

MAKING LIFE BETTER



STATE STREET

CORPORATE RESPONSIBILITY
2011 REPORT





WE ARE MORE THAN 29,000 PEOPLE IN 29 COUNTRIES ROLLING UP OUR SLEEVES AND GETTING TO WORK. WE ARE VOLUNTEERS IN COMMUNITIES AROUND THE WORLD WHO HAVE A PASSION FOR MAKING LIVES BETTER. WE ARE EMPLOYEES WITH AN INNATE DRIVE TO SOLVE PROBLEMS — TO TURN CHALLENGES INTO OPPORTUNITIES. WE KNOW WE CAN FIND A BETTER WAY. WE KNOW WE CAN DO MORE BY WORKING TOGETHER. WE KNOW BUILDING A BETTER WORLD STARTS HERE.



**STATE STREET
CORPORATE RESPONSIBILITY
2011 REPORT**

Global Reporting Initiative (GRI)¹ Content Index

Strategy and Analysis		3.8	Basis for reporting on joint ventures, subsidiaries, etc.	19	4.9	Procedures of governance body	50	
1.1	Statement from the most senior decision-maker of the organization	25	3.9	Data measurement techniques and the basis of calculations	104	Commitments to External Initiatives		
1.2	Description of key impacts, risks and opportunities	25	3.10	Explanation of any restatements	20	4.12	Externally developed initiatives	59
Organizational Profile			3.11	Significant changes from previous reporting periods	19	4.13	Memberships in associations or advocacy organizations	66
2.1	Name of organization	8	Assurance			Stakeholder Engagement		
2.2	Primary brands, products and/or services	8, 55	3.13	Policy and practice with regard to seeking external assurance for report	16	4.14–4.15	List of stakeholder groups engaged/ basis for identification and selection	16
2.3	Operational Structure	9	Governance, Commitments and Engagements			4.16	Approaches to stakeholder engagement	13
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues	8	4.1	Governance structure of the organization	36	4.17	Key topics and concerns raised through stakeholder engagement	14
2.9	Significant changes during the reporting period regarding size, structure or ownership	65	4.2	Indicate whether the chair of the highest governance body is also an executive officer	25	Economic Performance Indicators		
2.10	Awards received in the reporting period	10	4.3	Number of independent and/ or non-executive members	51	EC1	Direct economic value generated and distributed	141
Report Scope and Boundary			4.5	Linkage between compensation and organization's performance	41	EC2	Climate change opportunities	55, 96
3.4	Contact point for questions regarding the report or its contents	20	4.6	Processes to ensure conflicts of interest are avoided	50	EC6	Policy and proportion of spending on locally based suppliers	71
3.5	Process for defining report content	16	4.7	Qualifications of governance body	50	EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	124
3.6	Boundary of the report	20	4.8	Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance and the status of their implementation	9	EC9	Indirect economic impacts	136
3.7	Specific limitations on the scope or boundary	17						

¹ For more information on the GRI, see page 16.

Global Reporting Initiative (GRI)¹ Content Index

Environmental Performance Indicators			LA5	Minimum notice periods	121	PR7	Marketing noncompliance	68
EN3	Direct energy consumption	93, 98	LA10 ²	Average hours of training	125	PR8	Complaints regarding client privacy	40
EN4	Indirect energy consumption	94, 98	LA11	Skills management and lifelong learning	124	FSSS: Environmental and Social		
EN5	Energy saved	88	LA12	Performance and development reviews	124	FS	DMA	55
EN7	Initiatives to reduce indirect energy consumption	89	LA13 ²	Composition of employee base	51, 109	FS1	Policies with environmental and social components applied to business lines	60
EN8	Total water withdrawal	92	LA14 ²	Compensation ratio	122	FS2 ²	Screened assets	59
EN11 ²	Land adjacent to protected areas	87	Social: Human Rights			FS4	Improving employee competency in business lines	61
EN12 ² -14	Significant impact of activities	87	HR	DMA	107	FS5	Interactions with clients regarding environmental and social risks and opportunities	59
EN16	Total direct and indirect greenhouse gas emissions	98	HR1	Investment agreements on human rights	62	FS6 ²	Portfolio breakdown	65
EN18	Initiatives to reduce greenhouse gas emissions	97	Social: Society			FS9	Environmental and social policies assessment audits	45
EN22	Total weight of waste by type and disposal method	103	S02 ²	Business units analyzed for corruption risks	39, 45	FS10	Interactions on environmental and social issues	60, 104
EN28	Monetary and non-monetary sanctions	85	S03	Employees trained in anti-corruption	40	FS11	Percentage of assets subject to screening	62
EN30	Total environmental protection expenditures and investments by type	99	S04 ²	Response to incidents of corruption	40	FS12	Voting policies	62
Social: Labor Practices and Decent Work			S05	Positions and participation in lobbying	46			
LA	DMA	107	S06	Political financial and in-kind contributions	47			
LA1	Total workforce by employment type, employment contract and region	109	Social: Product Responsibility			PR	DMA	55, 96
LA2 ²	Total number and rate of employee turnover by age group, gender and region	122	PR5	Client satisfaction	69			
			PR6	Adherence to laws related to marketing	68			

¹ For more information on the GRI, see page 16.

² Refers to GRI Indicators that are partially reported.

Global Reporting Initiative (GRI)¹ Content Index

GRI Indicators Reflected Online²

4.10	Board Evaluation
4.11	Precautionary Approach
4.12	Principles Endorsed
EC4	Governmental Financial Assistance
EC8	Local Investment Impact
EN13	Restored Habitats and EN14 Biodiversity Strategy
EN19	Ozone Depleting Emissions
EN20	NOx, SOx and other Air Emissions
LA3	Employee Benefits
LA4	Collective Bargaining Coverage
LA5	Notice Operational Changes
LA6	Health and Safety Committees
LA7 ²	Rates of Absenteeism and Injury
LA8	Disease Education Programs
LA9	Trade Union Health and Safety
HR3	Human Rights Training Time
HR4	Discrimination Incidents
HR5-HR6	Child Labor Risk
HR7	Forced Labor Risk
HR9	Indigenous People Violations
S07	Monopoly Litigation
S08	Non-Compliance with Law Fines

¹ For more information on the GRI, see page 16.

² These indicators are not included in the print version of this report. To view the appendix for these indicators, [click here](#).



A BETTER CORPORATE CITIZEN

State Street has steadily built a reputation as one of the world's top providers of financial services to institutional investors over the last two centuries. Our flexible suite of services spans the investment spectrum, including management, research and trading, and servicing, providing our clients with custom-tailored solutions that can support even the most complicated investment strategy in virtually any market.

We understand that what we do today will have a tremendous impact on the future — the future of the institutional investors we serve, our employees, and the communities in which we live and work. That's why we're always finding ways to make the world better through our corporate responsibility (CR) efforts. Whether it's creating a better workplace for our employees, ensuring better outcomes for our clients or strengthening the economic well-being of the communities around us, we are confident in our ability to help lay the groundwork for a better tomorrow.

1792

Year founded

STT

NYSE stock ticker symbol

29,740

Employees

29

Countries

100+

Markets served

\$21.8 TRILLION

Assets under custody and administration*

\$1.9 TRILLION

Assets under management*

\$9.6 BILLION

Total revenue

As of December 31, 2011

*This AUM includes assets of SPDR Gold Trust (approximately \$63 billion as of December 31, 2011), for which State Street Global Markets, LLC, an affiliate of State Street Global Advisors, serves as the marketing agent.

Our Values

State Street's values statement reflects our focus on being a performance-based culture that emphasizes inclusiveness and teamwork, and maintains the highest levels of ethics and corporate responsibility.



ALWAYS FINDING BETTER WAYS

- We are committed to continuous improvement — in our delivery of value to clients, in our operating efficiency, in the development of our employees and in the returns that we provide to our shareholders
- We believe that being innovative, creative and flexible is essential for earning our place as the most trusted partner to our clients globally
- We are passionate about delivering on our commitments whether in the form of performance, financial results, consistency, insights or reliability



STRONGER TOGETHER

- We are one company, accountable to each other, to our clients and to our shareholders
- We believe that a team-based, diverse and inclusive culture promotes a more effective, meaningful and creative work environment, and delivers better outcomes for our clients
- We are passionate about building relationships and creating shared goals that enable our employees and our clients to achieve success



GLOBAL FORCE, LOCAL CITIZEN

- We are a global company with a deep commitment to individual markets and the clients we serve
- We believe that our reputation and our integrity are two of our most important assets
- We are passionate about corporate responsibility and to giving back to the communities in which we live and work

OUR BUSINESS

Investment Management — State Street Global Advisors is a global leader in asset management. Sophisticated investors worldwide rely on the firm for its disciplined investment process, powerful global investment platform and access to every major asset class, capitalization range and style.

Investment Research and Trading — State Street Global Markets provides specialized investment research and trading in foreign exchange, equities, fixed income, derivatives, securities lending and money market products. Our goal is to enhance and preserve portfolio values for asset managers and asset owners with original research, innovative portfolio strategies, trade process optimization, and global connectivity across multiple asset classes and markets.

Investment Servicing — Through State Street Global Services, we provide an array of customized investment solutions, such as fund accounting, fund administration, custody, investment operations outsourcing, recordkeeping, performance and analytics, and transfer agency services that are highly scalable and truly global.

State Street is registered as a bank holding company under the Bank Holding Act of 1956, as amended, and has elected and successfully maintained the financial holding company status. The company is organized under the laws of the Commonwealth of Massachusetts, and conducts business principally through our wholly owned subsidiary, State Street Bank and Trust Company, a Massachusetts chartered trust company.

STATE STREET'S 2011 SUSTAINABILITY HONORS



Scored 84 (up from 81 in 2010) on the Carbon Disclosure Project's S&P 500 Leadership Index (second consecutive year listed)



For the sixth year in a row, listed on the Dow Jones Sustainability World and North America indexes



For the third consecutive year, ranked in the top three of *Computerworld's* Top Green-IT Organizations



Moved from No. 91 to No. 65 on *Corporate Responsibility Officer* magazine's list of 100 Best Corporate Citizens (fifth year listed in top 100)



Listed on all four of the STOXX Global ESG Leaders indices — Environmental, Social, Governance and Global ESG Leaders



Recognized for Best Green IT Initiative in *Waters* magazine's American Financial Technology Awards



Listed as a sustainability leader in the SAM *Sustainability Yearbook 2011*



Received the US Environmental Protection Agency's Green Power Leadership Award for Green Power Purchasing, in addition to being featured on its Green Power Partner List since 2007 and a Leadership Club member



Winner of The Ad Club's Rosoff Award for Diversity



Ranked among *Computerworld's* 100 Best Places to Work in IT



Received the Employer of Choice Award For Women by Australia's Equal Opportunity for Women in the Workplace Agency



Listed on the Maplecroft Climate Innovation Index



Winner of the Building Impact Silver Footprint Award



Ranked No. 2 on *AdvisorOne's* "Wall Street's Top 10 Corporate Good Guys"



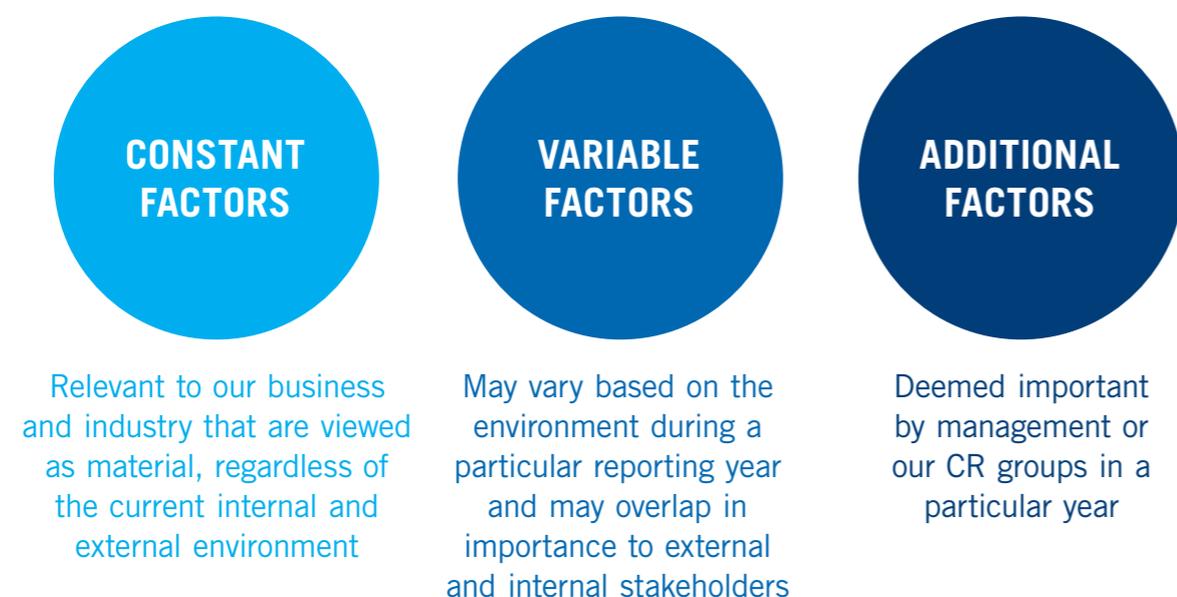
On the Global Corporate Renewable Energy Index, ranked No. 17 out of 176 respondents for renewable energy use and No. 9 for wind energy use



Received bronze ranking in Business in the Community's Corporate Responsibility Index

Determining Materiality

When considering the material factors to include in our CR report, we look at three categories:



In late 2011, we held a materiality workshop facilitated by global consultant, Corporate Citizenship, to verify the perceptions and concerns of State Street internal stakeholders with respect to CR issues. The workshop engaged a cross-section of our employees from the regions where we operate, including operations and functional business units, such as Corporate Citizenship, Global Human Resources, Ethics, Product Development and Global Marketing. State Street will use the results of the materiality assessment to guide the structure and content of this and future CR reports.

STATE STREET'S PRIORITY AND EMERGING ISSUES

High Priority Issues

1. Government affairs/lobbying
2. Business ethics
3. Executive compensation
4. Risk management
5. Competitive behavior
6. Information/data privacy
7. Responsible marketing/sales
8. Regulatory compliance
9. Recruitment and retention
10. Jobs/layoffs/outourcing
11. Environmental, social and governance (ESG) investment principles

Regional changes:

1. Employee engagement is a priority (EMEA)
2. Executive compensation is not a priority issue (Asia Pacific)

Emerging Issues

1. Sustainable development
2. Talent management
3. Climate change
4. Human rights (supply chain)
5. ESG products/services
6. Economic impact

Regional changes:

1. Supply chain diversity (Asia Pacific)
2. Legislation on externalities considerations for corporations (EMEA)

STATE STREET'S MATERIALITY MATRIX



Engaging Stakeholders

State Street has long defined its constituents as shareholders, clients, employees and the community. We communicate with each of the unique stakeholder groups in a variety of ways about our CR efforts, which are outlined in relevant sections of the report.

To ensure we're doing everything we can to engage our stakeholders appropriately, we seek the input of an outside stakeholder team — an independent group of individuals that includes investors, environmentalists, labor union representatives, academics and community leaders. Ceres, a non-governmental organization focused on sustainability issues that we've worked with since 2006, selects appropriate team members to represent our four main stakeholder groups. In 2012, we plan to conduct a stakeholder engagement workshop facilitated by Ceres, focusing on overall CR/environmental sustainability (ES) strategy and performance.

The Corporate Citizenship department's CR team spearheads the collection of stakeholder feedback and determines its applicability for CR reporting. Additionally, the company's CR working group, which provides a system of assessing and managing sustainability issues within the company, provides additional oversight and suggests approaches to address issues.

We also engage internal stakeholders through companywide programs, such as:

- State Street Global Inclusion
- State Street Connect — Employee Network
- Spirit of State Street — Alumni Volunteer Program
- Annual Shareholder Meeting
- Supply Chain — Regular Meetings

STAKEHOLDER FEEDBACK CONSIDERED IN PREPARING THIS REPORT

Feedback	Source	State Street's Response
Describe the detailed materiality process, the issues that arose through the exercise and how they have been highlighted in the report.	Ceres stakeholder group	See page 11 to learn how we determine materiality for CR reporting.
Provide the chief executive officer's thoughts on how State Street's business and sustainability performance interlink.	Ceres stakeholder group	See the "Letter from the Chief Executive Officer" on page 25.
Include more details about the 2012 Environmental Sustainability Action Plan and three-year strategic plan.	Ceres stakeholder group	See our discussion of the ES action plan in "Our Operations and the Environment" on page 85.
Provide details on the company's ethical policy training efforts. Does it offer an ethics hotline or whistleblower program?	Ceres stakeholder group	See "Ethics and Standards of Conduct" on page 37.
Excess executive pay is a hot issue in the financial services sector and should be addressed squarely in the report.	Ceres stakeholder group	See "Executive and Incentive Compensation Practices" on page 41.
Provide more details on the company's engagement around the Dodd-Frank and Consumer Protection Act-related rulemaking, specifically the issues in play and how State Street has engaged with policy makers.	Ceres stakeholder group	See "Government Relations" on page 46.
Include more details on State Street's green bond strategy: how the strategy has driven ESG investing by State Street, how this effort will grow and what goals the company has set in this regard.	Ceres stakeholder group	See our discussion on the new SSgA green bond strategy on page 61.

