



STATE STREET®

≪ 225 YEARS ≫

2017 Corporate
Responsibility Report

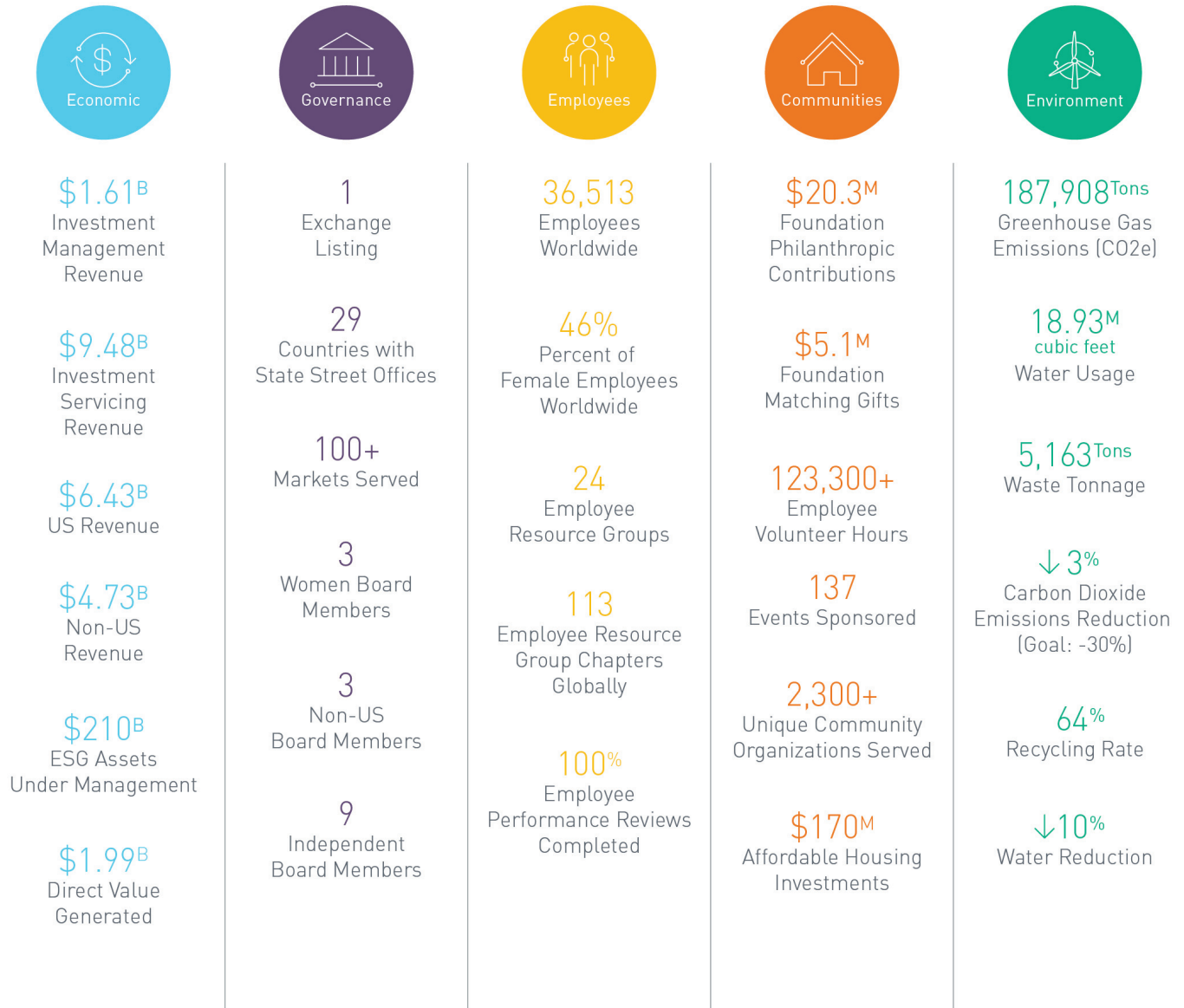
Creating Long-Term Value

As a financial institution with a global footprint and diverse clients, our business imperative is to create long-term value for our stakeholders. That's something we focus on every day in every business interaction — through strategic governance, careful risk management, responsible growth and innovation. Our impact also extends beyond the business of investing. By committing to social and environmental stewardship, human rights and responsible conduct, we hope to strengthen our communities and serve the greater good. These efforts are reflected in our corporate responsibility (CR) initiatives across the company.

CR is our commitment to all stakeholders. It means we strive to 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. Our values — Trust Is Our Greatest Asset, Always Finding Better Ways, Stronger Together and Global Force, Local Citizen — also support this commitment. We're dedicated to creating strong, meaningful relationships with all of our stakeholders while aspiring to grow responsibly as a company. CR reinforces our ability to create long-term value, as well as our accountability as a good corporate citizen.

This report summarizes our actions and aspirations as a responsible corporation across all facets of our work and operations, including how we upheld our commitments in 2017 and how we'll continue this journey. All data within the report is from State Street and is as of December 31, 2017, unless otherwise noted. The report has been prepared referencing the Global Reporting Initiative (GRI) Standards for corporate reporting. The appendix includes more detailed information on our management approach and our performance over the past year.

2017 CR Report Snapshot



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.

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Strategic Role of Corporate Responsibility

To Our Stakeholders



JAY HOOLEY,
Chairman and CEO

Jay Hooley is Chairman and Chief Executive Officer of State Street Corporation.

The world has changed dramatically since State Street's founding in 1792, but one constant over the past 225 years is our commitment to conduct our business in a responsible manner and do what is right for our shareholders, clients, employees and the communities in which we operate.

Protecting the Environment

We work hard to minimize our direct environmental impacts by pursuing goals to reduce the energy we consume, water we use and waste we generate. Building on the momentum we achieved by meeting our previous environmental goals three years ahead of schedule, we set new goals in 2017 based on internationally recognized frameworks. For instance, we have pledged to reduce our greenhouse gas (GHG) emissions by another 30 percent by 2025. In addition, we invested more than \$265 million during the year in renewable energy projects through our Tax Credit Investment program and purchased renewable energy certificates to offset all of our North American electricity use.

Our ability to address climate change extends far beyond our own efforts to reduce energy consumption and carbon emissions. The collective impacts of the thousands of companies that comprise State Street Global Advisors' investment portfolios present a tremendous opportunity for engagement on climate-related issues. In 2017, State Street Global Advisors issued guidance to the boards of companies where it owns shares, stating its belief that climate change should be regarded as any other significant risk to their businesses, and asking companies to outline their approaches to assessing and, if necessary, mitigating those risks.

Aligned with Global Partners

Our Corporate Responsibility (CR) program is aligned with the United Nations Global Compact, to which we are a signatory and board member of its US Network. In addition, our work addressing the UN's Sustainable Development Goals provides an important global context for our efforts and gives us the opportunity to better understand how the work we're doing at State Street can help address major global challenges.

We also support the recommendations of the Task Force on Climate-related Financial Disclosures, which provides guidelines on how companies should disclose the financial risks associated with climate-related issues. In our case, we expect the primary opportunity for enhanced disclosures will relate to our asset management activities. While much work remains to be done regarding the details of the disclosures, we applaud the work achieved thus far and will remain engaged in this dialogue.

A Foundation for Responsibility

Our role as a trusted financial services provider extends well beyond delivering services and solutions to our clients. It requires operating responsibly in global financial markets and helping to maintain systemic financial stability.

One testament to our strong foundation for responsible business is our 2017 resolution plan (also known as a "living will"). The Federal Reserve and the Federal Deposit Insurance Corporation require large financial firms to periodically submit resolution plans to describe their strategy to minimize disruption to financial markets and protect client assets in the event of material financial distress or failure of the company. We view this process as integral to our overall risk framework and a part of our strategy and operating model. In their review of our 2017 resolution plan, the agencies did not identify any deficiencies or shortcomings.

In recent years, we have made a concerted effort to strengthen our culture of integrity and risk excellence. As part of this effort, we have significantly enhanced our risk assessment and monitoring capabilities, as well as our controls and governance. In 2017, we expanded employee training related to ethics and compliance, with a strong focus on empowering employees as our first line of defense in mitigating our operating risk. We are also actively

encouraging our people to challenge and debate decisions regardless of their level within our organization, and to speak up if they see behavior that appears to conflict with our values or Standard of Conduct.

Global Force, Local Citizen

One of our values is “Global Force, Local Citizen.” This means that while we operate globally and have a global mindset, we also take pride in supporting the well-being of the local communities in which we operate. We focus our charitable efforts on education and workforce development because providing people with the knowledge and skills they need to find sustainable work is essential to building strong communities and economic prosperity over the long term.

State Street Foundation, which marked its 40th anniversary in 2017, has expanded its reach as our company has grown over the past four decades. The Foundation provided \$20.3 million in grants to charitable organizations around the world in 2017. Key to our social impact is the generosity of our employees, and in 2017 more than one-fifth of them participated in community volunteer activities, devoting more than 123,000 hours of their time to charitable causes.

One example of our commitment to our communities is the Boston Workforce Investment Network, or Boston WINs, a multiyear, \$20 million initiative launched in 2015 by our Foundation in partnership with five nonprofit organizations focused on increasing education and job readiness for Boston youth. At the end of 2017, these charitable organizations were working with 26 Boston public high schools and together had served over 50 percent more students than at the start of the program. In addition, State Street had hired roughly 450 aspiring professionals who worked with one or more of our Boston WINs partners, thus strengthening our pipeline of diverse talent for future leadership roles.

Diversity and Inclusion

Another foundational element of our CR approach is our commitment to diversity. We’re creating a more diverse and inclusive State Street, not only because it’s the right thing to do, but because it also makes good business sense. The research is irrefutable — diverse perspectives lead to better decision-making and better business results.

In 2017, we signed the CEO Action for Diversity & Inclusion pledge to welcome and respect diversity and inclusion, and share best practices with our peers. This, along with the clear goals we've set for advancing diversity within our company, will help ensure State Street continues to build a more inclusive organization.

Looking Ahead

Late in 2017, we announced that I will retire as CEO by the end of 2018, while continuing to serve as chairman of the board through 2019. State Street's commitment to being a responsible corporate citizen will extend far beyond my tenure. My successor as CEO, Ron O'Hanley, currently State Street's president and chief operating officer, is a vocal advocate for strong corporate responsibility and stewardship. I know he will bring sharp focus to our CR program and sustain our long tradition of working to serve the best interests of all our stakeholders.

A handwritten signature in black ink, appearing to read "J. J. Hanley". The signature is written in a cursive style with a large initial "J" and a distinct "H".

From the Chair of the Executive CR Committee



RICK LACAILLE,
Chairman of the Executive
Corporate Responsibility
Committee

Rick Lacaille is Global Chief Investment Officer (CIO) of State Street Global Advisors and executive vice president of State Street Corporation. He became chairman of our Executive Corporate Responsibility (CR) Committee in June 2016.

In many ways 2017 was a watershed year in which the major corporate responsibility impact issues we have championed for years became mainstream and were embraced by a growing number of companies. Increasingly, companies cannot afford to ignore these issues. As the investment head of State Street's asset management business, I was especially pleased by the multiplier effect of our own efforts as a large global investor on environmental, social and governance (ESG) issues. Our call last year on corporate boards to incorporate ESG risks and opportunities into their companies' long-term strategy, including increasing gender diversity, resonated far beyond corporate governance circles.

Marking International Women's Day with our Fearless Girl statue in New York City was meant not only to symbolize the power of female leadership, but also to reinforce the mounting evidence linking greater gender diversity to better corporate outcomes and to set an aspirational goal for all of us, including State Street. More importantly, our willingness as one of the world's largest institutional shareholders to use our proxy voting policy to underscore our views on these important issues set an example for other large investors and led to measurable improvements. That leadership resonated with investors and companies around the world as well as closer to home, as we strengthened our employee engagement by raising our voice on issues that matter deeply to our employees.

We also continue to press our own senior leadership for more transparency and action internally around broader diversity and pay equity issues as well as build on our philanthropic efforts in the communities where we work. Mindful of the impact we have on the economy and society as a finance organization, we were pleased to have our lead regulator identify no deficiencies in our resolution plan in 2017.

Advancing Our CR Goals

We continue to base our CR priorities on the materiality survey we regularly undertake to assess State Street's impact on its stakeholders to ensure alignment. These goals consist of annual targets as well as enduring commitments to constant improvement around CR communication and program enhancements. Each year we build upon our environmental goals, and this year we launched new goals around water reduction and recycling. We continue to reduce our carbon emissions based on science-based targets, and we are on track to achieve our 2025 environmental goals. In 2017, State Street declared support for the Task Force on Climate-related Financial Disclosures, an important global initiative aimed at improving the quality and consistency of corporate reporting around climate-related financial risk.

Quality and consistent data around ESG issues, including climate risk, remains an important focus across our businesses. Last November our Global Exchange business launched ESGX, a new analytics tool designed to provide information to help clients bring transparency and standardization to their ESG investing. Within State Street Global Advisors, we made ESG a research priority across all of our investment teams. As a result, we have now integrated an ESG quality factor into all of our active quantitative equity strategies and launched a new multi-factor Smart Beta strategy that explicitly includes ESG. Our leadership on ESG issues is welcomed by a growing number of employees who have joined our Environmental Sustainability Employee Network (ESEN), one of the largest at State Street.

Increasingly we see strong synergies between the work we do as global asset managers and servicers and our own CR efforts. We believe this is part of a growing recognition that companies need to focus on their broader social and economic impact on behalf of all their stakeholders: shareholders as well as clients, employees and the larger community. From the beginning that has been State Street's CR mission and it will continue to drive our efforts.



2017 CR Goals and Progress



2018 CR Goals



Launch new goals for water reduction and recycling and continue to advance against our science-based targets goal to reduce carbon emissions



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



Research and prepare for State Street to respond to new reporting requirements mandated by the EU Directive on Non-Financial Reporting and the Task Force on Climate-related Financial Disclosures, as well as others that may be appropriate



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



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

Creating Long-Term Value

As an organization, our purpose is to create long-term value — for our customers, shareholders and the stakeholders who share in our success, including our employees and the communities and environment in which we operate.

Governance and Materiality

Our management and governance structures ensure that we keep corporate responsibility at the center of our operating focus, and that we align our actions with the financial, social and environmental issues most important to our shareholders through a biannual materiality process. Our ability to create long-term value, while most visibly manifested in terms of financial results, is supported by strong performance in non-financial topics related to our role as a responsible corporation. In fact, the importance of these non-financial topics is demonstrated by State Street's own encouragement of investee companies to manage their performance in these areas. This report describes how our governance structures promote strong risk management, responsible growth and innovation — three topics that encompass the range of issues material to State Street, and that act in concert to drive long-term value creation for the company.

State Street 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 the shareholders. The Board of Directors meets regularly throughout the year to discuss a broad array of issues, including the company's performance, plans and objectives.

At all times, 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 as established by the Securities and Exchange Commission (SEC) and the NYSE.

The Board also has a Risk Committee, an Executive Committee and a Technology Committee. From time to time committee members are appointed by the Board upon recommendation of the Nominating and Corporate Governance Committee.

The Board, including through its committees, also attends 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 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 matters

Corporate Responsibility Committee

The State Street Board has authorized the establishment of an Executive CR Committee led by a senior executive of the company that is charged with setting the CR strategy, executing programs and initiatives and monitoring progress of those programs. Each year, this committee develops goals that are not only material to State Street, but also promote new opportunities relevant to our ESG objectives. These issues include environmental sustainability, social and community-focused programs and employee engagement and diversity programs. The committee also has been charged with supporting our responses to the Task Force on Climate-related Financial Disclosures and the European Union's Directive on Non-Financial Reporting ("EU Directive"). This 2017 Corporate Responsibility Report, once ratified by the appropriate governance bodies in the subject countries, will fulfill State Street's obligations under the EU Directive.

The Global Corporate Responsibility Officer at State Street is accountable to the Executive CR Committee and provides operational leadership for the corporate responsibility activities under its purview. One major activity is our biannual materiality assessment, where internal and external stakeholders participate in a process to determine which issues will be the focus of State Street's CR efforts.

Setting Our Priorities with Material Corporate Responsibility Topics

We focus our CR initiatives and this report on the most relevant topics for our company and stakeholders. To keep us on track, every two years we conduct a materiality assessment that aligns with the principles and guidelines of the Global Reporting Initiative (GRI). This exercise allows us to prioritize the most relevant CR issues in terms of their impacts on the world, their importance for our business and stakeholders and their ability to create value for State Street.

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 GRI guidelines, the ISO 26000 Guidance on Social Responsibility, the EU Directive on Non-Financial Reporting, the Task Force on Climate-related Financial Disclosures, the Sustainability Accounting Standards Board (SASB), CR reports of other financial institutions and topics known or assumed to be relevant to sustainable development.

To narrow this list, we considered whether each topic presented significant risks or opportunities to State Street, if it was related to our core values and the extent to which it would impact our stakeholders' interests. Some topics were excluded from further consideration after this initial screening.

Gathering Input from Our Stakeholders

To incorporate the diverse perspectives of our stakeholders, we asked colleagues across business units and regions to provide feedback on potential material topics. State Street managers from Asia Pacific (APAC), Europe, Middle East and Africa (EMEA) and North America were asked to participate in an online survey to determine the relative importance of CR topics. We also selected representatives from our external stakeholder groups including clients, investors, suppliers, nongovernmental organizations (NGOs) and academics, to offer their perspectives on which CR topics were most important.

All survey participants were asked to rate each topic from irrelevant to highly relevant. To add another layer of granularity, we also asked survey respondents to choose the 10 most important topics out of all 32 topics provided, and to rank order them. This added a weighted value dimension to the 10 topics selected when compared to the greater pool of 32 topics assessed.

These results, as well as comparisons to relevant standards' reporting requirements, regulatory issues, impacts on sustainable development and other sector- and company-specific factors, were then presented to key State

Street managers from APAC, EMEA and North America in three separate workshops. In group discussions, we reviewed each topic and determined which should be considered material, which could be combined with other topics and which were not materially relevant. This process yielded our final set of material topics.

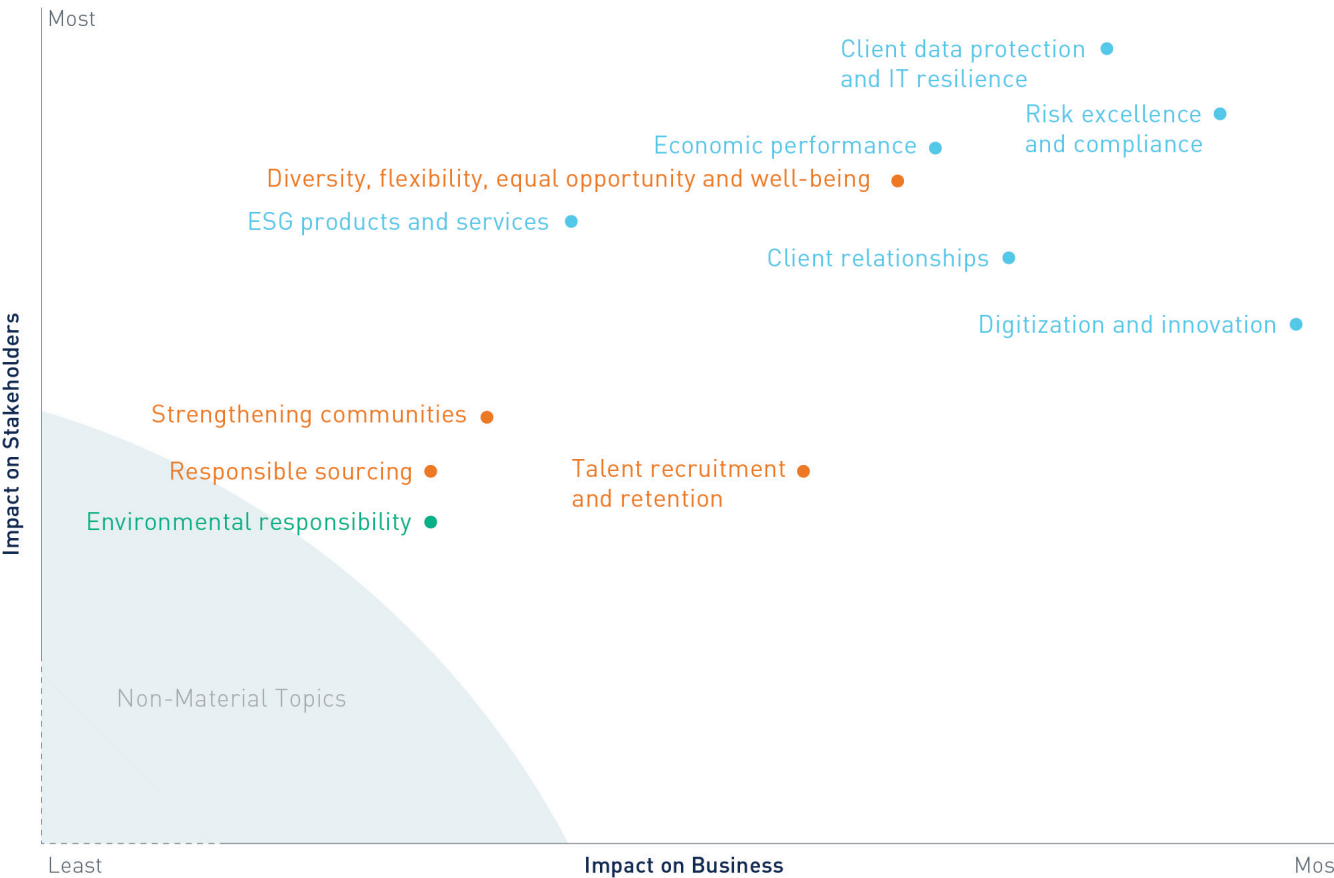
Materiality that Supports Value Creation

For visualization, our resulting materiality topics were plotted on two dimensions: their impact on State Street’s business and their impact on stakeholders. These factors pinpoint the relative and absolute positions of the topics with respect to one another. Their relevance also intentionally focuses on each topic’s ability to holistically create long-term value for State Street and our stakeholders.

The following chart shows the 11 focus topics that are currently most relevant to our company and stakeholders. While not identified as material, some topics may still contribute to our performance on the issues that are material. Examples include client satisfaction, professional development and training, local job creation, financial implications of climate change and GHG emissions from operations. These are listed below our materiality matrix for additional clarity.

Materiality Matrix

● Economic ● Social ● Environmental



Material Topics 2017

● Economic ● Social ● Environmental

In order of materiality with consideration from both dimensions:



Client data protection and IT resilience

- IT infrastructure and resilience
- Client data privacy



Risk excellence and compliance

- Business ethics
- Appropriate incentives for employees
- Fair competition
- Anti-corruption policy and training



Client relationships

- Client satisfaction
- Brand image



Economic performance

- Economic value generated and distributed



Digitization and innovation



Diversity, flexibility, equal opportunity and well-being

- Gender compensation equality



ESG products and services

- ESG risk audits
- ESG shareholder engagement and investment screening
- Proxy voting
- Financial implications of climate change



Talent recruitment and retention

- Employee benefits
- Professional development and training



Strengthening communities

- Wealth and income creation in society
- Local job creation



Responsible sourcing

- Human rights policy and training for the supply chain



Environmental responsibility

- GHG emissions from operations
- Energy efficiency
- Recycling
- Water use and waste

Task Force on Climate-related Financial Disclosures

In 2017, State Street Corporation and State Street Global Advisors registered their support for the voluntary recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). As one of the world's largest asset managers, we seek to influence ESG practices of companies in which we invest, and we will continue to encourage companies in our portfolios for which climate change presents material risks to adopt better policies, practices and disclosures.

We demonstrate our support for such meaningful disclosure of material sustainability and stewardship-related information by disclosing the impacts of our own operations in our annual Corporate Responsibility (CR) Report or other reports — an approach that is supported by the TCFD. Our carbon-related impacts are actively managed through four primary channels: governance, strategy, risk, and metrics and targets.

