect this data in the future and plan to include such data in a CR report in the next few years. |
| GRI Topic-specific Disclosures: 412 Human Rights Assessment | | |
| 412-3 | Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | State Street prohibits human trafficking and modern slavery and includes this prohibition in its Master Services Agreement (MSA). However, as some contracts and agreements are not governed by the MSA, we do not have exhaustive data around the number of investment agreements of any size and contracts that include this information. We are seeking other mechanisms to collect this data in the future and plan to include such data in a CR report in the next few years. |
| GRI Topic-specific Disclosures: 414 Supplier Social Assessment | | |
| 414-1 | New suppliers that were screened using social criteria | We cannot calculate the percentage of suppliers that were screened specifically for social criteria as the Master Services Agreement does not govern all vendor relationships. We are seeking other mechanisms to collect this data in the future and plan to include such data in a CR report in the next few years. |
| Material Topic: Talent Recruitment and Retention | | |
| The State Street material topic “Talent Recruitment and Retention” includes the GRI topics “401 Employment” and “404 Training and Education.” | | |
| Disclosure on Management Approach | | |
| 103-1 | <p>Explanation of the Material Topic and its Boundary</p> <p>Across all parts of our organization, our diverse, hardworking and talented employees drive our success. To be able to create long-term value we have to ensure we are attracting and retaining the best and brightest employees. Our goal is to explain how our company offers opportunities that are more interesting and rewarding than positions in other industries and companies. We have a targeted approach for attracting interns, and various programs to develop talent internally, including our Professional Development Program and Leadership Development Program.</p> | |

| | |
|--------------|--|
| | <p>We focus on specific labor practices that enhance the employee experience and performance. Our commitment to providing relevant learning for our employees around the world is a key offering. We do this through our newly created central learning organization called State Street Learning. Our Learning professionals located around the world create and implement solutions designed to meet the needs of our business and the development needs of our employees.</p> |
| <p>103-2</p> | <p>The Management Approach and its Component</p> <p>At State Street, managers and leaders across the business are responsible for driving employee engagement. Our Global Human Resources team is responsible for employee engagement within State Street. This team continuously develops professional tools — strategic, conceptual, analytical, operational and interpersonal — so our employees can exceed our clients’ expectations. In 2018, we administered status checks to continue gauging employee sentiment, allowing us to observe trends in the organization over time while helping leaders track the progression and impact of specific initiatives related to engagement in their business units.</p> <p><u>Employment</u></p> <p>Our focus is on attracting and developing a diverse workforce with the skills and expertise to serve our clients and communities. Part of our talent strategy includes offering a variety of benefits and flexible working options to meet employee needs, creating engaging employee experiences, and providing an inclusive environment. Talent Acquisition and Talent Development at State Street are globally managed functions with local executors; we are able to customize and tailor our general offerings as needed in each market.</p> <p><u>Training and Education</u></p> <p>Through continuous development, we work to give our employees the professional tools — strategic, conceptual, analytical, operational and interpersonal — they need. Career development at State Street is employee-driven, manager-enabled and company-supported. State Street offers skills training programs that are developed and delivered by experts in each business area. Additionally, we offer professional development workshops and seminars that help employees enhance key skills such as communication and project management. We also provide a variety of management development programs. Our employees also enjoy the benefit of tuition reimbursement for job-related courses taken at accredited institutions.</p> |
| <p>103-3</p> | <p>Evaluation of the Management Approach</p> <p>Our evaluation of the effectiveness of our management of talent recruitment and retention topics includes measuring our success through training results and employee engagement (e.g., employee network growth). An Annual Talent Review Process is conducted involving the CEO, the Chief Human Resources Officer and the heads of each business/corporate function.</p> <p>In 2018, the Management Committee determined that the management approach to talent recruitment and retention is effective, including its ongoing review of employee engagement survey results and EVP leadership scorecards. When necessary, adjustments are made to individual development plans in order to ensure achievement of annual goals and alignment with long-term strategic objectives.</p> |

| GRI Topic-specific Disclosures: 401 Employment | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|---|---------------|--------------------|--------|-------|------|-------|-------|-------|-------------------------|--------------------|-------------|-------|-------------|-------|------------------|-------|---------|-------|--------------------------|-------|----------------|-------|-------------------|-------|---|-------|--------------------------|-------|---------------------|-------|------------------------------|--------------------|-------------|-------|---------|-------|
| 401-1 | New employee hires and employee turnover | [I: SASB Material: Human Capital: Talent Recruitment and Retention: Engaging and Retaining an Effective Team] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 401-3 | Parental Leave | <p>From their moment of hire, all employees working above 20 hours per week are eligible for parental leave.</p> <p>State Street does not track data on employees taking parental leave, returning to work nor associated retention rates. As such, we are unable to report on this indicator.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| GRI Topic-specific Disclosures: 404 Training and Education | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 404-1 | Average hours of training per year per employee | <p>[I: SASB Material: Human Capital: Talent Recruitment and Retention: Revamping Our Professional Development and Training]</p> <table border="0"> <tr> <td>Gender</td> <td style="text-align: right;">Avg Hrs Per</td> </tr> <tr> <td>Female</td> <td style="text-align: right;">17.93</td> </tr> <tr> <td>Male</td> <td style="text-align: right;">17.11</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">16.51</td> </tr> <tr> <td>Management Level</td> <td style="text-align: right;">Avg Hrs Per</td> </tr> <tr> <td>Associate 1</td> <td style="text-align: right;">38.52</td> </tr> <tr> <td>Associate 2</td> <td style="text-align: right;">20.10</td> </tr> <tr> <td>Senior Associate</td> <td style="text-align: right;">16.40</td> </tr> <tr> <td>Officer</td> <td style="text-align: right;">15.85</td> </tr> <tr> <td>Assistant Vice President</td> <td style="text-align: right;">12.97</td> </tr> <tr> <td>Vice President</td> <td style="text-align: right;">11.58</td> </tr> <tr> <td>Managing Director</td> <td style="text-align: right;">12.02</td> </tr> <tr> <td>Senior Vice President/ Senior Managing Director</td> <td style="text-align: right;">12.71</td> </tr> <tr> <td>Executive Vice President</td> <td style="text-align: right;">12.15</td> </tr> <tr> <td>Contractors/Interns</td> <td style="text-align: right;">17.07</td> </tr> <tr> <td>Manager / Non-Manager</td> <td style="text-align: right;">Avg Hrs Per</td> </tr> <tr> <td>Non-Manager</td> <td style="text-align: right;">17.63</td> </tr> <tr> <td>Manager</td> <td style="text-align: right;">16.95</td> </tr> </table> | Gender | Avg Hrs Per | Female | 17.93 | Male | 17.11 | Other | 16.51 | Management Level | Avg Hrs Per | Associate 1 | 38.52 | Associate 2 | 20.10 | Senior Associate | 16.40 | Officer | 15.85 | Assistant Vice President | 12.97 | Vice President | 11.58 | Managing Director | 12.02 | Senior Vice President/ Senior Managing Director | 12.71 | Executive Vice President | 12.15 | Contractors/Interns | 17.07 | Manager / Non-Manager | Avg Hrs Per | Non-Manager | 17.63 | Manager | 16.95 |
| Gender | Avg Hrs Per | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Female | 17.93 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Male | 17.11 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other | 16.51 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Management Level | Avg Hrs Per | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Associate 1 | 38.52 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Associate 2 | 20.10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Senior Associate | 16.40 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Officer | 15.85 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Assistant Vice President | 12.97 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Vice President | 11.58 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Managing Director | 12.02 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Senior Vice President/ Senior Managing Director | 12.71 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Executive Vice President | 12.15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Contractors/Interns | 17.07 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Manager / Non-Manager | Avg Hrs Per | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-Manager | 17.63 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Manager | 16.95 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | [I: SASB Material: Human Capital: Talent Recruitment and Retention: Revamping Our Professional Development and Training] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | All full-time employees (100 percent) across all genders and employee categories participate in our performance management process and receive regular performance and career development reviews. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | |
|--|--|
| Material Topic: Diversity, Flexibility, Equal Opportunity and Well-being | |
| The State Street material topic “Diversity, Flexibility, Equal Opportunity and Well-being” includes the GRI topic “405 Diversity and Equal Opportunity.” In addition, it covers our employee well-being and flexible work solution programs. | |
| Disclosure on Management Approach | |
| 103-1 | <p>Explanation of the Material Topic and its Boundary</p> <p>We know that different backgrounds, perspectives and experiences spark creativity and create a more inclusive environment. To be competitive in business long-term, we need a diverse pipeline of talented future leaders across the whole organization. A diverse workforce helps us serve our clients better.</p> <p>We recognize that equal remuneration for equal work across our company is material to our reputation and the motivation of our employees.</p> <p>In addition, our flexible work solution and global well-being programs create a healthier workforce, increase employee morale and enhance sustainable employee engagement.</p> |
| 103-2 | <p>The Management Approach and its Component</p> <p>Our inclusion and diversity strategies were developed and implemented by Human Resources teams and approved by the company’s senior management and key stakeholders. 2018 was the first year of our recently implemented comprehensive five-year strategy. The strategy includes four components: Communication, Accountability, Talent Pipeline and Learning and Development. It also broadens focus on other aspects of diversity such as veteran, disability, LGBT+ and supplier diversity.</p> <p>All business leaders participate in ensuring that our goals are met. The Chief Diversity Officer role oversees the company’s global strategy and programs for diversity and inclusion. We have a dedicated department for employee relations and a whistleblower hotline available to all employees.</p> <p>The following policies cover diversity and equal opportunity:</p> <ul style="list-style-type: none"> • Equal Employment Opportunity Policy • Diversity Policy • Affirmative Action Policy • Non-Discrimination & Non-Retaliation Policies • Sexual Harassment Policy <p>State Street takes a strong stand in public policy initiatives focused on equality and inclusion, such as marriage equality, safety for transgender people and equal pay for women. State Street was a founding member of the Women’s Workforce Council, launched in 2013 by former Boston Mayor Tom Menino to address the wage gap. Like other signatories to this initiative, State Street is committed to three actions aimed at closing the gap: self-assessment, addressing issues identified and making data available anonymously to help measure progress.</p> |