Feedback**Source****State Street's Response**

Provide additional detail on how the company's ESG strategy translates in emerging markets, including the company's growing presence in Asia Pacific and the region's appetite for ESG investing.

Ceres stakeholder group

See the Q&A with Peter O'Neill on page 56.

Disclose the specific metrics that State Street will consider in making procurement decisions and if they are aligned with the company's material issues.

Ceres stakeholder group

Review our metrics in "Expanding CR to Our Supply Chain" on page 71.

Disclose complete EEO data in the US and similar data globally showing women and minority representation across employment categories.

Ceres stakeholder group

See "Composition of State Street Workforce" on page 109.

Provide data and details on diversity in top management and the board.

Ceres stakeholder group

See "Composition of State Street Workforce" on page 109. We only track minority status in the US.

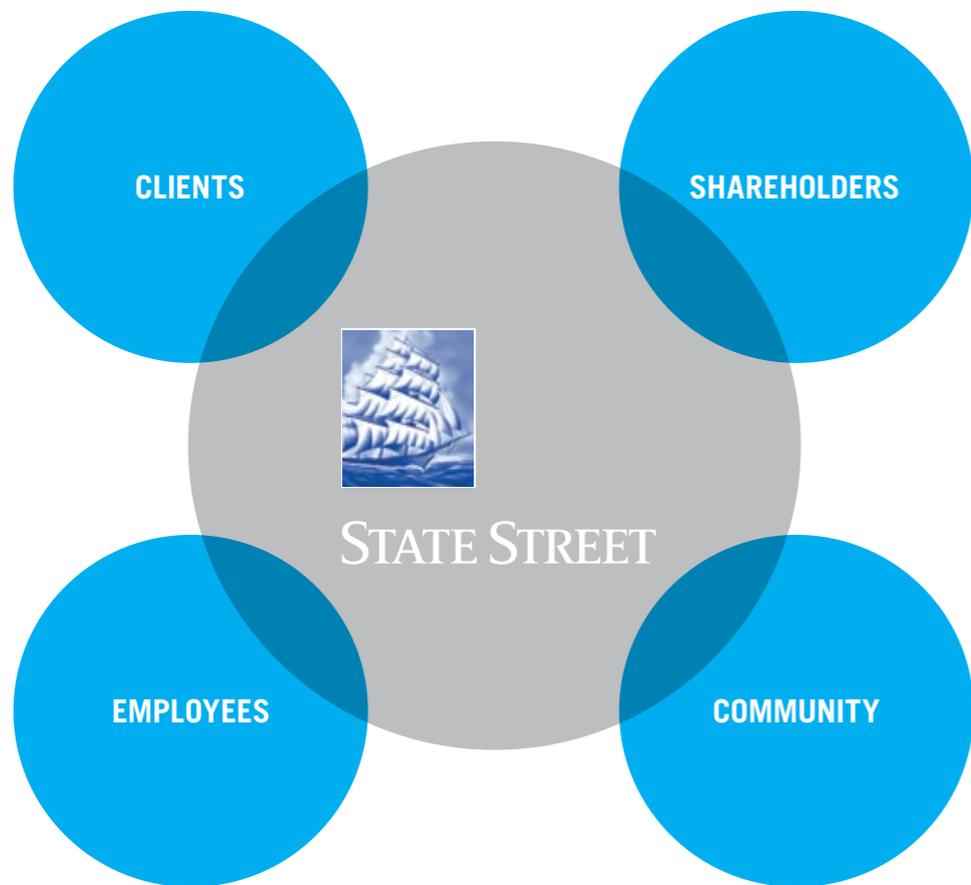
Provide more details on why the company has decided to focus on education/workforce development. How does this align with the company's business strategy?

Ceres stakeholder group

See "Strategic Grantmaking" on page 135.

STAKEHOLDER ENGAGEMENT FORMATS

- Client relationship management meetings
- Forums/workshops
- Vision series (thought leadership)
- Annual meeting
- Shareholder resolutions
- Socially responsible investment (SRI)/ ESG analyst calls



- Employee networks
- Engagement surveys
- Employee Town Halls
- Partnerships with global nongovernmental organizations
- Foundation conferences with charitable partners
- Community support program committees

Guidelines and Independent Verification

The CR report adheres to GRI principles and criteria, a comprehensive set of guidelines that helps us report on issues material to both State Street and its stakeholders, and makes our reporting more transparent. This report is based on Version 3.0 of the GRI guidelines, as well as the GRI Financial Services Sector Supplement. We declare ourselves at the B+ application level for the GRI. All of the GRI principles can be found at www.globalreporting.org.

For the fifth consecutive year, we engaged an independent firm — Det Norske Veritas (DNV) — to assure and verify the information contained in the report and to provide a third-party check of State Street’s GRI application level. Headquartered in Oslo, Norway, DNV is an independent foundation whose objective is safeguarding life, property and the environment. Its core competence is identifying, assessing and advising on sustainability risk management, with an aim toward improving business performance. DNV has no other business relationship with State Street. Its assurance statement appears on page 148 of this report.



To determine applicability, State Street's CR team reviews the indicators and assesses the extent to which State Street's business and operations align. Since we are a financial services company that does not manufacture products or function as a retail bank, we have determined that the following indicators are not applicable: 3.10, EN1-2, EN6, EN21, EN24, EN25-27, PR1-3, FS3, FS7-9 and FS13-16. Data is unavailable for EN29.



ABOUT THIS YEAR'S REPORT

ABOUT THIS YEAR'S REPORT

In communicating our CR efforts to our stakeholder groups, we had previously divided the CR report into five sections: governance, business, environment, employees and community. To better define State Street's commitment to CR and reflect the company's values, we changed the structure of our reporting. In addition to statements from top State Street executives, including Chairman, President and Chief Executive Officer Joseph L. Hooley, the report has five main sections, shown at right.

This in-depth CR report covers the sustainability impacts of State Street's global operations and products and services relative to CR for calendar year 2011, including information on all of our wholly-owned subsidiaries, but excluding suppliers and joint ventures, unless specifically mentioned.

The report links our success as a business with being a responsible corporate citizen, and includes information related to both. However, we have not adopted a one-report approach that combines financial and CR reporting. Where possible, we have included discussions of trade-offs made to balance business needs with our CR goals. We structure the report to



Accountability and Transparency — We are steadfast in conducting ourselves ethically, honestly and with integrity at all times, as well as ensuring transparency and long-term sustainability through our systems, procedures and oversight.



Business Excellence — Being viewed by our clients as the most reliable and responsible financial services provider drives the way we do business, the products and services we deliver, and the collaborations we foster.



Environmental Sustainability — Our environmental practices strive to significantly improve our ability to attract and retain clients, our efforts to operate more cost-effectively and our long-term sustainability.



Human Capital — Our goal is to foster a culture that gives employees the freedom to build a rewarding career and develop invaluable skills along the way.



Citizenship — Continually mobilizing our resources and our workforce to actively engage in the communities where we operate makes a greater impact on the world around us and improves our reputation.



recognize that all stakeholders, including shareholders, have a vested interest in the full spectrum of our performance. In addition, the elevation of CR oversight to more senior levels of the corporation reflects a more holistic approach to combining financial and CR performance. When possible, the participation and views of those individuals are reflected here.

To provide a more complete picture of State Street's impact on the environment, the company reports energy usage and greenhouse gas (GHG) emissions from its leased facilities. In some cases, State Street has sub-meters for its leased space where it is not the only tenant. Where sub-metering is not available, State Street is providing energy usage estimates based on relevant regional formulae. Throughout the report, any restatements of environmental data are footnoted with an explanation of the reason for restatement.

In addition to this report, we also develop a CR overview, which is a high-level summary that complements the full report and is distributed in printed form each year to attendees at our annual meeting.

New for 2012, State Street has added the “Making Life Better” website and report to the suite of communications focused on promoting our CR efforts. Both are designed to keep all of our stakeholders, as well as the media, up to date on our progress in terms of philanthropy, sustainability, volunteerism, diversity and inclusion, and more. The interactive website features our latest CR efforts, as well as volunteer profiles and a live feed to State Street's Twitter handle (@StateStreet), and the supplementary report will highlight themes throughout the year. To view the website and report, visit www.statestreet.com/better.

For more information on State Street's CR initiatives or reporting, contact the company's CR Officer Richard Pearl at rwpearl@statestreet.com or by phone at +852 2840 5352. To comment on our CR report, please [click here](#).

SUSTAINABILITY SNAPSHOT

Information in bold indicates a Key Performance Indicator

GOVERNANCE

	2010	2011	
Operating-basis income from continuing operations per diluted share	\$3.40	\$3.79	up 11%

BUSINESS

Total operating-basis revenue (billions)	\$8.70	\$9.60	up 10%
By business line — Generally Accepted Accounting Principles (GAAP)			
Investment Servicing	\$8.20	\$8.40	up 2%
Investment Management	\$1.10	\$1.20	up 1%
Non-US revenue	42%	42%	no change
Operating-basis net income available to common shareholders (billions)	\$1.70	\$1.90	up 12%
Number of countries with State Street offices	26	29	up 12%
Assets under custody and administration (trillions)	\$21.50	\$21.80	up 14%
Assets under management (billions) ESG investment strategies	\$119.00	\$108.00	down 9%
Number of accounts (approximate) ESG investment strategies	160	150	down 6%
Total spending with suppliers and third parties (billions)	\$1.92	\$2.18	up 14%

EMPLOYEES

Number of employees worldwide	28,600	29,700	up 4%
Global payroll, including incentive compensation (billions)	\$3.50	\$3.80	up 9%
Employee Engagement Survey			
Employee participation	68%	n/a	

EMPLOYEES (continued)

	2010	2011	
Year-end review completed	95%	99.6%	up 4.6%
Voluntary turnover rate	11.5%	11.8%	up 0.3%

ENVIRONMENT

Indirect energy consumption (gigawatt-hours) ¹	256	252	down 1.56%
Indirect energy consumption per person (kilowatt-hours) ¹	8,450	7,981	down 5.56%
Renewable energy purchased (gigawatt-hours)	110.0	175.4	up 59.45%
Direct CO ₂ emissions from operations (metric tons)	5,683	4,890	down 13.95%
Indirect CO ₂ emissions from operations (metric tons) ^{2,3,4}	141,072	139,007	down 1.46%
CO ₂ emissions per person (metric tons) ^{2,4}	4.80	4.56	down 5.00%
Water consumption (cubic feet in millions) ⁵	13.76	12.85	down 6.61%
Water consumption per person (cubic feet) ⁵	809	696	down 13.97%
Recycled paper per person (tons)	220	98	down 55.35%
Reclaimed IT equipment (pieces)	8,400	20,300	up 141.00%*
Total waste (tons)	1,533	1,499	down 2.22%
Total waste per person (pounds)	165	144	down 12.73%

COMMUNITY

Community Reinvestment Act (CRA) rating	outstanding ⁶	outstanding	no change
Investment in small business growth capital (millions)	\$4.00	\$2.00	down 50%
Total current tax expense or benefit (millions)	(\$714)	\$398	

COMMUNITY (continued)

	2010	2011	
Global Giving campaign ⁷ (millions)			Total \$3.50
Employee Contributions	n/a	\$1.30	n/a
Foundation Contribution	n/a	\$2.20	n/a
State Street Foundation philanthropic gifts (millions)	\$17.80	\$20.50	up 15%
Foundation-directed grants	\$15.80	\$18.30	up 16%
Foundation match of employee gifts	\$2.00	\$2.20	up 10%
Number of employee gifts matched	4,800	5,300	up 10%
Contributions as a percent of net income before tax	1.2	1.1	down 0.1%
State Street Global Outreach program			
Number of volunteer service hours	78,000	85,500	up 10%
Volunteer hours per person	2.7	2.9	up 7%
Savings to our charitable partners ⁸	\$1,635,000	\$1,850,000	up 13%

*Note: We completed a global program for IT equipment recycling in 2011, which accounted for most of this increase.

¹ Includes estimated kilowatt-hours based on a benchmark from the US Environmental Protection Agency.

² Includes estimated carbon emissions based on a benchmark from the US Environmental Protection Agency.

³ Excludes renewable energy credit purchase.

⁴ Scope 1 and 2 only.

⁵ Includes water usage for Enterprise Data Centers.

⁶ CRA reviews are conducted every two years; the 2010 rating is a carryover from the 2009 exam.

⁷ 2011 was the first year for the Global Giving campaign, which replaces the North America-only United Way campaign.

⁸ Independent Sector value of volunteer time (www.independentsector.org).

A stylized blue graphic of a person in a suit, composed of geometric shapes. The head is a circle, the neck is a small trapezoid, the torso is a large triangle, and the legs are two long, angled shapes. The text "EXECUTIVE STATEMENTS" is overlaid on the center of the figure.

EXECUTIVE STATEMENTS

LETTER FROM THE CHIEF EXECUTIVE OFFICER

At State Street, we understand that to be a global force and a local citizen, we must consider our decisions' widespread effects on our environments and our communities. Corporate responsibility continues to be a priority in all of the countries where we operate, and I am proud that despite an extremely challenging business climate in 2011, State Street remained focused on delivering long-term value to all of our stakeholders.

Throughout the year, we continued to deliver innovative solutions to clients through our multiyear business transformation program. Corporate responsibility plays a role in this program, which was built to transform both our own operating model, as well as the technology we develop for our clients. In our investment management business we launched a green bond investment strategy to give investors a way to direct fixed income investments to climate solutions. Our trading business, meanwhile, executed our first environmental currency portfolio transaction on our own behalf. In addition to continuing to integrate environmental factors into our business products and services, we also made significant progress in our own ES efforts. We have already exceeded two of the four multi-



Joseph (Jay) L. Hooley
Chairman, President and
Chief Executive Officer



year goals we set for reduction of waste, water and carbon emissions, and are working to set more aggressive goals beginning in 2012. Also, several of our flagship buildings globally achieved ISO 14001 certification, which we are currently pursuing for our headquarters in Boston.

Our commitment to corporate responsibility has also been recognized in the industry. Notably, our corporate responsibility efforts were honored for the first time by the STOXX Global ESG Leaders Index Series. State Street was the only US-based financial services firm added to all four of the indices and for the second consecutive year, we were named to the Carbon Disclosure Project's S&P 500 Leadership Index, a listing that recognizes both performance and commitment to transparent environmental reporting.

Perhaps most impressive is the dedication our employees have demonstrated to corporate responsibility. During 2011, State Street employees volunteered more than 85,000 hours with nonprofit organizations, which resulted in \$1.85 million in savings to our charitable partners. Also, as part of our first annual Global Giving Campaign, one of our largest citizenship initiatives, employees and the State Street Foundation made \$3.5 million in employee gifts and matching proceeds toward

partner organizations. I am pleased to see such active community outreach by our employees, as well as to support the causes that mean the most to them.

There is no doubt that 2011 was a challenging year. During these times of changing market conditions, we made important business decisions to help us maintain our strong industry position, but we never lost sight of our company's values — “Stronger Together,” “Always Finding Better Ways” and “Global Force, Local Citizen.”

As we face new challenges and opportunities, corporate responsibility will remain a business imperative for State Street.

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

A MESSAGE FROM THE CHAIR OF THE EXECUTIVE CORPORATE RESPONSIBILITY COMMITTEE

There is no doubt that corporate responsibility is growing in importance in every industry throughout the world. It's evidenced by how effectively companies engage their employees, in addition to ensuring they make a lasting impact on the world around them. It has been particularly noticeable in areas where there has been a push for greater focus on values as we continue to recover from a crippling global financial crisis.

The Executive Corporate Responsibility Committee at State Street hears this call loud and clear. Everything we've set out to accomplish is motivated by a sense of responsibility to do what is right for our constituents and society as a whole. When we formed the committee in late 2010, our intent was to further elevate the visibility of our corporate responsibility efforts and be accountable to those at the highest levels of the organization. Ever since, our focus has been to establish a structure that helps us keep on top of global trends, connect the various parts of the company, and take advantage of our employees' and clients' considerable knowledge and interest in ESG issues.



Patrick Centanni

Executive Vice President
Global Services Global
Product Management



In 2011, we met with our board of directors to express our deep interest in increasing engagement around corporate responsibility in geographies where we operate that traditionally have been less involved. We feel it's very important to tap into our human capital and nourish it to create synergy across the entire organization — generation after generation. The purpose of this type of engagement is to inspire business collaboration in each of our offices around the world.