Governance: The Executive CR Committee reports to the Board of Directors at least once per year. In addition, the Board of Directors is responsible for monitoring our material activities and practices regarding environmental, social and governance matters

Strategy: Our carbon-related strategies, recognizing that our impacts are greatest in our investment activities, are focused on our ESG-related products and services including municipal- and tax-related products and the ESG-focused data services led by our Global Exchange team.

Risk: Our building and operations teams assess and manage carbon-related risks through our environmental management program.

Metrics and targets: We actively manage our carbon performance using science-based targets for greenhouse gas emissions and internal carbon pricing.

As outlined in this report under ESG Products, Services and Investments, we also support the concept of expanded disclosure of material data regarding the impacts of our portfolio investments. Over the course of four years, State Street Global Advisors has held more than 240 climate-related engagements with 168 companies. It was through these engagements that we found that few companies can effectively demonstrate to investors how they integrate climate risk into long-term strategy. More expansive disclosures and comprehensive impact assessments depend on high-quality and timely data. At this point such data is not consistently available or of sufficient quality to make such disclosures accurate or meaningful.

However, we do believe that progress can be made. It is our belief, that by providing data in the following four areas, investors can gain a more holistic perspective of how a company manages climate-related risks, understand what steps the company is taking to mitigate such risks, and gain an overview of the governance structures in place to oversee these processes. We engage with companies in the following areas:

Governance: We expect companies, particularly in high-impact sectors such as the oil and gas sector, to address how the board or its committees oversee climate risks. As best practice, companies will ensure that directors have some knowledge, expertise or training on material sustainability or climate risks facing the company.

Establishing GHG Goals: We view establishing company-specific GHG emissions targets as one of the most important steps in managing climate risk. Appropriate, long-term goals help companies manage emissions, demonstrate robust planning processes, and help contextualize capital allocation processes.

Carbon Pricing Assumptions: Establishing a price for carbon (carbon price) is a tool that companies have used to capture and monetize the costs and impacts of their activities as they relate to climate change, allowing them to express and incorporate the cost of operations, compliance and future regulations into strategic decision-making.

Role of Scenario Planning: By incorporating results from scenario planning exercises into long-term strategy, companies can better position themselves to capitalize on opportunities and to mitigate risks. We have found that companies undertaking robust scenario-planning exercises often demonstrate their leadership in addressing climate risk by communicating to shareholders the impacts of their findings on their long-term capital expenditure plans.

We recognize that the work on improving disclosure of climate-related information has only just begun. As a long-term investor, State Street Global Advisors expects boards to consider climate risk as they would any other material risk to the sustainability of their business. However, the challenge of developing detailed guidance on emerging best practices remains. We expect to collaborate with the Task Force and other investors to address these challenges with the objective of promoting consistent and valuable disclosures over time and will continue to participate in the TCFD process in a genuine and forthcoming manner.

TCFD Statement

August 1, 2017

State Street Corporation and State Street Global Advisors applaud the voluntary recommendations of the TCFD. As one of the world's largest asset managers, we take our role as stewards of our clients' assets seriously by seeking to influence ESG practices of companies in which we invest. We have a strong track record of using both our voice and our vote to mitigate the risk of climate change to our portfolio companies and will continue to encourage companies in our portfolios for which climate change presents material risks to adopt better policies, practices and disclosures. In addition to our stewardship activities, our support for the TCFD is backed by our commitment to provide meaningful disclosure of relevant material information in our annual Corporate Responsibility Report or other reports that pertain to our sustainability and stewardship-related efforts — an approach that is supported by the TCFD. We anticipate that the principal opportunities for enhanced disclosure will relate to State Street's asset management activities. Consequently, our public disclosure will focus on our practices within State Street Global Advisors, our asset management division, and we do not at this time anticipate including climate reporting in our financial statements or other SEC filings. We recognize that the work on improving disclosure of climate-related information has only just begun. The challenge of developing detailed guidance on emerging best practices still remains. We expect to collaborate with the Task Force and other investors to address these challenges with the objective of promoting consistent and valuable disclosures over time, and may update this Statement of Support from time to time, as appropriate.

Generating Value

We're dedicated to generating consistent revenue growth and maintaining expense discipline for our shareholders. The economic success of our business determines our ability to serve all stakeholders while creating value for State Street. To maintain our financial prosperity, we manage the risks inherent in our business with systems, procedures and oversight focused on transparency and long-term sustainability.

Total and Fee Revenues Increase Due to Strengthening in Fees

Our total revenue and fee revenue increased 9% and 10%, respectively, in 2017 compared to 2016. This was primarily driven by increased servicing fees, management fees, processing and other fees, and the impact of the weaker US dollar, partially offset by lower trading services revenue.

Servicing fee revenue increased by 6% compared to 2016, primarily due to market appreciation and net new business, partially offset by continued hedge fund outflows and the impact of the businesses we exited in 2017. Management fee revenue increased by 25% compared to 2016, primarily due to the GE Asset Management (GEAM) business acquired in 2016, continued strength in global equity markets and ETF flows.

Minor Increase in Expenses Coupled with Beacon Program Savings

Total expenses in 2017 increased 2% compared to 2016, primarily due to higher restructuring charges, information systems and communications costs, and compensation and employee benefit costs, partially offset by approximately \$150 million of the State Street Beacon program's savings. State Street Beacon is a multiyear transformation program that delivers cost efficiencies through changes in our operational processes and further digitization of our processes and interfaces with clients. Total Beacon program-to-date savings were approximately \$325 million through December 31, 2017.

In 2017, we also recorded restructuring charges of \$245 million related to Beacon. We expect Beacon target savings of \$550 million to be realized by mid-2019, 18 months ahead of schedule.

Increase in Dividends and Return on Equity

During 2017, we declared common stock dividends of \$1.60 per share (2016: \$1.44), totaling approximately \$596 million. Return on average common shareholders' equity increased to 10.6% in 2017 compared to 10.5% in 2016. We purchased approximately 16.8 million shares of our common stock at an average per-share cost of \$86.37 and an aggregate cost of approximately \$1.45 billion.

Summary of Financial Results (Dollars in millions, except per share amounts)			
Revenue	2017	2016	2015
Fee Revenue	\$8,905	\$8,116	\$8,278
Interest income	\$2,908	\$2,512	\$2,488
Interest expense	\$604	\$428	\$400
Net interest revenue	\$2,304	\$2,084	\$2,088
Gains (losses) related to investment securities, net	\$(39)	\$7	\$(6)
Total Revenue	\$11,170	\$10,207	\$10,360
Provision for loan losses	\$2	\$10	\$12
Expenses			
Operating costs	\$3,875	\$3,724	\$3,989
Compensation and employee benefits	\$4,394	\$4,353	\$4,061
Total Expenses	\$8,269	\$8,077	\$8,050

	2017	2016	2015
Income before income tax expense	\$2,899	\$2,120	\$2,298
Income tax expense (benefit)	\$722	\$(22)	\$318
Net income	\$2,177	\$2,143	\$1,980
Preferred stock dividends and dividends & undistributed earnings allocated to participating securities	\$184	\$(175)	\$(132)
Net income available to common shareholders	\$1,993	\$1,968	\$1,848

Earnings per common share			
Basic	\$5.32	\$5.03	\$4.53
Diluted	\$5.24	\$4.97	\$4.47
Average common shares outstanding (in thousands)			
Basic	374,793	391,485	407,856
Diluted	380,213	396,090	413,638
Cash dividends declared per common share	\$1.60	\$1.44	\$1.32
Return in average common equity	10.6%	10.5%	9.8%

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.

Serving Our Clients

Our clients and shareholders are critical stakeholders for our company. Our most important responsibility as a business is to create financial value for them, and this is accomplished only if they are satisfied with our work, and we gain their trust and loyalty.

Measuring Clients' Experiences

To maintain successful, productive client relationships, we focus on understanding and enhancing our clients' satisfaction with our services. We provide them with frequent opportunities to articulate their needs and suggest servicing improvements. These include client experience and satisfaction surveys and regular feedback from direct client interaction. Measuring our clients' satisfaction and loyalty helps us keep a pulse on their experience with State Street, while providing them the chance to engage and be heard.

A key part of understanding customer satisfaction and loyalty is differentiating between the two. To make this distinction, we developed a process for collecting and responding to feedback based on the Net Promoter® Score (NPS) methodology. Using the NPS framework, State Street's client experience program asks clients how likely they are to recommend our company to others on a scale of 0 to 10, with 10 being the most likely. Clients who respond with a 9 or 10 are considered "promoters."

In 2017, 122 individuals from our top 25 clients participated in our client experience program, including strategic contacts in Europe, the Middle East and Asia Pacific. In this year alone, we received more than 450 unique comments, offering actionable perspectives on key areas of service and potential for building stronger partnerships. We've seen strong, sustained response rates from participating accounts and are working to collect deeper feedback as the client experience program expands globally. We expect to include approximately 90 global clients in this process by the end of 2018.

Maintaining Client Relationships

As part of a structured process for continuous improvement, we contact clients immediately after they provide feedback to understand more about their experience and address any issues they expressed. To identify more strategic opportunities, we develop account action plans that connect specific feedback with business initiatives. These client engagements contribute to our goal of "promoter" advocacy by creating and prioritizing activities that will generate the best possible client outcomes.

Since the program was introduced in 2014, scores have improved consistently. Clients continued to express more positive feedback in 2017, and each round of surveys provided rich insights into their experience with State Street. A large percentage of the accounts included in the program in 2016 and 2017 indicated a greater willingness to advocate on behalf of our company and commented that improvements had been made based on prior feedback. Our client experience program enables us to identify what we need to focus on and improve to increase our clients' loyalty.

Driving Value through Thought Leadership

Thought leadership plays a critical role in how we provide value to our clients. We conduct targeted research to provide strategic insight into issues shaping the future of the investment industry, focusing on topics that are meaningful to investors worldwide.

For example, we develop resources on industry challenges and trends that deepen our clients' understanding of the markets. When a client expresses interest in a subject, we connect them with industry professionals to share best practices in areas such as product development, regulation and technology. Our Center for Applied Research (CAR), an independent think tank that resides at State Street's corporate level, comprises a global team of researchers. CAR affords strategic insights into issues shaping the future of the investment industry, providing company briefings, conferences and multimedia presentations for clients and stakeholders. In March 2017, CAR published a report entitled "The Investing Enlightenment," which addressed the focus on ESG considerations as a means to creating sustainable value. Overall, CAR's targeted, global research covers topics such as:

- Investor behavioral shifts
- Environmental, social and governance (ESG)
- Asset allocation patterns
- Culture
- Competitive landscape analysis

Together, our client feedback program and thought leadership initiatives strengthen our relationships with our valued clients. We strive for their satisfaction, and in turn, their loyalty supports our continuous growth and ability to create value.

Managing Risk

In any enterprise, there is risk associated with carrying out the operations of the business — including financial, social and environmental aspects. To mitigate these potential risks, we have developed a culture of risk excellence and of strict regulatory compliance. This culture — which is a mainstay in our CR program — is supported by multiple levels of defense that govern risk both within our own operations and in our extended value chain. With our highly developed risk management processes and culture, we ensure our capacity for long-term value creation continues with minimal threat to underlying economic, social and ecological capital.

Risk Culture and Compliance

How we approach risk management can help differentiate our company from our competitors. State Street approaches risk management through two avenues: a strong culture of risk excellence and an uncompromising commitment to compliance. Risk excellence, our culture of applying best practices for risk management, is crucial to our success and integrity. Strict compliance with all applicable rules and regulations maintains our fair and honest business conduct. We also believe that risk is best managed where it originates, so we focus on the potential risks that arise during decision-making.

We are also committed to being accountable for our decisions and actions. To strengthen this accountability, our risk excellence culture and commitment to compliance has three lines of defense. They are:

- First line: Every employee owns and manages risk and is responsible for their own internal control environment.
- 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, identifies improvement opportunities and suggests further action.

Risk and Compliance Governance

To achieve risk excellence and assure compliance, we must maintain reliable and comprehensive oversight of all our policies, programs and initiatives. We manage all compliance and risk assessment programs primarily through the work of three risk management committees: the Management Risk and Capital Committee, the Business Conduct Risk Committee and the Technology and Operational Risk Committee. These three committees are overseen at the Board of Directors level by the Risk Committee, the Examining and Audit Committee and the Technology Committee. This structure provides comprehensive oversight to the wide range of issues related to risk, compliance and ethics. Also central to our risk management program is our Compliance Risk Management Framework (CRMF). The CRMF outlines the roles and responsibilities of the Board and management regarding compliance risk management.

Creating Accountability

In 2017, we developed a control structure led by our Business Control Executives for each line of business. These teams helped establish many programs that improved our internal controls and compliance efforts and facilitated cross-divisional sharing of issues to find an issue once and fix it before it is an issue for other divisions. Internally, we reference this as “find once, fix many.” This strengthened our first line of defense, creating accountability in all our business units.

Within the UK, we also recently began a Senior Managers Regime (SMR) program, to ensure personal accountability in decision-making. As part of SMR, specific conduct rules require that individuals take reasonable steps to ensure that they conduct business in a well-controlled manner. Focused training and business practices within the UK facilitate compliance with these rules — and as a result also enhance our risk management in State Street’s UK-based businesses.

Enhancing Our Controls

In the past year, we witnessed a dramatic increase in proposed anti-corruption legislation around the world. We also experienced an expansion in the scope of anti-corruption liability for corporations and complex multinational enforcement in this area. As a firm, we continue to 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.

Policies and procedures include:

- 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

At State Street, our business depends on our being a trusted partner where risk excellence and compliance remain our top priority. As a part of our Compliance Oversight Program, we analyze our global business for risks related to corruption. Any potential violations of State Street policy or law are promptly handled pursuant to the Global Conduct Standards Policy. We did not experience any confirmed instances of corruption in 2017. This past year, we also enhanced the systems and controls that support compliance related to global anti-money laundering regulations, and improved our metrics related to self-identification of control issues within our business units.

Ensuring Ethical Business Practices

Achieving risk excellence means understanding inherent risks and consciously pursuing ethical business practices. State Street’s Standard of Conduct (SOC) supports those efforts, explaining our commitment to ethics while also describing our Anti-Bribery and Corruption Policy. The SOC includes the Ethical Decision-Making Framework, which guides employees’ decision-making process when there is not a prescriptive rule for the situation at hand. The SOC 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, we prohibit employees from giving or receiving anything of value in exchange for a specific or perceived business advantage. We have a strict annual limit of US\$250 for gifts given to an individual, and any gift or entertainment offered to a public employee or US union official requires prior approval from our Ethics team.

We also comply with regulations regarding how we represent our products and how we compete in business. As part of our global marketing and advertising procedures, State Street’s Marketing teams and business groups rely on compliance reviews of marketing and advertising communications 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. In some cases, certain public communications receive greater scrutiny than is legally required. In 2017, we developed a Global Marketing training module that guides us in applying best practices for ethical marketing.

In 2017, we had no instances of noncompliance with regulations or our policies regarding marketing communications, which reflected our dedication to ethical marketing and fair competition. Similarly, there were no legal actions taken against State Street for anti-competitive behavior, anti-trust issues or monopolistic practices.

Compliance Training

To further fortify both our risk excellence culture and compliance practices, our employees undergo robust compliance training. In 2017, all State Street employees were required to successfully complete State Street's SOC Training. This training exposes all State Street employees globally to ethical decision-making and to specific industry conduct requirements that touch on:

- Information Security and Privacy
- Conflicts of Interest
- Client Gifts and Entertainment
- Political Activities and Donations
- Charitable Giving
- Insider Trading
- Fraud Awareness
- Internal Reporting

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.

Additionally, employees must complete relevant stand-alone trainings on high-importance topics, such as Global Anti-Money Laundering and Sanctions Programs, Anti-Bribery and Corruption, Fraud Awareness and Gifts and Entertainment.

Finally, some employees complete additional, targeted trainings on Political Activities, Speaking Up and Internal Reporting.

To further training efforts, in 2017 we developed fiduciary risk training for employees that reinforces our duty of care to clients. We also continued our training on the use of our Ethical Decision-Making Framework and updated our Standard of Conduct. We continuously monitor adherence to high-risk policy areas like 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 the State Street Compliance Enforcement Procedure. This procedure establishes a standard global framework for the enforcement of all policy requirements, including the requirement to complete compliance trainings on time.

Speak Up/Listen Up Training

Expanding on our training for risk excellence, in 2016 we developed a “Speak Up/Listen Up” program that includes case-based, in-person training on the most effective ways to develop stronger cultures of speaking up within organizations. “Speak Up/Listen Up” trains managers to consciously listen to their peers and encourages employees to share their thoughts and perspectives to further our compliance performance. We trained 6,500 employees in 2017 and the online program will be rolled out company-wide in 2018. A whistleblower hotline is available to all employees and stakeholders as an additional method to speak up.

Risk Excellence and Compliance Procedures



KAREN KEENAN,
Chief Administrative Officer

To learn more about the evolution of our approach to risk excellence and compliance at State Street, we spoke with Karen Keenan.

Q: How does your role as Chief Administrative Officer (CAO) fit within State Street's greater risk excellence approach?

The CAO is an enterprise-wide role charged with creating consistency of controls across all the business units. My primary goal as the CAO is to develop global consistency where possible, and align with regional or product differences where required — particularly regarding risk excellence. We're trying to ensure that risk excellence is more than just lip service — it's a core part of how we do business.

In practice, this means risk management has a significant presence in every business unit. For example, in each business unit, we have accountable executives, which we call business control executives. These individuals have dual reporting lines: They report to both their business leader and to me, as CAO. This means if we find a problem in one business unit, we have the oversight and connections to go through all other business units to determine if they have similar problems. Our goal? Find it once, fix it many.

I look at everything from a process perspective and ask myself, "How many different variations of a process are happening at State Street, do we need all of them, and can we create consistent, harmonized processes, policies, procedures or technologies?" That's my goal.

Q: From your perspective, what is "risk excellence" at State Street?

Risk excellence revolves around our three lines of defense model, with the first line being really owning and managing your risk. This means every employee owns and manages risk and is responsible for their own internal control environment. In the second line of defense, Enterprise Risk Management and Corporate Compliance teams establish and monitor adherence to the Risk Appetite Statement and Compliance Risk Management Framework. For the third line, Corporate Audit provides independent assurance of the control environment, identifies improvement opportunities and suggests further action.

Beyond this, risk excellence at State Street means instilling a culture founded on owning and managing risk, complying with regulatory obligations and expectations and acting with integrity. However, culture change is not easy. It needs daily attention, but takes years to accomplish. We've made a lot of progress, but there's still more room to grow in all the business units. My priority is to keep letting everyone know how far we've come, and how much more we must do.

Q: How does employee training contribute to building a risk excellence culture at State Street? What types of training do you use?

Before we could even think about risk excellence training, we realized we all had to agree on consistent definitions of "risks," "issues" and "crises." For example, when we first began rolling out our new risk strategies, we found that our Audit team had one definition for an "issue," the Compliance team had another and our business units had no definition. This led to our reaching an agreement on what an issue is, how to manage it and where to find it in our newly introduced Issue Management Standards. Then we began peeling back that onion: first, agreeing on a risk ranking. Does "critical" have the same meaning in all business units? Once we delved into this, we landed on a common language. Then we converged on risk units. Together, all these efforts allowed us to develop an overarching system that houses all risk and governance issues. In execution, this system is the foundation for our training.

We've learned that training is foundational to understanding the "why." You can read procedures to determine the "what" and "how" to do a job and be compliant in the process, but training on risk excellence paints the picture of why it's important to take such controls and procedures seriously.

Unfortunately, given how busy schedules are and the reality that we operate in different time zones, it's sometimes challenging for managers to instill the "why" with employees on a one-on-one basis. That's why our organizational risk excellence training is key.

Training also teaches managers to listen. We have a "Speak Up/Listen Up" training that is based on conscious efforts to listen and detect issues before they become significant. "Speak Up/Listen Up" trains managers to listen carefully while simultaneously providing peers with the chance to comfortably share their thoughts and observations. This program began in 2016 as a pilot

program with 61 executive vice presidents. In 2017, we rolled this out to 6,500 employees and moving forward, we will deploy an online version to all remaining employees.

Q: Through your role, what are some of the biggest takeaways you have learned about risk management?

Above all, risk excellence falls apart if the executive leadership does not reflect the desired behavior. No employee will take any initiative seriously if they don't see a role model in the CEO or executive management teams. Thus, the tone from the top must be loud and clear enough for it to permeate across the organization.

We have a variety of stakeholders who trust us to keep their assets safe. Whether it's clients with their funds, shareholders with their investments, employees with their livelihoods or regulators guarding against systemic risk in the system, trust plays a critical role in our business. A commitment to risk excellence ensures that every single one of our stakeholders gets exactly what they're looking for.

Our currency is trust, and trust is our greatest asset.

Information Security

Creating long-term value for our clients depends on access to and analysis of vast amounts of data. This is made possible by implementing long-term, risk-based approaches to data security while continuously expanding and adapting our information security program to remain ahead of constantly evolving threats to that security. By investing in people, training, processes and technologies to protect our clients' data, we can minimize risks to the data we are entrusted with. For example, we utilize a centralized access management platform that speeds processing time, reduces risk by automating controls and enables us to control access via systemically enforced policies and workflow rules.

Data Security and Access

Our Identity and Access Management program helps to ensure that access to critical information is given at the right times, to the right people and for the right reasons. Our enterprise provisioning platform automates data access requests and approval processes across State Street throughout the employee and contractor life cycle.

Our Information Security Officer (ISO) program drives tight integration of information security risk management practices throughout each of our business lines. In 2017, we made significant enhancements to the program, including the adoption of a shared accountability model. Senior ISOs within the program now report to both senior leadership and the Corporate Information Security (CIS) team. Each ISO is responsible for monitoring compliance to CIS policies and controls within their respective areas. They also complement information security best practices by tailoring information security awareness programs to meet the needs of their respective business units. This model strengthens policy awareness and implementation, advancing data security practices across the entire company.

As a component of our Data Loss Prevention strategy, we have deployed a software solution that forces data classification of data files which designates the security requirements during transmission and creates traceability. In 2018, we will work to integrate our email classification software with a data protection tool. This tool will help us manage access, encryption and revocation internally, and show the movement of data externally. These combined softwares help enforce policy according to our data classification protocols and how data moves within and outside of our walls.

Cybersecurity and IT Resilience

Currently, organized crime groups and nation states use sophisticated tools and techniques to compromise information systems around the world, stealing sensitive and proprietary information. To maintain our stakeholders' faith in our data security, we continuously expand our Cyber Operations capabilities. These identify, assess and defend against increasingly sophisticated cybersecurity threats. We further augment our analytics and intrusion detection capabilities by partnering with third-party security specialists. We did not receive any substantiated complaints regarding our customer privacy programs during the reporting year, nor any leaks, thefts or losses of customer data.

In 2017, we further expanded State Street's cyber and information security by developing a common security framework that all of our global organization and aligned operations, including subsidiaries, affiliates and joint ventures, work within. We introduced additional data leakage prevention technologies and processes across the enterprise and continued to build State Street's "Next-Gen" Cybersecurity capability.

Managing Our Suppliers

An important element of managing risk across our entire organization and value chain, and in the eyes of our stakeholders, is considering the impacts of our procurement practices and the actions of our suppliers. This maintains our credibility as a responsible corporate citizen, and helps us identify opportunities to better manage costs and become aware of indirect impacts that may be substantial, but not immediately visible to us.