| | <p>As a component of our commitment to gender equity, State Street is making steps toward greater transparency for its pay structures. The first step of this work is our UK Gender Pay Gap Report, referenced within [I: SASB Material: Human Capital: Inclusion and Diversity]. However, we do not globally report a female’s basic salary as a percentage to a male’s because a simple across-the-board analysis of an organization of State Street’s size and multiple business-line complexity would not accurately compare similar positions or capture all elements of a total compensation program.</p> | | | | | | | | | | | | | | | | | | | | | | |
|--|---|--|--------|--|-----|-------|-----|-------|----|----|------|-------------------|-------|--------|--------|------------|-------|--------|--------|-----------|--------|--------|-------|
| 103-3 | <p>Evaluation of the Management Approach A report on our diversity goals is produced semiannually. We also pay close attention to employee responses to employee engagement surveys. In addition, we evaluate progress toward our diversity goals through an Executive Insight tool. We incorporate valuable lessons learned and key findings from our last target cycle in the development of our diversity and inclusion strategy covering the current five-year period.</p> | | | | | | | | | | | | | | | | | | | | | | |
| GRI Topic-specific Disclosures: 405 Diversity and Equal Opportunity | | | | | | | | | | | | | | | | | | | | | | | |
| 405-1 | Diversity of governance bodies and employees | <p>[I: SASB Material: Human Capital: Inclusion and Diversity: Diversity of Governance Bodies and Employees]</p> <p>Employee breakdown by age</p> <table border="1"> <thead> <tr> <th></th> <th><30</th> <th>30-50</th> <th>>50</th> </tr> </thead> <tbody> <tr> <td>Board</td> <td>0%</td> <td>0%</td> <td>100%</td> </tr> <tr> <td>Senior management</td> <td>2.60%</td> <td>45.50%</td> <td>51.90%</td> </tr> <tr> <td>Management</td> <td>5.70%</td> <td>73.60%</td> <td>20.70%</td> </tr> <tr> <td>All other</td> <td>46.80%</td> <td>47.40%</td> <td>5.80%</td> </tr> </tbody> </table> | | | <30 | 30-50 | >50 | Board | 0% | 0% | 100% | Senior management | 2.60% | 45.50% | 51.90% | Management | 5.70% | 73.60% | 20.70% | All other | 46.80% | 47.40% | 5.80% |
| | <30 | 30-50 | >50 | | | | | | | | | | | | | | | | | | | | |
| Board | 0% | 0% | 100% | | | | | | | | | | | | | | | | | | | | |
| Senior management | 2.60% | 45.50% | 51.90% | | | | | | | | | | | | | | | | | | | | |
| Management | 5.70% | 73.60% | 20.70% | | | | | | | | | | | | | | | | | | | | |
| All other | 46.80% | 47.40% | 5.80% | | | | | | | | | | | | | | | | | | | | |
| 405-2 | Ratio of basic salary and remuneration of women to men | <p>[I: SASB Material: Human Capital: Inclusion and Diversity: Pay Differences between Men and Women]</p> <p>Our disclosure of basic salary and remuneration ratios in the United Kingdom is one of many steps that State Street has taken toward gender equity. We are not currently able to share global information publicly, but expect to evolve in this area in the future.</p> | | | | | | | | | | | | | | | | | | | | | |
| Material Topic: Strengthening Communities | | | | | | | | | | | | | | | | | | | | | | | |
| <p>The State Street material topic “Strengthening Communities” includes the GRI topics “202 Market Presence,” “203 Indirect Economic Impacts” and “413 Local Communities.”</p> | | | | | | | | | | | | | | | | | | | | | | | |
| Disclosure on Management Approach | | | | | | | | | | | | | | | | | | | | | | | |
| 103-1 | <p>Explanation of the Material Topic and its Boundary Creating value for our clients, communities and society in general is paramount for our success and for our stakeholders. We work hard to manage and maintain our market presence as a local employer, enhance our direct and indirect economic impacts and to benefit our local communities around the world. Doing so requires the implementation of carefully crafted strategic processes and policies, and cooperation from our entire team. The better we serve our clients, the more they can contribute to global prosperity through job creation, retirement savings, responsible investments and more.</p> | | | | | | | | | | | | | | | | | | | | | | |