The social media trend is also driving us to engage our stakeholders in this way. Increasingly, organizations are looking beyond ESG factors in the way they do business. Economic factors, such as the products they offer, are moving to the fore. To keep ahead of this trend, we create capabilities to help our clients achieve their goal of becoming more sustainable.

As an example, in 2011 we developed a mobile application for the iPad, called SpringboardSM, to provide our clients with real-time access to essential portfolio and risk exposure data. We also partnered with F&C Investments in the UK to become the first custodian to offer F&C's ESG Reporting Service to clients. In addition, we launched a green bond strategy, purchased renewable energy credits and carbon offsets, and published the company's first ES dashboard for employees to view corporate environmental performance.



Moving forward, we anticipate more cross-organization collaboration on ESG opportunities in products and services.

Much of the committee's work in 2011 centered on framing key ESG issues and opportunities and approving our 2012 ES action plan and three-year strategic plan. We're going to continue our momentum and focus on making progress in several areas, including expanding ES efforts through certification and evaluation of carbon neutrality and the United Nations Global Compact, as well as pursuing ways to involve our employees in more ESG opportunities. In addition, we will revisit our environmental goals to penetrate more evenly and deeply into all the regions where we operate.



A CONVERSATION WITH THE DIRECTOR OF CORPORATE CITIZENSHIP

George Russell is an executive vice president and the director of Corporate Citizenship, as well as the president of the State Street Foundation. He leads a global team that spearheads the important task of increasing the company's involvement in community-related issues at every level of the organization. He spoke with us about the evolving role of corporate citizenship at State Street and its successes over the past year.

Q. Looking back on 2011, what do you view as the biggest accomplishment for State Street Corporate Citizenship?

A. I'd say our new Global Giving Campaign is at the top of the list. For years, State Street has held an annual campaign in North America to raise money for organizations that support the underserved in our communities. This was the first time we ever engaged in a global campaign. And, State Street is the only global company to launch a campaign of this scale and nature. What's also unique is that the campaign, which ran from October 1 to November 11, brought together nearly 30,000 employees to make a substantial impact on a single issue — education.



George Russell
Executive Vice President
Director of Corporate Citizenship
President of the State Street Foundation

Q. Why focus on education?

A. With this campaign, we were looking to harness the passion and focus of our employees as an organization to create an even bigger impact on both local and global communities. In a company-wide survey, our employees chose to focus on education, which will continue to drive the campaign for the next two years. I believe we can unite around education because it affects each of us in personal ways. Whether our employees' particular interests are in the area of addressing poverty or another social need, or developing job skills, education is critical and will make a difference no matter where you are in the world.

Q. How did you do — what were the campaign results?

A. Our employees contributed \$1.3 million in gifts and volunteered 7,500 hours with our campaign partners. When I think about the startling fact that education accounts for only 2 percent of all humanitarian aid, I am proud of our contribution and our decision to focus on this issue. What's also impressive is that, considering we'd previously only offered these types of campaigns in North America, employees in the Europe, Middle East and Africa (EMEA) region contributed more volunteer hours in this campaign than North America, and those in Asia Pacific contributed more money proportionally. Clearly, the momentum has begun.

“We can unite around education because it affects each of us in personal ways. Whether our employees' particular interests are in the area of addressing poverty or another social need, or developing job skills, education is critical and will make a difference.”



Q. What successes can you point to for the State Street Foundation?

A. We are thrilled to report that we are beginning to build metrics around the impact we're making through the Foundation. To know where we stand, to be able to measure our impact, is the way to be best in class. Specifically, these metrics will help us to ensure that the grants we award to nonprofit organizations around the globe are helping us improve the lives of the disadvantaged through workforce development and education.

Q. How has Corporate Citizenship evolved over the past year?

A. As State Street continues to gain new business more rapidly outside the US, we are making our corporate citizenship efforts more global in scope. Through the Foundation, we're building on the amount of social investing outside the US, and allocating funds to our staff in the regions so they can award grants to organizations they think are important. As we expand our reach in the Asia-Pacific region, for example, we assigned a senior manager from Corporate Citizenship in Boston to Hong Kong to help facilitate this effort over the next two years. We've even established an international executive corporate citizenship advisory council to ensure our leadership is supporting our endeavors globally.

“To know where we stand, to be able to measure our impact, is the way to be best in class.”



Q. What's on the horizon for 2012?

A. We're always taking steps to further align our strategy with our corporate value to be a "Global Force, Local Citizen." For 2012, we're specifically working toward refining some areas and building on the momentum of 2011. As examples, we're launching an online grant application in the US that will streamline the application process, as well as implementing a new rolling deadline to enable charities to apply based on their fiscal calendar. Charities will also begin using the Impact Framework and metrics to report back to the Foundation on the impact they've made. These improvements will allow us not only to be a more strategic grantmaker, but one that truly makes a greater impact on our communities, particularly in our focus area of education and workforce development.



ACCOUNTABILITY & TRANSPARENCY

ACCOUNTABILITY AND TRANSPARENCY

The manner in which a company is managed can make all the difference in its success or failure. At State Street, the way we conduct business not only underscores our longstanding reputation for quality, integrity and consistency, but it also impacts those who rely on us to fully comply with laws that regulate our company. We believe a better managed business is protected from potential risk and positioned to take advantage of opportunities. That's why practicing sound governance is everyone's responsibility at State Street, from the board of directors to the newest employee.

Accountability and transparency also drive our decision to publish an annual CR report and provide details of our performance across the range of ESG issues. Our stakeholders expect us to be open and honest about our track record in CR, and we believe that transparency can direct performance improvements and policy change.

CR Governance

Our CR governance structure embeds accountability for sustainability issues within our corporate governance framework. Established in 2007, our CR working group consists of more than 40 members who represent State Street's business units, corporate functions and geographic regions. In 2010, the working group's Strategy and Governance Subcommittee commissioned a benchmark assessment of CR governance at other global companies and surveyed the most senior State Street executives about their top CR priorities, with the aim of recommending a formal CR governance structure. The subcommittee concluded that State Street has all of the components of a strong CR program, but lacked a cohesive and comprehensive strategy to tie it more clearly to the company's business plans. As a result of the subcommittee's work, we established the Executive CR Committee.

The committee spent much of 2011 reviewing the "ESG Framework," which consists of identifying key issues and opportunities developed by the CR working group. The committee developed four subgroups focused on the main elements of the framework: environment, social issues, governance, and products

and services. In 2012, the committee will conduct most of its work through these subgroups and report findings, accomplishments and challenges to the full group. The CR working group will continue to serve as a resource and sounding board to the Executive CR Committee, and the ES working group will provide subject-matter expertise on ES issues and will assist in carrying out strategy.

Ethics and Standards of Conduct

The increased scrutiny in today's business climate requires a compliance program that ensures absolute adherence to current laws and regulations. At the same time, companies must conduct global business activities and functions while anticipating regulatory changes. The board of directors and senior managers promote a culture of compliance across the organization, ensuring that compliance is the responsibility of every State Street employee. These executives are supported by our Corporate Compliance division, which seeks to cultivate a culture in which compliance is an integral part of our business environment. The program includes promoting compliance with applicable and relevant legal and regulatory requirements;

2011 EXECUTIVE CORPORATE RESPONSIBILITY COMMITTEE

Chair
PAT CENTANNI
 Global Product Management

JEREMY ARMITAGE
 Global Markets

RICHARD LACAILLE
 Global Advisors

GEORGE RUSSELL
 Corporate Citizenship

DON CONOVER
 Global Realty Services

KELLEY MACDONALD
 Investor Relations

MICHAEL SCANNELL
 Global Human Resources

JERRY CRISTOFORO
 Information Technology

MADGE MEYER
 Innovation Office

GREG WELCH
 Global Marketing

FREDRIK GJERSTAD
 Enterprise Risk
 Management

PAMELA PATON
 Global Relationship
 Management

NICHOLAS WRIGHT
 Global Services

DENNIS ROSS
 Finance

RICHARD PEARL
 Corporate Responsibility
 Officer

PETER DEBRUIN
 Office of Environmental
 Sustainability

ESG FRAMEWORK — INITIATIVES PLANNED FOR 2012 AND BEYOND

E ENVIRONMENT

- Extend site-level certificates globally
- Seek new global and regional recognition opportunities
- Implement green supply chain program
- Evaluate costs/benefits potential of carbon and other resource/impact neutrality statements
- Re-evaluate the three-year environmental goals based on success to date

S SOCIAL

- Identify opportunities for a deeper and more uniform global CR framework for employee engagement and leadership
- Develop new CR options for Global Inclusion goals and related content with a view toward a potential CR goal in the future
- Develop perspective on adopting the United Nations Global Compact and ISO 26000 guideline
- Work with Global Human Resources to develop collateral materials to aid recruiting and onboarding efforts

G GOVERNANCE

- Develop strategy to better incorporate CR messaging into State Street branding and communications internally and externally
- Identify opportunities for additional stakeholder engagement (e.g., clients, suppliers, global nonprofit organizations, analysts)
- Evaluate and refine our global CR rating and recognition strategy
- Increase non-US Executive CR Committee membership

P PRODUCT

- Develop cross-business unit collaborative structure for CR product opportunities
- Complete development of business unit-specific product opportunity framework and branding strategy
- Continue to explore high-potential product opportunities (e.g., social impact bonds, carbon trading and servicing, tax-advantaged investments, others)



implementing policies and procedures across our business operations; and establishing, monitoring and overseeing an integrated framework of compliance controls. Components of our compliance program include identifying applicable laws and regulations; testing the effectiveness of compliance controls; and reporting of issues, compliance gaps and program results, as well as training employees.

To ensure proper employee conduct at every level of the organization, our Ethics office oversees the Standard of Conduct for employees; pre-clears gifts, entertainment and political activities; and offers employee training on ethical standards. Established in 2010, the Ethics office also administers a number of policies, including anti-corruption, which all fall under our Standards of Conduct for employees, directors and senior financial officers. To make it easy for employees to access compliance information, the Ethics office established a specific e-mail address for employees to send questions, in addition to providing contact information for reporting possible violations of laws or company policies — anonymously, if they choose.

As a fairly new resource, the office expanded its visibility throughout the company in 2011. Currently offering support and

services from its centralized US location, the office plans to grow its physical presence in each of the regions where we operate.

With government regulations increasing around the globe, the Ethics office is in the process of updating policy procedures — particularly with regard to anti-corruption. In 2011, it implemented risk requirements in our UK office to align with the UK Bribery Act, which provides a modern legal framework to combat bribery in the UK and internationally. The office is also working with our employees in Asia Pacific to develop a plan to address that region's unique regulatory requirements.

Our Controls Testing Program establishes a corporate-wide compliance framework with standard procedures for identifying applicable laws and regulations, assessing risks and responding to identified risk. These standards provide a comprehensive, consistent approach to managing compliance risks. The program uses a compliance risk assessment model, a uniform method for determining the likelihood and consequences of compliance risks across the corporation. Use of the model is critical, because it provides evidence that our regulatory compliance risks are being identified, reviewed thoroughly and addressed globally.



Suspected incidents of unlawful activities, such as money laundering, employee fraud and computer intrusion, are investigated internally, and where appropriate, a Suspicious Activity Report is filed with the relevant regulatory or law enforcement authority. During 2011, State Street was not a party to any legal proceedings involving allegations of anti-competitive behavior or anti-trust and monopoly practices. Additionally, State Street has not identified any substantiated complaints regarding breaches of client privacy or losses of client data.

We foster an environment of timely, open communication and escalation of compliance-related matters. Program activities include designation of business-aligned and topical compliance staff, training and education, effective communication of compliance requirements, monitoring of applicable laws and regulations, assessment of compliance risk, monitoring and testing of controls, assessment of the effectiveness of the compliance programs, remediation of compliance issues and management reporting.

THE STATE STREET STANDARD OF CONDUCT

The content in the Standard of Conduct, which is translated into seven languages, is reviewed annually by the State Street board of directors, and changes are made as warranted. In 2011, the Ethics office initiated work with training associates to improve the program. Currently, Standard of Conduct training highlights questions related to key provisions and provides any updates to the Standard of Conduct in the prior year. Moving forward, the training will be streamlined to highlight what is important from an ethical perspective and will emphasize important information that employees need to know to conduct themselves ethically.

All employees are required to provide annual certification of their review of and compliance with the Standard of Conduct. In 2011, 99.9 percent of all employees provided certification via our online certification tool.

Executive and Incentive Compensation Practices

The goals of State Street's compensation program for executive officers are to attract, retain and motivate superior executives and reward them for meeting short- and long-term financial and strategic goals, and to drive long-term shareholder value and financial stability in a manner aligned with appropriate risk management principles.

Incentive compensation awards for the chairman and chief executive officer are based on the board's assessment of overall State Street performance, including measurement against financial and non-financial goals. Regarding equity incentives, the value of stock appreciation rights and stock awards is driven by stock price, while the value of performance awards is driven by the achievement of multiyear return-on-equity goals, as well as stock price.

Under US Securities and Exchange Commission (SEC) rules, State Street is required to report the annual and long-term compensation of the five highest-paid executives. For these executives, the severance period is 52 weeks (including a two-

week notice period) of base salary, plus four weeks of base salary per completed year of service up to a maximum of 104 weeks of base salary. Only one member of the board of directors was an employee of State Street in 2011, and he did not receive any compensation for serving on the board. Non-management directors receive compensation based on their board service.

The board's Executive Compensation Committee is responsible for setting incentive compensation based in part on achievement of financial goals, State Street's overall performance, corporate governance and social factors. Incentive plans are funded against net income before taxes and incentive compensation.

The committee participated in the following principal activities during 2011:

- Reviewed compensation trends and available relevant market data when determining incentive compensation levels. This included consultation with the chief executive officer, the chief operating officer and the committee's independent compensation consultant, Hewitt Associates.

- Met seven times to consider and evaluate a broad range of performance factors and other governance of global compensation matters in the US and other jurisdictions.
- Reviewed our general compensation programs in light of issued and proposed regulatory guidance on the alignment of incentive compensation and risk management, including proposed guidance issued by the US Federal Reserve.
- Established a Multidisciplinary Control Function Committee to formally review and assess incentive compensation arrangements throughout the organization.
- Reviewed the current economic environment's impact on compensation policies and practices, including ensuring the appropriate degree of risk adjustment to aggregate and individual compensation decisions — standardizing a comprehensive framework to identify activities that may expose State Street to material amounts of risk.

For 2011, consistent with regulatory guidance at major financial institutions, awards were in the form of four-year, performance-based restricted stock units payable based upon a one-year return on equity performance-metric, or were in the

form of four-year deferred stock awards. This served to align our compensation structure with the performance of our stock and the interests of our shareholders.

Consistent with the past three years and the newly enacted Dodd-Frank Act, State Street asked our shareholders to vote on the frequency with which we should hold these votes. We recommended that we continue to hold the vote annually, and our shareholders approved that recommendation.

Compensation Assessment Framework

As it relates to evaluating corporate performance, the following framework incorporates a structured approach by using three separate standardized performance assessments: one focused on each of financial performance, strategic objective performance and risk performance. The committee received quarterly updates on each of these areas and progress against annual goals, with a final evaluation at year-end. The committee's evaluation of these standardized performance assessments factored significantly into the 2011 incentive compensation decisions for the company's executive officers.

More information on board and executive compensation is available in State Street's proxy filing [here](#).

Managing Risk

State Street has a strong risk management culture led by our chief risk officer. As a member of the Management Committee, the chief risk officer reports directly to the chief executive officer and has independent responsibility to report into the board's Risk and Capital Committee. Our ongoing challenge is determining an acceptable level of risk in the context of State Street's revenue-driven business strategies.

As part of State Street's three-year roadmap for more effective alignment of risk management and business activities, the company realigned risk management across the organization in 2011. As part of the realignment, risk managers are now embedded in business units and in regional locations to maintain an appropriate balance between partnering to facilitate strategic business growth and providing independent risk mitigation support.