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 Global Procurement Services (GPS) focuses on for key products and services include:

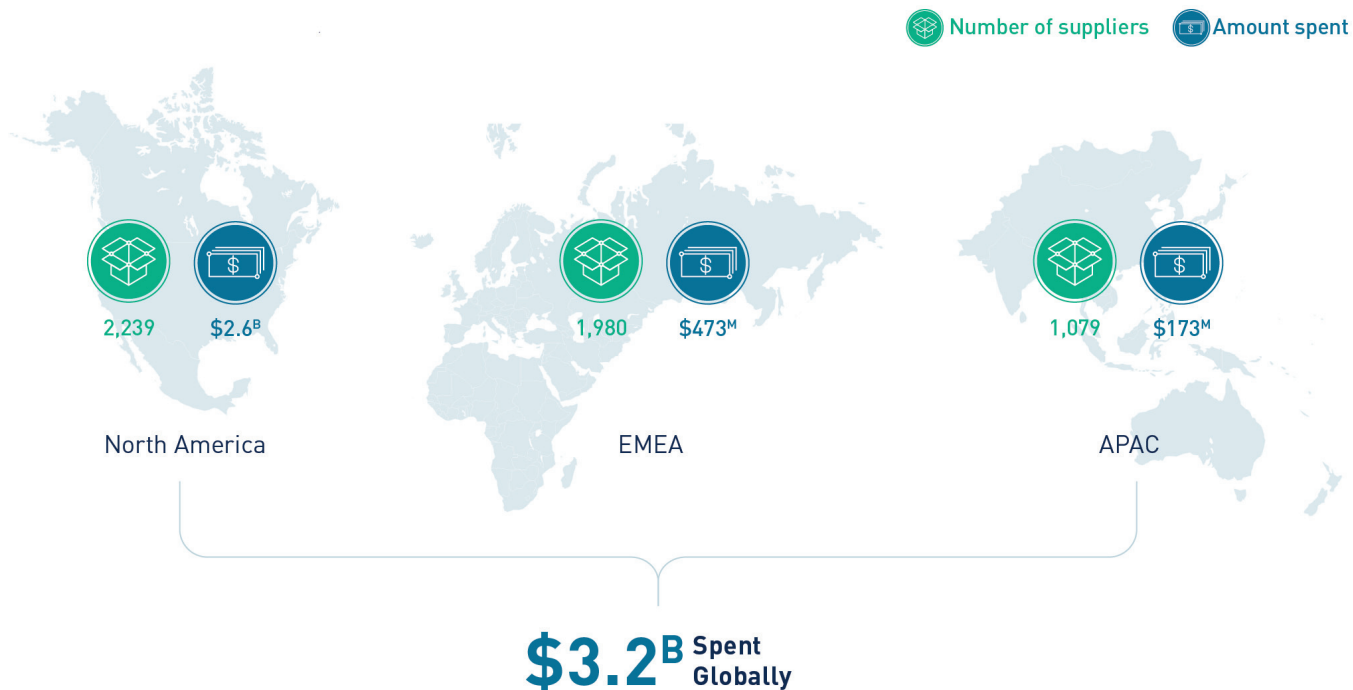
1. **Business Services:** These include the global management of the Contingent Labor at State Street (CLASS) Program for staff augmentation and other labor services needs across the company.
2. **Financial Services:** These drive development of supplier strategies, negotiations and contracting to deliver value while minimizing risks to State Street within the subcustody, insurance and operation support areas.
3. **Information Technology:** These include, but are not limited to, business applications, hosted applications, telecommunications, hardware and storage, and software.
4. **Market Data:** This encompasses 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:** These include the vendor and program management for the print, office supplies, catering services, subscriptions and facility services in alignment with the Global Realty Services team.
6. **Outsourcing:** This involves GPS working with the business to source and negotiate onshore, near-shore and offshore outsourcing arrangements.
7. **Professional Services:** These focus on providing best value third-party services solutions to meet the business’s needs in the areas of Consulting, Marketing, Legal, Tax and Audit.
8. **Travel Management:** This supports travel agencies that manage our business travel and employees conducting business travel.

Global Procurement

With 2,239 suppliers in North America, 1,980 in EMEA and 1,079 in APAC, we spend about \$2.6 billion, \$473 million and \$173 million in North America, EMEA and APAC, respectively. In 2017, this added up to about \$3.2 billion globally that was spent on products and services including financial, IT, business and professional services, and market data, travel management and office support.

In North America, 80 percent of our spend is with 105 suppliers, 80 percent of EMEA spend is with 95 suppliers and 80 percent of APAC spend is with 65 suppliers. Our GPS team works to identify high-quality, cost-effective, flexible suppliers that help us serve our clients efficiently.

Global Procurement



Upstream, our supply chain provides hard goods such as IT products, office equipment and general supplies. Services we procure include financial information, financial intermediaries and regulators. Downstream, we serve clients in the public sector (e.g., pension funds) and in the private sector. Our indirect clients include beneficiaries of pension funds and companies whose stocks and bonds are included in portfolios we manage. These companies are also part of our upstream value chain.

In 2017, we created a Global Purchasing Policy to strategically manage vendors through the procurement life cycle, which includes sourcing, contracting, purchasing, contract storage and fulfillment. The sourcing function ensures that spend follows a prescribed process that maximizes State Street's total buying power, resulting in selection of quality vendors that offer the best total value. The policy is used to meet business needs, set strategy by category of sourcing activities, and select vendors through a risk excellence mindset and total cost of ownership. The new policy applies to all areas (i.e., business units, corporate functions, support areas and corporate departments) of State Street, including subsidiaries and joint ventures.

Sourcing Responsibly

We're committed to ethical and responsible business practices. This extends to the relationships we choose to have with providers of products or services that we use in our business. That's why we screen suppliers to ensure that their practices are consistent with State Street's values and expectations, and that their costs and impacts are not disproportionately large considering the product or service they provide. Suppliers may also be screened for their practices, policies and impacts regarding environmental, labor, human rights and society issues.

Responsible sourcing programs may also consider whether suppliers local to State Street's operations should be preferentially considered. While we don't currently track spend based on local suppliers, we do recognize that

supporting local businesses brings value to the regions where we operate. Where feasible and appropriate we will work with local vendors.

Our 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, all RFPs issued by GPS include a section for questions related to environmental sustainability aspects, human rights, fair labor practices, and legal proceedings against the organization or its officers. Respondents are requested to answer all questions, which allows us to evaluate new suppliers for environmental certifications, workforce welfare, ethical sourcing practices, employment practices, anti-corruption and negative impacts on society. We do not calculate the percentage of suppliers that were screened specifically for environmental, human rights, labor practice criteria and impacts on society.

Suppliers who are subject to our standard supplier agreement are also asked 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.

We've continued to expand our internal governance program allowing 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 two key screenings in our global sourcing process. A mandatory No Purchase Order (PO), No Pay Policy or Procure to Pay (P2P) also greatly improves our ability to manage vendors.

Our Environmentally Preferable Purchasing Program (EPPP) tracks progress against our environmental sustainability purchasing framework. The program helps reduce State Street's impact on the environment through environmentally responsible and sustainable procurement practices. The objective of this EPPP is to provide guidance on how to prioritize vendors, and how to choose products and services that reduce the company's overall environmental footprint. The EPPP focuses on purchasing for North America and EMEA since most of State Street's employees and spend are located within those regions.

In general, as part of our responsible procurement efforts, we also focus on the most efficient suppliers for our needs. Therefore, in cases where an eco-friendly solution is costlier, we manage trade-offs between environmental and economic goals.

Committed to Human Rights

We also recognize the specific risk of slavery or human trafficking and we're taking steps to reduce that risk within our own supply chain. We 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 includes those that relate to human rights abuses and forced labor. We believe that upholding these principles is an important component of our culture and values.

United Kingdom (UK) Modern Slavery Act

As part of our global procurement supplier due diligence, potential suppliers are asked to attest 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 a copy of the policy. Potential suppliers are also asked for information about social compliance audits of their own suppliers and subcontractors, with reference to significant risks for incidents of child labor. Our due diligence process also requires information about a potential supplier's equal opportunity, human rights, anti-corruption, and health and safety policies.

Since June 2016, our global procurement services team specifically asks potential suppliers to confirm their compliance with human rights laws, rules and regulations including the UK Modern Slavery Act 2015. Those potential suppliers are also being asked to provide information about how they monitor and comply with those legal standards.

Modern Slavery Act Statement

We expect our suppliers and their supply chain to comply fully with all applicable laws and regulations in the conduct of their business; therefore, although respecting human rights and environmental issues in the supply chain is ultimately our suppliers' responsibility, we have taken the following steps to communicate clearly our expectations to our suppliers.

As part of the supplier due diligence process managed by our global procurement services team, potential suppliers are asked to confirm whether they have a policy in place prohibiting child and/or forced labor, whether this policy extends to their own suppliers and subcontractors, and to provide a copy of the policy. Those potential suppliers are also asked for information about social compliance audits of their own suppliers and subcontractors, with particular reference to significant risks for incidents of child labor. That due diligence process also seeks information about a potential supplier's equal opportunity, human rights, anti-corruption, and health and safety policies.

Since June 21, 2016, our Global Procurement Services team is specifically asking potential suppliers to confirm their compliance with human rights laws, rules and regulations including the Modern Slavery Act 2015. The potential suppliers are also being asked to provide information about how they monitor and comply with those legal standards.

Suppliers who are subject to our standard supplier agreement are asked 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.

Additionally, from March 22, 2016, suppliers who are engaged using our standard supplier agreement have been asked to confirm that they:

- Have not committed or been notified that they have been placed under investigation for any offenses relating to human trafficking and/or slavery;
- Are not aware of any circumstances within their supply chain that could give rise to an investigation or a prosecution; and
- Will comply with the Modern Slavery Act 2015 and other legal standards relating to human trafficking and/or slavery.

Those suppliers are asked to notify us immediately if those circumstances change. Additionally, the standard supplier agreement asks them to provide us with an annual slavery and human trafficking report setting out the steps they have taken to ensure that slavery and/or human trafficking is not taking place in any of their supply chains or in any part of their business.

Responsible Growth

According to the UN's Sustainable Development Goal of Decent Work and Economic Growth, the key to "sustained economic growth, higher levels of productivity and technological innovation [is] encouraging entrepreneurship and job creation." At State Street we believe that responsible growth starts with ensuring a highly trained and motivated workforce. We ensure such a workforce through programs designed to successfully recruit, train and engage our employees.

We also invest heavily in a diverse and inclusive employee population. A variety of perspectives, as well as a culture that allows for a plurality of ideas and ways of operating, ensure that we remain resilient and nimble in the face of an always-changing global marketplace.

We recognize that we are a strong presence in many of the communities in which we operate. We empower our employees to help us achieve our goals of creating sustained growth — that is, long-term value creation — for all of our stakeholders. By supporting our communities, we help to develop a more stable source of talent, as well as a safe and secure operating environment for our employees and clients.

Our operations also rely on a stable climate and ecological environment. We track our environmental performance in areas such as energy use, greenhouse gas emissions, water use, and waste and recycling. By building the social and ecological capital of the communities and societies we serve, we can ensure our ability to generate sustained economic growth far into the future.

Our Employees

Knowing that our 36,513 employees are key to creating long-term value for our clients, we do everything we can to hire the best talent and keep them motivated, engaged and highly skilled. Our ability to attract and develop the highest-caliber people in the industry relies on creating an inclusive culture where employees feel valued and engaged.

We have an ongoing Enterprise Talent Plan with three pillars: Culture & Risk Excellence, Diversity & Inclusion and Internal Mobility. Each business unit or corporate function further details its own unique annual talent plan.

Recruiting and Retaining Our Talent

To keep our workforce engaged, we give our employees regular opportunities to voice their opinions and help shape the employee experience. In 2017, we administered our quarterly surveys to gauge employee sentiment. These quarterly pulse surveys check in on about 30 percent of the organization at regular intervals.

Enhanced offerings — including improved benefits such as the doubling of our Parental Leave Policy in the US and career development such as our Professional Development Program — are direct results of surveys conducted in prior years.

Another important aspect of retaining talent is offering consistent feedback through a performance management process. All full-time employees (100 percent) participate in the performance management process and receive a regular performance and career development review; in 2017, 46 percent of the employees receiving a performance and career development review were women, and 54 percent were men. We have a consistent Annual Talent Review Process with the CEO, Chief Human Resources Officer (CHRO), and the head of each business unit or corporate function. There is also a Board-level talent review process, overseen by the Nominating and Governance Committee. All executive vice presidents receive 360-degree feedback from their direct reports.

We expanded our talent acquisition team in 2017 with the hiring of a full-time military sourcing professional and a hiring program manager. Additionally, we increased our support of our veteran recruitment events. To connect candidates from our Workforce Investment Network (WINs) with hiring managers, as part of our dedication to workforce development, we hired a dedicated WINs program sourcing professional (see page 52 for more information on Boston WINs).

We also make a significant economic impact on the communities in which we operate. In 2017, 85 percent (45 of 53) of our senior management hires (senior vice president and above) were hired locally. This compares to 97 percent of senior positions filled locally in 2016, and 89 percent in 2015.

Training and Professional Development

Through continuous fine-tuning of our talent development programs, we give our employees the professional tools — strategic, conceptual, analytic, operational and interpersonal — they need to exceed client expectations. This commitment reaches all the way to our executive management team. Career development at State Street is employee-driven, manager-enabled and company-supported. By fostering growth, advancement and information-sharing among our employees, we help them advance their skills and contribute to our overall success.

As a global company, we're committed to providing access to relevant learning for our employees around the world. Learning teams, made up of learning professionals who create and implement solutions designed to meet business and employee development needs, are in each of our main offices in the US, Canada, UK, Ireland, Poland, Germany, Australia, India and Hong Kong.

Our Professional Development Program continues to be a key source of recruiting and retaining talent at State Street. Our Talent Development team, along with our talent acquisition partners, identify high-performing new graduates to grow and thrive at State Street by participating in a two-year rotational program.

We also expanded our internal Leadership Development Program (LDP), which focuses on building an internal pipeline of diverse talent through an enterprise-wide leadership and rotational program. In 2017, the first class of 33 members completed the two-year program. The LDP now has two active cohorts, with 61 participants in total.

For existing and new hires, we offer workshops and seminars to help employees develop and enhance key skills such as client service, communication, project management, finance, interpersonal skills and personal computing. These courses are available globally, both online and in instructor-led classroom settings.

We also offered the following management development programs in 2017:

- **Core Management Experience:** This two-day facilitated training program for new and existing managers at the senior associate, officer and assistant vice president level builds core skills to enable participants to be a successful State Street leader, develop their individual leadership style and build manager capabilities.
- **The Manager's Journey:** This program meets once a week over 11 weeks, and is intended for senior associates, officers, and assistant vice presidents with at least six months of managerial experience and at least one direct/matrix report.

- **Transitioning to Strategic Management:** This program, targeted to assistant vice presidents and vice presidents with no more than two to three years at the VP level, focuses on the transition from being a manager to becoming a strategic leader, and meets once a week over nine weeks in classroom and virtual sessions.
- **Strategy Execution:** This two-day immersive program employs individual pre-work, group discussion, case study analysis and a virtual simulation to help managing directors develop their analytical, decision-making and communication skills.

Our employees also enjoy the benefit of tuition reimbursement for job-related courses taken at accredited institutions outside of State Street.

In 2017, State Street employees completed an average of approximately 16.7 hours of training per employee. This includes approximately 7.2 hours of mandatory training for compliance or regulatory purposes.

In 2018, we are targeting the global launch of a new learning management system, Cornerstone. Our goals for this implementation are to improve our data and analytics capabilities, create operational efficiencies and enhance our overall learner experience.

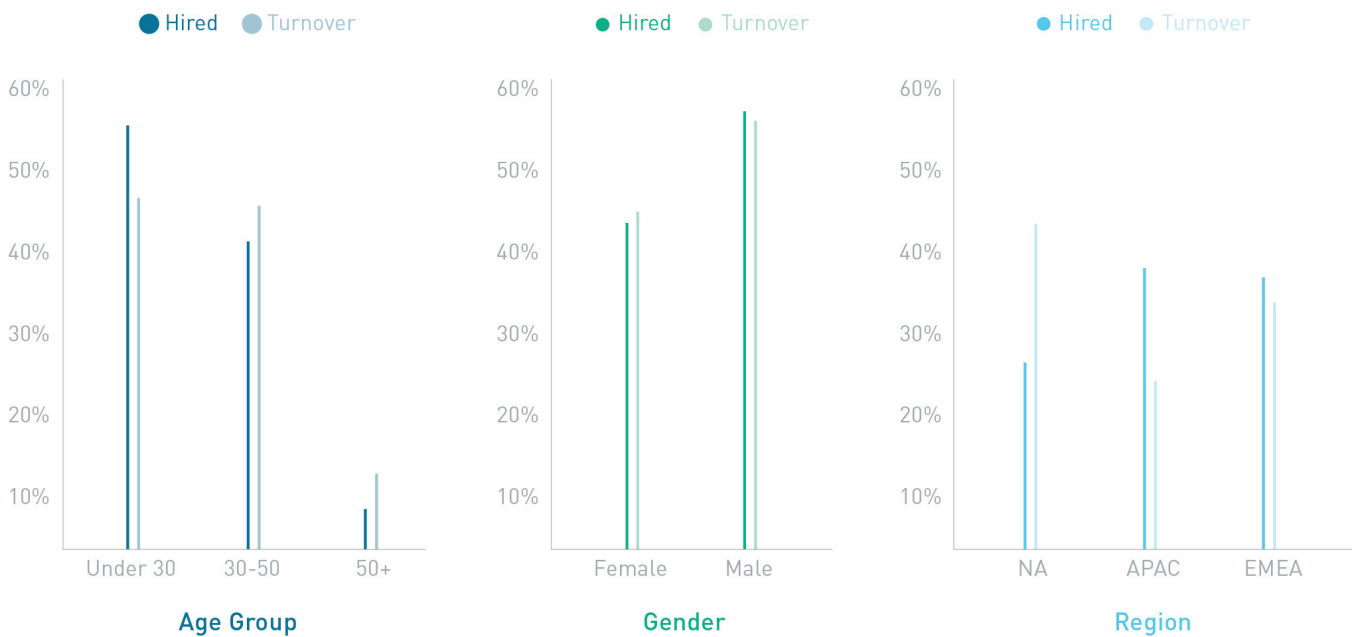
Retaining Our Employees

All of these training and development programs are designed to help our employees reach their full potential and ensure that they can fulfill their personal and professional goals by staying with State Street. For those employees seeking a new internal challenge, we implemented a new Human Resources management system called Workday, which makes it easier for employees to search for and apply to internal positions.

Our hiring rate in 2017 was 21.2 percent, or 7,846 employees. The overall hiring rate was slightly higher than our hiring rate in 2016 of 20 percent. In 2017, our overall rate of employee turnover was 16.3 percent, or 5,794 employees. The overall turnover rate was slightly higher than the 2016 rate of 16 percent.

The following outlines employee hiring and turnover by age group, gender and region:

New Hires and Turnover



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

We will continue to use managerial best practices for talent acquisition and retention and for managing employee turnover. We do not track or report on minority representation outside of the United States for privacy and regulatory reasons.

Expanding Flexible Options for Our Workforce

Key to engaging our workforce is offering flexibility in how, when and where our employees can do their work. While flexible work options can reduce the cost of commuting, the real benefit to employees is enhanced work-life balance, which is a critical component for attracting and retaining talent.

Work flexibility is truly embedded in our company's culture, with approximately 70 percent of employees in our last Engagement Survey indicating they have some flexibility in their schedule. At State Street, flexibility is viewed as a strategic tool for both our employees and managers, allowing the company to improve employee engagement and productivity, talent retention and recruiting, and to maximize workspace utilization plans. The capability for employees to work remotely has been key in maintaining business continuity through several incidents in past years, including severe snowstorms in the United States, an earthquake and tsunami in Japan and Summer Olympics in London. Finally, all State Street employees receive an additional day off to be taken during their birth month.

Flexibility for Working Parents

Our work flexibility efforts keep working parents in mind. In North America, mothers' rooms are available for working moms at each major State Street office. We have also doubled the Parental Leave Policy in the US, increasing the benefit from four to eight weeks for both mothers and fathers following the birth or adoption of a child or a foster child placement. For mothers, this time is in addition to the paid short-term disability leave (6 to 8 weeks) they also receive. Additionally, Paid Family Caregiver Leave was also added, which provides employees four weeks of time off to care for a spouse, domestic partner, child or parent with a serious health condition.

The BeWell Program: Physical, Emotional and Financial Well-being

State Street's global employee well-being program, BeWell, was launched in 2014 and is available in all 29 countries globally. This program offers our employees the tools and resources that help them proactively manage their total well-being based on its three core pillars: physical, emotional and financial.

Through the BeWell program, we're helping employees create positive, sustainable and impactful well-being changes that lead to higher employee satisfaction through awareness and education. Longer-term goals include a reduction in health and disability costs, reduced absenteeism, improved productivity, continual improvement in engagement and a competitive position among peers when seeking top talent.

We have seen a tremendous increase in participation in BeWell since launching our global BeWell Challenges, such as the Global 5-Day Healthy Habits Challenge and the Global Steps Challenge. The latter saw nearly 4,000 employees across the globe participate, or almost 15 percent of the global employee population. We encourage employees to connect with their coworkers from offices in different regions and countries as part of these Challenges, which has been instrumental in building awareness of the program and a supportive community of employees excited about well-being. State Street's employee base is spread out across many locations, each composed of a unique demographic and layout. As a result, BeWell is not a "one size fits all" program, and each location's programming varies based on population needs and logistics.

Our Diverse Workforce

One key to creating long-term value is the resilience and creativity of our workforce. Our capacity for sustained innovation over the long term comes from our employees' ability to draw on their diverse backgrounds, perspectives and experiences to collaborate around our shared values. By creating a diverse pipeline of future leaders who possess different backgrounds and experiences, we create better ways to serve our clients and set ourselves apart from our competitors.

As an employer of choice, we strive to provide an inclusive environment where employees feel engaged and valued. We are working hard to build this inclusive culture, understanding that we have more work to do.

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.

The Diversity & Inclusion Pledge

In 2017, State Street CEO Jay Hooley signed the CEO Action for Diversity & Inclusion pledge. This pledge outlines a specific set of commitments that we hope will catalyze further conversation and action around diversity and inclusion within the workplace and foster collaboration among our organizations:

- 1) We will continue to make our workplaces trusting places to have complex, and sometimes difficult, conversations about diversity and inclusion.
- 2) We will implement and expand unconscious bias education.
- 3) We will share best — and unsuccessful — practices.

Our Leadership in Diversity and Inclusion

As part of our commitment to the CEO Action for Diversity & Inclusion pledge, we have embedded a diversity focus in talent review efforts, including succession planning and promotion processes. We mandate Diversity Slate Requirements at the level of managing director and above. We have also implemented diversity awareness and unconscious bias training.

Additionally, we have conducted three pilot programs to identify gender diversity challenges in specific locations. These include a course to train hiring managers on “Interviewing Inclusively,” and a roundtable session for senior managers called “Inclusive Decision-Making,” aligned with their promotion cycle and performance calibration meetings.

In APAC, we launched Inclusive Leadership LGBT+ awareness training and one-on-one executive coaching and awareness sessions. We also initiated our Global Diversity Council in Europe and added diversity councils in additional areas of our business. In addition, we are signatories to the Women in Finance charter in the UK, joining 60 percent of financial services firms in that location publicly disclosing gender goals to drive improvement across the industry. In 2017, the Global Inclusion & Diversity team expanded from 7 to 12 members to better align the support of our company’s diversity, WorkLife and Flexibility work efforts across the regions.

The scores from the Diversity portion of our annual employee survey continue to outperform the financial services norm. We hope that the actions we take to fulfill our commitment to the CEO pledge help us build on our leadership in diversity and inclusion.