| | |
|--------------|--|
| | <p>We are particularly committed to the economic well-being of the communities where we operate. One way we achieve this is through local job creation, building a workforce that best supports the clients it serves and reflects the communities in which it operates. In addition, we engage with local communities through our Corporate Citizenship programs. This is relevant not only to our local communities but also to our stakeholders and State Street itself. The Corporate Citizenship programs embody and exemplify our core values: Stronger Together; Always Finding Better Ways; Global Force, Local Citizen; and Trust Is Our Greatest Asset.</p> |
| <p>103-2</p> | <p>The Management Approach and its Component</p> <p>For the management of economic value creation as it relates to market presence and the indirect economic impacts see [Economic Performance Management Approach]. While many of our employment practices result in the hiring of management team members who reside locally to our offices, we do not have a policy to preferentially hire local people into such positions.</p> <p>Notable initiatives highlighting our efforts around our indirect economic impacts are our Municipal Finance and Tax-Advantaged Investment programs.</p> <p>State Street Foundation is the key driver of our philanthropic giving, which focuses on supporting education and workforce development programs. The Foundation facilitates a grants program through a network of Community Support Program committees (CSPs). Globally, 38 CSPs partner with local organizations to ensure our community investments have high local relevance. To aid the CSPs in their grant decisions, all funding provided by the Foundation is tied to an Impact Framework and grantees report performance metrics each year. The data collected helps inform how to apply future resources to gain the greatest outcomes for supported program beneficiaries. The CSPs also lead employee community engagement in their regions by organizing volunteer projects and serving as ambassadors of Corporate Citizenship programs.</p> <p>State Street also provides a matching gift program that matches qualifying employees' donations and makes financial contributions based on qualifying employee volunteer time.</p> <p>In addition, employees can contribute their perspectives on strengthening local communities via the voices of our employee resource groups (ERGs).</p> <p>[I: SASB Material Business Model and Innovation: ESG Products and Services: Municipal Finance, Tax-Advantaged Investments]</p> |
| <p>103-3</p> | <p>Evaluation of the Management Approach</p> <p>For evaluations of our management of economic value creation, see [Economic Performance Management Approach]. Regarding market presence, we track data that corresponds to the geographic origin of employees in order to maintain a perspective on the demographics of our workforce. As described in 103-2 for this topic, we do not have a policy regarding preferential hiring practices for local candidates for management roles. Since 2012, our grantees have provided annual reports that include performance metrics and qualitative commentaries on State Street-funded philanthropic programs. These reports are used to evaluate overall program effectiveness, utilization of State Street resources, and impacts, both qualitative and quantitative. This information is then used to support future funding decisions. The Senior Vice President of Corporate Citizenship provides an annual update on corporate citizenship programs to State Street's board of directors.</p> |

| GRI Topic-specific Disclosures: 202 Market Presence | | |
|--|--|---|
| 202-2 | Proportion of senior management hired from the local community | <p>We strive to make a significant economic impact on the communities in which we operate through our hiring practices. In 2018, 96 percent (22 of 23) of our senior management hires (senior vice president and above) were hired locally. This is a significant increase over the 85 percent of senior positions filled locally in 2017, and is comparable to the 97 percent rate in 2016.</p> <p>At State Street, we define local as those hired from within the respective country of operations.</p> |
| GRI Topic-specific Disclosures: 203 Indirect Economic Impacts | | |
| 203-1 | Infrastructure investments and services supported | [I: SASB Material: Business Model and Innovation: ESG Products and Services: Municipal Finance, Tax-Advantaged Investments] |
| 203-2 | Significant indirect economic impacts | <p>The primary metric we use is our investment in the Boston WINs program (referenced here). Our impacts are financial in nature, and result in substantially positive impacts. This program was designed in consultation with local stakeholders and is consistent with their priorities as well as local, regional and national education and workforce development policy priorities.</p> <p>[III: UN SDGs Material: Strengthening Communities: Boston WINs: A Growing Success]</p> |
| GRI Topic-specific Disclosures: 413 Local Communities | | |
| 413-1 | Operations with local community engagement, impact assessments, and development programs | [III: UN SDGs Material: Strengthening Communities: Examples of Specific Nonprofit Organizations Supported by Foundation Grants] |
| Material Topic: Environmental Responsibility | | |
| The State Street material topic “Environmental Responsibility” includes the GRI topics “302 Energy,” “303 Water,” “305 Emissions” and “306 Effluents and Waste.” | | |

| Disclosure on Management Approach | |
|--|---|
| 103-1 | <p>Explanation of the Material Topic and its Boundary</p> <p>Our environmental impacts reflect our operational efficiency, and good performance helps attract and retain clients, save money and engage employees. This is true for all of the material topics named below. As a financial services company, our main impacts are indirect and related to the assets we manage and to issues of ESG integration into our client offerings (see [Environment, Social and Governance (ESG) Products and Services Management Approach]). Regardless, we are committed to reducing our energy usage and resulting emissions, managing our effluents and waste generation and disposal, and reducing water usage from our operations. These issues are material to our operations.</p> <p>This applies to the entire organization as explained in [102-46].</p> <p><u>Energy and Emissions</u></p> <p>We recognize the threat of climate change and are committed to reducing our fossil fuel consumption. Therefore, GHG emission management and mitigation is a key aspect of environmental sustainability at State Street. Our energy usage in our buildings and data centers is responsible for the majority of our carbon emissions. Other emission sources are business travel and commuting.</p> <p><u>Water</u></p> <p>We recognize that water usage is important to our operations, particularly in areas where water supplies may be threatened. We do not differentiate our water goals based upon geography, but rather seek to make our water usage more efficient at all locations.</p> <p><u>Effluents and Waste</u></p> <p>Effluents and waste are important to our operations due to the expense of waste removal and the associated environmental impacts of landfills and other waste disposal methods. We seek to reduce waste generation and maximize recycling and have waste-related goals at all major locations.</p> |
| 103-2 | <p>The Management Approach and its Component</p> <p>Our global Environmental Sustainability Policy states that we are “committed to being a leader in environmental sustainability, both in the way we carry out our operations and in the products and services we offer.” By conducting our business in this manner, we align our long-term success with the environment and create enduring benefits for our shareholders, clients, employees and the communities in which we live and work. We consider adherence to this policy to be the responsibility of all individuals who take part in our activities. Our broader CR strategy is managed by the Executive CR Committee.</p> <p>In our Environmental Sustainability Committee, Global Realty, Procurement, Information Technology (IT), Travel, and Environmental, Social and Governance (ESG) teams are all represented. This group manages GHG from operations, with Scope 1 and 2 predominantly arising from the Realty and IT functions, and indirect Scope 3 emissions arising from Procurement and Travel functions. The committee is also charged with setting targets and monitoring environmental impacts related to waste and effluent generation and water usage. This committee, or its delegates, interacts with facility managers, building management or other responsible parties to manage the implementation of projects and programs designed to reduce environmental impacts.</p> |