COMPENSATION ASSESSMENT FRAMEWORK

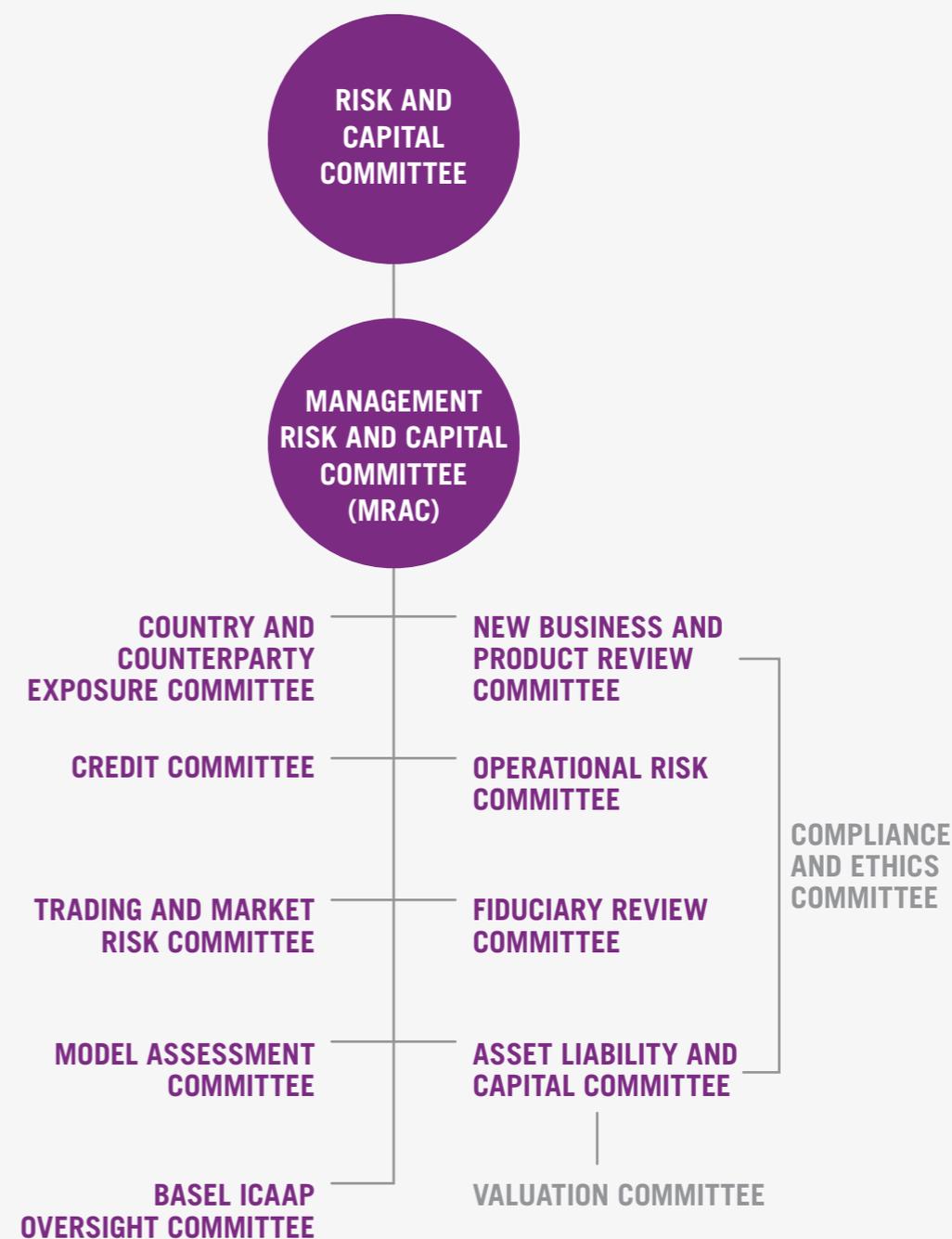


The new structure will ensure greater synergy within the organization and a deeper understanding of each unit's risk and appetite. It will also create a more proactive risk organization as the company considers new engines for growth. In 2011, the team also addressed credit risk, settings limits for how much the company designates to any one counterparty or country, for example.

The nature of State Street's business makes operational risk a key consideration. In our high-volume investment servicing business — custody and related ancillary services — each transaction represents risk. The rules and procedures we have developed are designed to provide checks and balances among the people, processes and technology required to conduct our business effectively. We expend considerable monetary and human resources to ensure that State Street complies with all appropriate rules and procedures. We identify important trends and anticipate their short- and long-term effects.

Recognizing that our reputation is fundamental to State Street's business, we developed a Country Reputation Risk Index in 2010 to complement our existing country risk tools. Specifically, we were concerned about the risk to State Street when operating

RISK MANAGEMENT STRUCTURE





in countries with poor reputations. Other motivating factors for developing the index included increased global interest in CR issues, our expanding global presence and peer best practices. We built the index using a broad spectrum of indicators, workshops and interviews with key internal resources. Based on the risk factors identified, countries are categorized as very low, low, medium, medium-high and high risk. Currently, less than 2 percent of our business comes from countries in the high-risk category, but medium-high and high-risk countries represent some of the largest growth opportunities.

The tool is used regularly throughout the year in situations where a country's risk profile needs to be re-evaluated based on changes in factors, such as those highlighted at right, and also in those less-frequent occasions where State Street is evaluating entry into a new regional market. The risk factors, including those for environmental and social elements, ultimately are a key input for setting country limits of maximum exposure in higher risk jurisdictions.

OVERSIGHT OF STRATEGIC RISK INCLUDES:

- credit and operational risk
- risk analytics
- fiduciary risk
- sovereign risk
- corporate insurance

It also covers risk management services that support:

- data management
- business solutions
- reporting
- documentation
- regulatory analysis

Country Reputation Risk Factors

- Money laundering
- Corruption
- Human rights
- Peace and conflict
- Environmental performance
- Intellectual property
- Civil liberties

State Street manages risk relative to CR and ES factors primarily through the Executive CR Committee governance structure. This group is supported by the CR officer and the Office of Environmental Sustainability. Environmental risk factors are also managed through the use of a global environmental management system and ISO 14001 audits performed at key global locations.

Government Relations

State Street participates in public policy dialogue around the world, primarily supporting policies that encourage expanding retirement and savings vehicles, recognizing the unique position and needs of institutional investors, enhancing market structure through efficiency and innovation, reducing cost and risk in the clearing and settlement of securities, improving access to global

markets for institutional investors and service providers, and promoting effective regulation of global markets.

Our Regulatory, Industry and Government Affairs group tracks proposed global legislative and regulatory changes, and coordinates State Street's responses to these proposals. We file official comments with regulators in a variety of jurisdictions through both the formal legislative process and less formal consultation with regulators and legislators.

In the US, the Dodd-Frank Wall Street Reform and Consumer Protection Act signed into law in July 2010 has moved to the regulatory implementation process. The legislation requires regulators to undertake more than 250 rulemakings, which will continue to be issued in 2012. A number of these rulemakings will affect State Street, and we have established an internal framework to assess and prioritize these issues, and engage with regulators as necessary. Some of the key rulemakings relate to systemically important institutions like State Street, the so-called "Volcker Rule" and the comprehensive regulation of derivatives transactions. At this stage, we do not expect many of the rules to have a significant negative impact on our current

activities, and certain rules may present opportunities for State Street, although the impact cannot be determined until the various rulemakings have been concluded.

In Europe, our government relations activities are registered within the European Transparency Register. Our direct participation with government entities is primarily in the form of responses to requests for consultation. In addition, we are active members of trade association working groups that develop responses to proposed legislation and rulemaking. During 2011, our focus was the Alternative Investment Fund Managers Directive (AIFMD), which creates a regulatory and supervisory framework for alternative investment fund managers. In 2012, we expect to be actively engaged in rulemaking related to the AIFMD, as well as legislation and rulemaking related to, among others, derivatives and the review of the Undertakings for Investment in Transferable Securities (UCITS V).

In the Asia-Pacific region, we engage with governments and regulators directly and through industry and other associations. We respond to requests for input for formal consultations and are often called on to help governments and regulators across the region access information about trends and practices in

other markets, as they seek to develop their nascent financial systems. We work to develop more effective financial markets in the region by participating in such organizations as the US National Center for Asia-Pacific Economic Cooperation (APEC), the US-ASEAN Business Council, as well as local industry associations and other groups. Through our membership in the Asian Corporate Governance Association, we encourage improved corporate governance in countries within the region. We also liaise with regional CR organizations — such as the Association for Sustainable and Responsible Investment (AsRIA) in Asia and CSR Asia — to follow CR developments in their areas.

In addition, we have engaged with the Australian government and regional organizations, such as APEC, on green bonds, an emerging ESG product class that seeks to assist with the funding of projects to mitigate and adapt to climate change.

Political Contributions

State Street executives make periodic, voluntary contributions of personal funds to two US political action committees (PACs) — one federal and one in Massachusetts. Under the State Street Bank and Trust Company Voluntary Political Action Committees,

campaign contributions are not made outside the US. During 2011, contributions from the PACs totaled \$11,000, and no in-kind contributions were made. Full information on our campaign finance reports and data is available at www.fec.gov and www.mass.gov/ocpf. Except in rare instances, it is our policy that no corporate funds are to be used for political contributions, either directly or indirectly, and all must be approved by the chief executive officer in advance.

The laws of many countries, including the US, set strict limits on political contributions made by corporations. In accordance with our Standard of Conduct, only the chief executive officer may authorize the use of corporate resources in connection with political activities. We also request that each of our principal trade organizations refrain from using our membership dues for political activities. Our principal trade organizations are those to which we pay annual membership fees in excess of \$50,000 and, for these purposes, notify us that a portion of those fees is nondeductible for US income tax purposes.

In 2011, we implemented changes to our political activities policy to reflect the pay-to-play legislation that limits campaign contributions, requiring employees to pre-clear political contributions through the Ethics office. [Click here](#) for further detail on State Street's Political Activities Policy Statement.

We also voluntarily launched a website in 2011 to report any political contributions the company makes. Although the company did not make any political contributions in 2011, State Street believes disclosure of this type of information is important to our shareholders. [Click here for more details](#).

Delivering Shareholder Value

Creating value for our shareholders is State Street's ultimate financial objective. We strive to do this by delivering consistent profitability highlighted by a disciplined expense culture and managing risk inherent in our business with systems, procedures and oversight that ensure transparency and long-term sustainability.

Last year was marked by two distinct halves: a continued recovery in the first half followed by a weaker second half impacted by

Standard & Poor's downgrade of US debt and an increase in disruption in the European markets, both of which triggered volatile equity markets and weak capital markets. Despite this challenging environment, we continued to focus on delivering long-term value to our shareholders.

Overall for 2011, our financial performance was strong. We added \$1.4 trillion in new assets to be serviced and won \$1.2 billion in new business in asset management. Institutional investors hold approximately 86 percent of State Street's stock with the remainder held by individual investors.

2011 FINANCIAL PERFORMANCE

Metric	2011 Performance	Long-Term Goal
Operating earnings per share growth	10%	10-15%
Operating revenue growth	9%	8-12%
Operating return on shareholders' equity	9.9%	14-17%

Also, following our successful completion of the Federal Reserve's Comprehensive Capital Adequacy Review (CCAR) of bank holding companies, we restored our dividend payout level to

19 percent in 2011 by increasing our quarterly dividend to \$0.18 per share. We also implemented a common stock repurchase program totaling 16.3 million shares.

Following our completion of the CCAR in March 2012, we were able to announce an increase in our common stock dividend from \$0.18 to \$0.24 and a new common stock purchase program in an amount up to \$1.8 billion by March 31, 2013, underscoring our strong capital position as well as our priority of returning capital to shareholders. Increasing our return of capital to shareholders through an increased dividend and share repurchase plan continues to be a priority for us.

In accordance with SEC regulations, we provide quarterly and annual reports of financial results, and our senior executives brief securities analysts regularly. Shareholders and other interested parties can make inquiries to our lead director. Our Investor Relations group updates senior management quarterly on shareholder concerns. Typical questions concern stock performance and market analysis. For more information, [click here](#) to visit our Investor Relations website.

Board of Directors Oversight

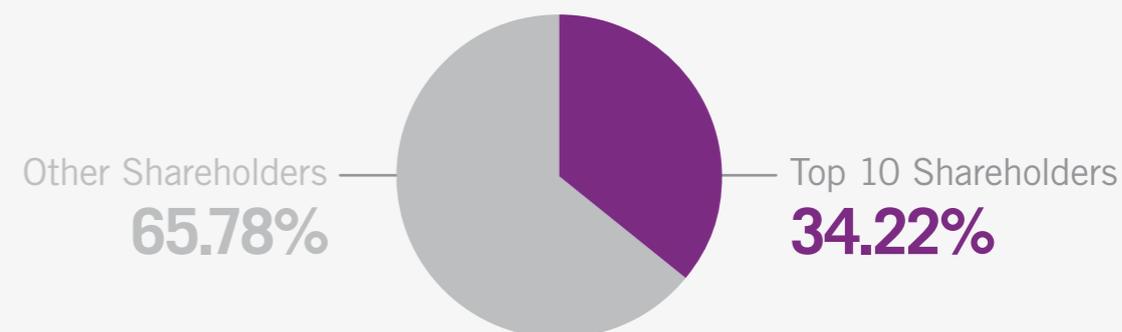
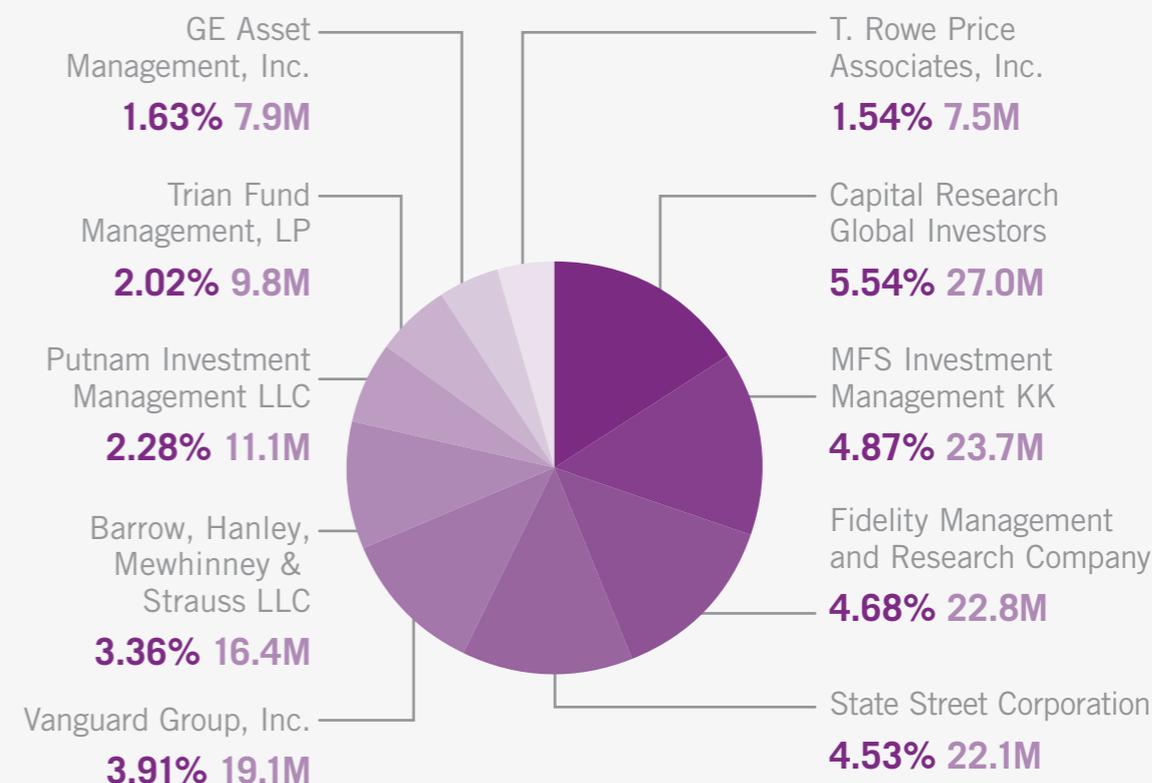
Each member of the State Street board of directors must abide by a code of conduct, which is outlined in the Standard of Conduct for directors. Built on our longstanding Standard of Conduct for employees and Code of Ethics for senior financial officers, the code of conduct for directors promotes honest and ethical conduct, as well as the avoidance of conflicts of interest. Board members are required to avoid any business activity, employment or professional service that competes with State Street or conflicts with State Street's interests. They are also expected to manage their personal finances responsibly, including complying with applicable law concerning personal trading in securities, as well as the standards described in the State Street Securities Trading Policy. Any situation that presents a conflict or the appearance of a conflict with State Street must be disclosed to the corporation's chief legal officer or general counsel.

The composition of the State Street board of directors reflects a globally diverse range of experiences and market knowledge. Additional information relative to corporate governance, including governance guidelines, Standards of Conduct and biographical information on directors, can be found [here](#).

STATE STREET'S LARGEST SHAREHOLDERS

Shares Held (Percent)

Shares Held (Millions of Shares)



As of December 31, 2011

2011 BOARD OF DIRECTORS PROFILE

JOSEPH (JAY) L. HOOLEY

Chairman, President and Chief Executive Officer,
State Street Corporation

KENNETT F. BURNES

Retired Chairman, President
and Chief Executive Officer,
Cabot Corporation

PETER COYM

Retired Head of Lehman Brothers, Inc.
in Germany

PATRICK DE SAINT-AIGNAN

Retired Managing Director and
Advisory Director, Morgan Stanley

DAME AMELIA C. FAWCETT

Non-Executive Chairman,
Guardian Media Group

DAVID P. GRUBER

Retired Chairman and
Chief Executive Officer,
Wyman-Gordon Company

LINDA A. HILL

Wallace Brett Donham
Professor of Business Administration,
Harvard Business School

ROBERT S. KAPLAN

Professor of Management Practice,
Harvard Business School and
Former Vice Chairman,
The Goldman Sachs Group

CHARLES R. LAMANTIA

Retired Chairman and
Chief Executive Officer,
Arthur D. Little, Inc.