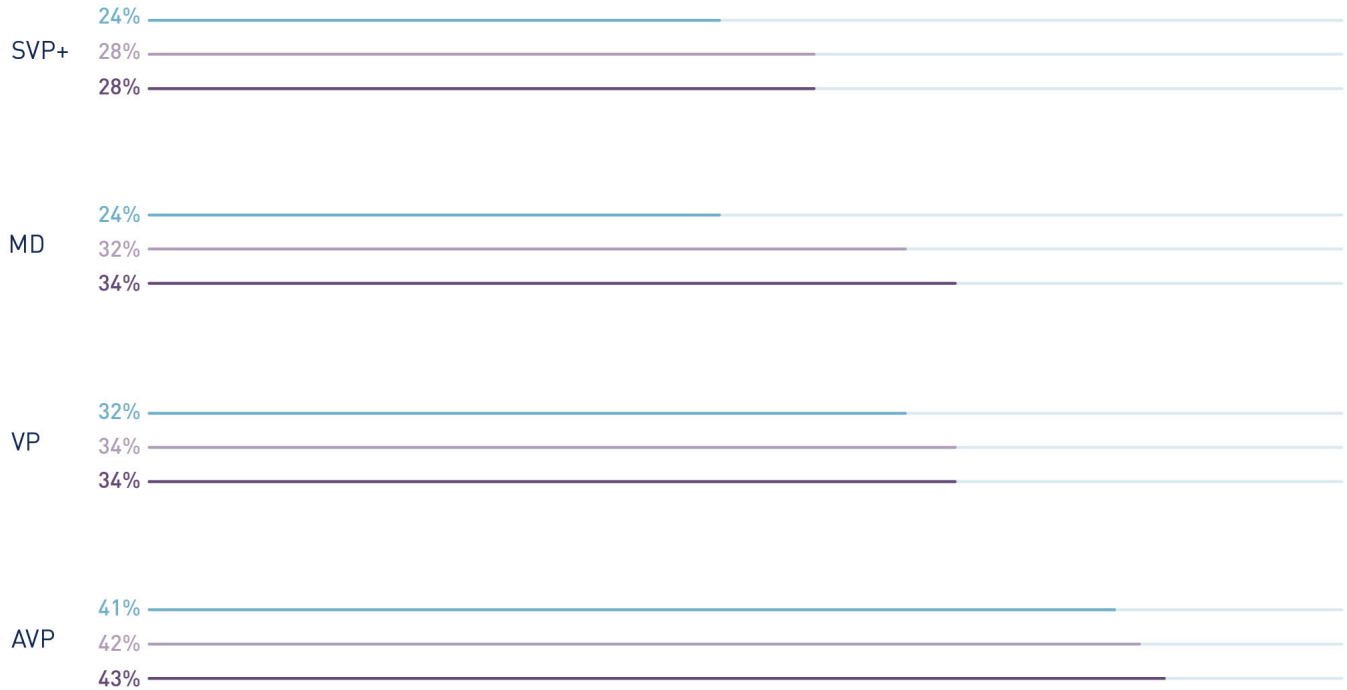
Looking Back, Moving Forward

In 2017, we reached the end of our three-year goal cycle. Diversity goals were set across eight different categories, to increase representation of women globally and employees of color in the US from the assistant vice president to executive vice president levels.

We made substantial progress and achieved or exceeded five out of eight goals. We narrowly missed our goals at the assistant vice president and managing director levels for female employees. For employees of color in the US, we achieved three of our four goals — ending the year at 14 percent employees of color on a goal of 13 percent for senior vice presidents and above, at 17 percent employed toward a goal of 22 percent for managing directors, at 25 percent on a goal of 22 percent for vice presidents, and at 30 percent toward a goal of 30 percent for assistant vice presidents. We are examining each area to understand how we can improve our performance in our next set of diversity goals.

Global Gender Diversity Goals: Women Employed Globally

● Baseline (2014) ● 2017 ● Goal



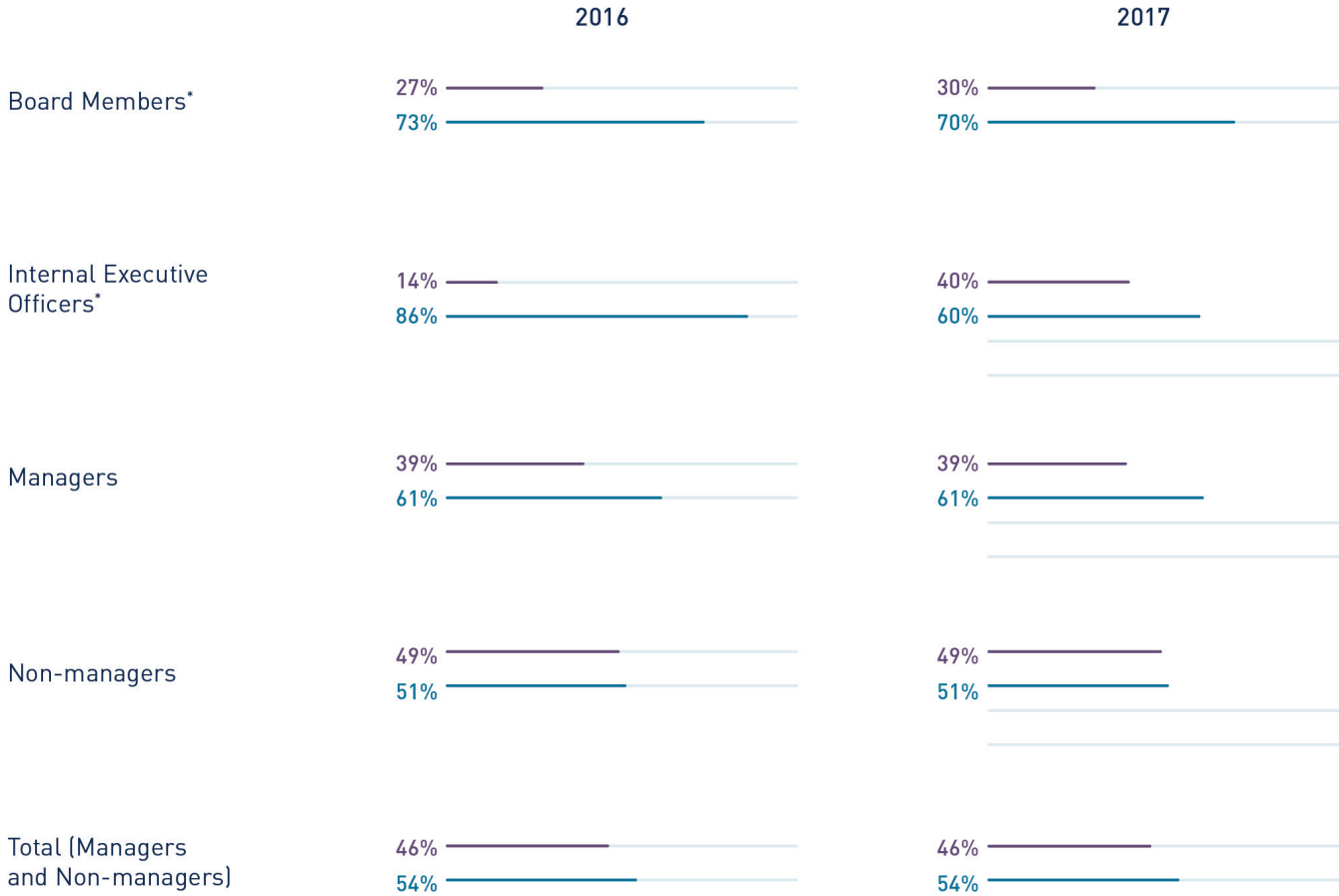
We're launching a new comprehensive five-year strategy that broadens our focus on other aspects of diversity and inclusion. This new strategy will enhance our diversity and inclusion commitment across four core tenets: Communication, Accountability, Talent Pipeline and Learning & Development. It will also broaden our focus on other aspects of diversity, such as Veteran, Disability, LGBT+ and Supplier Diversity.

Setting these new targets requires an understanding of our current workforce composition.

Diversity of Governance Bodies and Employees

Percent of global total

● Female ● Male



*The CEO of State Street is also the Chairman of State Street's Board, and therefore is counted both as a Board Member and Internal Executive Officer in the above table.

Building an Inclusive and Diverse Workforce



PAUL FRANCISCO,
Chief Diversity Officer

We spoke with Paul Francisco about his plans to advance diversity and inclusion at State Street.

Q: In your view, what is the link between a diverse, inclusive workforce and positive financial performance?

Many studies have shown that increased diversity of all types, including diversity in thought and experience, produces more successful outcomes — especially in decision-making. When we're sitting around a table trying to solve a problem, having individuals from a variety of backgrounds that provide diverse perspectives broadens our thinking around that problem. By integrating many voices, we're more likely to evoke creative ideas and better results. It is in our best interest as a global company to guarantee our stakeholders that we bring to the table not only top talent, but diverse perspectives.

Q: As Chief Diversity Officer at State Street, has your approach to diversity evolved in recent years?

At State Street, we're not exclusively thinking about diversity measured as demographic percentages of our workforce. It really is about creating a more inclusive culture, which will help ensure that 100 percent of our workforce is 100 percent engaged 100 percent of the time. That goes beyond representation numbers.

It's great to have statistics that show you're making progress on your diversity goals, but this work is really about all of us rallying around one common goal: to move the company forward. In other words, having a diverse workforce that brings a variety of perspectives to the table is important, but inclusion is the target we're truly going after. We aim to embed the mentality that where you come from, who you love or what you believe in should not be a factor as to how successful of a career you have. Regardless of who you are, you should feel like

you have a place and can grow your career at State Street. That's where we're putting our energy — creating an inclusive atmosphere at State Street.

In an increasingly competitive knowledge-based economy, having an inclusive working environment and a diverse workforce makes us more attractive to top talent. The best and the brightest want to be heard and feel like their contributions matter in an organization. Our efforts around inclusion and diversity help make us an employer of choice. That can be a strategic advantage for us.

Q: What's next for State Street's diversity goals? Will there be a new set of goals moving forward?

With our current momentum, we just finalized a new set of three-to-five-year goals. Our vision is to be a top-tier institution as far as diversity and inclusion in the next five years. To do this, we're taking a broader view of diversity and establishing some quantitative and qualitative benchmarks. This will help us see how well we're doing in a variety of diversity dimensions — including in our supply chain.

Q: What role does communication play in diversity and inclusion? How does State Street help foster more and higher-quality dialogue?

When it comes to communication, we want to ensure that our employees feel they can have their views heard. We promote an environment where colleagues can have respectful conversations and debates by focusing on how we empower people to have these conversations in an appropriate manner. This is very pertinent now as the issue of gender-based and sexual harassment is finally being recognized as a critical issue across many industries.

This idea of high-quality dialogue applies to all sorts of internal and external communication — particularly to how ideas are shared between colleagues and how messages are conveyed to external stakeholders. We must make sure that all our managers and leaders are trained on how to talk about difficult issues and how to promote healthy and constructive dialogues about such issues. The objective of this training is to promote an environment where all views are heard. The bottom line is we encourage transparent communication, free of both unconscious and conscious bias, between our employees and externally to the market.

Q: Connecting employees supports workplace inclusivity. How have employee networks and partnerships promoted inclusivity across State Street?

If you look at how our employee networks have operated in the last three years, you can see there's a lot more collaboration happening. As an example, our professional groups are coming together and developing projects that provide solutions for the organization around certain issues. The Professional Women's Network at State Street, for one, focuses on women's issues in the workplace. Their work on these issues provides in-house resources that further our inclusive culture. Our religious networks also share ideas. In this case, we're seeing the Jewish Professionals Group having a conversation with the Muslim Professionals Group and the Bible Study Group to promote harmonious approaches to collaborating with others with differing belief systems or backgrounds. These groups show that we can come together and leverage our differences as strengths to build a better, more inclusive workplace. Ultimately, we want our 37,000-person global workforce to respect each other, engage with each other and get things done regardless of their background.

Targets for Gender Equity: European Union and United Kingdom

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. These targets were set initially in September 2015 for a two-year period, and new targets were determined in June 2017, again for a two-year period.

The new targets for the EU are as follows:

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

In addition to targets for staffing our workforce with a more representative percentage of women, we continuously assess the ratio of compensation of women to men. This supports our commitment to gender equity, as we're continuously working toward greater transparency for our pay structures. The first step of this work is our UK Gender Pay Gap Report, which addressed gender and compensation for our United Kingdom-based operations. This report addressed the difference between average earnings of men and women in 2017, irrespective of their roles.

Pay Difference Between Women and Men in 2017 (United Kingdom only)

	State Street Aggregate	State Street Bank and Trust Company	State Street Global Advisors
Mean	17%	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. Across the organization we're continually working to identify and close pay gaps, monitor pay decisions and train managers to make balanced pay awards. We unequivocally support 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.

Fearless Girl

On March 8, 2017, State Street installed the bronze Fearless Girl statue facing the iconic bronze Charging Bull statue on Wall Street. The Fearless Girl statue was commissioned by State Street Global Advisors to ignite a conversation about the power of women in leadership, and particularly to draw attention to the importance of having greater gender diversity on corporate boards and in company leadership positions

Wall Street has traditionally been a male bastion, with few successful women visible on the trading floor or in the boardrooms of large financial institutions, especially in the world of investment banking and financial services. We hope that Fearless Girl stirs the conscience of Wall Street institutions, helping us all take serious note of the lack of diversity at all levels. Fearless Girl demonstrates that the worldwide commitment to diversity at State Street is driven from the highest executive ranks.

Gender Equity and Fearless Girl



KATHY HORGAN,
Chief Human Resources and
Corporate Citizenship Officer

To learn more about State Street's commitment to diversity and the impact of the Fearless Girl campaign, we spoke with Kathy Horgan.

Q: Gender equity issues are important for State Street. In what direction does State Street hope to take gender equity moving forward?

We view our work on gender equality as an investment, as it can take quite a while to see real progress. However, our years of work on this issue have led State Street as a company to experience significant progress. For example, women are represented in jobs with meaningful decision-making power and I believe we've achieved some good momentum. Now that we have embraced goals and standards for diversity and inclusion, our next challenge is to ensure that we continue to make steady progress across all levels of the company.

Q: The Fearless Girl campaign was certainly noticed this past year. What impact has it had on State Street's employees and the financial sector as a whole?

The Fearless Girl campaign started as a marketing effort from State Street Global Advisors to bring attention to our gender diversity products. But it quickly became much more than that as it also brought a lot of attention to the work we are doing on diversity and inclusion. The message from leadership regarding the advancement of women is critical when discussing gender equity in the workplace, particularly the issue of equal pay for equal work, and Fearless Girl opened a dialogue around this important issue.

In addition to symbolizing our values, Fearless Girl serves as a point of pride for our employees, who are energized by our efforts to advocate for more women in leadership roles. We are continually seeking to increase engagement among current employees as well as attract new people to our team — and we've seen an increase in applications from women since we

commissioned the statue. Fearless Girl has in turn elevated the accountability we feel and provided positive pressure on State Street by instilling a sense of urgency to meet our goals in gender equality and diversity.

Most importantly, though, Fearless Girl emphasizes the need to make concrete progress in these areas. We've devoted a lot of effort to developing analytics that help our leaders understand what's happening inside our organization. For example, the extent to which distributions in leadership roles can be attributed to hiring versus people being promoted or leaving their roles. This data is incredibly useful. By setting specific goals and utilizing metrics, we are making meaningful progress toward pay equity at State Street.

Q: What are your strategic priorities for human resource management in 2018?

State Street's success depends on the people who execute our work. To continue to grow our business, innovate, and manage risk effectively, we must make sure we attract and keep people who can help us achieve those goals. That's why we have various engagement initiatives at State Street focused on career development and mobility. In a changing workplace and world, improving manager skills is particularly important — as is making sure such skills are distributed throughout the workforce. Through employee surveys we know that our efforts on corporate responsibility are vital to employee engagement and my goal is to perpetuate this virtuous circle.

Policies and Procedures

Our commitment to diversity and inclusion principles is codified into several policies and procedures, including the following:

- Equal Employment Opportunity Policy
- Diversity Policy
- Affirmative Action Policy
- Gender Identity and Expression in the Workplace Guidance
- Non-Discrimination & Retaliation Policy
- Sexual Harassment Policy

Connecting Internally to Foster Greater Inclusion

We believe we can achieve our diversity and inclusion goals more successfully if we connect and collaborate internally and externally.

Within our employee population, we offer 24 employee resource groups, with more than 100 chapters globally. These include the Latin American Professionals Group, the Professional Women's Network, the Disability Awareness Alliance, the Asian Professional Alliance, our LGBT+ network, the Black Professionals Group and many more. Each resource group has an Executive Sponsor who provides guidance and serves as a direct liaison between the network and key areas of the business. These resource groups are open to all employees, and more than 600 employees globally are involved directly in their leadership.

To further our efforts toward LGBT+ inclusion, we have continued to roll out new employee resource chapters globally. In 2017, we launched the Global Ally Program in Poland, with more than 100 allies signing up in the location within the first week. The efforts of the Global Ally Program have enhanced local employees' understanding of LGBT+ issues and positively changed mindsets and attitudes toward LGBT+ employees. As a result, there has been an increase in employee participation and engagement in the Pride Network. We also launched new Pride chapters in Ireland, Luxembourg and Scotland in 2017, expanding the conversation and reach of LGBT+ inclusion in our EMEA business.

Working with External Allies

Externally, we continue to affiliate with critical diversity organizations to offer development opportunities for our employees, such as the Association of Latino Professionals For America, Diversity Best Practices and Out Leadership.

In 2017, State Street served as the presenting sponsor of the Massachusetts Conference for Women for the 11th consecutive year — the largest women's conference in the US. Also, in 2017, we joined CEB's Diversity Leadership Council, the Securities Industry and Financial Markets Association Diversity Council and 30% Club Committee to continue strengthening the strategies and resources of our diversity and inclusion program.

In APAC, we continue the critical diversity partnerships with organizations like Pride in Diversity, Community Business and The Women's Foundation to offer resources and further development opportunities for our employees.

In EMEA, critical local partnerships continue with Business in the Community, Business Disability Forum (UK) and IMS Luxembourg (Inspiring More Sustainability—Luxembourg’s leading network for corporate social responsibility). We have added a new partnership with OUTstanding, supporting its expansion into Ireland by signing up as a founding member and participating in its steering committee.

Industry Recognition

State Street Corporate Services Mumbai Private Limited was named, for the first time, to the 2017 Best Companies for Women in India (BCWI) by AVTAR and Working Mother Media. This index is the second edition of a study in India that aims to identify, share, showcase and celebrate best practices from India’s best employers to foster women’s career advancement. This award is a testament to our long-standing commitment to creating a supportive environment where female employees can achieve their full potential and providing a workplace where our employees feel engaged and valued.

In recognition of our efforts toward LGBT+ inclusion, we achieved the LGBT Workplace Inclusion Index — Silver Level for our Hong Kong and Australia offices. We were also again recognized as a Bronze Tier employer by the Australian Workplace Equality Index (AWEI).

We received several additional awards that showcased our diversity and inclusion efforts in 2017, including inclusion in the 2017 Bloomberg Financial Services Gender-Equality Index. The index provides investors and organizations with standardized aggregate data across company gender statistics; employee policies; gender-conscious product offerings; and external community support and engagement. Those included on the index scored at or above a global threshold established by Bloomberg to reflect disclosure of information and the achievement or adoption of best-in-class statistics and policies.

Room to Grow

We recognize that our diversity and inclusion programs are works in progress, and we’re continuing our commitment to enhancing those efforts. As a federal contractor, State Street routinely is subject to audits by the Office of Federal Contract Compliance Programs (OFCCP), whose mission is to enforce certain Executive Orders pertaining to equal employment opportunity. During 2010 and 2011, the OFCCP performed an audit that found pay disparities in our Boston headquarters building, State Street Financial Center. It is important to note that while the OFCCP has audited other State Street locations both in 2010-2011 and in the years since, the OFCCP has not identified any other pay disparities to us.

State Street is committed to equal pay practices and evaluates on an ongoing basis our internal processes to be sure our compensation, hiring and promotions programs are nondiscriminatory. While we disagreed with the OFCCP’s analysis and findings, we have cooperated fully with them, and decided to settle the claim in order to bring this six-year-old matter to resolution and move forward.

We’ve established clear corporate goals to promote opportunities and pipelines for our talented employee pool of women and employees of color. We are committed to equal pay practices, and over the past five years we have continued to put a number of processes in place to help ensure that compensation is fair and balanced and responsive to rapidly evolving state and country requirements. In Massachusetts, for example, our commitment is evidenced by our founding support of the 100% Talent Compact, which is focused on closing the gender wage gap in the city of Boston.

Over the past number of years we have enhanced our tools, resources and processes to monitor that compensation, hiring and promotion decisions are fair and balanced. We evaluate our internal processes to make sure our compensation programs are equitable and that we make hiring and promotion decisions based on performance. We'll continue to evaluate and implement additional controls on a global basis.

Supporting Our Communities

Global Force, Local Citizen

We believe our philanthropic efforts facilitated by our Corporate Citizenship division enhance not only our local communities, but also our company as a whole through our value of Global Force, Local Citizen. By investing in organizations that align with our strategic focus on education and workforce development, we support the communities where we're located. As local residents gain access to higher education and sustainable employment, they improve their financial circumstances and the economy in which they live.

Our investment is multifaceted. Not only do we provide financial contributions to qualifying nonprofit organizations, we encourage our employees to volunteer with organizations they feel passionately about and support them by matching their charitable gifts. Corporate Citizenship also sponsors Community Support Program (CSP) committees, made up of employee volunteers who advise on local grant funding decisions and lead community employee engagement efforts. Employees who participate in Corporate Citizenship programs report higher levels of engagement and job satisfaction (as reported in the 2016 employee survey).

How We Do It

Corporate Citizenship at State Street 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

Investing in Local Nonprofit Organizations

State Street Foundation provides community investment funding for nonprofit organizations to support the delivery of programs that prepare underserved populations for meaningful employment. Since 2010, the Foundation has directed its funding to organizations that deliver education and workforce development programs, emphasizing the strong economic stake we have in our communities and a deep interest in preparing diverse, local talent pools for employment.

In 2017, State Street Foundation provided \$20.3 million in funding to nonprofit organizations located in the countries in which we operate. Corporate Citizenship has also sponsored 137 charitable events for our community partners.

Grant Focus Area Breakdown

Strategic and Non-strategic Grants



Strategic Grant Funding

State Street Foundation’s primary focus has been to fund education and workforce development programs to help disadvantaged individuals become financially self-sufficient. In 2010, we developed an Impact Framework for the Foundation to guide our investments in high-performing nonprofits that provide measurable results in the following categories:

- Education
- Job readiness
- College success
- Credentials
- Work experience
- Employment

Organizations that receive strategic grant funding complete an annual Final Report to demonstrate progress toward achieving improved outcomes as defined within the Impact Framework at the end of the fiscal year in which the funds were used. During 2017, 198 organizations that used Foundation grant funding during 2016 provided Final Reports. The data in these reports helps us understand the impact that the organizations have in their local communities, and the role the Foundation funding is playing in their success.

Over the last two years, we moved toward awarding fewer grants for higher amounts directed to the highest-performing organizations to increase the direct impact our funding has on program success.