| | | |
|---|---|---|
| | <p><u>Environmental Targets</u></p> <p>As a financial services provider with mainly office-based operations, we are not subject to GHG emissions policies or regulations beyond what is typically required for other large companies in our markets. However, on a voluntary basis, we are committed to progress with respect to emissions. In 2016, the Science-Based Targets Initiative officially approved our goal of a 30 percent reduction in Scope 1 and 2 emissions per square meter by 2025 from a 2015 base year. Alongside that target, we also established a goal for Water (10 percent use reduction per employee) and Effluents and Waste (80 percent recycling rate) by 2025.</p> <p>We are subject to Article 8 of the EU Energy Efficiency Directive, and the UK Carbon Reduction Commitment legislation for our operations in the UK and Europe. Currently, we do not include any offsets/RECs toward obtainment of the 2025 environmental targets. State Street follows GHG Protocol best practices and dual-report GHG emissions using both the location and market-based methods. For market-based figures, RECs are included. Purchased RECs are Green-e (NA) or EECS-GO (EMEA) certified. Per GHG Protocol guidance, carbon offsets are not included in market-based method calculations. To reduce the impact of our waste generation and paper use, we've established Paper Use and Source Guidelines across the organization.</p> | |
| 103-3 | <p>Evaluation of the Management Approach</p> <p>Our Environmental Sustainability Committee oversees and regularly assesses our progress with our environmental initiatives and goals. We monitor progress against goals throughout the year, and when deviations from expected progress are observed, remedial actions are proposed, including additional environmental programs, energy efficiency measures, and/or enhanced communications/engagement strategies. We also consider suggestions from stakeholders. Our ISO certifications are audited by external parties annually. In 2018, we were able to reduce our carbon emissions intensity by 27 percent from a 2015 baseline.</p> | |
| GRI Topic-specific Disclosures: 302 Energy | | |
| 302-1 | Energy consumption within the organization | [II: TCFD Material: State Street Energy Use and Savings] |
| 302-2 | Energy consumption outside of the organization | [II: TCFD Material: State Street Energy Use and Savings] |
| 302-3 | Energy intensity | [II: TCFD Material: State Street Energy Use and Savings] |
| 302-4 | Reduction of energy consumption | [II: TCFD Material: State Street Energy Use and Savings] |
| GRI Topic-specific Disclosures: 303 Water | | |
| 303-1 | Water withdrawal by source | <p>There are two water sources for our sites: ground water and municipal water supplies. No other sources are utilized.</p> <p>[II: TCFD Material: State Street Water Consumption and Waste Generation]</p> |

| GRI Topic-specific Disclosures: 305 Emissions | | |
|--|---|---|
| 305-1 | Direct GHG emissions (Scope 1) | <p>The base year for this reporting is 2015. 2025 was chosen as the new target year, with 2015 as the base year providing a longer-term focus on the expenditure of capital and operating expenses to help reach the targets. This allows us to be aligned with the Science Based Targets Initiative’s suggestion for target years and baseline start periods. We use the operational control method for defining the reporting scope for sites.</p> <p>[II: TCFD Material: State Street Greenhouse Gas (GHG) Emissions]</p> |
| 305-2 | Energy-based indirect GHG emissions (Scope 2) | <p>The base year for this reporting is 2015. 2025 was chosen as the new target year, with 2015 as the base year providing a longer-term focus on the expenditure of capital and operating expenses to help reach the targets. This allowed us to be aligned with the Science Based Targets Initiative’s suggestion for target years and baseline start periods. We use the operational control method for defining the reporting scope for sites.</p> <p>[II: TCFD Material: State Street Greenhouse Gas (GHG) Emissions]</p> |
| 305-3 | Other indirect GHG emissions (Scope 3) | [II: TCFD Material: State Street Greenhouse Gas (GHG) Emissions] |
| 305-3 | Reduction of GHG emissions | [II: TCFD Material: State Street Greenhouse Gas (GHG) Emissions] |
| GRI Topic-specific Disclosures: 306 Effluents and Waste | | |
| 306-2 | Waste by type and disposal method | <p>Waste disposal types have been provided by the waste disposal contractor. The breakdown of the total waste stream is:</p> <p>Non-hazardous waste disposal: 4,561 US tons Hazardous waste disposal: 292 US tons</p> <p>Non-hazardous waste is either recycled or landfilled. All hazardous waste is disposed of in permitted disposal facilities.</p> <p>[II: TCFD Material: State Street Water Consumption and Waste Generation]</p> |
| Material Topic: Environmental, Social and Governance (ESG) Products and Services | | |
| <p>The State Street material topic “ESG Products and Services” includes the GRI topics “Product Portfolio” and “Active Ownership” from the Financial Services Sector Supplement (FSS). Based on our materiality index, the GRI Indicator “201-2 Financial Implications of Climate Change” is also covered by this topic. Please refer to the Management Approach for “Economic Performance.”</p> | | |

| Disclosure on Management Approach | |
|--|--|
| 103-1 | <p>Explanation of the Material Topic and its Boundary</p> <p>The range of products and services we offer directly affects our stakeholders and, in particular, our customers. Environmental, Social and Governance (ESG) factors are increasingly used to capture intangible, off-balance sheet risks and opportunities. We recognize that firms that perform well on material ESG factors may be better positioned to generate sustainable long-term returns. As a result, we endeavor to offer our clients a range of products and services that draw on best-in-class data and analytics to bring ESG considerations into client portfolios. This applies to the entire organization, as explained in [102-46], and is especially important for our Asset Management division, State Street Global Advisors.</p> <p>State Street Global Advisors currently has more than \$179.43 billion in ESG assets, or 7.1 percent of State Street’s assets under management as of December 31, 2018.</p> <p><u>Active Ownership</u></p> <p>Our primary fiduciary obligation to our clients is to maximize the long-term returns of their investments. It is our view that material ESG issues can both create risk as well as generate long-term value in our portfolios. This philosophy provides the foundation for our value-based approach to asset stewardship.</p> <p><u>Financial Implications of Climate Change</u></p> <p>We face a range of risks and opportunities related to climate change. These include financial risks and opportunities related to our investments as well as physical risks to our own infrastructure. The risks and opportunities due to climate change related to our investments are substantial, and are vetted as part of our investment team’s due diligence processes. The results of such analysis are then integrated into the decision-making of individual portfolio managers. We also face physical risks to our infrastructure primarily due to changing weather patterns and sea level rise associated with a warming planet. The sea level risks are localized to operations located near coastlines. Risks related to changing weather patterns impact all our office locations. The potential impacts are unknown, but range from minor to, in the most extreme scenarios, catastrophic. The financial implications also range from minor to catastrophic depending on the extent of impacts experienced.</p> |
| 103-2 | <p>Evaluation of the Management Approach</p> <p><u>Product Portfolio</u></p> <p>State Street Global Advisors’ ESG Investing and Asset Stewardship team leads our firm-wide effort to systemically identify the ESG risks and opportunities within State Street Global Advisors’ investment products. For a list of ESG solutions we offer and the investment styles used, see [I: SASB Material: Business Model and Innovation: ESG Opportunities - SSGA: ESG Products, Services and Research] as well as [SSGA ESG Products]. Underscoring our commitment to integrating ESG across the organization, State Street Global Advisors has also instituted an ESG Working Group representing a cross-section of regions and investment expertise. The group is chaired by Rakhi Kumar, head of ESG Investments and Asset Stewardship.</p> |

State Street Global Advisors plays an active role in the Council of Institutional Investors, and members of the Asset Stewardship team have contributed to the public dialogue on new and emerging ESG issues. Additionally, as an original member of the Corporate Governance Advisory Council, State Street Global Advisors has advised on the organization's policies and priorities. As a global investor, we have been an active member of the International Corporate Governance Network, contributing to policy discussions and development. Our membership allows us to stay abreast of regulatory, policy and other developments across the globe. As a signatory to the Japanese Stewardship Code, State Street Global Advisors has committed to being an active participant in the Japanese market and the advancement of corporate governance practices.