RICHARD P. SERGEL

Retired President and
Chief Executive Officer,
North American Electric
Reliability Corporation

RONALD L. SKATES

Private Investor

GREGORY L. SUMME

Vice Chairman of Global Buyout
for the Carlyle Group

ROBERT E. WEISSMAN

Chairman, Shelburne Investments

BOARD MEMBERSHIP

(subject to annual re-election)¹

Women = 2

Minorities = 1

Foreign nationals = 3

Board members with executive functions = 1

Total number of directors = 13

PERMANENT COMMITTEES

Examining and Audit²

Nominating and Corporate Governance³

Executive Compensation³

Risk and Capital Compliance⁴

Executive Committee⁴

¹ 12 independent directors.

² All members are independent and financially literate under NYSE standards and at least one member is considered a financial expert.

³ All members are independent.

⁴ May include non-independent directors who also serve as officers of the corporation.

Business Continuity

Our global continuity program is designed to ensure timely, secure recovery of our data, data processing systems, data communications, facilities, business functions and employees. The program policy, reviewed and approved annually by the board's Examining and Audit Committee, applies to all State Street and client data. Reporting to the head of our Service Delivery Management Group, the Global Continuity Services division is responsible for developing and maintaining the policy and associated program.

Risk assessment, business disruption prevention, avoidance and recovery are critical components of the planning process. In the event of a natural disaster or other widespread emergency, our position as a leading financial services company necessitates our ability to recover business and technology functions quickly. To that end, we maintain multiple data centers in geographically diverse areas in the US. Designed to meet the same security standards that the US State Department requires for American embassies, these data centers house backup systems for each primary facility infrastructure component and are designed to operate independently from external

power sources for extended periods of time. In addition, each business unit is charged with developing a continuity plan for its operations and supporting technologies.

Safeguarding Client Data

State Street's Privacy and Data Protection Program covers all aspects of personal data confidentiality and cross-border data transfer issues. The program seeks to foster a culture of stewardship such that we protect the personal data we handle as though it were our own. The program sets policies and standards for the protection of personal data, trains employees, sets requirements for vendors that handle personal data, reviews cross-border data transfer issues, oversees the cross-functional team that analyzes events involving personal data, and sponsors efforts with business and other corporate functions to include data protection in IT and business process design.

The program translates these efforts into specific actions that help protect personal data throughout the corporation. It has been a catalyst for use of enhanced technological controls, including encryption of all laptops and BlackBerry devices worldwide, user-friendly e-mail encryption on desktop computers, data to



be written only to approved encrypted portable devices, and encryption of all backup tapes — all of which are expected to be completed by June 2012. The program also provides practical approaches and tools to help identify, classify and protect personal data. It works to make personal data protection part of the planning and execution of State Street's daily work.



BUSINESS EXCELLENCE

Being viewed by our clients as the most reliable and responsible financial services provider drives the way we do business, the products and services we deliver, and the collaborations we foster. Not only do our clients rely on us to help them invest responsibly, they look to us to provide them with innovative ways to build their business.

Purposeful Relationship-Building

State Street's clients are among the largest institutions in the world, including governments, corporations, insurance companies, mutual funds, hedge funds, investment managers, central banks and monetary authorities, endowments and foundations, nonprofit organizations, health care institutions, and unions. Our broad and integrated range of financial services spans the investment spectrum, including investment management, investment research and trading, and investment servicing — with investment servicing accounting for 87 percent of our total revenue in 2011 and investment management services representing 13 percent.

Because of the close relationships we have developed with our clients, we understand the tremendous role CR plays in the competitive bidding process. We help some of our investment servicing clients meet their own CR objectives by analyzing their investments based on ESG, compliance and risk criteria. For our investment management clients, we have developed ESG investment opportunities and increasingly incorporate ESG factors in our existing quantitative strategies. We also extend the reach of our CR commitment by setting CR standards for our procurement practices.

Helping Clients Invest Responsibly

With heightened awareness around ESG issues, investors are increasingly focused on investing responsibly. As a result, investment managers are challenged with considering how ESG factors may impact the risk and return of their investments, while also facing added pressure to provide transparency into their ESG practices. Among the drivers that have brought sustainability into the spotlight are demographic trends as the world's population continues its rapid growth, scarcity of natural resources and climate change — all catalysts that are altering how business is conducted globally.

INSIDE CR IN ASIA PACIFIC

Peter O'Neill, the head of State Street Global Markets and State Street Global Services in the Asia-Pacific region, offers his view on the region's rising interest in CR.

Q. As CR continues to become a crucial component of the business landscape, how has the Asia-Pacific region embraced CR?

A. Asia Pacific is the fastest-growing economic region in the world. With that growth comes the opportunity to exceed expectations in areas where more developed countries have made their mark. In many ways, it is a case of playing catch-up to the West, but we're absolutely heading in a positive direction. In Australia, we've made significant strides over the years in terms of CR and are seeing increased awareness in Asian countries overall.

Q. Could you offer any examples of this increased awareness?

A. In China, we're seeing investment in renewable energy and carbon trading. In Japan, there is heightened awareness due to the nation's plight during the natural disasters. The stock exchanges in Singapore, Shanghai and Hong Kong continue



Peter O'Neill
Executive Vice President

“State Street’s footprint will mirror our commitment to CR moving forward.”



to encourage that organizations increase their CR reporting and commit to promoting sustainable economic and social development. In Australia, superannuation funds are driving the trend by increasingly incorporating ESG factors into their portfolios. Also, various CR councils and committees have emerged, signifying a collaborative approach to embracing CR in the region.

Q. How does State Street support CR in the Asia-Pacific region?

A. CR is a core part of our business in all of the 29 countries we operate in. We are always finding ways to increase our reputation in CR, specifically as it relates to helping our clients invest more responsibly, creating a workplace that encourages our employees to excel and doing everything we can to improve ES in all of our operations. In Asia Pacific, some examples of our work in this area include executing our first carbon credit in China, as well as the opening of our new offices in Sydney, which received the highest green certification and helped open a lot of doors to potential clients. We are looking at other buildings in the region that offer the same green credentials, though we have not made any decisions at this time.

“As more and more organizations in the region begin to see the tangible benefits of CR, I believe it is inevitable that CR will become part of doing business here.”



Q. How does CR impact future plans for State Street and the overall business environment in the Asia-Pacific region?

A. State Street's footprint will mirror our commitment to CR moving forward. As awareness continues to increase in the region, which we continue to see year by year, State Street is prepared to offer the products and services our clients are demanding and will continue to foster a culture that employees seek in an employer. As more and more organizations in the region begin to see the tangible benefits of CR, I believe it is inevitable that CR will become part of doing business here.



In our investment servicing business, we offer social responsibility screening as part of our compliance service to help our institutional clients analyze their portfolios. However, one trend we have observed in the market is a split of clients who utilize the vendor feeds we have set up versus either sourcing the information themselves or creating their own security lists and passing them on to State Street. Our clients know that our compliance capability enables them to review their involvement with environmental performance factors, as well as a variety of social and governance criteria. The monitoring of prescribed investment limits, excluded asset lists and self-imposed investment restrictions are examples of the features our clients can utilize within our compliance tools. We currently provide these analytics for 12 clients on approximately \$430 billion in assets.

State Street serves approximately 1,400 clients globally and offers comprehensive services in performance, risk and strategic analysis that help clients monitor and measure the performance of investment strategies in any market and in any asset class, including alternatives. Observing a significant uptick in the demand for investment analytics to help keep pace with the evolution of the markets, State Street added enhancements to our

risk and analytics offering in 2011, including new functionality for online and UCITS reporting and attribution dashboards.

To give our clients access to essential portfolio and risk exposure data in real time, in 2011 we launched a mobile application for the iPad, State Street SpringboardSM, which is targeted to executive-level portfolio and fund managers. The application allows clients to view portfolio information and leverage content from State Street's online information delivery platform, my.statestreet.com — a secure, single-client entry point to a full suite of sophisticated market data and analysis applications.

State Street continues to work with leading global vendors to develop other reporting and advocacy services to deliver ESG metrics and services. For example, we have teamed up with the UK's F&C Investments, a diversified investment management group, to become the first custodian to offer F&C's ESG Reporting Service to clients. Launched in 2011, the service provides the information our clients need to ensure they are investing in companies that demonstrate a global commitment to ESG practices. As part of State Street's broader investment analytics suite of services, the ESG Reporting Service has



the information needed to support our clients' fiduciary and regulatory duties, ensuring their investments are in companies that demonstrate a global commitment to environmental and social responsibility and strong corporate governance.

Also in 2011, we formed an alliance with a strategic partner to help accelerate the delivery of added-value services that increase transparency for our clients. We acquired a majority equity interest in InfraHedge, a UK-based provider of an independent governance and risk management infrastructure for institutional investors investing in hedge funds through managed accounts. Clients now receive direct access to managed accounts, which provides access to the hedge fund market while retaining a level of transparency, reporting and risk management.

As State Street considers developing additional ESG capabilities, we tapped Brandeis University in 2011 to gauge global interest in ESG issues. Building its own index rating/ranking system, Brandeis analyzed the public statements made by top global pension funds and sovereign wealth funds in different countries. The research showed that nearly half of the largest funds expressed some interest in ESG issues. Regionally, Europe

stands out as having the most interest in governance issues, with Taiwan matching Europe's level of interest and Brazil and Kuwait ranking above the US.

State Street Global Advisors (SSgA), our investment management business, introduced its first institutional socially screened portfolio in 1986. Currently, it manages more than 150 separate accounts and more than a dozen commingled vehicles, according to one or more ESG criteria. At year-end 2011, we were managing \$108 billion in assets incorporating ESG factors. As a percentage of firm totals, ESG assets were nearly 6 percent. Most are screened, but some are managed using an integrated approach where ESG signals are incorporated into the alpha model or portfolio construction, or where we track an index that has been constructed to provide ESG exposure. For non-ESG funds, no policies with specific environmental and social components are in place. However, Australia and other regional active equity teams have begun adding ESG factors into certain existing quantitative models, an indication that ESG investing is becoming more mainstream. Our Global Enhanced Equity team has also added an ESG risk overlay to the investment process for global, regional, UK and emerging market portfolios.

SSgA has an ESG team with responsibilities and competencies in portfolio management, product management, ESG issue and trend analysis, and discharging corporate governance and proxy voting. That team regularly discusses ESG risk/return factors with existing or prospective investors on an ad-hoc basis in line with market demand. It routinely meets with investment team colleagues who are seeking knowledge of prevailing trends or collaboration on investment strategy development or modifications. In addition, it consults regularly with product development and client-facing partners to discuss new business opportunities and/or refinements to existing client mandates or product development. The team and other internal partners also publish written materials on ESG issues and trends, which are available for client and/or public consumption.

SSgA representatives regularly speak at and attend industry events and conferences on topical and thematic issues. We recognize the importance of collective action to expand global ESG activity and market maturation, as well as the residual value accruing to SSgA and our clients from being party to ESG-related consortiums.

NEW SSGA INVESTMENT STRATEGY FOCUSES ON ENVIRONMENTALLY BENEFICIAL DEVELOPMENT

In 2011, SSgA announced a new High Quality Green Bond strategy that offers investors a way to direct fixed income investments to climate solutions through a portfolio of green bonds managed by SSgA. We believe that this innovative offering demonstrates State Street's continued commitment to providing a broad set of solutions and products to our clients and helps fulfill a growing need for environmental investing through the bond markets.

Issued primarily by the World Bank, European Investment Bank, and other supranational and multilateral development banks, green bonds allocate the proceeds of the bond offering to fund environmentally beneficial development projects. Green bonds generally have financial features similar to standard bonds of the same or comparable issuer, but specifically allocate proceeds to fund or support environmentally beneficial development projects.

This new offering is not only a significant milestone within our expanding line-up of ESG investment solutions, but it also presents investors with a solid investment option as part of their overall fixed income allocation.



In 2011, SSgA also introduced a Sustainable European Corporate Credit fixed-income strategy that provides exposure to top-ranked companies and uses a combination of negative and positive screens.

Also in 2011, 48 client accounts underwent human rights screening, representing 30 percent of our total ESG accounts. Collectively, these investments span the range of ESG investment approaches, including negative and positive screening, best-in-class sustainability and ESG factor integration, and the risk/return spectrum. This approach underscores the breadth and depth of SSgA's capabilities, as well as the varied ESG criteria and approaches of our global client base.

SSgA is also leading a collaborative venture through CSR Europe, whose mission is to develop a framework for sustainable investing that underscores its value and the link between ESG and financial performance. Called "Project Delphi" (the symbol of consensus), the project unites asset managers, asset owners, consultants, academics and analysts to examine the strands of research that currently exist in the marketplace to create a set of ESG "super factors" and key performance metrics that will

ultimately be validated by a cross-section of Europe's largest institutional investors.

For more information on State Street's approach to sustainable investing, please visit our website at www.ssga.com.

Proxy Voting and Issuer Engagement

Each year, State Street votes approximately 14,000 proxies in 70 different markets around the world on behalf of our clients. We focus on the best interests of our clients through the consistent, conscientious execution of our responsibilities as a fiduciary, and seek to maximize shareholder value through our proxy voting policies and shareholder engagement activity.

We consider proxy voting an opportunity to improve shareholder value, in addition to our fiduciary responsibility to vote. We design our proxy voting policy and procedures to ensure that our clients receive the best possible returns on their investments and that companies have effective management controls in place to mitigate risk.



With a team of dedicated ESG professionals, SSgA has established robust corporate governance principles and practices that are backed with extensive analytical expertise to understand the complexities of the ESG landscape. SSgA's ESG capabilities lead to meaningful issuer engagements and include the tools needed in analyzing ESG issues on a case-by-case basis.

SSgA believes engagement with issuers is often the most active and productive way for shareholders to exercise their ownership rights, with the goal of increasing shareholder value. SSgA regularly conducts issuer engagement activity to support SSgA's voting principles and to provide insight about the principles and practices that drive our voting decisions. Through extensive discussions with board members and management, we seek to strengthen the quality of corporate governance and ESG standards that protect and enhance shareholder value.

SSgA analyzes environmental and social issues case by case, which includes evaluating company-specific circumstances, the impact of any environmental or social issue on a company, and its potential effect on shareholder value. Companies should be transparent about key operational, reputational and financial risks, and about their established oversight mechanisms to

identify and mitigate such risks. ESG factors can not only affect a company's reputation, but can also create significant operational risks and costs to business. Well-developed ESG management systems can generate efficiencies and enhance productivity, both of which impact shareholder value. SSgA expects companies to disclose material ESG performance metrics and supports their efforts to demonstrate how sustainability fits into operations and business activities.

Through our membership in various industry networks, as well as our contact with corporate pension plans, public funds and unions, we are able to communicate extensively with other shareholders regarding events and issues relevant to individual corporations, general industry trends and current shareholder concerns.

We continue to refine our voting process, and we actively engage with issuers and other stakeholders to inform our policy. Our voting guidelines and results are available to clients. They are generally not in the public domain, except as legally required. Voting audits are performed consistently to monitor the votes cast and assess their consistency with our voting policy.

Passing Savings On to Our Clients

At State Street, we're always finding ways to help our clients. In response to the weakened economy throughout 2011, we accelerated our business operations and information technology transformation program that we launched in 2010 — achieving a total expense savings in 2011 (excluding restructuring costs) of \$86 million. The multiyear program is designed to enhance service excellence and innovation, accelerate our time to market and deliver increased efficiencies in our operating model. Our ultimate goal with this initiative is to expand our position as the industry's leader in terms of innovation, service and operational efficiency in financial services. By the end of 2014, we expect related annual pre-tax, run-rate savings to be approximately \$575 to \$625 million.

For the operations transformation, we have identified 14 core processes that span our global operations that we believe can be dramatically improved. We are doing this by using “lean methodologies” developed by the Lean Enterprise Institute, which create maximum client value while minimizing waste. We're standardizing and automating those processes, and where feasible, utilizing our Centers of Excellence (COE).

We expect to establish two additional COEs in 2012, for a total of seven worldwide. These will align core functions with client needs — enabling us to achieve greater processing efficiencies and capitalize on our global scale. In addition, we are establishing two new, low-cost locations to help balance our global footprint and help provide our clients with continued service, no matter where in the world they operate.