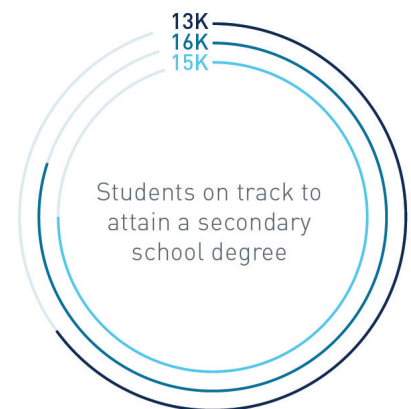
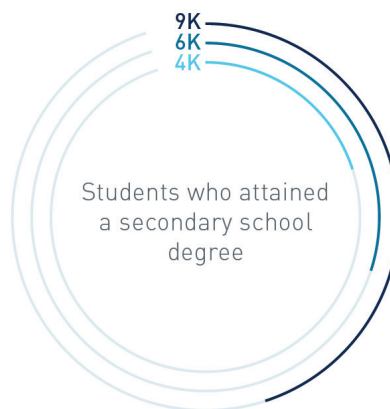
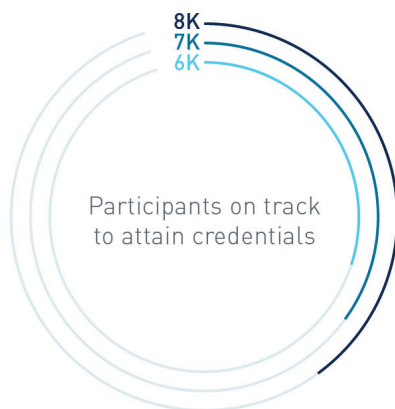
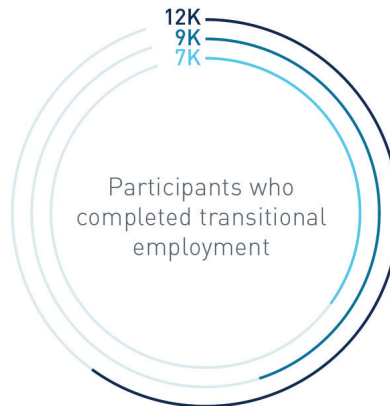
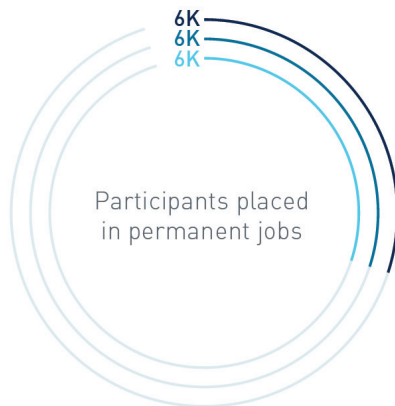
Reporting Year	Number of Grants	Grant Value (\$000s)
2015	247	\$7,240
2016	270	\$8,336
2017	198	\$11,477

*Grants are reported in the year following receipt.

Trends for key education and workforce development indicators tracked in grantee Final Reports are as follows:

Education and Workforce Development

● 2015 ● 2016 ● 2017



Goals for 2018

State Street Foundation successfully achieved its 2017 grant-funding goals, and the outcomes data collected from our community partners continues to show strong performance in the education and workforce development space. The goals for 2018 include investing an additional \$4 million globally through direct grantmaking and increases in matching gift program limits.

Examples of Specific Nonprofit Organizations Supported by Foundation Grants

These are examples of organizations and their programs supported by our CSPs. Overall, 46 percent of our office locations have active CSPs in which they can participate.

Chester County Futures

CSP Committee — Berwyn, PA, United States

Chester County Futures (CCF) provides comprehensive academic support, mentoring and scholarships for motivated, economically disadvantaged youth to succeed in school, higher education and life. They serve economically disadvantaged adolescents in Chester County, Pennsylvania. CCF delivers programs that improve academic performance and college access as well as help youth gain the life skills needed to acquire and retain employment, leading to greater self-reliance. One hundred percent of their high school seniors graduate on time and 90 percent of these graduates enroll in postsecondary schools. Forty-five percent of postsecondary students earn four-year college credentials within four years. Since 2013, State Street Foundation has provided \$52,000 in grants to CCF. For more information, visit www.ccfutures.org.

The Women's Foundation's Girls Go Tech program

CSP Committee — Hong Kong

The Women's Foundation's Girls Go Tech program encourages secondary school girls from underprivileged backgrounds to pursue STEM (Science, Technology, Engineering and Math) subjects and maximize their future career options. The curriculum of this program includes basic coding and access to online workshops. The Girls Go Tech program serves local secondary school students. As in many other parts of the world, women are vastly underrepresented in STEM subjects. To maximize women's potential, the Girls Go Tech program develops girls' interest and skills at an early stage. Girls Go Tech is a new partner for 2017, receiving an initial grant of \$20,000. For more information, visit www.twfhk.org.

Youth Work Ireland

CSP Committee — Ireland

The "Work to Learn" program operated by Youth Work Ireland provides a series of focused initiatives including education, work experience, mental health, life skills and aspiration raising to divert teenagers from crime. This program exposes high-risk youth to the working world and the skills required to operate effectively in it, through a structured and supported process involving preparation, placement and reflection. The program challenges the teens to undertake a paid part-time job with all the related responsibilities that entails, helping lead them away from criminality and into jobs. In 2016, Youth Work Ireland supported 29 teenagers, and placed 28 of them into transitional/exploratory employment. Since 2012, State Street Foundation has provided \$191,000 in grants to Youth Work Ireland. For more information, visit www.youthworkireland.ie.

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 (Boston WINs), which brings together the private, public and nonprofit sectors toward a common goal: creating meaningful career paths for Boston youth.

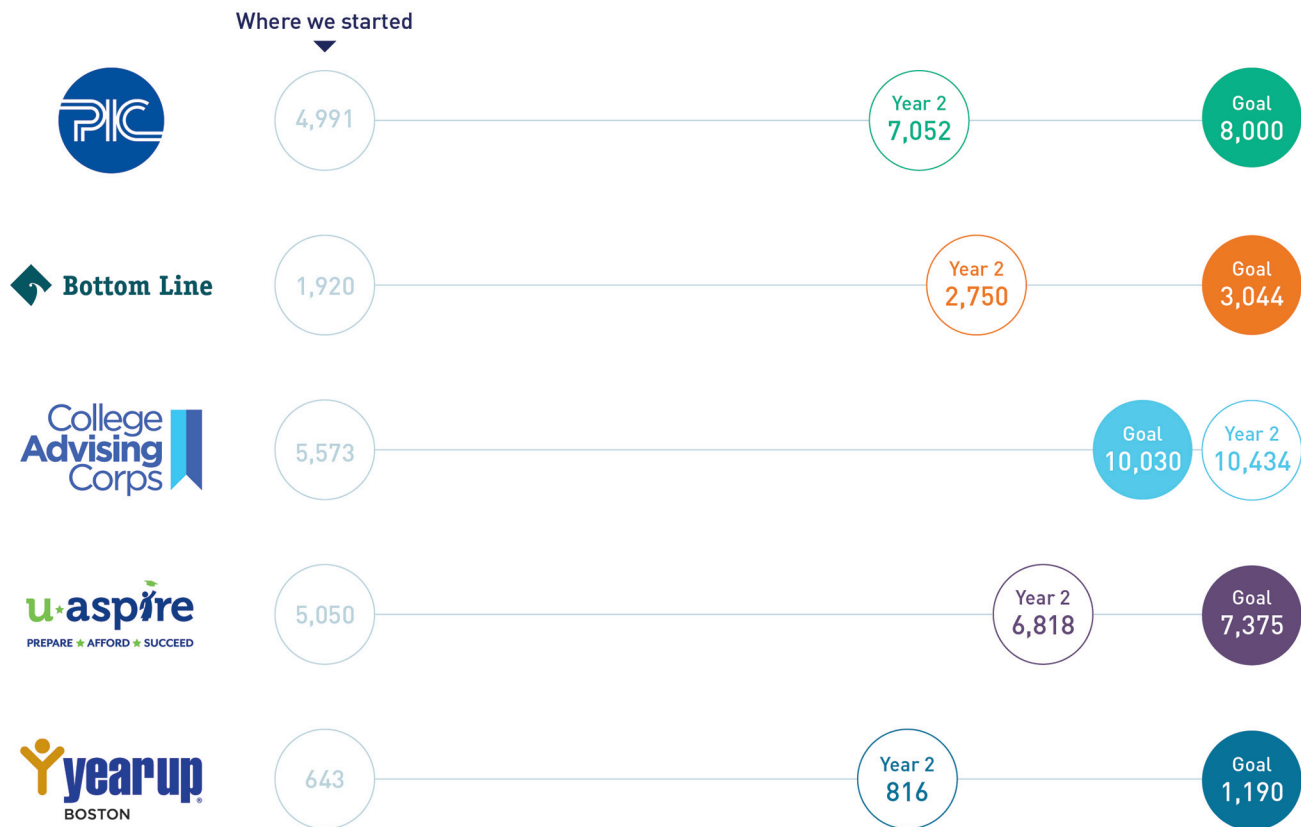
Boston WINs is driven in partnership with five, high-performing nonprofits that are all centered on education and workforce development: Boston Private Industry Council (PIC), Bottom Line, College Advising Corps, uAspire and Year Up. Through a \$20 million, multiyear investment, the partner organizations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

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 should 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. We've also created a centralized data system so that the partners can track what services the juniors and seniors have received in effort to ensure that all graduates receive these services, thereby increasing their chance for future success.

Measuring Our Progress

* All data as of 6/30/17

Our partners are creating change one student at a time.



Since program launch, our partners have collectively served **53% more youth**.

As a company, we're 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, career and development opportunities, and a dedicated space for students to meet and take classes. We're even extending proprietary development trainings to the staff of our partners, helping enhance their organizational capabilities.

Our employees are also an important part of the Boston WINs story. They engage in a variety of volunteer opportunities with our partners, be it mentoring students, facilitating trainings, serving on our partners' boards, and more. Our employees also take advantage of an incentivized two-to-one match of any donations they make to these organizations.

Our Investment and Commitment: Boston WINs

** All data as of 9/30/17*



Program Results

Boston WINs continues to outperform expectations. By the end of its second year in 2017, the partners scaled Coordinated Action from 20 to 26 Boston public high schools and collectively served approximately 27,870 students, an increase of 53 percent since launch. Over the same period, nearly 450 of those served by the network organizations started working at State Street Corporation and approximately 975 undertook internships.

We look forward to continuing to scale our efforts and deepen our impact over the next year, and beyond.

The GIVE Program

To complement the Foundation strategy, we have developed our signature employee community engagement program: Giving, Investing, and Volunteering by Employees (GIVE). GIVE is a program of open choice through which employees can give back to those causes that mean the most to them. GIVE also enables employees to give back in the way that works best for them — whether that means donating their time, talent or financial resources.

The GIVE program offers our employees a stronger part to play in our collective effort to deepen State Street's impact in the community. GIVE enables our employees to share their talent and help execute our strategy in 38 communities around the world. Opportunities are available to guide Foundation grants as a member of a CSP committee, to become volunteer ambassadors or to join a nonprofit's board of directors.

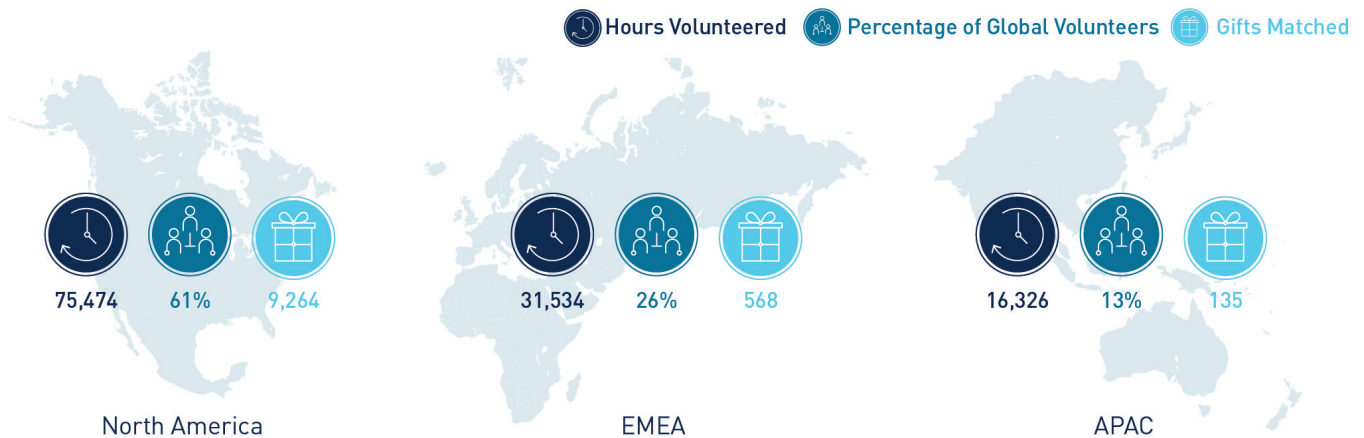
Employees wishing to give back financially can take advantage of our matching gift program, which matches approved charitable contributions made by employees (GiveMore), by monetizing volunteer time (DoMore), and by supporting individual fundraising efforts (CollectMore). Employees can use this funding immediately upon joining State Street and by making a minimum donation of \$25. Finally, employees who wish to give their time can take advantage of two paid days per year to provide service — both individually and on teams — in their local communities.

Volunteering in 2017

In 2017, State Street employees recorded approximately 123,300 volunteer hours, exceeding our 2016 total by 2,600 hours, and supported 1,185 unique community organizations. At year end, 20.5 percent of employees engaged in and recorded volunteer hours and 74 percent of State Street executive vice presidents served on charitable boards.

The breakdown of recorded volunteer hours and number of matching gifts by region was as follows:

Employee Engagement Map



Environmental Stewardship

To create long-term value for all our stakeholders, we not only strive to enhance our communities' social well-being, we also focus on protecting and maintaining the health of our planet. We're committed to being a leader in environmental sustainability, in both our operations and the products and services we offer. We maintain a conscious and responsible awareness of our resource use and our impacts, and are vigilant to environmental risks, such as climate change.

In turn, a thriving world and healthy ecosystems sustain the prosperity of our stakeholders and communities in which we operate. Thus, environmental sustainability at State Street means conducting our business in a reciprocal manner that acknowledges, measures and takes responsibility for our direct and indirect impact on the environment.

Operational Risks from Climate Change

To stay abreast of any operational vulnerabilities related to environmental factors, we regularly evaluate the physical risks of climate change in the context of our activities. This typically includes an assessment of frequency and severity of major weather events, and the potential impact this could have on our operations. The possible impacts we evaluate 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

The financial risks associated with the physical effects of climate change include costs from weather-induced damage, supply chain disruptions or inability to provide products or services. Our current approach to business continuity now includes consideration of these climate change risks.

We also assess the potential vulnerability of new locations to climate change effects, because many of our major buildings are in coastal areas. For example, when developing Channel Center, our newest Boston location near the waterfront, we designed the building to have all mechanical equipment in the penthouse rather than underground. 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.

Maintaining Oversight

As a signatory to the United Nations Global Compact, we're committed to a precautionary approach to all environmental challenges. Our commitment to environmental sustainability and GHG emission reductions is a means of continuously acknowledging and addressing physical risks associated with climate change. For example, 53 percent of State Street global square footage is compliant with International Organization for Standardization (ISO) 14001 standards. We also regularly assess the regulatory landscape for risks that may impact existing business operations or could increase the cost of operations due to environmental issues.

Environmental Sustainability Policy

In 2017, we updated our Environmental Sustainability policy that outlines our commitment to environmental stewardship. Endorsed by State Street's Environmental Sustainability Committee and the Executive Corporate Responsibility Committee of State Street and covering all global operations, the policy outlines our pledge to the following actions:

- **Establish and review quantifiable objectives and targets** that are meaningful and relevant to improving 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:** State Street considers adherence to this policy the responsibility of all individuals who take part in our activities.

By conducting our business around these actions, we align our long-term success with the earth's ecological well-being and create enduring benefits for our shareholders, clients, employees and the communities in which we live and work.

Environmental Goals

In support of our commitment, we set goals and track our environmental performance to reduce our impact and advance our environmental strategies. These goals revolve around our energy use, greenhouse gas emissions, water use, and waste and recycling.

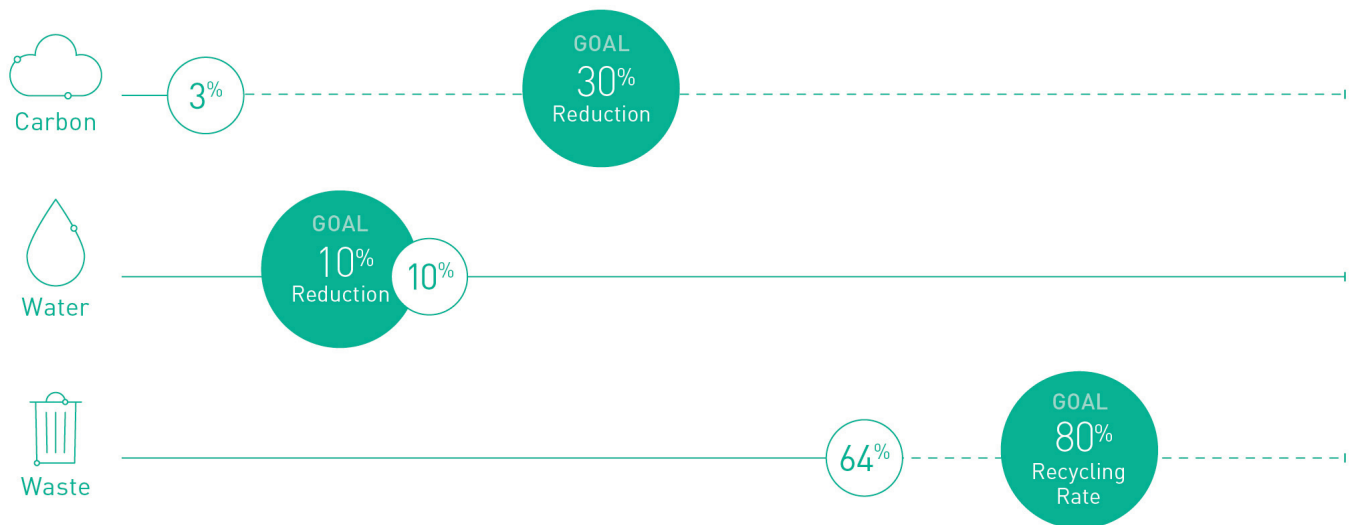
Energy and Greenhouse Gas Emissions

State Street adopted a science-based carbon reduction target, supporting and aligning with the commitment under the United Nations Framework Convention on Climate Change (UNFCCC) Paris Agreement to limit global temperature rise to below 2°C. State Street's science-based target (SBT) is a 30 percent reduction in total CO₂ emissions per unit floor area against a 2015 baseline. Launched in 2017, our strategy to meet our science-based target focuses on two elements: capital investment to reduce carbon emissions and renewable energy credit purchases to negate emissions.

As a component of our SBT strategy, we utilize an internal price of carbon to fund State Street's global environmental currency portfolio. This includes the purchase of renewable energy credits (RECs) and carbon offsets. Each site around the globe pays a proportional share of the annual carbon fund cost based on the sites' carbon intensity, which localizes the cost of carbon emissions at State Street. The global carbon fund then uses these fees to make the most impactful purchases for State Street's global portfolio.

Our goal is to achieve our SBT reduction by 2025. In 2017, we achieved a 3 percent reduction of CO₂ emissions per floor area in accordance with this goal, considering purchase of RECs as calculated using the market-based method. In terms of absolute carbon dioxide emissions that do not include RECs, State Street reduced its carbon dioxide emissions by 13 percent. This stemmed from reduction in electricity consumption at our core sites in the United States and was further enhanced by reduction in EMEA and portfolio expansion in APAC.

Progress Against Global 2025 Goals



State Street Energy Use and Savings

Total Internal and External Energy Consumption				
	Unit	2017	2016	2015
Total Scope 1 Fuel Usage				
Natural Gas	Gigajoules (GJ)	121,415	123,302	144,349
Diesel	Gigajoules (GJ)	3,937	7,339	3,992
Total Scope 2 Indirect Energy Usage				
Electricity	Gigajoules (GJ)	875,087	899,057	927,400
Heating	Gigajoules (GJ)	32,352	34,122	32,922
Cooling	Gigajoules (GJ)	3,210	3,341	6,269
Total Scope 3 Energy Usage				
Business Travel (Non-Renewable)	Gigajoules (GJ)	244,055	161,446	276,395
Total Energy Usage	Gigajoules (GJ)	1,280,056	1,228,607	1,391,327
Energy Intensity				
	Unit	2017	2016	2015
Energy Intensity Ratio				
Numerator	KWH	287,777,947	296,433,517	309,736,531
Denominator	Occupants	37,846	37,350	34,394
Energy Intensity		7,604	7,937	9,005
Energy Saved				
	Unit	2017	2016	2015
Total Energy Saved				
Electricity	Gigajoules (GJ)	21,557	10,682	5,236
Heating	Gigajoules (GJ)	1,971	0	1,192
Total Energy Saved	Gigajoules (GJ)	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 only 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:	2017	2016	2015
CO2 Direct	6,601	6,902	7,802
CH4 Direct	15.02	16.22	17.70
N2O Direct	4.02	4.50	4.67
HFCs Direct	3,060	1,322	2,821
Total Direct (Scope 1)	9,680	8,244	10,645
Biogenic CO2	2.53	3.11	3.45
Total Indirect (Scope 2)	90,185	92,344	100,861
Total Scope 3	88,044	87,031	98,441
Total GHG Emissions	187,908	187,619	209,947

Comments: We utilize the World Business Council for Sustainable Development and World Resources Institute GHG Protocol Corporate Standard and Intergovernmental Panel on Climate Change AR4 as the Global Warming Potential 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 vetted sources.

GHG Emissions Intensity				
	Denominator	2017	2016	2015
GHG Emissions Intensity Ratio	Metric Tonnes of CO2 Equivalent per Employee	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	2017	2016	2015
Total GHG Reductions in Metric Tonnes CO2 Equivalent	Emissions Reduced: Direct (Scope 1) and Indirect (Scope 2)	1,668	787	484

Comments: 2015 is the baseline year. Engineering calculations have been utilized in determining the 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.

Global Energy Efficiency

The primary source of our GHG emissions is the energy we use through our operations. As a result, this is where we focus our efficiency efforts, pursuing new ways to mitigate and reduce emissions to solidify our environmental goals for the long term.

Monitoring energy efficiency in our offices through certified accreditation also keeps our environmental goals on track. For example, we're streamlining our environmental and energy management systems through ISO certifications. In 2017, State Street transitioned from the ISO 14001 2004 standard to the 2015 standard globally, while maintaining certification of existing ISO 14001 and 50001 sites in all three regions. Globalizing our ISO accreditation and Environmental Management Systems creates transparency for our clients, regulators and interested outside parties. Our next step will be to decrease our three regional certifications to one global certification, providing a consistent, efficient and easily maintained system.

Retrofitting for Reduced Impact

To further our commitment to reducing our GHG emissions and environmental impact, we use sustainable materials and LED lighting in our operations wherever possible. In 2017, we enacted LED lighting retrofits in our offices in North America that saved us more than 655,000 kilowatt hours (kWh) of energy and 177 metric tons (Mt) of carbon dioxide emissions. The LED efficient light sources also enhanced the optics of our buildings with improved illumination.

In 2017, State Street created a global capital review process for evaluating Environment and Safety (E&S) projects for capital budget allocations. This has provided foundational direction on the required return on investments and a comparative review of all potential projects. As a result, we've committed to a new LED lighting and controls project to be implemented in 2018. Looking forward, the project is expected to generate energy savings of 2.1 million kWh and a reduction of 574 Mt of CO₂ emissions. This is the largest energy-specific project to date and will provide a significant improvement in lighting quality. In addition to retrofitting our current offices with innovative technology, we're also prioritizing data center virtualization. As part of those efforts, we unplug unused "zombie" servers wherever possible to avoid producing unnecessary emissions as IT requirements grow. In general, when we inhabit new work spaces, we seek buildings and opportunities that increase our energy efficiency.

Flexible and Sustainable Commuting Options

Our environmental data shows that employee commuting and business travel comprise our second largest source of GHG emissions. As a result, we encourage sustainable commuting options and flexible work solutions that reduce commuting. We believe that offering our employees the flexibility to work in alternative locations empowers them to perform autonomously and responsibly, while simultaneously reducing our impact on the planet.

Similarly, we also understand that many of our employees commute to work in a personal vehicle, and in some cases, our employees use electric cars to reduce their own environmental impact. To encourage the use of electric vehicles, we installed our first solar-panel smartflower™ in 2017. This solar array device has a dual-axis tracker that allows the solar panels to automatically follow the sun at a 90-degree angle throughout the day. This means that the smartflower is always at the optimal angle to the sun to ensure maximum optimization. Our smartflower device produces 6,500 kWh of energy annually, which is enough power to support more than 70 electric vehicle charging stations, with two charging stations currently operating. We're planning on installing additional smartflowers in other office locations in the coming years.