Active Ownership

State Street Global Advisors' approach toward proxy voting and issuer engagement is premised on the belief that companies that adopt robust and progressive governance and sustainability practices should be better positioned to generate long-term value and manage risk. As near perpetual holders of the constituents of the world's primary indices, the informed exercise of voting rights coupled with targeted and value-driven engagement is the most effective mechanism of creating value for our clients.

All voting and engagement activities are centralized within the Asset Stewardship team irrespective of investment strategy or geographic region. Further, the Stewardship team leverages the breadth of our investment capabilities to make informed decisions. By consolidating and harmonizing our voting decisions and engagement efforts, we leverage the full power of our institutional discretionary holdings and exert greater influence with management and boards.

In conducting our voting and engagement activities, we evaluate the various factors that play into the corporate governance framework of a country, including macroeconomic conditions, political environment and quality of regulatory oversight, enforcement of shareholder rights and the effectiveness of the judiciary. SSGA complements its company-specific dialogue with targeted engagements with regulators and government agencies to address systemic market-wide concerns.

State Street Global Advisors has a dedicated team of ESG analysts, based in Boston, Kraków, London and Tokyo, who are charged with implementing its proxy voting guidelines and engagement activities on a global basis. The activities of the Stewardship team are directly overseen by SSGA's Investment Committee (IC). The IC is responsible for approving the annual stewardship strategy, engagement priorities and proxy voting guidelines, and monitoring the delivery of objectives. Furthermore, the Proxy Review Committee, a dedicated subcommittee of the IC, provides day-to-day oversight of the Stewardship team, including approving departures from proxy voting guidelines and management of conflicts of interest.

The Stewardship team is supported by several specialists within SSGA in executing their stewardship responsibilities. These include members of SSGA's proxy operations team who are responsible for managing fund set-up, vote execution, vote reconciliation, share recall and class action lawsuits, and members of SSGA's client reporting and compliance teams.

| | |
|---------------------|--|
| | <p><u>Financial Implications of Climate Change</u></p> <p>The risks and opportunities due to climate change related to our investments are substantial, and are vetted as part of our investment team’s due diligence processes. The results of such analysis are then integrated into the decision-making of individual portfolio managers. The risks to our infrastructure are considered as part of long-term capital improvement planning, and steps have been taken to include mitigation efforts such as locating critical infrastructure on higher floors of buildings, and adapting business continuity plans to include scenarios of extreme weather incidents. This is the responsibility of State Street’s facility management teams, who assess these issues on an ongoing basis, and the Risk Management Committee of the board of directors, which reviews our overall risk profile annually, and more frequently as needed.</p> |
| <p>103-3</p> | <p><u>Product Portfolio</u></p> <p>We regularly evaluate our ESG product portfolio management approach through Global Investment Committee reviews and a Quarterly Business Review delivered to the Executive Management Group. In addition, we also use a formal employee evaluation process as part of the annual performance planning and review cycle, and client feedback for evaluation.</p> <p><u>Active Ownership</u></p> <p>SSGA conducts real-time and quarterly audits to review the accuracy of application of proxy voting guidelines to agenda items. In addition, SSGA’s Proxy Operations team conducts vote audits on firm-wide accounts to look for anything out of the ordinary. For example, more than the usual number of ballots rejected due to ballots rejected after vote cutoff. These cases are then investigated to understand the reason for ballot rejection.</p> <p>Real-Time Audits:</p> <p>During the first two calendar quarters (Q1 and Q2), the Asset Stewardship team performs a real-time audit on a daily basis of voting decisions by SSGA’s proxy voting agent. Under this process, a company under review is identified as an audit company through a random process and is assigned to an analyst on the Asset Stewardship team. The analyst reviews the votes inputted by the proxy agent for each item on the ballot to ensure that SSGA’s voting guidelines are implemented accurately.</p> <p>SSGA’s Quarterly Proxy Agent:</p> <p>At the end of every quarter, Institutional Shareholder Services (ISS) provides a Meeting Level Statistical Summary report (SIS) to the Asset Stewardship team. Once the Stewardship team advises which broad issues/categories they would like the audit to focus on, ISS will generate a list of meetings for review (25 meetings are selected in Q1, Q3, Q4 and 50 meetings in Q2). The list of meetings for review is sent to the Stewardship team for sign-off. From the time the Stewardship team signs off on the meeting list, ISS has 30 days to complete the audit and provide results to the Stewardship team. A memo explaining any errors identified in the audit should accompany the audit results.</p> |

| | |
|--|---|
| | <p>Annually, SSGA undertakes an on-site due diligence exercise at ISS’s main offices. The SSGA team consists of governance, audit, compliance and operational specialists and undertakes a review of ISS staff resources and competencies, systems, processes and controls.</p> <p><u>Financial Implications of Climate Change</u></p> <p>The management approaches regarding financial risks due to climate change are assessed in several ways. The risks and opportunities to investments are assessed on an ongoing basis as part of standard portfolio management processes. Risks that exceed tolerances for a given product line, portfolio or investment objective are addressed, and assets may be sold or otherwise removed from a portfolio. Risks to physical infrastructure are also assessed on an ongoing basis and decisions regarding capital improvements, new facility construction or other investments in infrastructure are then made considering the overall risks profile that has been identified. We do not currently disclose total investments made specifically to address climate-related risks as this data is not separately available. We do plan to provide more clarity on this topic in future reports.</p> |
|--|---|

GRI Topic-specific Disclosures: 201 Economic Performance

| | | |
|---------------------|---|---|
| <p>201-2</p> | <p>Financial implications and other risks and opportunities due to climate change</p> | <p>[I: SASB Material: Business Model and Innovation: Solutions: ESG Opportunities Associated with Climate Change]</p> <p>[II: TCFD Material: Overseeing Risks Associated with Climate Change]</p> <p>A description and classification of risks and opportunities can be found in [103-1], [103-2] and [103-3] for this topic.</p> |
|---------------------|---|---|

GRI Topic-specific Disclosures: Financial Services Sector (FSS) Product Portfolio