For the technology transformation, we have installed a cloud computing infrastructure, which creates more speed, agility and efficiency for our clients. With our “Stack and Cloud” approach, we will move hundreds of core applications to our private cloud over the next three years. We are well under way, with 10 new applications already deployed to the cloud, and another 16 under evaluation. In 2012, we will build more new applications using the cloud, and begin moving existing applications there, as well. We estimate that utilizing the cloud will cut new product development time by 30 percent and we'll be able to onboard new clients about 20 percent faster.

State Street has devoted 20 to 25 percent of recent operating expense budgets to technology.

Geographic Breakdown

While global investing offers significant opportunities for enhanced returns, our clients' assets invested in certain parts of the world may represent increased environmental or social risk.

ASSETS UNDER CUSTODY AND ADMINISTRATION

\$ billions (December 31)

	2010	2011
Asia Pacific	972	1,040
EMEA	4,067	4,400
Other Americas	599	622
United States	15,889	15,745
Total	21,527	21,807

ASSETS UNDER MANAGEMENT

\$ billions (December 31)

	2010	2011
Asia Pacific	215	210
EMEA	341	320
Other Americas	29	30
United States	1,425	1,298
Total	2,010	1,858

Global Expansion

With a singular focus on serving sophisticated institutions around the world, we continually look for ways to enhance our services and expand our reach. Since opening our first international office in Munich in 1970, we have considerably expanded our business overseas.

In 2011, our acquisition of Complementa represents a milestone in our strategy to become a truly global provider and continue our progress toward the long-term goal of doubling our revenue outside the United States. A Swiss provider of performance measurement and analytics to banks, pension funds and insurance companies, Complementa enables us to strengthen our reporting and analytics capabilities by providing access to its high-precision and quality processes. The acquisition provides us with further opportunity to expand our offering across Germany, the Netherlands, Italy, and other European and global markets.

In the US, we acquired Pulse Trading, which adds an equity-crossing platform to our existing electronic trading capabilities. The acquisition is a natural extension of State Street Global



Markets' neutral agency model; its sophisticated technology and block trading capabilities will expand the number of execution venues and the range of electronic trading tools available to our clients, and ultimately help lower their trading costs.

We also completed our acquisition of Bank of Ireland Asset Management (BIAM), which was first announced in October 2010. Acquiring BIAM will help us expand our investment capabilities to include global fundamental active equity management.

As part of our continued efforts to reach more clients around the globe, State Street opened a new office in Brunei Darussalam in 2011, representing the company's ninth office in Asia Pacific. The expansion underlines our commitment to serving clients with a physical presence in key markets. Since entering the region more than 25 years ago, State Street has built a strong presence and has more than 7,000 employees throughout Asia Pacific. We also opened a new Australian headquarters in Sydney in March 2011. Emphasizing State Street's commitment to ES around the world, the new office is 5-Star Green Star certified.

Industry Leadership

State Street participates in a variety of industry organizations around the world, advocating for adherence to 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, among others:

In the US: American Bankers Association, ABA Securities Association (board member), American Benefits Council, Association of Global Custodians, Associated Industries of Massachusetts, Boston College Center for Corporate Citizenship (Leadership Forum member), Boston Municipal Research Bureau, Business for Social Responsibility, Ceres, The Conference Board Center for Corporate Citizenship and Sustainability (founding member), Council of Institutional Investors, Environmental League of Massachusetts, Financial Services Forum, Financial Services Roundtable, Greater Boston Chamber of Commerce (board member), International Corporate Governance Network, International Swaps and Derivatives

Association, Investment Company Institute (board member), Investor Network on Climate Risk, Managed Funds Association (board member), Massachusetts Bankers Association, Massachusetts Taxpayers Foundation (board member), Securities Industry and Financial Markets Association

Outside the US: Alternative Investment Management Association, American Chamber of Commerce Beijing and Shanghai, American Chamber of Commerce Japan, Asia Securities Industry and Financial Markets Association (board member), Asian Corporate Governance Association, The Aspen Institute Business and Society Program, British American Business Inc. (board member), British Bankers Association, Business in the Community, Canadian Bankers Association, Canadian Coalition for Good Governance, CSR Europe, ESG Research Australia, European Parliamentary Financial Services Forum, Forum of European Asset Managers, French Asset Management Association, German Bankers Association, Global Reporting Initiative, Institute of International Finance, International Bankers Association, International Securities Lending Association (board member), Irish Funds Industry Association, Luxembourg Bankers Association, United Nations Environment Programme Finance

Initiative (Steering Committee and North American Task Force co-chair), US National Center for APEC (board member)

The SSgA ESG and Governance teams maintain active industry connections to stay abreast of best practices and support internal employee competency with respect to ESG policies and procedures. Additionally, we recognize the importance of collective action to expand global ESG activity and market maturation, as well as the residual value accruing to SSgA from being party to ESG-related consortiums. Where possible, we seek to be active participants or signatories, and fulfill the requirements to be a member in good standing.

In terms of environmental issues, State Street is involved in a number of initiatives, including United Nations Environment Programme Finance Initiative (UNEP FI) and the Investor Network on Climate Risk (a Ceres organization). Since 2003, we have been a signatory to the Carbon Disclosure Project, a group of 534 institutional investors that seeks disclosure by more than 3,000 of the world's largest publicly traded corporations of their greenhouse gas emissions.

Responsible Sales

State Street's marketing communications — from our website to sales collateral and press releases — promote our brand to key stakeholders. They are primarily business-to-business communications, directed specifically to institutions oriented to investment management or servicing. This preference plays a significant role in our marketing strategy and the manner in which all marketing communications are created and produced. Our editorial standards guide dictates a style and approach consistent with this client preference that emphasizes high-quality editorial, rather than promotional content. The same is true for our visual language guidelines.

Importantly, our marketing communications undergo a rigorous legal and compliance review. A small portion of our marketing materials is regulated by the Financial Industry Regulation Authority (FINRA) and the SEC, and by the Marketing in Financial Instruments Directive (MiFID) in Europe. These materials are reviewed and approved by State Street's Legal and Compliance divisions, consistent with those regulations. Upon completion, any such materials are filed with the appropriate regulator. Marketing communications that fall

outside FINRA, SEC and MiFID regulations, such as product brochures and advertisements, are reviewed by Legal and Compliance. To date, we have not identified any incidents of noncompliance with regulations and/or voluntary codes concerning marketing communications.

State Street's reputation as a global business leader is rooted in our commitment to inclusion, ensuring that we build relationships with and communicate appropriately to diverse markets and our employees around the world. Subsequently, all materials are reviewed by local experts for cultural translation, both in language and design. In 2011, we have not identified any incidents of noncompliance with regulations and/or voluntary codes concerning products or services.

Engaging with Clients

We use a variety of communication methods to support our client relationships. For example, we hold annual face-to-face meetings with clients to formally review our service levels and receive ongoing feedback via direct contact and monthly reports. In multiple markets around the world in which we do business, we administer regular service evaluation surveys to



clients to assess their satisfaction with our core and value-added services, technology, and our overall ability to meet their goals and requirements. An independent market research firm is commissioned to conduct these surveys.

State Street managers receive client survey responses as soon as possible, allowing them to provide a rapid response to service issues. In addition, State Street's business support units create and distribute custom reports of survey data from an online database, enabling managers to view results by client segments and to identify trends.

We also pay close attention to surveys led by industry publications to evaluate client satisfaction. For example, in 2011 *Global Investor* magazine named State Street the top custody provider in the Americas in its annual Global Custody Survey. State Street also ranked No. 1 overall for the second consecutive year in *Global Investor's* Transition Management Survey. In addition, we continued to receive industry awards across North America, Europe and Asia. These included Outsourcing Provider of the Year and Mutual Fund Administrator of the Year at the *International Custody and Fund Administration*

2011 Americas Service Provider Awards, as well as Best in Securities Lending at *The Asset's* 2011 Triple A Transaction Banking Awards.

For our largest clients, we host conferences and forums to share information about our services and to learn about their emerging needs and concerns. Our signature Vision conferences highlight current trends important to our clients, and our Vision series of white papers and reports provides institutional investors around the world with our research, insights and expertise on important industry topics.

Periodically, we sponsor conferences where clients participate in discussions with senior executives, other clients and industry leaders. Typically, such events are crafted to suit the interests of the various market segments of our client base — public funds, corporate plan sponsors, nonprofit organizations and Taft-Hartley funds. These events serve to inform clients of market and industry trends and allow us to share our strategies as they pertain to the spectrum of services we provide to clients across the investment cycle.



Some of these events and conferences include:

- **Annual Corporate Continuity Conference** — Topics examined include business continuity, best practices of recovery strategies, regulatory issues and workplace safety.
- **Information Security Forum** — Experts highlight best practices for enterprise data protection, demonstrate new technology solutions and explore current industry practices around technological security.
- **Developing Risk Measurement for Private Equity Investments** — We discuss how our clients have partnered with us to respond to the increased complexity in the investment process.
- **State Street Global Markets Research Retreat** — A range of topics is presented to help our clients better understand market dynamics, identify investment opportunities and optimize global portfolio strategies.

To ensure client needs are being met, we give our employees the tools to communicate better with our clients. For example, our internal Global Marketing Support Center website features a range of communications for dedicated client relationship teams to access 24 hours a day. To keep employees up to date on all client organizations, State Street's Relationship Management group conducts an internal education program annually. The program includes market trend discussions that feature our clients' challenges and how State Street helps address them, as well as ongoing efforts to engage employees and clients in community outreach projects.

The State Street brand is designed to simplify and unify our communications internally and externally, as well as to create connectivity between our core competencies — Global Advisors, Global Markets and Global Services. While there are important business and regulatory reasons for our competencies to have clear lines of delineation and independence, our clients consider our ability to provide them with an integrated array of services as one of our greatest competitive advantages. Engagement with our clients, employees and other key stakeholders is fundamental to our brand development and refinement.

Expanding CR to Our Supply Chain

We believe relationships with our strategic partners should be mutually beneficial, and expect any vendor or third party we do business with to conduct business in a responsible manner. Recognizing that the lack of an official sustainable procurement policy represented a gap in State Street's overall sustainability program, in 2011 we developed and approved the Environmentally Preferable Purchasing Policy. The policy includes metrics by which the performance of our environmentally friendly purchasing practices can be measured. All procurement staff will be trained on the policy and its implementation.

As part of this policy, the metrics that will be collected include the following for each category of spend:

- Percentage of requests for proposals (RFPs) to vendors that include sustainability criteria
- Percentage of Global Procurement Services employees trained on the policy and associated metrics
- Percentage of spend from vendors that are ISO 14001 or OHSAS 18001 compliant

For specific categories, the following metrics will be collected:

- Percentage of all IT equipment purchases by spend that are Energy Star certified or rated Electronic Product Environment Assessment Tool bronze or higher
- Percentage of car reservations made for alternative fuel vehicles
- Average fuel efficiency of all car rentals
- Percentage of spend on Forest Stewardship Council-certified paper
- Weighted average recycled and post-consumer waste material in all paper purchases (non-packaging and non-janitorial) as a percentage

Going forward, we expect to develop specific programs consistent with the new policy.



Also in 2011, we developed a new electronic purchasing system, which is designed to automate the purchasing process and help us tightly track purchases of goods and services, and RFPs. Not only will the new system streamline the procurement process, but it will also add increased visibility and consistent purchasing policies and procedures. As a result, State Street will be in a position to increase the transparency required to further rationalize and optimize our products and services spend, as well as supplier selection criteria.

We rolled out the system in North America in April 2012, and will expand it to other regions in the near future.

Also, sustainability language is included in RFP templates and will be integrated into the new procurement system in 2012. The application will include baseline weighting and the ability to adjust based on the goods and services being sourced (i.e., applicability to sustainability).

Oversight for both procurement and global realty is centralized in one division — the head of which served on the Executive Corporate Responsibility Committee in 2011. This process will allow for greater focus on State Street’s environmental impact within the supply chain. We review our procurement and global realty supplier databases at least monthly against applicable sanctions and anti-money laundering lists issued by regulatory authorities. To date, no suppliers have been identified as unacceptable.

Procurement guidelines ensure a fair and equitable bidding process where appropriate. We have no policy stipulating use of local suppliers, but we actively spend with local, regional and global suppliers consistent with our bidding process. The proportion of our procurement budget spent with local suppliers at significant locations across State Street's worldwide operations is estimated at 95 percent. No discrimination is allowed in the selection of suppliers; they are covered under State Street's Equal Employment Opportunity Policy Statement.

Our US Supplier Diversity Program is an example of doing good business while strengthening local communities. Established in 1983, the program provides opportunities for minority- and women-owned businesses to establish mutually profitable relationships with State Street. The Global Procurement Services division oversees the Supplier Diversity Program.

SUPPLIER AND THIRD-PARTY SPENDING

\$ millions

Location	2009	2010	2011
Austria	1	1	7
Canada	63	54	51
Germany	55	49	40
Ireland	91	40	35
Italy	3	2	1
United Kingdom	124	122	157
United States	1,013	1,658	1,889
Total	1,350	1,926	2,180

2011 SUPPLIER DIVERSITY PROGRAM SPENDING (US)

\$ millions

Women-owned	Minority-owned	Combined ¹
37.3	77.8	97.6

¹ Combined supplier diversity total accounts for overlap between women- and minority-owned business spend.

PROCUREMENT: FOCUSED ON BEST-IN-CLASS SERVICE

Since stepping into my role in mid-2011, I've had the opportunity to evaluate the state of the procurement function, clarify the expectations from our company's leadership, define our value proposition and devise tangible strategies for Global Procurement Services (GPS) as we continue to support State Street's strategy. In this challenging yet exciting time, the GPS team is focused on being a business partner that continues to add value by setting procurement standards, identifying suitable suppliers, and negotiating price and contract terms favorable to the corporation. This transition is facilitated by best-in-class processes, technology and tools.

With the introduction of new industry-leading technology, we can deliver on our spend management and asset governance goals. Specifically, we are working with the Enterprise Risk Management and Compliance teams to launch the Risk Assessment Management Program (RAMP), which will help us to better identify and assess potential risks from using third-party suppliers and service providers. During the first half of 2012, we deployed an eProcurement (ePass) suite of tools



Sena Kwawu
Senior Vice President
Chief Procurement Officer



to enable consistent, transparent purchasing practices across our US-controlled spend base. Once this program is fully tested, it will be rolled out globally.

To optimize savings opportunities, we have analyzed expense categories and, in conjunction with business partners, are refining strategies to identify supplier spends that can be reduced across the globe. We will shape cost through demand management and competitive bidding. Our plan going forward includes establishing deeper partnerships with suppliers and negotiating appropriate price and contract terms, leveraging our scale and global volume, and consolidating contracts across business groups.

During 2011, the procurement team played a key role in various transformation and cost efficiency projects across the corporation, where we helped business partners negotiate and select critical suppliers. The focus on execution demonstrated in these projects and the use of best-in-class processes and tools will be the hallmark of our organization as we continue to support our business partners' strategies in 2012 and beyond.

“The use of best-in-class processes and tools will be the hallmark of our organization as we continue to support our business partners’ strategies in 2012 and beyond.”



**ENVIRONMENTAL
SUSTAINABILITY**

ENVIRONMENTAL SUSTAINABILITY

State Street strives to be a leader in ES in our industry — to always find better ways to make a positive impact on the communities where we live and work, and the clients we serve. We believe that our environmental practices can help build a better world for future generations and give us a competitive advantage in attracting and retaining business, enable us to operate in the most resource-efficient way possible and be a powerful tool for engaging our employees. With this in mind, we look creatively at all the ways we can improve our physical surroundings, taking actions that minimize negative impacts and maximize positive ones.

We also invest resources in continuing to improve the tracking, monitoring and reporting of our environmental impacts to our stakeholders. One way we do this is by employing a formal environmental management system (EMS) for our global operations.

Progress Toward Goals

State Street has developed clear goals to manage our environmental impact and regularly measure our progress against these goals. With data tracking and impact measurement in place, we are now looking more proactively at extending our oversight of environmental risk. In 2011, at our locations in London, Edinburgh and Dublin, we achieved ISO 14001 certification, which is a global standard that provides a framework for managing environmental responsibilities so they become more efficient and integrated into overall business operations. Following the ISO framework will help us better manage our impact on the environment.

Recognizing the potential threat of climate change, we have also made it a corporate imperative to increase our efforts to reduce the use of fossil fuels and to use all resources as efficiently as possible. More broadly, and consistent with our commitment to leadership, we promote awareness of environmental and climate issues with our employees and other stakeholders, while also taking an active part in the public dialogue on issues of ES.