Together, our global emissions reduction targets, enhanced operational technologies, flexible work options and employee involvement in our environmental initiatives drive our approach to achieving our energy and efficiency goals.

Environmental Sustainability Employee Network (ESEN)

Many of our employees are passionate about environmental and social issues. Our Environmental Sustainability Employee Network (ESEN) focuses this passion, connecting employees to one another and with business units to execute and deliver initiatives tied to State Street's sustainability goals.

In 2017, the ESEN expanded global leadership, educated employees and established its relationship to the business as a central resource. Expansion efforts culminated in the establishment of local chapters in Australia, Hong Kong, India, Italy, Luxembourg, Poland and several other countries, with ongoing chapter development worldwide. Since 2016, global ESEN membership has increased by 243 percent, totaling more than 2,000 employees at all levels of the organization in 2017.

Leveraging its central position as a business resource, the ESEN has been able to coordinate enterprise-wide initiatives in pursuit of shared goals. In 2017, the ESEN worked with Global Human Resources to transition the company to paperless pay stubs, significantly diminishing State Street's paper waste. Aligned with this goal of waste reduction, the ESEN also partnered with Global Procurement Services to increase employee knowledge of the financial and environmental benefits of reusable mugs. Within one month of project implementation in December 2017, the network saw a 136 percent increase in employee usage of refillable mugs at State Street cafes in the Boston area. In addition to employee participation, the ESEN also serves as a resource to business units looking to broaden their sustainability efforts. This year, the ESEN facilitated employee engagement and education of Global Realty Services' increased implementation of onsite solar energy generation, supporting additional electric vehicle charging stations.

Reducing Water and Waste

Environmental responsibility at State Street also means focusing on ways to reduce our water consumption and waste production. We've established the goals of reducing water consumption by 10 percent per full-time equivalent (FTE) by 2025 compared to a 2015 baseline and achieving a recycling rate of 80 percent by 2025.

For example, at five of our North America offices, for the last five years Weathermatic irrigation controllers have provided web-based regulation for irrigation. These programs consider current weather conditions and soil conditions, creating a “just in time” watering capability that reduces run times and gallons of water used to maintain the integrity of our landscaping. Using our Global Water Management Planning Tool, we’re able to provide site-specific data points that drive us toward our 2025 water goal. In 2017, we reduced water consumption by 10 percent, despite increases in occupancy.

Furthermore, in 2017 we began a vendor review process that evaluated waste/recycling vendors for post-site sorting potential to increase our recycling rate. Within the past year, we achieved a recycling rate of 64 percent globally, including a reduction in recycled waste and decrease in total waste generated.

State Street Water Consumption and Waste Generation

Water Consumption			
	2017	2016	2015
Water Consumption – Office Only (million cubic feet)	16.51	17.35	16.49
Water Consumption per Person – Office Only (cubic feet)	436	465	480
Water Consumption – Office & Data Center (million cubic feet)	18.93	20.17	19.11
Water Consumption per Person – Office & Data Center (cubic feet)	500	540	556
Waste Generation			
Total Wastestream (tons)	5,163	5,472	5,995
Landfill Waste (tons)	1,053	975	1,005
Energy Recovery (tons)	793	1,010	1,121
Total Recycled (tons)	3,317	3,488	3,869
Landfill Waste per Person (pounds)	56	52	58
Diverted Waste per Person (pounds)	217	241	290
Recycling Rate	64%	64%	65%
Operational Control Footprint			
	2017	2016	2015
Employees	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 “Recycled Rate,” with a 2025 end date against a 2015 baseline. Prior year figures in the table above have not been restated, and reflect the Diversion from Landfill Rate.

Innovation for Value Creation

Each area of business within State Street is dependent upon technology and innovation, with a strong emphasis on using data as the foundation for creating value. The transformation of business toward digitization is increasing the volume of data that must be compiled, analyzed and acted upon. It is also increasing the importance of new approaches to data management and analysis, including artificial intelligence. Ultimately, innovation drives State Street's transformation and overarching value creation processes.

This innovation also extends to the development of entirely new products that meet the expectations of a changing market. Investors are increasingly concerned about the sustainability performance of the companies they invest in. This is partly because companies that underperform with respect to environmental or social issues may be introducing risk to their long-term value creation, and thus might be subject to higher equity-price volatility or legal liabilities. On the other hand, some investors simply want to associate their resources with companies that mirror their own values. Whatever the motivation, State Street is heavily invested in understanding these factors and providing new opportunities for investors.

Our Services

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. Therefore, continual innovation of the products and services we offer to our clients is essential to delivering on this promise.

Our Businesses and Services

Our investment servicing arm, State Street Global Services, provides asset owners and managers with a wide range of support, from core custody, accounting, fund administration and shareholder recordkeeping to complete investment operations outsourcing solutions and servicing for complex alternative assets such as private equity and real estate. We also deliver innovative performance measurement and analytics tools, giving our clients the information they need to make better-informed decisions.

State Street Global Advisors is a global leader in asset management, relied on by sophisticated investors worldwide for its disciplined investment process, powerful global investment platform and access to every major asset class, capitalization range and style. This business group offers active and passive asset management strategies across equity, fixed-income and cash asset classes. Products are distributed directly and through intermediaries using a variety of investment vehicles including ETFs, such as the SPDR® ETF brand.

State Street Global Markets, our investment research and trading arm, provides specialized research, trading, securities lending and innovative portfolio strategies to owners and managers of institutional assets. Our goal is to create access to alpha, insights, liquidity and financing by enhancing portfolio values.

State Street Global Exchange is a strategic partner to asset owners and managers, delivering new perspective and insight into risk management and investment strategy. We combine capabilities in research and advisory, portfolio

performance and risk analytics, electronic trading and clearing, and information and data management, along with new innovations to support clients' specific needs. Multi-asset class and configurable, our solutions cover the full life cycle of a transaction. They are designed to help investors zero in on the opportunities and actions that will generate the most value.

Environmental, Social and Governance Products, Services and Investments

Our commitment to corporate responsibility is multifaceted, spanning a broad range of environmental, social and governance (ESG) issues, which also extends to the products we offer our customers. We recognize that companies effectively managing ESG-related issues can represent lower risk to investors, frequently have lower share-price volatility and may have reduced exposure to legal liabilities. As a whole, effective management of ESG factors promotes value creation over the long term, and likely provides greater returns to investors.

ESG Opportunities

Our own risk management related to climate change is an important focus area. At the same time, we see significant client interest in social and environmental sustainability-themed products and services. We recognize this client interest as a potential area for generating revenue, and therefore, focus on integrating ESG opportunities and risk variables into our investment decision-making and new families of products and services.

Our approach to ESG investing is cross-functional, engaging several business units — specifically, State Street Global Advisors, State Street Global Exchange and State Street Global Services. Each group plays an important and specific role in the ESG investment process and helps us deliver 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 investment; and State Street Global Services uses its expertise in quantitative research to support the development of ESG-related products and services.

Through our ESG products, services and research, we consider specific challenges relating to risk management for ESG issues and strive to maintain our clients' trust in our ability to mitigate those risks.

ESG Products, Services and Research

ESG metrics are increasingly used to capture nontraditional influences on risk and return in broader investment strategies. We recognize this as an opportunity to invest in innovative research ideas, create richer information sets and develop innovative products for our clients. For example, negative screening to avoid unwanted exposure has been part of asset management for a long time. Alternatively, positive selection to achieve exposure to sustainability themes such as low carbon equities or green bonds, or ESG integration, which incorporates ESG data alongside traditional financial inputs into the security selection process, are gaining momentum.

State Street Global Advisors

In 2017, we conducted a global survey of 475 global asset owners' funds. This survey found that the majority of respondents have some exposure to ESG strategies already, with 84 percent reporting they are satisfied or very

satisfied with the performance of their ESG investments. Yet, adoption remains uneven, with less than one-fifth reporting that more than half of their portfolio has integrated ESG. We expect momentum to continue because many investors believe ESG strategies drive long-term returns. As a result, we've launched a suite of ESG products to meet increasing client demand.

Spearheading these efforts is State Street Global Advisors. With a mission to invest responsibly on behalf of our clients to enable economic prosperity and social progress over time, we're integrating leading ESG frameworks into our clients' portfolios. Our work is guided by our belief that companies that are managed responsibly deliver better financial results to our clients over the long term. We also believe strong ESG performance can signal that a firm is in good health, well managed and long-term oriented. ESG can also be an early warning signal of firms to avoid or engage, as poor ESG evaluations indicate increased potential for scandals and distracted or unfocused management.

Building upon this approach, in 2017, the firm's active quantitative equity team developed a proprietary ESG factor that evaluates all the stocks in their investable universe. Our Global Equity Beta Solutions team showed investors how to invest in companies with positive ESG attributes without compromising their desire to capture long-term factor premia to target better risk-adjusted returns over the long run.

By capturing multifaceted ESG factors in our ESG products, services and research, our ESG business leverages all disciplines across the company. Our overarching ESG goals are centered on:

- 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

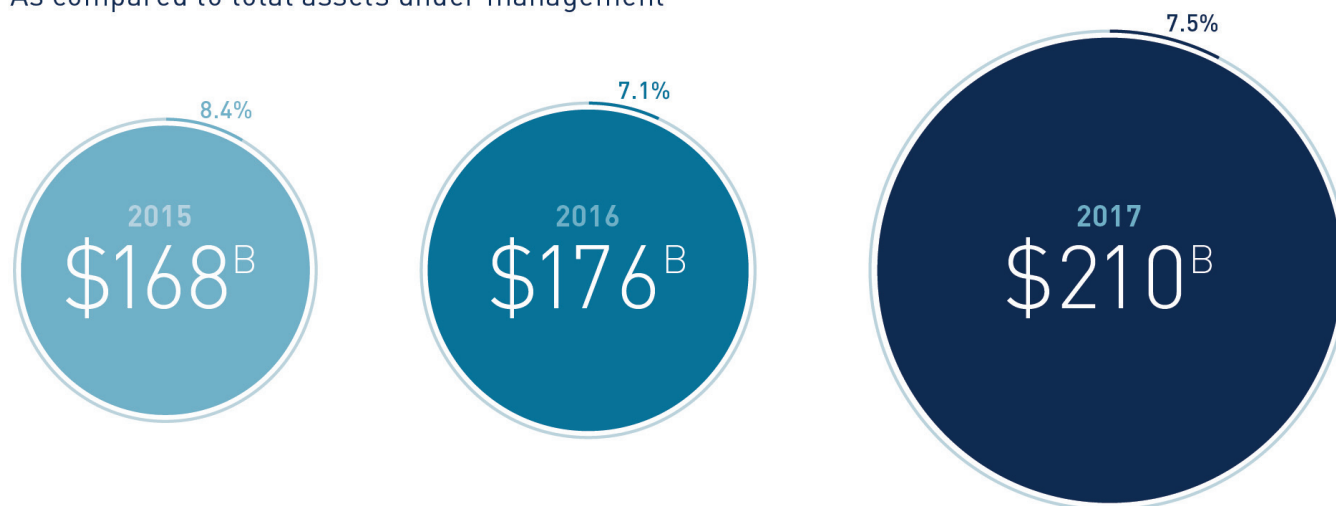
State Street Global Advisors Assets Screened: In Detail

With \$210 billion in ESG assets under management, we have a unique and 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. We offer products that address common client concerns. In our research efforts and actively managed funds, we use a more flexible ESG lens while maintaining the same risk and return constraints we employ for every other investment approach.

One percent (\$1.8 billion) of our total ESG assets are subject to a positive environmental and/or social screen, while 98 percent (\$206.4 billion) are subject to a negative environmental and/or social screen. One percent (\$1.4 billion) of our assets are subject to a combined positive and negative environmental and/or social screen.

ESG Assets Under Management (AUM)

As compared to total assets under management



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. Also, to ensure we’re covering our bases with ESG-related investment risks, the firm’s Asset Stewardship group utilizes a climate change risk oversight framework that helps us plan for any possible risks we may face because of climate change, encompassing all the equities we manage globally.

ESG Investment Products

State Street Global Advisors currently has 22 ESG products on the market, along with hundreds of client mandates. 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 unique goals.

State Street Global Advisors ESG Products

- State Street Global Advisors Gender Diversity Index¹
- Screened S&P 500[®] Index¹
- S&P 500[®] ex-Tobacco Index¹
- Screened Russell 3000[®] Index¹
- US Community Investing Index^{TM1}
- S&P 500[®] Fossil Fuel Free Index¹
- MSCI EAFE Fossil Fuel Reserves Free Index¹
- MSCI Emerging Markets Fossil Fuel Reserves Free Index¹
- Screened MSCI ACWI ex-USA IMI Index¹
- Screened MSCI North America Index¹
- Screened MSCI Europe Index¹

- Screened MSCI Pacific Index¹
- World ESG Index Equity¹
- MSCI ACWI Low Carbon Target Index¹
- Socially Responsible US Credit Index¹
- Euro Sustainable Corporate Bond Index¹
- Emerging Markets SRI Enhanced Equity²
- Global4Good Enhanced Equity²
- Global Ethical Value Equity³
- International Equities ex Australia ex Tobacco ex Controversial Weapons Index¹
- Global Enhanced ex Australia ex Tobacco ex Controversial Weapons²
- Ethically Managed Fund²
 - 1 — indicates index strategy
 - 2 — indicates active quantitative strategy
 - 3 — indicates active fundamental strategy

We're using both positive and negative screening approaches as we develop robust ESG products for our clients, assessing ESG data that sheds insight into this growing investment area.

ESG Asset Screening

ESG factors can impact the reputation of a company and create significant operational risks and costs. Therefore, well-developed corporate social responsibility programs that manage these factors can generate efficiencies, enhance productivity and mitigate risk. Together, both ESG factors and social responsibility programs impact shareholder value.

Our clients expect us to proactively maintain shareholder value by screening of investments — including for ESG factors. In 2017, we continued implementing our ESG portfolio screening tools. These tools include:

- Environmental and social screens, including a gender diversity screen
- Identification of companies that our Asset Stewardship team should engage with for environmental and social issues
- Governance screens
- Examination of overall independence of the board and rights afforded to shareholders
- Tenure screens
- Identification of companies that we want to engage with to discuss ESG issues

These tools help us actively identify companies for shareholder engagement and enhance oversight of ESG risk at portfolio companies. In 2017, we engaged a total of 610 global companies representing more than 45 percent of our total assets (12,291 in portfolio) on ESG issues. Of those engagements, 271 were on environmental and social issues alone.

ESG Screens: Human Rights

	2017	2016	2015	2014
Significant investment agreements* and contracts that include human rights clauses or that underwent human rights screening	116 (67%)	106 (65%)	110 (23%)	93 (33%)

Definition of significant investment agreements:* Client accounts that have been screened for exposure to, among others, Sudan, Iran, weapons (a majority of which are classified as controversial, however some noncontroversial weapons are also captured), MacBride Principles and other qualitative human rights issues such as forced labor, child labor, UN Global Compact noncompliance, etc. **Additional Comments: The above referenced percentages refer to the percentage of environment, social and governance (ESG) assets under management, not total firm assets under management, in which case the percentages would be significantly lower. All figures are estimates; 2015 figures are not comparable to 2014 due to methodological changes in how we track this information.

Asset Stewardship and ESG

As fiduciaries and active stewards, we represent the interests of our clients — the actual owners of the assets that we manage. Similarly, as long-term investors acting on our clients' behalf, we focus on maximizing the probability of achieving attractive returns over the long run, so that our clients can meet their investment goals, whether saving for retirement, funding research and innovation or building the infrastructure of tomorrow. That mission drives our engagement with our portfolio companies and our commitment to sharing our views as stewards of our clients on risks and opportunities that we believe affect long-term value creation.

Each year the firm's Asset Stewardship team identifies specific areas that may impact value over the long term and issues guidance to our portfolio companies on how we think about addressing those areas, and our expectations around their actions. Active, transparent engagement, rather than passive inaction or adversarial interaction, is the hallmark of our approach. Through this patient and consistent interaction, using both our voice and our vote, we track the progress we make on promoting positive change.

Shareholder Engagement with Portfolio Companies

We have engaged with companies across a full range of ESG issues for many years. As part of our shareholder engagement process, we meet with the independent chairperson/lead independent director or representatives of key board committees in our portfolios. We believe such meetings help us assess the quality and effectiveness of the board and the extent of management oversight and help us understand the board's perspectives on key issues such as strategy, risk, capital allocation and compensation. This also allows us to escalate matters to the board's attention if management has been unresponsive to issues discussed during prior shareholder engagements — particularly about ESG issues.

In 2017, we focused on board oversight of environmental and social sustainability in areas such as climate change, water management, supply chain management, safety issues, workplace diversity and talent development, some or all of which may impact long-term value. While none of us can state definitively "the answer" for a particular company, and we acknowledge that certain industries will face different issues, we believe that over time these areas can pose both risks to and opportunities for long-term returns. Therefore, as stewards we are convinced that addressing ESG issues is a good business practice and must be part of effective board leadership and oversight of long-term strategy.

Sector Analysis

State Street Global Advisors also develops a series of strategic priorities each year that drive our engagement with portfolio companies. These are based on developing macroeconomic conditions, emerging ESG trends and client feedback. A significant challenge for all index managers who are invested in thousands of listed companies globally is to provide active oversight of each company. To deal with this, we take sector deep dives for all major industry sectors every four years, covering a total of 60 sectors. Sector deep dives help us proactively monitor and engage companies on matters such as long-term strategy, performance and ESG issues. In 2017, the firm's stewardship priorities included a sector focus on insurance, real estate investment trusts and media companies.

Reviewing global holdings within a sector lets us identify the impacts of business and ESG trends and puts us in a stronger position to advise boards and management teams when they seek feedback or direction from large institutional investors. We also share our insights with clients through presentations and report our findings in our Annual Stewardship Report.

State Street Global Exchange

To integrate our ESG capabilities and further build out our ESG products, our ESG Solutions business, which falls within State Street Global Exchange, coordinates closely with State Street Global Advisors and our other business units.

ESG Solutions' mandate is to build ESG-related products and services by tapping into our access to and expertise with "big data" and our capabilities in quantitative research. Its targeted ESG-related services include:

- Sustainability scores that follow the UN Global Compact-based framework, which uses five ESG data providers
- ESG exposure reporting
- Portfolio risk analytics
- ESG investible indices
- Thought leadership research
- Environmental attribute portfolio construction and branding
- Carbon footprint measuring (Scopes I, II and III)
- Bundled ESG solutions

ESG Solutions' ESG Advisory and ESGX

We provide two products that help clients identify characteristics of their portfolios across environmental ESG factors: our ESG advisory services and ESG analytics calculated via the interactive ESGXSM platform. Leveraging benchmark data provided by a diverse group of third-party data providers, including human-driven data (e.g., analyst research of regulatory findings and other publicly available information), and machine-driven data (e.g., web scraping, machine learning, semantic language processing), we believe our offerings can provide clients breadth and depth of ESG factor information to help them in their portfolio analyses.

ESGX, an ESG Solutions interactive tool is a web-based analytics platform launched in 2017 that provides research-focused services. The platform allows clients to drive their own portfolio analytics, utilizing their choice of supported third-party benchmark data providers to generate analytics that helps them view ESG factors

related to their portfolio. Clients can upload their portfolio information to the platform, which will then map their holdings to available and selected third-party ESG benchmark data against which analytics are run.

The platform provides customizable data visualization tools and intuitive charting to help provide insight into ESG factor exposures. Our clients can view these factors from an industry or country perspective and may view an individual security's marginal contributions to the portfolio score. It is important to note that not all of ESG Solutions' offerings or enhancements are available in all jurisdictions; however we're growing this set of ESG services. As we continue to move forward with ESG product development and goals, our research and ESG Solutions strategies help us streamline current and future ESG product offerings for our clients.

Municipal Finance

As part of our company-wide ESG investment priorities, our Municipal Finance group in the US makes loans and backs debt issued by municipal clients such as water, sewer and power utilities, transportation agencies and housing authorities. Many of their capital improvement plans include provisions for more sustainable and affordable services. These services help provide the financial backing necessary to improve and extend critical infrastructure. As of December 31, 2017, we provided credit enhancement and direct loans to the following issuers:

- \$3.38 billion in debt issued by essential services providers
- \$1.3 billion in debt issued by transportation projects
- \$328.15 million in debt issued by airports
- \$347.57 million in debt issued by housing authorities

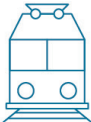
Overall, 58 percent, or \$5.36 billion, of municipal finance commitments supported water, sewer and power utilities, airports, transportation agencies and housing authorities as of December 31, 2017. Many of these capital plans include projects to deliver clean, affordable and sustainable municipal services for their respective host communities. Our products provide access to capital needed for critical infrastructure and quality of life.

Municipal Finance



\$3.38^B

in debt issued by essential services providers



\$1.3^B

in debt issued by transportation projects



\$328.15^M

in debt issued by airports



\$347.57^M

in debt issued by housing authorities

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 is closely linked to utilities' core operations, we include those issues in our risk analysis and due diligence processes. Current and

emerging issues we keep in mind for municipal finance include environmental litigation risk, cost of environmental regulatory compliance, future carbon tax and trade regulation, access to water, and fish and wildlife protection.

Tax-Advantaged Investments

Similar to our municipal finance credit investments, our Tax Advantaged Investments (TAI) group commits several hundred million dollars to investments in affordable housing and renewable energy projects, such as wind power and solar projects, in the United States every year. In 2017, TAI committed to \$435 million in new capital for affordable housing and renewable energy projects (\$170 and \$265 million, respectively). TAI carefully assesses the market for investments that meet our approved criteria for projects that deliver annual revenue targets while creating a positive impact for affordable housing communities and renewable energy projects. We'll continue to actively invest in these projects in the United States in the coming years.

Together, our ESG products, services and research, including ESG asset stewardship initiatives, help us achieve long-term value creation by capturing the innovative, multidisciplinary opportunities presented in ESG factors.

ESG and Corporate Responsibility



RON O'HANLEY,
President and Chief Operating
Officer of State Street
Corporation

To learn more about State Street Global Advisors' engagement on ESG with investee companies, we spoke with Ron O'Hanley.

Q: In 2017, as CEO of State Street Global Advisors, you issued a letter to the independent chairs and lead directors of companies in the S&P 500, FTSE 350, ASX 100, CAC 40 and DAX 30 on the importance of incorporating ESG issues into long-term strategy. What effect did that letter have? How do you think it will continue to impact State Street and the financial industry moving forward?

Because we are a large shareholder and most typically a long-term shareholder in these companies, the biggest impact is that companies pay attention. That means that we can use these annual letters to articulate principles that we believe will drive sustainable value. We are shining a light on the areas we believe boards should pay attention to for long-term returns.

We do this largely on behalf of our index investors. As long as a company is in the index, we will be invested in the company. We are therefore a very long-term shareholder, near-permanent capital. That enhances our ability to get companies to pay attention when we point out the issues that are important to us. We use both our voice and our vote to promote those long-term interests.

For example, we have consistently said that companies that are governed properly and have strong, effective and independent board leadership are more likely to achieve better outcomes over the long term. That emphasis on board quality and effectiveness led to our campaign in 2017 around better gender diversity at the board level, which was powerfully symbolized by the Fearless Girl statue. The idea was that boards need a diversity of viewpoints and backgrounds to enhance their decision-making. There was ample empirical evidence that boards with more women produced better results. We asked companies to report on their plans to improve gender diversity. For boards that failed to explain their lack of women or did not have a plan to improve diversity, we were prepared to vote against a committee chair or slate of candidates.

More than 150 companies that previously had no women on their boards appointed a woman in the first year of our campaign. So we have seen tangible results.