| <p>FS6</p> | <p>Portfolio breakdown</p> | <table border="1"> <thead> <tr> <th data-bbox="621 1123 1112 1201">Products</th> <th data-bbox="1112 1123 1479 1201">% of total products following ESG principles</th> </tr> </thead> <tbody> <tr> <td data-bbox="621 1201 1112 1255">Index Equity</td> <td data-bbox="1112 1201 1479 1255">10.95%</td> </tr> <tr> <td data-bbox="621 1255 1112 1333">Active Quantitative Equity</td> <td data-bbox="1112 1255 1479 1333">42.40%</td> </tr> <tr> <td data-bbox="621 1333 1112 1388">Smart Beta Equity</td> <td data-bbox="1112 1333 1479 1388">8.28%</td> </tr> <tr> <td data-bbox="621 1388 1112 1442">Index Fixed Income</td> <td data-bbox="1112 1388 1479 1442">3.07%</td> </tr> <tr> <td data-bbox="621 1442 1112 1497">Cash</td> <td data-bbox="1112 1442 1479 1497">0.57%</td> </tr> <tr> <td data-bbox="621 1497 1112 1551">Active Fixed Income</td> <td data-bbox="1112 1497 1479 1551">1.02%</td> </tr> <tr> <td data-bbox="621 1551 1112 1575">Multi Asset Class</td> <td data-bbox="1112 1551 1479 1575">0.24%</td> </tr> </tbody> </table> | Products | % of total products following ESG principles | Index Equity | 10.95% | Active Quantitative Equity | 42.40% | Smart Beta Equity | 8.28% | Index Fixed Income | 3.07% | Cash | 0.57% | Active Fixed Income | 1.02% | Multi Asset Class | 0.24% |
|----------------------------|--|---|----------|--|--------------|--------|----------------------------|--------|-------------------|-------|--------------------|-------|------|-------|---------------------|-------|-------------------|-------|
| Products | % of total products following ESG principles | | | | | | | | | | | | | | | | | |
| Index Equity | 10.95% | | | | | | | | | | | | | | | | | |
| Active Quantitative Equity | 42.40% | | | | | | | | | | | | | | | | | |
| Smart Beta Equity | 8.28% | | | | | | | | | | | | | | | | | |
| Index Fixed Income | 3.07% | | | | | | | | | | | | | | | | | |
| Cash | 0.57% | | | | | | | | | | | | | | | | | |
| Active Fixed Income | 1.02% | | | | | | | | | | | | | | | | | |
| Multi Asset Class | 0.24% | | | | | | | | | | | | | | | | | |

| FS8 | Value environmental products | The total ESG assets under management by State Street Global Advisors was \$179.43 billion as of December 31, 2018, with the detailed breakdown below. | | | | | | | | | | | | | | | | |
|---------------------|------------------------------|---|-----------------|---------|--------------|-----------------|----------------------------|----------------|-------------------|----------------|--------------------|----------------|------|---------------|---------------------|-------------|-------------------|-------------|
| | | <table border="1"> <thead> <tr> <th>Products</th> <th>(in \$)</th> </tr> </thead> <tbody> <tr> <td>Index Equity</td> <td>143,662,522,303</td> </tr> <tr> <td>Active Quantitative Equity</td> <td>11,929,108,331</td> </tr> <tr> <td>Smart Beta Equity</td> <td>10,783,574,649</td> </tr> <tr> <td>Index Fixed Income</td> <td>10,271,231,887</td> </tr> <tr> <td>Cash</td> <td>1,620,330,540</td> </tr> <tr> <td>Active Fixed Income</td> <td>584,244,423</td> </tr> <tr> <td>Multi Asset Class</td> <td>450,597,978</td> </tr> </tbody> </table> | Products | (in \$) | Index Equity | 143,662,522,303 | Active Quantitative Equity | 11,929,108,331 | Smart Beta Equity | 10,783,574,649 | Index Fixed Income | 10,271,231,887 | Cash | 1,620,330,540 | Active Fixed Income | 584,244,423 | Multi Asset Class | 450,597,978 |
| | | Products | (in \$) | | | | | | | | | | | | | | | |
| | | Index Equity | 143,662,522,303 | | | | | | | | | | | | | | | |
| | | Active Quantitative Equity | 11,929,108,331 | | | | | | | | | | | | | | | |
| | | Smart Beta Equity | 10,783,574,649 | | | | | | | | | | | | | | | |
| | | Index Fixed Income | 10,271,231,887 | | | | | | | | | | | | | | | |
| | | Cash | 1,620,330,540 | | | | | | | | | | | | | | | |
| Active Fixed Income | 584,244,423 | | | | | | | | | | | | | | | | | |
| Multi Asset Class | 450,597,978 | | | | | | | | | | | | | | | | | |

GRI Topic-specific Disclosures: Financial Services Sector (FSS) Active Ownership

| | | |
|-------------|---|---|
| FS10 | Percentage and number of companies held in the institution’s portfolio with which the reporting organization has interacted on environmental or social issues | [I: SASB Material: Business Model and Innovation: ESG Products and Services] |
| FS11 | Percentage of assets subject to positive and negative environmental or social screening | <p>[I: SASB Material: Business Model and Innovation: State Street Global Advisors Assets Screened - In Detail]</p> <p>As our approach to ESG investing has evolved over the years, our data management and tracking have changed as well. As a result, we currently track exclusionary screening, integrated and thematic strategies, based on our clients’ mandates.</p> |

Material Topic: Digitization and Innovation

The State Street material topic “Digitization and Innovation” refers to our efforts to innovate and find ways to simplify our business processes through digitization.

| Disclosure on Management Approach | | |
|--|--|--|
| 103-1 | <p>Explanation of the Material Topic and its Boundary</p> <p>State Street must innovate in order to stay relevant. Investing in innovation and digitization are paramount for excelling in business, and success in this area differentiates us from our competitors. This is relevant across the entire organization.</p> | |
| 103-2 | <p>The Management Approach and its Component</p> <p>Efforts around digitization and innovation continue to be at the forefront of the financial services industry — and we strive to remain on that cutting edge with our own initiatives around those areas.</p> <p>In 2018, one major impact of our digitization and innovation efforts was the acquisition of Charles River Development. Once the CRD investment management front-office tools and solutions are fully integrated with our existing systems, we will be able to deliver a global interoperable front-to-back platform for asset managers and owners that is unique in the investment servicing industry.</p> <p>Our innovation process is focused on the needs of end users and on ways to automate labor-intensive processes. State Street Corporation’s CEO, together with our Management Committee, set the framework that motivates all employees to be innovative. We believe, however, that innovation must happen across the organization, not just from the top down. In addition, involving people who have client interaction in the innovation process is particularly important.</p> | |
| 103-3 | <p>Evaluation of the Management Approach</p> <p>Our Global Strategy Team conducts quarterly reviews to evaluate the process and advancement of current innovation and digitization initiatives.</p> | |
| Detailed information on this Non-GRI Topic | | |
| Non-GRI Topic | Metric on the material topic | [I: SASB Material: Business Model and Innovation: Digitization and Innovation] |

Appendix I: External Commitments and Memberships

UN Global Compact

Alignment with the UN Global Compact Principles

| UNGC Principle | Reference | Commentary |
|--|--|--|
| Human Rights | | |
| <p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights</p> | <p>Committed to Human Rights</p> | <p>State Street takes human rights seriously, as shown in our endorsement of the United Nations' Universal Declaration of Human Rights and our commitment to fully supporting a workplace where people of all backgrounds and experiences can succeed.</p> |
| <p>Principle 2: Make sure that they are not complicit in human rights abuses</p> | <p>Modern Slavery Act Statement</p> | <p>We expect our vendors to uphold the same standards that we do. Our procurement process requires vendors to provide details about the steps they have taken to ensure that slavery and human trafficking are not occurring in their supply chains or any other part of their businesses.</p> |
| Labor | | |
| <p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining</p> | <p>Human Capital</p> | <p>State Street is committed to adherence to local laws regarding freedom of association and collective employee action. Employees in six of our European offices participate in collective bargaining agreements, totaling 3.6 percent of State Street employees globally.</p> |

Principle 4:

The elimination of all forms of forced and compulsory labor

Committed to Human Rights

In our business operations, we do not condone forced or compulsory labor. All of our potential suppliers must provide information about social compliance audits of their own suppliers and subcontractors, with reference to risks for incidents of forced and compulsory labor.