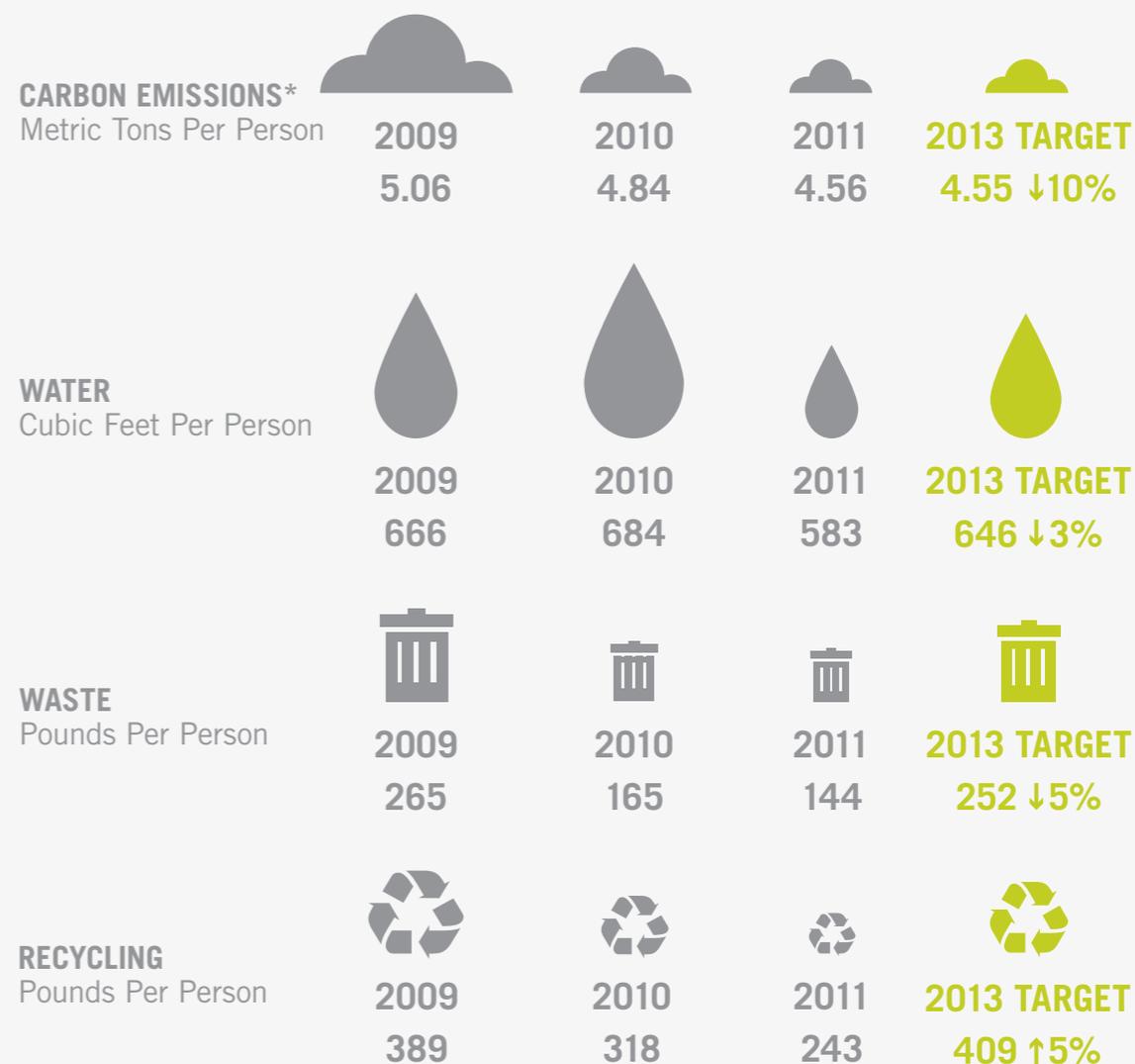
In 2011, we began tracking and reporting against new three-year global environmental goals, developed after extensive benchmarking and internal analysis. The goals reflect State Street's material environmental impacts, and were designed to be challenging, yet achievable. Our previous environmental goals for the 2006–2010 timeframe were established for Massachusetts locations (where the majority of our operations are located), and included categories such as oil and natural gas reductions.

During the first year of implementing strategies for meeting our new three-year goals, we achieved two of the four goals, and narrowly missed a third. Contributing to the advancement of our goals were the consolidation of real estate; occupation of newer, more energy-efficient offices; energy efficiency programs in data centers and weather factors. Additional factors included the installation of low water flow devices in many global locations, reduced runtime for cooling towers, the implementation of double-sided printing and focus on waste management practices. As a result of this progress, we will review our global environmental goals in 2012 to determine possible modifications to those metrics using more recent and comprehensive global data as the baseline.

ENVIRONMENTAL SUSTAINABILITY THREE-YEAR GOALS (2011–2013)

Key Assumptions

- 2009 baseline year
- All goals are based on intensity versus absolute targets
- Intensity denominator is based on employees (e.g. carbon emissions per person)



*Carbon emissions reductions for the calculation of this graphic do not include the impact of purchases of renewable energy credits.

TOTAL REAL ESTATE PORTFOLIO REPORTING COVERAGE FOR 2011

The following chart shows the percentage of square footage as a proportion of the total real estate portfolio covered in this report. The square footage not reported is generally not available.

	Asia Pacific	EMEA	North America
Natural Gas Usage	0%	34%	53%
Electricity Usage (actual) ¹	97%	93%	74%
Electricity Usage (estimated) ²	3%	7%	26%
Water Usage	50%	49%	63%
Waste	74%	67%	62%
Paper/Cardboard Recycling ³	90%	45%	30%
Paper Recycling (shredding)	71%	43%	97%
Composting	16%	11%	57%
Commingle Recycling ³	88%	71%	70%

¹ Represents the percentage of square feet where direct utility bills are provided.

² Represents the percentage of square feet where electric usage is estimated based on the EPA energy intensity factor. CO₂ emissions are also calculated based on the estimated kilowatt-hours.

³ Figures include some locations in the Asia-Pacific region for which data is estimated.

PROGRESS ON ACTION ITEMS

- 2011 Action Item
- Progress Status
- 2012 Action Item

Completed ✓ In Progress → Not Complete ✗

2011 Action Item	2011 Action Item	2011 Action Item	2011 Action Item	2011 Action Item	2011 Action Item	2011 Action Item
Implement ISO 14001 certification for London and Edinburgh sites	Explore more employee-centric communication channels for improved internal reporting of ES metrics	Continue to explore more options to increase renewable energy purchases outside North America	Expand Global Procurement Services' sustainability strategy through creation of supply chain sustainability program	Continue to pursue development of ESG investing policy	Develop a plan to address survey results outlining employee attitudes and perceptions of ES efforts	Develop strategy to engage employees on new global ES goals
✓ →	✓	→	✓	→	✓	✓
Complete in London, Edinburgh and Dublin; progressing in Boston	Built out the ES collaboration community	Internally executed renewable energy credit purchase in North America and carbon offset investment in China	Created the Environmentally Preferable Purchasing Policy (EPPP)	Peer benchmarking and initial scoping completed	Complete; created speakers series and developed programs to engage employees in active, individualized ES programs	Complete; increased communication and created ES dashboard
Pursuing additional sites across all regions	Achieve full global deployment and integrate with employee ES programs	Continue to evolve strategy and explore opportunities for longer-term program	Deploy EPPP throughout key supply chain areas	Refine content and advance toward implementation	Global deployment of "Green Your Team" program	ES goal achievement to be integrated into "Green Your Team" program

A CONVERSATION WITH THE HEAD OF REALTY SERVICES

As the former head of State Street Bank Realty Services,* Don Conover oversaw State Street's global site strategy and operations, and global procurement services. He was also a member of the Executive Corporate Responsibility Committee. He met with us to discuss ES and his department's initiatives for 2011.

Q. What were your accomplishments in 2011 with regard to real estate?

A. Every year, our ultimate goal is to get more work done in less space. After all, less underutilized space is a good thing environmentally. In 2011, we ensured that new build-outs and reconfigured space were built to be more efficient, environmentally sustainable and even more comfortable for our employees. We increased clean power purchase and recycling efforts, secured Leadership in Energy and Environmental Design (LEED®) or other equivalent ratings for several buildings, implemented internal training sessions and continued partnerships with our global facilities managers. We also achieved ISO 14001 certification at our flagship buildings in Dublin, Edinburgh and London. As in years previous, State Street has received a lot of recognition for these efforts from environmental and government organizations around the world. For example, last year we

*Don Conover retired in June 2012.



Don Conover
Executive Vice President
President of State Street
Bank Realty, LLC

“Every year, our ultimate goal is to get more work done in less space. After all, less underutilized space is a good thing environmentally.”

received the US Environmental Protection Agency's (EPA) Green Power Leadership Award for green power purchasing, and were listed on its National Top 50 list and Fortune 500 list of top corporate buyers of renewable energy.

Q. Real estate data has always played a large role in our CR reporting.

What about procurement?

A. ES has been ingrained in the realty side of our business longer than procurement. Real estate has historically produced strong metrics and opportunities for savings in power usage, recycling, air quality, etc. Across the industry, procurement is just getting started in terms of tracking and quantifying data. Once data sets have accumulated over time, we'll be able to deliver the information our stakeholders are looking for.

Q. What do you think could accelerate this process?

A. Procurement at State Street has a number of programs established and tools in place. I certainly see us as ahead of the curve. Also, many vendors have established programs, which present a great opportunity for business partner collaboration and the generation of metrics.

“Many vendors have established [CR] programs, which present a great opportunity for business partner collaboration and the generation of metrics.”



Q. What were your key procurement initiatives for 2011?

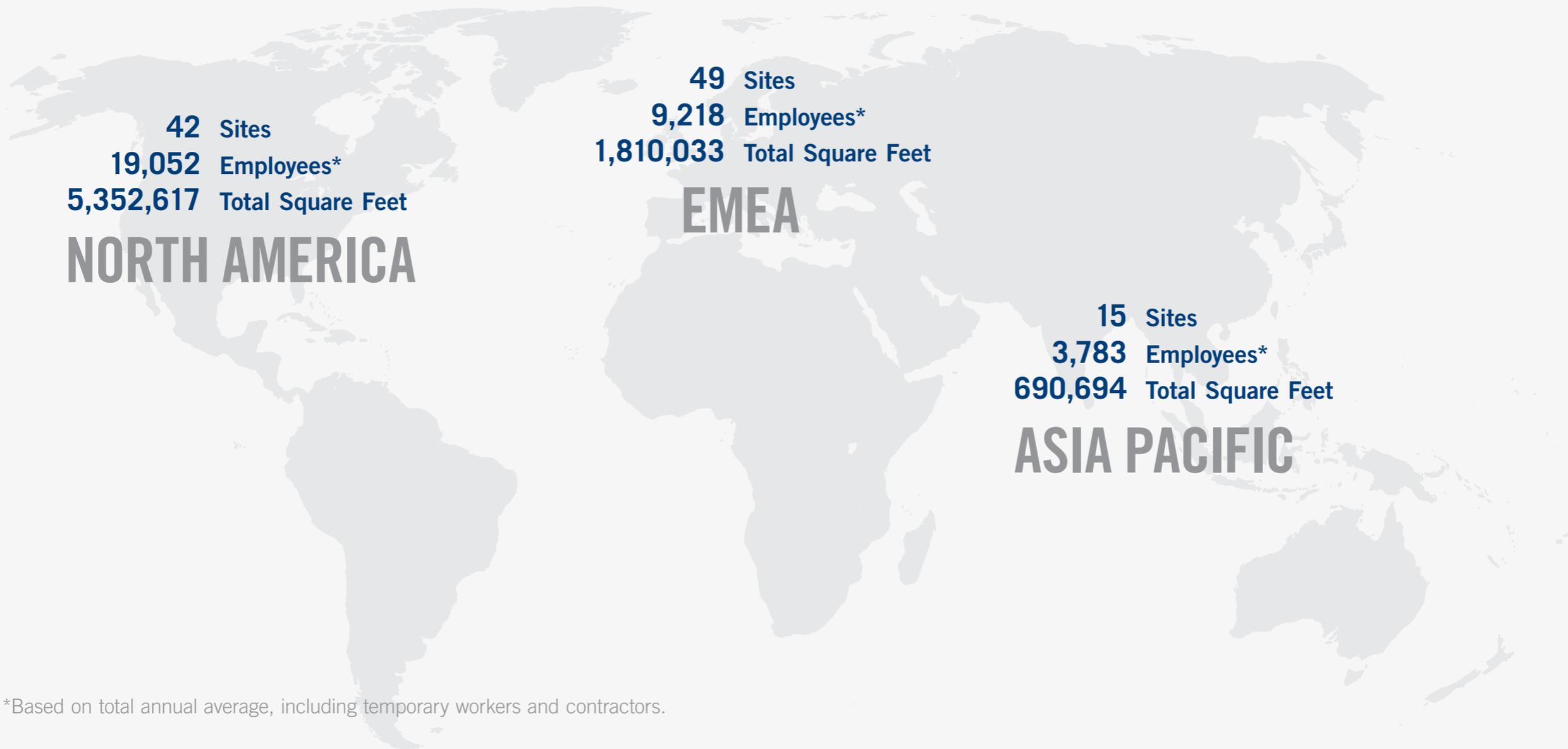
A. We created and approved a formal procurement policy called the Environmentally Preferable Purchasing Policy. This was a big step forward. Not only does the policy establish a strategic direction for the entire company in terms of procurement, it integrates sustainability in our RFP process. We are training our procurement staff, as well as our vendors, on what the policy means and how to best leverage it day to day.

REAL ESTATE PORTFOLIO BY REGION

106
total sites

32,053
employees*

7,853,343
square feet



*Based on total annual average, including temporary workers and contractors.

Engaging Our Employees

State Street's Office of Environmental Sustainability (OES) makes considerable efforts to provide employees with information on our ES framework and goals, and facilitates employee engagement through activities and events. For the first time, in 2011 we published quarterly internal dashboards highlighting environmental performance at the office level for informational and comparative purposes. Also this year, the OES established Employee Eco-Advisory Councils to identify and execute activities tailored to each participating site. Examples of these activities include fundraising as well as volunteer events, such as tree planting, conservation and clean-up programs, film screenings, and partnering with local nonprofit organizations. The OES also played a supporting role in the ISO 14001 certification process, which requires the formation of "green teams" or local ES groups at each site.

Our Operations and the Environment

State Street's EMS manual provides a template for environmental management throughout all functional areas of our company. Our Global Realty Services division, in conjunction with our

property management partners across North America and the Asia-Pacific and EMEA regions, implements the EMS program in our offices.

In 2011, we completed an environmental risk assessment that we began in 2010 for key global locations, which included completing an overall risk evaluation, identifying key legal requirements and establishing training requirements according to the EMS. We've completed the assessment in two locations in the UK (London and Edinburgh) and Dublin, and are in progress in Boston and other key regional locations in EMEA, Asia Pacific and North America as part of the ISO 14001 certification assessments. In preparation, key staff in realty and information technology roles and the OES, as well as property management business partners, were trained in concepts of ISO 14001. This training encouraged knowledge transfer across regions to share best practices and lessons learned in early implementations of the ISO 14001 standard.

In 2011, State Street had no instances of noncompliance with environmental laws or regulations and incurred no significant fines for these issues.

STRATEGY, PRINCIPLES AND OBJECTIVES

Strategy	Principles	Objectives	2011 Actions	2012 Plans
 <p>ALWAYS FINDING BETTER WAYS</p>	<p>Incorporate Stakeholder Interests</p>	<ul style="list-style-type: none"> • Improve ES-related disclosure • Participate in public policy dialogue and support policies that are believed to be effective in addressing ES • Engage employees on sustainability 	<ul style="list-style-type: none"> • Created ES Community as part of collaboration platform pilot • Engaged client relationship teams to explore opportunities • Participated in UNEP-FI global roundtable in Washington, D.C. • Conducted materiality analysis with consultant 	<ul style="list-style-type: none"> • Participate in full global deployment of collaboration platform • Conduct ES engagement events in all regions
 <p>STRONGER TOGETHER</p>	<p>Establish Measurable ES Goals</p>	<ul style="list-style-type: none"> • Develop comprehensive internal metrics • Utilize key external criteria to monitor and review ES progress • Verify and report progress in meeting our goals • Benchmark against world-class organizations 	<ul style="list-style-type: none"> • Implemented first-year initiatives to achieve ES goals and monitor results • Facilitated additional ES data measurement opportunities for global locations • Implemented detailed metering in global headquarters 	<ul style="list-style-type: none"> • Evaluate opportunity to modify ES goals and related metrics • Review additional sites for metering and sub-metering, allowing for more accurate ES data reporting • Create plan for reviewing progress toward global environmental goals through ES working group
 <p>GLOBAL FORCE, LOCAL CITIZEN</p>	<p>Manage Sustainability Comprehensively</p>	<ul style="list-style-type: none"> • Incorporate ES into multi-year strategic planning process • Further reduce impact of operations • Develop products and services to help clients manage environmental risks and seize new business opportunities 	<ul style="list-style-type: none"> • Implemented green bond investment strategy • Introduced ESG reporting service • Executed internal environmental currency transaction, including renewable energy credits and carbon offset portfolio 	<ul style="list-style-type: none"> • Evaluate results of 2012 employee engagement survey • Consider feasibility of carbon neutrality



In Quincy, Massachusetts, State Street has two properties adjacent to biodiverse lands. Our snow removal process allows for all snow to be plowed away from the surrounding wetlands, waterways, salt marshes, mudflats and shellfish beds. The size of this land is approximately 46 acres.