Similarly, we were the first large index manager to vote in favor of shareholder resolutions around climate risk. We have explicitly asked the boards of our portfolio companies to oversee climate risk assessment and its potential business impact. While we do not pretend to have all the answers, we believe the uncertainty around the effects of climate change amounts to a textbook definition of risk. We want companies to do the analysis, boards to oversee that work, and reports to be made to shareholders.

Q: How is ESG continuing to grow and expand at State Street? How is it influenced by corporate responsibility issues and challenges in the greater global community?

ESG has become a central issue for our businesses at State Street and for State Street itself as an institution. We are in the business of managing money ourselves or supporting the money management activities of other asset managers and asset owners. We are incorporating ESG issues into our own investment processes or helping our clients manage assets through that lens. Concretely, that means we are developing tools to analyze and report ESG data as well as creating new ESG investment strategies. I expect ESG expertise will become an increasingly important part of our core businesses.

Secondly, as a company, we know that ESG is becoming a more important priority for all of our stakeholders: employees, communities and shareholders. Just as we are asking the companies we are invested in to report on ESG risks and opportunities, our shareholders want to understand how State Street Corporation is thinking about these same issues. So I believe ESG will continue to be a very important topic across the entire corporation.

Q: How do you see corporate responsibility and ESG aligning with State Street's strategy and business objectives? What is your long-term vision for corporate responsibility at State Street?

Given the nature of our business, and the importance of ESG factors to investors — either because ESG reflects some value of the investor or a risk factor the investor wants to understand — ESG aligns with our business strategy. We either invest on behalf of our clients or help them invest, so

having strong ESG capabilities and tools is important. From a corporate responsibility perspective, we should hold ourselves to the same ESG standards as the companies with which we engage as asset stewards. Our board should be asking management to demonstrate what we are doing across these ESG areas.

From a long-term perspective, too often the discussion around CR is focused on succeeding as a business and being “responsible,” as if CR is an extra duty. I would argue that you can’t achieve long-term value creation, or long-term greatness, without being responsible. State Street has a lot of stakeholders. For one, our shareholders expect us to generate long-term value for them. I believe there are many factors that drive long-term value, including CR and ESG issues. I do not believe you can create long-term value and be an irresponsible company. We also have our other stakeholders: communities, employees, governments, clients, etc. Each expects that we are going to act responsibly as a corporation. So, to my mind, CR should be part of our day-to-day ethos — what we do and how we do it.

If we were here for the short term, this would be a different story. But business leaders should not be focused solely on the short term — and as a 225-year-old institution, State Street is anything but short term. CR supports how we create value for the long term.

Innovation and Digitization

State Street prides itself on being an innovative company — a mindset we believe is essential to creating lasting, long-term value for our clients. With the progressive modernization of the financial services sector in the digital age, we have seen an increasing trend toward greater disintermediation, with the potential to disrupt our existing business models. With digitization and other technological innovations, service enhancements that significantly change the way value is created for our clients are on the horizon.

We define innovation as a spectrum with different levels ranging from sustaining innovation to disruptive innovation. Sustaining innovation happens across all businesses, with incremental changes to existing business platforms. Our employees look for ways to improve our services and processes to meet current demands and anticipate future ones. We also look at disruptive innovation brought forward by changes in technology offerings, like blockchain and cognitive computing, and the industry shifts that they bring. Through our Beacon program and other business initiatives, we reach across all businesses to cover incremental business innovations as well as understand the servicing shifts brought on by disruptive technologies.

Transforming Our Systems

As our industry is continuously evolving, we must also evolve to remain competitive and be a partner and thought leader for our clients. State Street is working to transform both internal systems and external offerings, providing continuous innovation for our clients and preparing for disruptive innovation brought forward by novel ideas and emerging technologies. We've also made progress on Beacon, our effort to digitize every aspect of our business. Beacon centers on the digitization of many of the accounting and verification procedures that underlie investment management, feeding into essential processes such as the calculation of the daily net asset value of each of our portfolios. By digitizing these processes, Beacon helps employees work more effectively and efficiently, manage data more quickly and accurately, and enhances risk management. This project is improving State Street's resiliency, efficiency and profitability while providing more insights and greater accuracy for our clients.

Our short-term focus has been on digitizing data and processes. We chose to start at the beginning of the client interaction, focusing on how we receive and process data digitally. This stronger foundation will allow us to drive greater value from our longer-term investments in integrated solutions, enhanced analytics and redesigned digital client experience.

Over time, we will continue to invest in greater integration across all our products and services, with real-time updates, greater consistency across State Street views, and new products and innovations to meet clients' dynamic needs while helping them do their jobs more effectively. These enhancements include improved speed, greater transparency with access to more information and alerts-based processing, while delivering an improved user experience.

Underpinned by Beacon's key themes of digital integration, rapid processing and one source of truth, we are developing product offerings around several key areas:

- **Data:** Clients are seeking an information advantage that will keep them competitive in the market.
- **Oversight:** With fund boards taking a more active role in oversight in an increasingly complex and regulated investment environment, fund managers need to perform effective and efficient oversight and control.
- **Regulation:** We're investing in an ecosystem of data and resources that can be adapted as the regulatory environment evolves. For example, our money market reform solution brought together recent technology we have developed to improve the speed of our data processing and delivery.

- **Risk:** In an increasingly dynamic and turbulent environment, it's important to stay ahead of risks. That means understanding what each transaction and each market move means to our clients' portfolios. We're investing in getting that information to our clients sooner, so our clients can manage their risk more effectively.

We also take into account employee feedback. We launched a "Big Pitch" competition in 2016 that was open to all State Street employees. This project generated more than 50 promising ideas, eight of which were short-listed for implementation and three of which were designated as competition winners, to be evaluated for operation where appropriate. Implementation of some of these employee ideas began in 2017.

Exploring New Offerings

We're also exploring the efficiencies and benefits of more cutting-edge technologies such as digital ledger technology and cognitive computing. We have recently launched two new solutions, QuantextualSM Idea Lab and Verus, which utilize machine learning technology to deliver insights and help our clients better manage the research and risk associated with their portfolio strategies. More specifically, Quantextual Idea Lab uses machine learning algorithms to consume complex research reports, tag them by investment themes and assets, as well as suggest new, relevant materials based on the end user's specific needs, preferences and observed reading behavior. The solution then carefully overlays the experience and market knowledge of Quantextual's own research team to continuously improve the algorithms' performance and accuracy. In contrast, Verus is a mobile initiative that utilizes a combination of machine learning, natural language processing and human expertise to explore connections between world events and user portfolios.

We use some interim metrics for our innovation projects but the bigger-picture questions are our true guides: What levers is this innovation project driving? Does it drive simplification, which leads to higher margins? Is it reducing operational risks, thus improving equity and margin? Is it helping identify new revenue sources? Are we creating something new, and how far is it from commercialization?

The Emerging Technologies Center

These questions reveal how little we know about what our innovation projects will look like — or even what we want them to look like — in the future. This uncertainty is a key driver of the work at our Emerging Technologies Center (ETC). The ETC is a partnership among our client design team, technology research, architecture and development teams, which work closely with our business units to identify and integrate these emerging technologies into our business operations. Composed of idea generators, business analysts and technologists looking to fit new solutions and ways of thinking into our current business and client needs, the ETC team examines how emerging technologies can impact the financial industry, and how we can bring these changes into State Street. The ETC has two primary missions:

- Identify, prototype and develop emerging and disruptive technologies that could have a major impact on State Street's businesses in the long term
- Effect positive change on the culture of innovation at State Street through education and collaboration with different groups within State Street's innovation ecosystem

We believe that our clients, our employees and our industry peers will benefit from innovation driven by new financial technologies, which allow faster, more efficient, and client-driven processes, while reducing risk and

increasing transparency. Advances in technology will also allow us to better manage our data and derive insights for better decision-making. Currently, we are looking closely at two groundbreaking technologies that affect the financial services industry: blockchain and cognitive computing.

We explore these technologies by working with partners to collaborate on development opportunities as well as hiring key talent to advance our platform suite internally. We see potential benefits across many business functions in the front, middle and back office. This effort keeps us ahead of rapidly developing digital technologies so that we can stay ahead of the curve for our clients in a dynamic and constantly changing environment.

State Street has a legacy of proven innovation, from the invention of the first ETF in 1993 to the creation of our Global Exchange group two decades later. The ETC continues to build on this legacy of innovation today and will do so into the future, when the financial services industry may bear little resemblance to the one we know today.

Digitization, Innovation and IT Resilience



ANTOINE SHAGOURY,
Chief Information Officer (CIO)

To learn more about digitization and innovation at State Street, we spoke with Antoine Shagoury.

Q: How does your role integrate digitization, innovation and cybersecurity? How do these subjects create value for State Street?

We see these central concepts as fundamentally linked and interdependent. Although digitization has many meanings to different people, it essentially involves making information more accessible. I think of innovation in its most fundamental form: How can we think about and do things differently? Being in the “trust” business, in more ways than one, we must account for cyber and information security in virtually every decision. My role is ensuring that these efforts integrate and intertwine throughout our operations.

In an age where consumers demand both frictionless processes and reliable security, balancing change and innovation becomes crucial. Over the past 10 years, the shift in the market has made it so that everything we do must be underwritten by the ability to protect the assets and information we hold on behalf of our clients. By extending our trusted position and producing solutions for these differences, we create value.

Q: What are some of the main challenges you come across with regard to digitization and cybersecurity at State Street?

While some companies have driven a hard line to standardize products and processes to foster digitization, we have grown from our willingness and ability to customize and tailor our services to our clients’ needs. Of course, from a technology standpoint, there are many challenges in creating and utilizing different solutions for working with such diverse clients and operating across global markets. But at the same time, finding the right approach to support the integration of digital platforms and digitized information often provides challenges for maintaining consistency and accountability. However, doing so also provides an opportunity to build standardized capabilities. As we

evolve the way we do business, gaps in the disparity of information have the potential to grow. This leads to inconsistency in how information is managed, accessed and entitled, and possibly affects our controls for information security. So that's the balance we must play: providing the frictionless, instantaneous and secure data and information our clients and stakeholders expect, while ensuring our processes and services are intuitive and pragmatic.

Q: What does “IT resilience” mean to you, and what does it take to achieve IT resilience at State Street?

I like to think of the idea of resilience as synonymous with availability and accessibility. IT resilience therefore entails creating the capability to insulate problems, while maintaining continuity of services for our clients and the markets that we operate within. By bringing innovation, automation and digitization into our workloads, we are changing the way we develop systems to ensure such availability. Making our platforms resilient is an intellectual and financial investment we are willing to make, driven by our responsibility to our clients and shareholders. We know that failing to do this can adversely impact investors, managers and investment liquidity, and therefore aim to ensure we remain seen as a trusted custodian of our clients' physical and information assets.

Q: Have there been any big projects or steps taken at State Street regarding technology that either proved successful or risky? What insight did you gain based on how these turned out and their long-term impact for State Street?

Eight years ago, we began the journey to find better ways to manage and process information, and fundamentally improve our service value to our customers. This undertaking challenged our company to test and evolve how and why we did things a certain way. These challenges seeded our Centers of Excellence and IT Operational Transformation (ITOT) program, which was our first transformation effort. By the same token, our Beacon initiative has paved the way over the last two years to improve data handling, straight-through processing and operational tools. Basically, it is the next installment on digitizing and digitalizing our operations. Risk is constant with change in our industry, especially as we shift from human intermediated processes to system.

Another risk we face now is managing a digital enterprise — basically, how we enhance and change interactions with customers and businesses seamlessly.

The core of which begs the question we constantly grapple with: How do you build resilient and interoperable systems and solutions? Managing the risks associated with staying current while balancing risk when introducing changes in operations continues to be a hurdle that we must and will always address.

Q: How will State Street continue to innovate its digital processes? How do you envision the technological advancements of State Street in the near and far future?

Given the ever-changing nature of technological advancements, staying current during these waves of change is a long-term commitment. Therefore, investing in information intelligence and automation through technological innovation remains significant to us and our clients. Not only do we want to make information accessible, we also hope to enrich it with valuable insights that can be used for the future. Our early investment in and growing focus on artificial intelligence and distributed ledger technologies have proved successful, as both are now becoming a common theme in our industry. However, we also have teams researching advanced or emerging technologies — think of things like quantum computing. Does this mean it will become mainstream? No, but you must make sure that your capabilities are extensible, diversified and complementary. Integrating technical advances drives value into our business and services. As an example, integrating machine learning improves system monitoring capabilities and will allow us to identify, categorize and contextualize anomalies in our systems, today. Gaining such insight and information creates augmented intelligence, thereby creating value now. Pursuing innovation fuels this cycle of value and helps us evolve our thinking, capabilities and services.

Appendix I: External Commitments and Memberships

State Street and the UN Sustainable Development Goals (SDGs)

As a component of being a signatory to the United Nations Global Compact, State Street has committed to five of the United Nations Sustainable Development Goals (SDGs), which outline a path to end poverty globally. These five goals were chosen by the Executive Corporate Responsibility Committee, as they align closely with our strategy and help create value for our businesses and stakeholders.



SDG 4. Ensure inclusive and quality education for all and promote lifelong learning

SDG 8. Promote inclusive and sustainable economic growth, employment and decent work for all

State Street has a two-pronged approach to the SDGs focused on education and employment — through its workforce development community engagement initiatives and its internal development for current employees.

State Street Foundation’s primary focus areas are education and workforce development programming, helping disadvantaged individuals become financially self-sufficient. One major initiative of State Street Foundation is the Boston Workforce Investment Network (Boston WINs), which engages high-performing Boston nonprofit organizations committed to advancing college and career readiness. As a component of this initiative, State Street has dedicated \$20 million to the WINs network partner organizations to facilitate this work. In addition, the company has set a goal of hiring 1,000 individuals served by these organizations, providing a concrete example of its commitment to workforce readiness and community engagement in the city of Boston.

State Street promotes lifelong learning for employees within the company through benefits like our educational assistance program. This program supports eligible employees in continuing their education and encourages professional development both inside and outside the company. State Street will also roll out a new learning management system that provides streamlined access to learning resources and help create efficient development plans, supporting employees as they work to become better and more informed professionals. Finally, all eligible employees receive annual performance reviews, an effort to ensure ongoing improvement and identify opportunities for growth.

Lastly, State Street is deeply committed to sustainability and inclusion, as they are directly linked to long-term value creation. We hire locally and use local suppliers whenever possible, helping to sustainably develop the local communities where we operate. In 2017, 85 percent of our senior-level hires were made locally.

This effort to bolster local economies is complemented by the work of State Street Foundation and its community support programs (CSPs), which allow local employees to review potential partnerships between the Foundation and community nonprofit organizations, selecting meaningful opportunities for donations.

SDG 5. Achieve gender equality and empower all women and girls

With State Street Global Advisors' commissioning of the Fearless Girl statue, which was placed on Wall Street on International Women's Day 2017 in order to draw attention to the importance of gender diversity on corporate boards, our asset management arm publicly demonstrated our commitment to gender equality. We are also a signatory to the Boston Women's Compact, through which we pledged to take concrete, measurable steps to eliminate the wage gap. In addition, the company overall set three-year hiring goals to increase representation of women globally, for women at all levels of the company. At the close of 2017, we had met three of our four gender goals at the executive levels. New goals have been set for the next five-year period as we believe there is always room for improvement, and it is important to see greater diversity at higher levels of the company.

State Street also offers two employee resource groups focused on women. The largest is our Professional Women's Network, which offers mentorship, events and other resources in order to support the development of women within State Street globally. In addition, the Women's Information Network provides a space for women in IT at State Street to extend their network, enhance knowledge, and help achieve career goals specific to IT.

SDG 7. Ensure access to affordable, reliable, sustainable and modern energy for all **SDG 13. Take urgent action to combat climate change and its impacts**

State Street is committed to maintaining a position at the forefront of environmental sustainability in the financial services industry. We offset our North American electricity use with renewable energy credits (RECs) as well as carbon offsets. In addition, in 2017, our tax-advantaged investments group committed \$265 million to renewable energy projects. Our Realty Services group installed a smartflower, a solar array that produces 6,500 kWh of energy annually, with plans to install additional units in coming years.

As a component of our science-based targets, State Street has set a goal of decreasing our global greenhouse gas (GHG) emissions by 30 percent by 2025, after meeting a goal to decrease those emissions by 20 percent by 2020 — three years ahead of the target.

State Street operates a robust environmental sustainability program to mitigate our impact on climate change, in addition to an effort to provide sustainable investment opportunities and research to our clients. On an enterprise-wide level, we pursue certifications like Energy Star, LEED and ISO 14001 in order to demonstrate our positive impact on the environment. Finally, one of State Street's largest employee resource groups is the Environmental Sustainability Employee Network (ESEN), developed to fuel environmental sustainability initiatives within the company globally.

As one of the world's largest asset managers, State Street Global Advisors is uniquely positioned to influence the climate-related policies for the companies in which we are invested. As a voluntary signatory to the Task Force on Climate-related Financial Disclosures (TCFD), we will continue to encourage companies in our portfolios for which climate change presents material risks to adopt better policies, practices and disclosures. For example, we encourage companies to set and work toward GHG emissions targets. State Street Global Advisors is also a signatory to the Principles for Responsible Investment (PRI), demonstrating our commitment to responsible investing and a more sustainable financial system. Finally, our Global Exchange business launched ESGX, a tool for ESG investing strategies that helps clients standardize their own ESG investing. By engaging with companies on ESG-related issues like climate change, we leverage our role in ways that can both combat climate change and help limit its impact.

UN Global Compact

In December 2014, we became a signatory to the United Nations Global Compact (UNGC), the world's largest corporate citizenship initiative, which is based on 10 universal principles. This table shows where information on our approach to the UNGC can be found in this report.

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>CR Goals and Progress Managing Our Suppliers</p>	<p>We revised our human rights statement in 2016 and remain committed 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>Managing Our Suppliers</p>	<p>To ensure our vendors share in our values, we have expanded our procurement process to include a multilevel assessment of vendors and service providers globally. All new suppliers submitting a request for proposal (RFP) are now asked to answer questions regarding human rights.</p>
Labor		
<p>Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining</p>	<p>Our Employees Appendix III: GRI 102-41</p>	<p>We are committed to adherence to local laws regarding the freedom of association and collective employee action.</p>
<p>Principle 4 The elimination of all forms of forced and compulsory labor</p>	<p>Managing Our Suppliers</p>	<p>In our business operations, we do not condone forced and 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.</p>
<p>Principle 5 The effective abolition of child labor</p>	<p>Managing Our Suppliers</p>	<p>In our business operations, we do not condone child 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 child labor.</p>

Principle 6

The elimination of discrimination in respect of employment and occupation

Building an Inclusive and Diverse Work Force

We recognize the business value of a diverse workforce. State Street’s CEO signed the CEO Action for Diversity & Inclusion pledge in 2017, which outlines a set of commitments around diversity and inclusion within the workplace.

Environment

Principle 7

Businesses should support a precautionary approach to environmental challenges

Environmental Stewardship

We align our long-term success with Earth’s ecological well-being. In 2017, we enhanced our Environmental Sustainability policy as part of our commitment to being a leader in environmental sustainability in all aspects of our business

Principle 8

Undertake initiatives to promote greater environmental responsibility

**Environmental Stewardship
ESG Products, Services and Investments**

In 2017 we launched a science-based carbon reduction target of 30 percent. In addition, we have grown our line of products and services to address environmental sustainability and continue to expand the reach of our Environmental Sustainability Employee Network.

Principle 9

Encourage the development and diffusion of environmentally friendly technologies

ESG Products, Services and Investments

To help our clients identify risks and opportunities in their portfolios, we built and are constantly refining a multi-factor risk analytics engine that utilizes ESG factors 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 Culture and Compliance

To maintain our reputation as a trusted partner, we expanded our “Speak Up/Listen Up” program, which trained 6,500 employees in 2017. This program is designed to develop and promote stronger cultures of speaking up within our organization to enhance our compliance performance.

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), Boston College Center for Corporate Citizenship (Leadership Forum member), Boston Municipal Research Bureau (board member), Business for Social Responsibility, The Clearing House (board member), 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, Sustainable Accounting Standards Board, Securities Industry and Financial Markets Association, US National Center for APEC, US-ASEAN Business Council and US-India Business Council.

Outside the US:

Alternative Investment Management Association, American Chamber of Commerce memberships in various countries, APEC Asian-Pacific Financial Forum, 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, Depository 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 Disclosure Content Listings

The EU Directive on Non-Financial Disclosure outlines certain requirements for corporate disclosures that companies of a certain size must comply with. It has been determined that State Street is subject to these requirements.

Below is an index of information found within this report, aligned with the requirements of the EU Directive.

Environmental matters	<ul style="list-style-type: none"> - Responsible Growth: <i>Environmental Stewardship</i> - Innovation for Value Creation: <i>Environmental, Social and Governance (ESG) Products, Services and Investments</i> - Appendix I: External Commitments and Memberships: <i>State Street and the UN Sustainable Development Goals (SDGs)</i> - Appendix I: External Commitments and Memberships: <i>UN Global Compact</i> - Appendix III: Report Structure, GRI References and Management Approaches: <i>Material Topic: Environmental Responsibility</i> - Appendix III: Report Structure, GRI References and Management Approaches: <i>Material Topic: Environment, Social and Governance (ESG) Products and Services</i>
Social and employee matters	<ul style="list-style-type: none"> - Responsible Growth: <i>Our Employees</i> - Appendix I: External Commitments and Memberships: <i>State Street and the UN Sustainable Development Goals (SDGs)</i> - Appendix I: External Commitments and Memberships: <i>UN Global Compact</i> - Appendix III: Report Structure, GRI References and Management Approaches: <i>Material Topic: Talent Recruitment and Retention</i> - Appendix III: Report Structure, GRI References and Management Approaches: <i>Material Topic: Diversity, Flexibility, Equal Opportunity and Well-being</i>
Respect for human rights	<ul style="list-style-type: none"> - Managing Risk: <i>Managing Our Suppliers</i> - Responsible Growth: <i>Our Employees</i> - Appendix I: External Commitments and Memberships: <i>State Street and the UN Sustainable Development Goals (SDGs)</i> - Appendix I: External Commitments and Memberships: <i>UN Global Compact</i> - Appendix III: Report Structure, GRI References and Management Approaches: <i>Material Topic: Responsible Sourcing</i>
Anti-corruption and bribery matters	<ul style="list-style-type: none"> - Managing Risk: <i>Risk Culture and Compliance</i> - Appendix I: External Commitments and Memberships: <i>UN Global Compact</i> - Appendix III: Report Structure, GRI References and Management Approaches: <i>Material Topic: Risk Excellence and Compliance</i>

Appendix III: Report Structure, GRI References and Management Approaches

Report structure and GRI references

General Disclosures		Information
Organizational Profile		
102-1	Name of the organization	State Street Corporation
102-2	Activities, brands, products and services	We have two lines of business: Investment Servicing and Investment Management. See [Our Services: Our Businesses and Services] for additional information.
102-3	Location of the headquarters	State Street Corporation State Street Financial Center One Lincoln Street Boston, MA 02111
102-4	Location of operations	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 .
102-5	Ownership and legal form	State Street is a financial holding company organized under the laws of the Commonwealth of Massachusetts. Our common stock is listed on the New York Stock Exchange.