Principle 5:

The effective abolition of child labor

Committed to Human Rights

State Street remains committed to rejecting child labor. In support of this commitment, we require our potential suppliers to provide information about social compliance audits for their suppliers and subcontractors, with reference to risks for incidents of child labor.

Principle 6:

The elimination of discrimination in respect of employment and occupation

**Inclusion and Diversity Pillars
Policies and Commitments**

State Street became a signatory to the CEO Action for Diversity & Inclusion pledge in 2017 and continues to be committed to the effort. We are committed to making State Street a trusting workplace by implementing unconscious bias education and sharing best and unsuccessful practices.

Environment

Principle 7:

Businesses should support a precautionary approach to environmental challenges

**Overseeing Risks Associated with
Climate Change**

State Street continuously acknowledges and addresses the physical risks associated with climate change. This can be seen in State Street’s GHG emission reduction strategy and commitment to environmental sustainability.

Principle 8:

Undertake initiatives to promote greater environmental responsibility

Environmental Responsibility
ESG Products, Services and Investments

State Street’s Environmental Sustainability Committee and the Executive Corporate Responsibility Committee endorsed an Environmental Sustainability Policy committing to six actionable goals in 2017. As a result, we track our performance in energy use, greenhouse gas emissions, water use and recycling rate. We are on track to achieve our 2025 carbon dioxide reduction goal of 30 percent in 2019.

Principle 9:

Encourage the development and diffusion of environmentally friendly technologies

ESG Solutions’ Advisory and ESGX Tools

In 2018, State Street officially launched ESGX — a multi-factor risk analytics engine that utilizes market data, portfolio data and ESG data to identify potential ESG risks for our custodial clients.

Principle 10:

Businesses should work against corruption in all its forms, including extortion and bribery

Risk Excellence and Compliance

State Street has a zero-tolerance approach to corruption in all its forms, including extortion and bribery. 2018 marked the first full year of application of a new Conduct Standards Framework. Trainings in compliance training, ethical decision-making guidelines and industry-specific conduct are required company-wide.

Overview of Our Memberships

We participate in a variety of industry organizations around the world, advocating for the adoption of industry best practices and encouraging the highest ethical standards by all industry participants. Where applicable and possible, we seek to be active participants or signatories and fulfill the requirements for membership in good standing. When appropriate, we pay membership fees or sponsor events.

Our involvement includes, but is not limited to the following organizations:

In the US:

American Bankers Association, ABA Securities Association (board member), American Benefits Council (board member), Association of Global Custodians, Associated Industries of Massachusetts (board member), Bank Policy Institute (board member), Boston College Center for Corporate Citizenship (Leadership Forum member), Boston Municipal Research Bureau (board member), Business for Social Responsibility, Ceres, Council of Institutional Investors, Financial Services Forum, Greater Boston Chamber of Commerce (Executive Committee), International Swaps and Derivatives Association, Investment Company Institute (board member), Investor Network on Climate Risk, Massachusetts Bankers Association, Massachusetts Business Roundtable (board member), Massachusetts Competitive Partnership (board member), Massachusetts Taxpayers Foundation (board member), New England Council (board member), Structured Finance Industry Group, Sustainability Accounting Standards Board, Securities Industry and Financial Markets Association, US National Center for APEC, US-ASEAN Business Council and US India Strategic Partnership Inc.

Outside the US:

Alternative Investment Management Association, American Chamber of Commerce memberships in various countries, APEC Business Advisory Council, Asia Securities Industry and Financial Markets Association (board member), Asian Corporate Governance Association, Asset Management Association of China, Association of Foreign Banks, Association of the Luxembourg Fund Industry (board member), Business in the Community, CSR Asia Limited, CSR Europe, Canadian Bankers Association, Depositary and Trustee Association (board member), European Fund and Asset Management Association, European Parliamentary Financial Services Forum, Financial Services Council of Australia, Financial Services Ireland, Forum of European Asset Managers, French Asset Management Association, German Bankers Association, Global Financial Markets Association (FX Division) (board member), Global Reporting Initiative, ICI Global (Steering Committee), Institute of International Finance, Institutional Money Market Funds Association (board member), International Bankers Association of Japan (Executive Committee), International Capital Markets Association, International Securities Lending Association (board member), Investment Association, Irish Funds, Luxembourg Bankers Association, PensionsEurope, Principles for Responsible Investing, TheCityUK, United Nations Global Compact, United Nations Environment Programme Finance Initiative and UK Finance.

Appendix II: EU Directive on Non-financial Reporting Content Listings

The EU Directive on Non-financial Reporting outlines certain requirements for corporate disclosures that companies of a certain size must comply with. State Street is subject to these requirements.

Below is an index of information found within our 2018 Corporate Responsibility Report, aligned with the requirements of the EU Directive.

| | |
|-------------------------------------|--|
| Environmental matters | <ul style="list-style-type: none"> - I: SASB Material: Environment: Environmental Responsibility - II: TCFD Material: Overseeing Risks Associated with Climate Change - I: SASB Material: Business Model and Innovation: ESG Products and Services - III: UN SDGs Material - Appendix I: External Commitments and Memberships: UN Global Compact - IV: Global Reporting Initiative Material: Material Topic: Environmental Responsibility - IV: Global Reporting Initiative Material: Material Topic: ESG Products and Services |
| Social and employee matters | <ul style="list-style-type: none"> - I: SASB Material: Human Capital: Talent Recruitment and Retention - I: SASB Material: Human Capital: Inclusion and Diversity - III: UN SDGs Material - Appendix I: External Commitments and Memberships: UN Global Compact - IV: Global Reporting Initiative Material: Material Topic: Talent Recruitment and Retention - IV: Global Reporting Initiative Material: Material Topic: Diversity, Flexibility, Equal Opportunity and Well-being |
| Respect for human rights | <ul style="list-style-type: none"> - I: SASB Material: Leadership and Governance: Responsible Sourcing - I: SASB Material: Human Capital: Talent Recruitment and Retention - I: SASB Material: Human Capital: Inclusion and Diversity - III: UN SDGs Material - Appendix I: External Commitments and Memberships: UN Global Compact - IV: Global Reporting Initiative Material: Material Topic: Responsible Sourcing |
| Anti-corruption and bribery matters | <ul style="list-style-type: none"> - I: SASB Material: Leadership and Governance: Risk Excellence and Compliance - Appendix I: External Commitments and Memberships: UN Global Compact - IV: Global Reporting Initiative Material: Material Topic: Risk Excellence and Compliance |

Appendix III: Independent Assurance Statement

Independent Assurance Statement to State Street

ERM Certification and Verification Services (ERM CVS) was engaged by State Street to provide limited assurance in relation to State Street’s Corporate Responsibility (CR) Report 2018 (“the Report”) as set out below.