<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. 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, 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>102-7</p>	<p>Scale of the organization</p>	<p>See [Generating Value] concerning State Street’s key financials, [Our Employees] concerning staff numbers, and Form 10-K for further information concerning assets, debt and shareholders’ equity.</p>

102-8	Information on employees and other workers	Female employees: 16,881 (15,938 full-time and 943 part-time). Male employees: 19,618 (19,449 full-time and 169 part-time). See [Our Employees] for additional information.
102-9	Supply chain	[Managing Our Suppliers: Key Products and Services; Global Procurement]
102-10	Significant changes to the organization and its supply chain	There were no significant changes regarding the organization's size, structure, ownership or its supply chain.
102-11	Precautionary principle or approach	[Environmental Stewardship: Maintaining Oversight] , [UNGC]
102-12	External initiatives	TCFD, CEO Action for Diversity & Inclusion, UN Principles for Responsible Investment, UNEP Finance Initiative, UN Global Compact, Boston Women's Compact, CDP, Ceres, ISO 14001, ISO 50001
102-13	Membership of associations	[Overview of Our Memberships; Appendix I]
Strategy		
102-14	Statement from senior decision-maker	[Letter from Joseph L. Hooley]
Ethics and Integrity		
102-16	Values, principles, standards and norms of behavior	[Risk Culture and Compliance: Ensuring Ethical Business Practices]
Governance		
102-18	Governance structure	[Risk Culture and Compliance: Risk and Compliance Governance]
Stakeholder Engagement		
102-40	List of stakeholder groups	Shareholders, clients, employees, academics, NGOs, investment analysts, business partners. See [Creating Long-term Value] for more information.
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 4.3 percent of State Street employees globally.
102-42	Identifying and selecting stakeholders	As a publicly traded company whose success depends on the 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 (see GRI 102-40) are important as they provide expert perspectives or impact our reputation in the marketplace.

102-43	Approach to stakeholder engagement	Engagement with all 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 through the use of a survey they were asked to complete and return to State Street's CR team. Employees were also engaged through the use of 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	[Governance and Materiality] , [Serving Our Clients] , [Responsible Growth] We update our list of material CR topics every two years, and in 2017 we conducted a materiality assessment based on guidelines from the Global Reporting Initiative (GRI).
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	[Creating Long-term Value: Governance and Materiality]
102-47	List of material topics	[Creating Long-term Value: Governance and 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, 2017
102-51	Date of most recent report	May 2017
102-52	Reporting cycle	Annual reporting
102-53	Contact point for questions regarding the report	Richard Pearl, Global CR Officer +1 617 786 3000

102-54	Claims of reporting in accordance with the GRI Standards	The report has been prepared referencing the Global Reporting Initiative Standards for corporate reporting.
102-55	GRI content index	[Appendix III: Report Structure, GRI References and Management Approaches]
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 2017 CR Report, please refer to ERM CVS's assurance statement in Appendix IV .

Topic-specific Disclosures	Information
Material Topic: Economic Performance	
The State Street material topic "Economic Performance" corresponds to the GRI topic "201 Economic Performance."	
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.</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 policy makers 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 organization as a whole. 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 2017, 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	[Generating Value]
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. At State Street, we measure general client satisfaction with surveys performed by an independent company. In addition, we use Net Promoter® Score (NPS) methodology to monitor and act on feedback from key clients. The NPS methodology enables continuous improvement by putting the client at the center of everything we do. The tool allows us to not only collect client feedback, but to translate it into action plans. Please see [Serving Our Clients] 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® Score (NPS) account 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 [Serving Our Clients] for more information.</p> <p>In 2017, 122 individuals from our top 25 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.</p>	
Detailed information on this Non-GRI Topic		
Non-GRI Topic	Metric on the material topic	[Serving Our Clients]

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.	
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 and compliance across all our operations are 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 and labeling, 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 and labeling 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. These three committees are supported 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. Our Standard of Conduct sets forth our ethical behavior practices. The Standard of Conduct explains the core concepts of Ethics, includes a framework for Ethical Decision-Making, and guides employees’ decision-making process when there is not a prescriptive rule for the situation at hand. State Street employs a company-wide Compliance Risk Management Framework (CRMF) and has three lines of defense. Please see [Risk Culture and Compliance] for more information.</p> <p>Policies:</p> <ul style="list-style-type: none"> • 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 <p><u>Anti-Corruption</u></p> <p>Our Standard of Conduct conveys our anti-corruption policies to all employees. Ethics, First Line of Defense, 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 ensure our employees are neither offering nor receiving any gifts that could be linked to a particular outcome or benefit. In the procurement space, we apply due diligence to our business partners to ensure they are following the same stringent standards. In addition, our policies ensure that employees and interns associated with State Street have garnered their position as a result of their merit, rather than their association.</p>

	<p><u>Anti-Competitive Behavior</u></p> <p>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.</p> <p><u>Marketing and Labeling</u></p> <p>With regard to 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 material 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.</p> <p><u>Socioeconomic Compliance</u></p> <p>All of our business units are responsible for complying with rules and regulations and adhering to our ethical requirements.</p>
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 and to determine where we need to strengthen our compliance internal controls and what trends are on the horizon. The evaluation of anti-bribery and corruption risk is conducted annually for the purpose of setting the annual compliance responses and is re-reviewed quarterly to determine whether any change is required. Our management approach is highly adaptive. Adjustments are constantly made to meet emerging trends and needs.</p> <p>Our “Speak Up/Listen Up” initiative encourages employees as well as business partners to report complaints, grievances, observed instances of corruption, misconduct and fraud, and potential violations of policy through “The Network,” a confidential reporting hotline that promptly routes issues 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: 205 Anti-corruption	
205-1	<p>Operations assessed for risks related to corruption</p> <p>[Risk Culture and Compliance: Enhancing Our Controls]</p>
205-2	<p>Communication and training about anti-corruption policies and procedures</p> <p>[Risk Culture and Compliance: Compliance Training]</p>
205-3	<p>Confirmed incidents of corruption and actions taken</p> <p>[Risk Culture and Compliance: Enhancing Our Controls]</p>

GRI Topic-specific Disclosures: 206 Anti-competitive Behavior		
206-1	Legal actions for anti-competitive behavior, antitrust, and monopoly practices	[Risk Culture and Compliance: Ensuring Ethical Business Practices]
GRI Topic-specific Disclosures: 417 Marketing and Labeling		
417-3	Incidents of noncompliance concerning marketing communications	[Risk Culture and Compliance: Ensuring Ethical Business Practices]
GRI Topic-specific Disclosures: 419 Socioeconomic Compliance		
419-1	Noncompliance with laws and regulations in the social and economic area	[Our Employees: Room to Grow]
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.		
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 all applications and data across State Street throughout the employee, contractor and client life cycle. We monitor compliance to 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. 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. Our global climate change risk oversight framework for directors encompasses all equities we manage and helps us plan for any possible risks we may face.	
103-3	Evaluation of the Management Approach 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.	

GRI Topic-specific Disclosures: 418 Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	[Cybersecurity: Cybersecurity and IT Resilience]
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.”		
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.</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 and impacts on society. 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>	
103-2	<p>The Management Approach and its Component</p> <p><u>Procurement Practices</u></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. 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) <p>When scale and cost permit, we use local suppliers.</p>	

	<p><u>Environmental Assessment</u></p> <p>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. 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 have to manage trade-offs between environmental and economic goals.</p> <p><u>Social and Human Rights Assessments</u></p> <p>Our Global Procurement Services (GPS) team assesses the quality of our suppliers through a labor practices, impacts on society and human rights lens. 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. 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>As a signatory to the United Nations Global Compact [UNGC], we have confirmed our support of the UNGC’s 10 principles, which include those relating to human rights abuses and forced labor. We also adhere to a Human Rights and Anti-Human Trafficking policy. In 2017, we signed a Modern Slavery Act Statement.</p>		
103-3	<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 use an independent, third-party firm, “The Network,” to facilitate multilingual communication 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. When appropriate, 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). In addition, our standard supplier agreement asks 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.</p>		
GRI Topic-specific Disclosures: 204 Procurement Practices			
204-1	<table border="1"> <tr> <td data-bbox="305 1696 781 1780">Proportion of spending on local suppliers</td> <td data-bbox="781 1696 1479 1780">[Managing Our Suppliers: Sourcing Responsibly]</td> </tr> </table>	Proportion of spending on local suppliers	[Managing Our Suppliers: Sourcing Responsibly]
Proportion of spending on local suppliers	[Managing Our Suppliers: Sourcing Responsibly]		

GRI Topic-specific Disclosures: 308 Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	[Managing Our Suppliers: Sourcing Responsibly]
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	[ESG Screens:Human Rights]
GRI Topic-specific Disclosures: 414 Supplier Social Assessment		
414-1	New suppliers that were screened using social criteria	[Managing Our Suppliers: Sourcing Responsibly]
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."		
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. Therefore, we focus on specific labor practices that enhance the employee experience and performance.</p> <p>Finding and keeping the very best candidates is extremely important. Our goal is to explain how a 225-year-old custodian bank offers opportunities that are more interesting and rewarding than positions in other industries and companies. To achieve this, our commitment to providing relevant learning for our employees around the world is a key offering. We do this through Learning Teams, where 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. Learning Teams are located in each of our main offices in the United States, Canada, UK, Ireland, Poland, Germany, Australia, India and Hong Kong.</p>	
103-2	<p>The Management Approach and its Component</p> <p>Our Global Human Resources team holds the core responsibility for employee engagement within State Street. This team continuously develops professional tools — strategic, conceptual, analytical, operational and interpersonal — so our employees exceed client expectations. In 2017, we administered quarterly 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>Since Talent Acquisition and Talent Development are globally managed functions, the vast majority of programs and initiatives apply to the entire company. That said, regions and business units may tailor these initiatives to their population and/or implement others in conjunction with the global functional areas. In 2017, we improved the hiring process by implementing a new HR Management System, making it easier for employees to search for and apply to positions.</p> <p><u>Training and Education</u></p> <p>Our commitment to learning and training reaches all the way up the organization to our executive management team. Career development at State Street is employee-driven, manager-enabled and company-supported. Current internal learning projects and initiatives include State Street University, Skills Training, Professional Development and Management Development programs. Our employees also enjoy the benefit of tuition reimbursement for job-related courses taken at accredited institutions.</p>	
103-3	<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 2017, 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	[Our Employees: Training and Professional Development]
401-3	Parental Leave	[Our Employees: Recruiting and Retaining Our Talent]
GRI Topic-specific Disclosures: 404 Training and Education		
404-1	Average hours of training per year per employee	[Our Employees: Training and Professional Development]
404-2	Programs for upgrading employee skills and transition assistance programs	[Our Employees: Training and Professional Development]
404-3	Percentage of employees receiving regular performance and career development reviews	[Our Employees: Recruiting and Retaining Our Talent]
Material Topic: Diversity, Flexibility, Equal Opportunity and Well-being		
<p>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.</p>		

Management Approach	
<p>103-1</p>	<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>
<p>103-2</p>	<p>The Management Approach and its Component</p> <p>Our diversity and inclusion strategies were developed and implemented by Human Resources teams and approved by the company’s senior management and key stakeholders. To extend beyond 2017, which was the target year for our 2015 goals, we have launched a comprehensive five-year strategy, broadening our focus on other aspects of diversity and inclusion. This strategy includes four new components: Communication, Accountability, Talent Pipeline and Learning & 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. In 2017, the Chief Diversity Officer role was created to oversee 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>Commitments from State Street’s CEO Diversity Pledge 2017 include:</p> <ol style="list-style-type: none"> 1. We will continue to make our workplaces trusting places to have complex, and sometimes difficult, conversations about diversity and inclusion. 2. We will implement and expand unconscious bias education. 3. We will share best and unsuccessful practices. <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 • Gender Identity and Expression in the Workplace Guidance • Non-Discrimination & Retaliation Policy • 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 [Our Employees: Targets for Gender Equity]. 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</p> <p>Reporting on our diversity goals is produced semiannually. We also keep close attention to employee responses to Employee Engagement Surveys. In addition, we evaluate progress toward our diversity goals through an Executive Insight tool. We incorporated valuable lessons learned and key findings from our last target cycle in the development of our diversity and inclusion strategy covering the next five-year period.</p>	
<p>GRI Topic-specific Disclosures: 405 Diversity and Equal Opportunity</p>		
405-1	Diversity of governance bodies and employees	[Our Employees: Targets for Gender Equity]
405-2	Ratio of basic salary and remuneration of women to men	[Our Employees: Targets for Gender Equity]
<p>Material Topic: Strengthening Communities</p>		
<p>The State Street material topic “Strengthening Communities” includes the GRI topics “202 Market Presence,” “203 Indirect Economic Impacts” and “413 Local Communities.”</p>		
<p>Management Approach</p>		
103-1	<p>Explanation of the Material Topic and its Boundary</p> <p>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, 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 our communities around the world. One way we achieve this is through local job creation, building a workforce that reflects the clients it serves and 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>	
103-2	<p>The Management Approach and its Component</p> <p>For the management of economic value creation as it relates to our market presence and indirect economic impacts see the management approach on Economic Performance above. [Link to Economic Performance Management Approach above]</p> <p>State Street Foundation is a key driver of our corporate philanthropic giving, which is focused on supporting education and workforce development programs. The Foundation facilitates its programs through a network of Community Support Programs committees (CSPs). Globally, 38 CSPs partner with local organizations that seek support from the Foundation and they ensure that our community involvements have high local relevance. To aid the CSPs in their decisions, the Foundation uses an Impact Framework and collects performance metrics to inform how best to apply resources to gain the greatest outcomes for end recipients. CSPs also lead employee community engagement in their regions, organizing volunteer projects and serving as ambassadors of Corporate Citizenship programs.</p> <p>State Street also provides a matching gift program that matches employees' qualifying financial donations, and makes financial contributions based on qualifying employee volunteer time. In addition, employees can contribute their perspectives on strengthening local communities via the voices of our employee resource groups (ERGs).</p>	
103-3	<p>Evaluation of the Management Approach</p> <p>For evaluations of our management of economic value creation see the management approach for Economic Performance. [Link to Economic Performance Management Approach above]</p> <p>Since 2012, our grantees have provided annual reports that include impact metrics and qualitative commentaries on State Street funded philanthropic investments. Our 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	[Supporting Our Communities: Global Force, Local Citizen]
GRI Topic-specific Disclosures: 203 Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	[ESG Products, Services and Investments: Municipal Finance, Tax-Advantaged Investments]
203-2	Significant indirect economic impacts	[Supporting Our Communities: Strategic Grant Funding]

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.”

Management Approach

103-1

Explanation of the Material Topic and its Boundary

Our environmental impacts affect our ability to increase efficiency, attract and retain clients, save money and engage employees. As a financial services company, our main impacts are indirect and related to issues of ESG integration into our client offerings (see [[Environment, Social and Governance \(ESG\) Products and Services Management Approach](#)] Management Approach). Our products and services have minimal direct environmental impact. Hence, our main focus lies in our emissions from operations and supply chain issues.

Energy and Emissions

We recognize the threat of climate change and are committed to reducing our fossil fuel consumption. Therefore, greenhouse gas (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.

103-2

The Management Approach and its Component

In our Environmental Sustainability Committee, Global Realty, Procurement, Information Technology (IT), Travel, and Environment, Social and Governance (ESG) teams are all represented. This group manages GHG from operations, with Scope 1 and 2 predominantly falling on Realty and IT, while Scope 3 is comprised of Procurement and Travel. ESG directly impacts investment emissions and our REC and carbon offset strategy. Our broader CR strategy is managed by the Executive CR committee. 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 earth’s ecological well-being, 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.

Environmental Targets

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 Target 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 waste management (80 percent recycling rate) by 2025.

	<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 does follow GHG Protocol best practices however, and dual-report GHG emissions following 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 paper use, we've established Paper Use and Source Guidelines across the organization.</p>	
103-3	<p>Evaluation of the Management Approach Our Environmental Sustainability Committee oversees and regularly assesses our progress with our environmental initiatives and goals. We also consider suggestions by stakeholders. Our ISO certifications are audited by external parties annually. In 2017, we were able to reduce our carbon emissions intensity by 4 percent from a 2015 baseline.</p>	
GRI Topic-specific Disclosures: 302 Energy		
302-1	Energy consumption within the organization	[Environmental Stewardship: Energy and Greenhouse Gas Emissions]
302-2	Energy consumption outside of the organization	[Environmental Stewardship: Energy and Greenhouse Gas Emissions]
302-3	Energy intensity	[Environmental Stewardship: Energy and Greenhouse Gas Emissions]
302-4	Reduction of energy consumption	[Environmental Stewardship: Energy and Greenhouse Gas Emissions]
GRI Topic-specific Disclosures: 303 Water		
303-1	Water withdrawal by source	[Environmental Stewardship: Reducing Water and Waste]
GRI Topic-specific Disclosures: 305 Emissions		
305-1	Direct GHG emissions (Scope 1)	[Environmental Stewardship: Energy and Greenhouse Gas Emissions]
305-2	Energy-based indirect GHG emissions (Scope 2)	[Environmental Stewardship: Energy and Greenhouse Gas Emissions]
305-3	Other indirect GHG emissions (Scope 3)	[Environmental Stewardship: Energy and Greenhouse Gas Emissions]
305-5	Reduction of GHG emissions	[Environmental Stewardship: Energy and Greenhouse Gas Emissions]
GRI Topic-specific Disclosures: 306 Effluents and Waste		
306-2	Waste by type and disposal method	[Environmental Stewardship: Reducing Water and Waste]

Material Topic: Environment, 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>	
Management Approach	
103-1	<p>Explanation of the Material Topic and its Boundary</p> <p>Our products and services directly affect our stakeholders and, in particular, our customers. Environmental, Social and Governance (ESG) factors are increasingly used to capture intangible, off-balance sheet values in broader investment strategies. We recognize this as an opportunity to create innovative products for our clients and differentiate ourselves in the marketplace. Building out our ESG products and services contributes to a sustainable business model and future for our business. This is especially important for our asset management division, State Street Global Advisors.</p> <p><u>Product Portfolio</u></p> <p>Our mission is to support our clients in making informed investment decisions that enable economic prosperity and social progress over time. One of the ways we fulfill this mission is by integrating leading ESG frameworks into the portfolios of our clients. This work is guided by our belief that companies that are managed responsibly deliver better financial results to our clients over the long term. We recognize our responsibility to identify and report on all risks to include non-financial risks.</p> <p>State Street Global Advisors currently has 22 ESG products on the market, which translate to more than \$210 billion in ESG assets, or 7.5 percent of State Street’s assets under management as of December 31, 2017.</p> <p><u>Active Ownership</u></p> <p>To fulfill our fiduciary responsibility as asset managers, we must be good stewards of assets. This includes the need to understand how companies implement ESG-related strategies and controls with respect to associated risks and opportunities, ultimately impacting shareholder value.</p>
103-2	<p>Evaluation of the Management Approach</p> <p><u>Product Portfolio</u></p> <p>State Street Global Advisors has an ESG team with responsibilities and capabilities in portfolio management, product management, issue and trend analysis, and discharging corporate governance and proxy voting. The team leads the effort to more systemically identify the ESG risks and opportunities within State Street Global Advisors’ investment products. For a list of ESG solutions we offer and the screening categories we apply, see [ESG Products, Services and Research]. 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 co-chaired by the heads of ESG and proxy voting. In addition, the Global Advisors Stewardship group utilizes a climate change risk oversight framework to help plan for any possible risks we may face as a result of climate change, encompassing all the equities we manage globally.</p> <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</p>

	<p>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 (ICGN), 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.</p> <p><u>Active Ownership</u></p> <p>The State Street Global Advisors Asset and Investment Stewardship team is responsible for implementing the Proxy Voting Guidelines, case-by-case voting items, issuer engagement activities, and research and analysis of governance and sustainability-related issues. The implementation of the Proxy Voting Guidelines is overseen by the State Street Global Advisors Global Proxy Review Committee (PRC), a committee of investment, compliance and legal professionals who provide guidance on proxy issues. The State Street Global Advisors PRC reports to the State Street Global Advisors Investment Committee and may refer certain significant proxy items to that committee. State Street Global Advisors has discretionary proxy voting authority over most of its client accounts. We vote on these proxies in the manner that we believe will most likely protect and maximize the long-term economic value of client investments. We adhere to our 2017 Global Proxy Voting and Engagement Principles, State Street Global Advisors’ Issuer Engagement Protocol and a Managing Conflicts of Interest Arising from State Street Global Advisors’ Proxy Voting and Engagement Activity policy.</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>State Street Global Advisors conducts real-time and quarterly audits to review the accuracy of application of proxy voting guidelines. In addition, State Street Global Advisors’ Proxy Operations team conducts routine vote audits on firm-wide accounts. Annually, State Street Global Advisors undertakes an on-site due diligence exercise at the Institutional Shareholder Services, Inc.’s (ISS) main offices.</p> <p>State Street Global Advisors processes and procedures are designed to prevent undue influence on State Street Global Advisors’ voting activities. However, in circumstances where a potential conflict has been identified, the matter will be referred to the State Street Global Advisors PRC, which determines whether a conflict of interest exists, and if so, how to best resolve such a conflict.</p>

GRI Topic-specific Disclosures: 201 Economic Performance		
201-2	Financial implications and other risks and opportunities due to climate change	[Risk Culture and Compliance: Operational Risks from Climate Change]
GRI Topic-specific Disclosures: Financial Services Sector (FSS) Product Portfolio		
FS6	Portfolio breakdown	[ESG Products, Services and Investments: ESG Products, Services and Research]
FS8	Value environmental products	[ESG Products, Services and Investments: ESG Investment Products]
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	[ESG Products, Services and Investments: ESG Asset Screening]
FS11	Percentage of assets subject to positive and negative environmental or social screening	[ESG Products, Services and Investments: Sector Analysis]
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.		
Management Approach		
103-1	Explanation of the Material Topic and its Boundary 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.	
103-2	The Management Approach and its Component 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. An example of current initiatives is our Emerging Technology Center. The Center brings together idea generators, business analysts and technologists to create new solutions and ways of thinking and integrate them into our current business and client needs. It also creates positive change in the culture of innovation at State Street through education and collaboration with different groups within our innovation ecosystem.	
103-3	Evaluation of the Management Approach Our Global Strategy Team conducts quarterly reviews to evaluate the process and advancement of current innovation and digitization initiatives.	

Detailed information on this Non-GRI Topic		
Non-GRI Topic	Metric on the material topic	[Innovation and Digitization]

Appendix IV: 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 Report 2017 (“the Report”) as set out below.

Engagement Summary	
Scope	<p>Assurance on whether the information in the following selected sections of the State Street Corporate Responsibility Report 2017 is fairly presented, in all material respects, with the reporting criteria.</p> <ul style="list-style-type: none"> - CR Goals and Progress - Governance and Materiality - Task Force on Climate-related Financial Disclosures (TCFD) - Generating Value - Serving Our Clients - Risk Culture and Compliance - Information Security - Managing Our Suppliers - Our Employees - Supporting Our Communities - Environmental Stewardship - Our Services - Environmental, Social and Governance (ESG) Products, Services, and Investments - Innovation and Digitization
Reporting criteria	GRI Standards (Referenced) including the GRI Principles for Report Content and Report Quality.
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 information and data in the Report and for its correct presentation, including disclosure of the reporting criteria and boundary.</p> <p>ERM CVS’ responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgment.</p>

Our conclusions

Based on our activities, nothing has come to our attention to indicate that the information in the selected sections of State Street Corporate Responsibility Report 2017, as described under “Scope” above, is not fairly presented, in all material respects, with the reporting criteria.

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 global, multidisciplinary team of Corporate Responsibility (CR) and assurance specialists performed the following activities:

- An external factors review of media and internet sources to understand potential material corporate responsibility issues for the 2017 Report.
- 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 2017 performance data and related disclosures for the topics listed above.
- A review of samples of documentary evidence, including internal and external documents, to support the management assertions in the sections listed above.
- For the 2017 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 of the consistency of the economic performance data disclosed in the Report with State Street's 2017 10K submission, where relevant.

The limitations of our assurance 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 December 31, 2017. We have not assured the personal views expressed in the letters and interviews (Q&As) included in the Report. The reliability of the assured data is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information.

Our observations

We have provided State Street with a separate, detailed management report. Without affecting the conclusions presented above, we have the following key observations:

- Wage equity continues to be a material topic for State Street. However, State Street currently only reports the percentage of female base salary compared to male base salary where this is required by regulation, for example in the UK. We encourage State Street to review its reporting boundary for this issue and assess whether information on this key topic of interest to stakeholders can be disclosed more broadly across State Street's global operations in future Corporate Responsibility Reports.



Jennifer Iansen-Rogers
Head of Report Assurance
April 17, 2018



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Investing involves risk including the risk of loss of principal.

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.

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