| Engagement Summary | |
|-----------------------------------|--|
| Scope of our assurance engagement | <p>Our engagement was designed to provide assurance on whether:</p> <ul style="list-style-type: none"> the Report presents a complete and balanced presentation of State Street’s CR activities and performance in the 2018 reporting year in accordance with the GRI Standards (‘Core’ option); the 2018 data for the following indicators are fairly presented, in all material respects, in accordance with the reporting criteria: <ul style="list-style-type: none"> Total Scope 1 GHG emissions in metric tons CO₂e Total Scope 2 GHG (locations and market-based) emissions in metric tons CO₂e Total Scope 3 GHG emissions in metric tons CO₂e for the following three categories (GHG protocol): Category 5 – Waste recycling; Category 6 – Business travel; and Category 7 – Employee commuting Total Water usage – absolute and per employee (million cubic feet) Total Waste (absolute – short tons) and recycling rate percentage; the Report includes information required by the European Union Directive on Non-Financial Reporting, as well as relevant information for the Taskforce on Climate-related Financial Disclosure (TCFD) and the United Nations Global Compact. |
| Reporting criteria | <p>GRI Standards including the GRI Principles for Report Content and Report Quality; WBCSD/WRI GHG Protocol (2004, as updated January 2015); State Street’s internal reporting criteria and definitions; EU Directive on Non-Financial Reporting, as transposed into the UK Companies Act.</p> |
| Assurance standard | ERM CVS’ assurance methodology, based on the International Standard on Assurance Engagements ISAE 3000 (Revised). |
| Assurance level | Limited assurance. |
| Respective responsibilities | <p>State Street is responsible for preparing the Report and for the collection and presentation of the information within it.</p> <p>ERM CVS’s responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.</p> |

Our conclusions

Based on our activities, and noting the exclusions explained in the 'Limitations' paragraph below, nothing has come to our attention to indicate that the following statements are not correct:

- the Report presents a complete and balanced presentation of State Street's CR activities and performance in the 2018 reporting year in accordance with the GRI Standards ('Core' option);
- the 2018 data for the following indicators are fairly presented, in all material respects, in accordance with the reporting criteria:
 - Total Scope 1 GHG emissions in metric tons CO₂e
 - Total Scope 2 GHG (locations and market-based) emissions in metric tons CO₂e
 - Total Scope 3 GHG emissions in metric tons CO₂e for the following three categories (GHG protocol): Category 5 – Waste recycling; Category 6 – Business travel; and Category 7 – Employee commuting
 - Total Water usage – absolute and per employee (million cubic feet)
 - Total Waste (absolute – short tons) and recycling rate percentage;
- the Report includes information required by the European Union Directive on Non-Financial Reporting, as well as relevant information for the Taskforce on Climate-related Financial Disclosure (TCFD) and the United Nations Global Compact.

Our assurance activities

We planned and performed our work to obtain all the information and explanations that we believed were necessary to provide a basis for our assurance conclusions.

A multi-disciplinary team of corporate responsibility and assurance specialists performed the following activities:

- A review of external media reporting relating to State Street to identify relevant sustainability issues in the reporting period.
- Attendance at regular meetings with the reporting team and report writers throughout the writing process to understand the development of the report and issues raised during the process.
- Interviews with management representatives responsible for the sustainability strategy implementation.
- Interviews with relevant staff to understand and evaluate the data management systems and processes (including IT systems and internal review processes) used for collecting and reporting the 2018 performance data and related disclosures for the topics covered in the report.
- A review of samples of documentary evidence, including internal and external documents, to support key management assertions throughout the report.
- For the 2018 performance data on energy use, greenhouse gas (GHG) emissions, water usage and waste, interviews with the external company responsible for collecting and consolidating utility data across State Street's operations as well as a review of the completeness and accuracy of the data including unit and emission conversion factors for energy use and GHG emissions, the reasonableness of estimations and extrapolations and the accuracy of the consolidation.
- A check on whether the report is in accordance with the GRI Standards (Core Option) and includes relevant information for TCFD and the UNGC.
- A check of the consistency of the economic performance data disclosed in the Report with State Street's 2018 10K submission, where relevant.

The limitations of our engagement

For the Economic performance data disclosed in the Report, we have restricted our work to checking the consistency of those data with the audited State Street Annual Report on Form 10K for the year ending 31 December 2018. We have not assured the personal views expressed in the Letters and interviews (Q&As) or the information in the 'Sidebars' included in the Report. While we have confirmed that the report is 'in accordance' with the GRI Standards (core option), we have not assured the additional information in the GRI Table in the Appendix. The reliability of the assured information is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

Our observations

We have provided State Street with a separate management report with our detailed (non-material) findings and recommendations. Without affecting the conclusions presented above, we have the following key observation(s):

- While wage equity was identified as a material topic for its own organisation, State Street continues to report only the percentage of female base salary compared to male base salary where this is required by regulation, for example for its operations in the U.K.
- As part of its materiality process in 2019 we encourage State Street to review its reporting boundary for this and other material issues to ensure comprehensive reporting across all relevant parts of State Street's global operations in future Corporate Responsibility Reports.



Jennifer Iansen-Rogers
Head of Corporate Assurance

23 April 2019

ERM Certification and Verification Services, London

www.ermcvs.com Email: post@ermcvs.com

ERM CVS is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS and the staff that have undertaken work on this assurance exercise provide no consultancy related services to State Street in any respect.



Disclaimer

The whole or any part of this report may not be reproduced, copied or transmitted or any of its contents disclosed to third parties without State Street's express written consent.

All sources of data are from State Street unless otherwise stated. All material has been obtained from sources believed to be reliable. There is no representation or warranty as to the accuracy of the information and State Street shall have no liability for decisions based on such information.

This document contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected.

The information provided does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. Investing involves risk including the risk of loss of principal. You should consult your tax and financial advisor.

ESG risk: The returns on a portfolio of securities that excludes companies that do not meet the portfolio's specified ESG criteria may trail the returns on a portfolio of securities that includes such companies. A portfolio's ESG focus may result in the portfolio investing in securities or industry sectors that underperform the market as a whole.

Gender diversity risk: The returns on a portfolio of securities that excludes companies that are not gender diverse may trail the returns on a portfolio of securities that includes companies that are not gender diverse.

Concentrated investments in a particular sector or industry (technology sector and electronic media companies) tend to be more volatile than the overall market and increases risk that events negatively affecting such sectors or industries could reduce returns, potentially causing the value of the Fund's shares to decrease.

Equity securities may fluctuate in value in response to the activities of individual companies and general market and economic conditions.

Non-diversified funds that focus on a relatively small number of securities tend to be more volatile than diversified funds and the market as a whole.

Passively managed funds hold a range of securities that, in the aggregate, approximates the full index in terms of key risk factors and other characteristics. This may cause the fund to experience tracking errors relative to performance of the index.

ETFs trade like stocks, are subject to investment risk, fluctuate in market value and may trade at prices above or below the ETF's net asset value. Brokerage commissions and ETF expenses will reduce returns.

Distributor: State Street Global Advisors Funds Distributors, LLC, member FINRA, SIPC, an indirect wholly owned subsidiary of State Street Corporation. References to State Street may include State Street Corporation and its affiliates. Certain State Street affiliates provide services and receive fees from the SPDR ETFs.

Before investing, consider the funds' investment objectives, risks, charges and expenses. To obtain a prospectus or summary prospectus which contains this and other information, call 1-866-787-2257 or visit www.spdrs.com. Read it carefully.

Not FDIC Insured • No Bank Guarantee • May Lose Value

State Street Corporation, One Lincoln St., Boston MA 02111

2514544.1.1.GBL

Expiration Date: 5/1/2020

©2019 State Street Corporation — All Rights Reserved

STATE STREET®

State Street Corporation
State Street Financial Center One Lincoln Street
Boston, MA 02111

www.statestreet.com