We chose to report in five areas we believe have the most significant environmental impacts from our operations on a per-square-foot and per-person basis: direct energy (oil and gas), indirect energy (electric) and travel, water usage, waste and paper recycling.

The OES also works closely with an ES working group to produce the annual ES action plan, focused on advancing overall sustainability objectives and goals through operations and resource management, innovation in products, services and investments, employee involvement and public advocacy. The ES action plan for 2012 continues the focus on ISO 14001 certifications, evaluation of the renewable energy strategy, collaborative efforts around ES-related product development and continued employee collaboration through new global tools. The ES working group annually reviews and proposes, through the Executive CR Committee, the three-year strategic plan that

focuses on evolving ES metrics, engaging State Street's supply chain in our CR efforts, and incorporating CR and ES into more employee and recruitment communications.

During 2011, State Street's London, Edinburgh and Dublin locations underwent ISO 14001 audits, as well as external audits conducted by the British Standards Institute. Those audits consisted of verifying the implementation of State Street's environmental policy, and also evaluating the company's environmental risk identification, management and oversight processes and systems from an operational and infrastructure perspective, across all business functions and lines across the entire site. Audits were conducted according to the ISO 14001:2004 standard and periodic surveillance audits will be conducted internally and less frequently by the external auditor. Audit findings were all minor, and included items such as making environmental training available for all employees, developing oil spill training and implementing site-specific key performance indicators.

In 2011, we developed the internal ES dashboard tool, which provides employees with a snapshot of State Street's environmental performance across several impact areas for each

quarter. Currently, the dashboard highlights waste and recycling performance for 12 major office locations throughout the North America, EMEA and Asia-Pacific regions, and reports absolute performance as well as on a per-person basis. Additionally, employees can see each office's diversion rate, which is the percentage of total waste that is recycled versus sent to a landfill. The OES plans to add performance data for water and carbon emissions from direct and indirect energy sources, i.e., natural gas, oil and electricity, as well as paper consumption, IT equipment recycling, and additional metrics that employees can use to track environmental performance at their location. Challenges to including additional locations on the dashboard include unavailable data or difficulty estimating data, due to the occupation of buildings with multiple tenants.

Sub-metering and sole tenancy allow us to track actual usage in several locations. For some leased space in Asia Pacific, EMEA and North America, we estimate usage in locations based on an EPA formula. Total actual and estimated usage based on this standard for 2011 equates to 247 million kilowatt-hours, representing 106 sites.

Water consumption for substantially all reporting locations is through the municipal water supply, with only two identified exceptions. For the John Adams Building in Quincy, Massachusetts, irrigation water supply is provided through a well source, and in the Sir John Rogerson Quay building in Dublin, Ireland, rainwater and grey water is also used as a water source.

Energy Efficiency

Energy efficiency initiatives represented an estimated annual savings of \$1.69 million in 2011, from reducing the consumption of 11.84 million kilowatt-hours of electricity. Estimated carbon emissions savings from these projects totaled 6,788 metric tons.

In 2011, we installed more than 2,000 efficient light-emitting diode (LED) lights in our Massachusetts offices and have noticed a steady decline in energy use at our site in Quincy. In that same location, we modified infrastructure equipment, which generated significant savings and improved our Energy Star score. In 2012, we are focusing on a metering project in that site to access energy data in real time to monitor any changes to the building's energy profile, allowing us to quickly adjust operation schedules.



We also installed more than 500 LED lights throughout our Edinburgh office, replacing 1,500 less energy-efficient lights. Furthermore, we have implemented a car park lighting solution that dims to 10 percent with inactivity, as opposed to completely switching off to alleviate any concerns around security, health and safety. We also implemented no-cost measures throughout the EMEA portfolio, including reducing the timing on occupancy sensors and light output. In 2012, we are looking to roll out successful solutions implemented in 2011 at additional suitable sites.

Our personal computer (PC) power management system, which we launched in 2009, is now fully deployed in North America and EMEA and will result in an estimated 6,000-metric-ton reduction in annual greenhouse gas emissions. In turn, this system saves State Street approximately \$1 million in energy costs annually. Covering 25,000 PCs around the world, the system manages employee PCs centrally by automatically shutting them down when they are not in use and bringing them back up when needed. In 2011, State Street implemented the system in Japan as a result of the government's request that companies reduce their energy use by 15 percent in light of the country's natural disasters.

Information Technology Infrastructure

In 2011, State Street's Information Technology division implemented a sustainability performance management platform to give us a real-time view into our data center operations. Called ES-View, this initiative provides transparency across State Street's global enterprise data center to integrate, monitor and meter energy consumption, utilization, carbon emissions, maintenance and other data center design elements. This information allows us to make better and more insightful decisions to improve operational productivity, sustainability and efficiencies throughout our data center infrastructure, building management and energy management systems. In addition to monitoring data center components, ES-View also automates several manual processes, which reduces human capital costs by approximately 1,000 hours a year in enterprise data centers. The business benefits from improving technical capabilities in the enterprise data centers by creating a better, more reliable user experience for clients.

State Street complies with energy regulations for data centers in the European Union, and we expect the EPA to strictly enforce the EPA Energy Star rating on hardware in the near future. By

integrating ES-View into our systems now, we will be able to comply with future regulatory rules, as well as instill a sense of CR that other organizations can follow.

In 2011, utilization of cloud computing resulted in the avoidance of an estimated 24,500 metric tons of carbon dioxide equivalent. Data center enhancements included installation of blanking panels; exhaust plenum return on heating, ventilation and air conditioning units in Grafton, Massachusetts; ultrasonic humidification; and enhanced rack and space monitoring — all of which contributed to an estimated reduction in carbon emissions of 3,743 metric tons.

For 2012, the IT sustainability program will focus on expanding metering and monitoring of data centers, assessing our alignment with the EPA Energy Star Program requirements, leveraging the Green Grid Maturity Model as a data center benchmark, and identifying green stack and cloud energy savings measurement criteria. These efforts should enable us to realize continued savings and efficiencies in our IT infrastructure, and achieve reductions in energy and greenhouse gas emissions.

US ENERGY STAR-CERTIFIED STATE STREET GREEN BUILDINGS

Address	Location	Score
444 South Flower Street	Los Angeles, CA	93
Spear Tower	San Francisco, CA	81
1290 Avenue of the Americas	New York, NY	75
300 Berwyn Park	Berwyn, PA	92
980 9th Street	Sacramento, CA	95
1001 Marina Village Parkway	Alameda, CA	87
3475 Piedmont Road	Atlanta, GA	93
100 Summer Street	Boston, MA	82
John Hancock Tower	Boston, MA	77
Prudential Tower	Boston, MA	78



Green Buildings

In 2011, State Street opened its new green offices in Hangzhou's West Lake district, marking a new phase of the company's business expansion in China and underscoring our commitment to ES, having achieved LEED Gold certification for these offices.

WATER CONSUMPTION

cubic feet

	Office			Data Center			Total Consumption
	Consumption	Per Person	Per Square Foot	Consumption	Per Person	Per Square Foot	
2007 ¹	9,260,326	787	n/a	1,793,972	26,382	n/a	11,054,298
2008 ¹	10,102,658	802	n/a	1,867,326	29,177	n/a	11,969,984
2009 ²	10,330,530	666	2.50	2,053,525	34,806	8.92	12,384,055
2010 ²	11,590,253	684	2.80	2,167,076	34,489	9.42	13,757,329
2011 ²	10,737,858	583	2.47	2,110,117	34,451	9.17	12,847,975

¹ North America.

² North America, EMEA and Asia Pacific.

NATURAL GAS USAGE — DIRECT ENERGY IN MILLIONS OF BRITISH THERMAL UNITS

MMBtu

	Office	Data Center	Total
2007 ¹	75,600	6,182	81,782
2008 ²	76,143	4,748	80,892
2009 ³	102,114	4,056	106,169
2010 ⁴	93,065	3,986	97,051
2011 ⁴	83,212	3,345	86,557

¹ North America.

² North America and EMEA.

³ North America, EMEA and Asia Pacific.

⁴ North America, EMEA and Asia Pacific natural gas only; oil not included because there is no correlation between usage and occupancy.

INDIRECT ENERGY CONSUMPTION — DIRECT BILLED AND ESTIMATED SITES¹

	Office		Data Center		Total Consumption (gwh)
	Consumption (kwh)	Consumption (gwh)	Consumption (kwh)	Consumption (gwh)	
2007 ²	107,013,058	107	35,972,963	36	143
2008 ³	189,415,775	189	36,887,356	37	226
2009 ⁴	212,404,978	212	39,803,067	40	252
2010	215,269,125	215	41,037,304	41	256
2011	210,514,189	211	41,446,416	41	252

	Office		Data Center	
	Per Person (kwh)	Per Square Foot (kwh)	Per Person (kwh)	Per Square Foot (kwh)
2007 ²	8,665	n/a	529,014	n/a
2008 ³	7,227	n/a	576,365	n/a
2009 ⁴	7,432	30	674,628	173
2010 ⁴	7,110	30	653,114	178
2011 ⁴	6,681	28	676,676	180

¹ Includes electric utility and delivered heat effective 2009.

² North America direct-billed sites.

³ North America direct-billed and estimated sites; EMEA actual sites.

⁴ North America and Asia Pacific direct-billed and estimated sites; EMEA actual sites.

RENEWABLE ENERGY PURCHASES

	Total Renewable Purchase (kwh)	Carbon Emissions Saved from Renewable Energy Purchase (metric tons)
2007	59,833,000	41,245
2008	59,833,000	41,245
2009	63,499,035	38,303 ¹
2010	110,000,000	67,617
2011 ²	175,406,000	148,909

¹ Change in 2009 emission factors based on source of renewable energy purchase.

² Includes the carbon savings from renewable energy credit and carbon offset purchases.

Addressing Climate Change

With input from the Executive CR Committee, the OES assesses State Street's environmental risks and opportunities, including those due to climate change, and is responsible for reviewing and developing action plans to address them. Although not currently subject to regulatory requirements in our global headquarters in the US, State Street is subject to the UK CRC Energy Efficiency Scheme and is now paying for carbon emitted through power and gas use. We are monitoring other regulatory developments worldwide, such as the Australian carbon tax. In addition, our ES working group monitors current trends relative to ES, including potential regulation, the applicability of standards like ISO 14001 and ISO 50001, and potential adjustments to strategic and tactical plans as a result of climate change developments. These actions, as well as the EMS by which we operate, have prepared State Street for any legislative changes affecting the US financial services industry. Other climate change-related risks include owned-asset exposure and reputational risk. Reputational risk is especially significant as client demand for products and services that address climate change increases. Should we not be able to meet this demand, our reputation as a leading provider of

financial services could be compromised, affecting our ability to attract and retain business and to be perceived as an employer of choice.

One aspect of our green procurement policy, which we developed in 2011, underscores that, when choosing hotels, employees must consider the trade-offs between hotel location, convenience and environmental impact. As part of the policy, State Street will only consider hotels that meet one of the following standards:

- LEED (North America, Europe, Asia Pacific)
- BREEAM (Europe)
- World Wildlife Fund Climate Savers Program
- Green Hotels Global

The availability of hotels that meet these standards in all regions is currently limiting the full compliance with this policy, although it is hoped additional hotels will continue to adopt these guidelines.

Headquartered in a coastal region of the US, State Street is exposed to physical risks from climate change should sea levels rise significantly in the Atlantic Ocean. We also operate major offices in other coastal cities. We are not, however, dependent on operating in a particular physical location and can operate remotely from anywhere in the world. Moreover, our data centers have multiple backups to protect client and financial market data.

To further reduce our carbon footprint, the OES and ES working group annually explore opportunities through the company's renewable energy credit (REC) purchases to reach this goal. Representing a significant achievement in 2011, State Street developed and executed a global REC and carbon offset strategy, investing in a Chinese run-of-river project. This signified the first time we invested in a carbon offset project. Further efforts are under way in 2012 to explore additional geographic opportunities for REC and carbon offset investment, and we will be investigating on-site renewable energy generation opportunities within our portfolio.

STATE STREET EXECUTES ITS FIRST ENVIRONMENTAL CURRENCY PORTFOLIO TRANSACTION

Through the collaborative efforts of the OES and State Street Global Markets, State Street purchased and is retiring a portfolio of environmental currencies as follows:

Product A: 100,000 RECs, Green-e Energy certified vintage 2011

Product B: 75,000 RECs, Green-e Energy certified to be applied toward the US Green Building Council's LEED certification system vintage 2011

Product C: 33,093 Chinese Run-of-River Hydroelectric GHG Carbon Offsets issued under the Verified Carbon Standard (VCS) vintage 2008

Product D: 406 Massachusetts RECs eligible for compliance under the MA Renewable Energy Portfolio Standard vintage 2011

As a result, State Street:

- Derives 95 percent of its North American electric load from renewable energy sources
- Will qualify for LEED renewable energy credits at the John Adams building in Quincy
- Favors clean energy development in China
- Supports local Massachusetts job creation while considering its impact on the environment



Across EMEA, we have negotiated more than 50 percent of our power consumption to be sourced via green tariffs as opposed to the standard brown tariff rates. This represents more than 25 million kilowatt-hours of power that State Street generally pays a premium for. In the UK, this approach ensures we are exempt from paying the government's climate change levy on our power consumption.

Also in 2011, 100 percent of State Street's offices participated in the global Earth Hour initiative in March to demonstrate support for a greater awareness around ES issues.

TOTAL DIRECT AND INDIRECT CARBON EMISSIONS BY WEIGHT

metric tons

Year	CO ₂ Direct Scope 1	CO ₂ Indirect Scope 2 (Actual)	CO ₂ Indirect Scope 2 (Estimated)	CO ₂ Indirect Scope 3 (Travel)	Total Carbon Emissions	Per Person (Total)	Per Person (Office)
2007 ¹	4,601	102,798	n/a	n/a	107,399	n/a	n/a
2008 ²	4,768	131,501	17,032	13,792	167,095	n/a	n/a
2009 ³	6,481	122,883	15,553	11,022	155,939	5.10	4.30
2010 ³	5,683	132,255	8,816	20,855	167,610	4.84	4.06
2011 ³	4,890	128,585	10,422	24,396	168,293	4.56	3.81

¹ North America actual; restated to reflect updated conversion rate to metric tons.

² North America actual and estimated and EMEA actual; restated to reflect updated conversion rate to metric tons.

³ North America and Asia Pacific actual and estimated; EMEA actual. Methodology change in calculating carbon emissions. See page 104 for more details.

ESTIMATED CARBON EMISSIONS FROM BUSINESS TRAVEL¹

emissions / metric tons

	2009		2010		2011	
	Miles	Emissions	Miles	Emissions	Miles	Emissions
Air	55,749,800	10,714	71,442,772	19,948	89,441,280	23,395
Car ²	515,000	203	1,621,778	684	1,766,142	746
Rail	864,000	105	1,276,388	223	1,463,523	256

¹ World Resources Institute (2008). Greenhouse Gas Protocol tool for mobile combustion, Version 4.0. For 2010, includes additional travel agency data from Japan, Singapore and Hong Kong.

² US only for 2009. For 2010, includes fleet car mileage in Germany and car service miles for the UK and US.



State Street actively pursues investments in renewable energy projects eligible for federal tax benefits (production tax credits or investment tax credits). Without such financing, many of these projects would not be economically viable. In 2011, we committed more than \$100 million to a multiyear investment in a refined coal facility that services a 1.4-gigawatt (GW) power plant. The facility employs a technology capable of reducing the power plant's emissions of nitrogen oxide by at least 20 percent and its emissions of sulfur dioxide by at least 40 percent.

We are also exploring ways to reduce travel while maintaining the communication essential for doing business effectively. One example is our investment in video and audio teleconferencing equipment over the past several years, which has totaled nearly \$5 million since 2006. It includes an automated tracking system to monitor use of teleconferences, as well as a self-reporting tool for users to indicate when a videoconference replaces travel. New technology deployed in 2011 expanded our capability to conduct video conferences directly from a PC. In addition to conference room systems, we now have more than 1,000 video conference users with desktop capability. In 2011, employees

conducted 1.2 million minutes of video conference calls, 62 percent of which were used in lieu of travel.

In addition, we have an ongoing program to encourage environmentally friendly commuting, including making bicycle racks and shower facilities available to employees. We also installed two electric car charging stations in the parking garage at our Boston headquarters in 2011. We will measure their usage to get a sense of participation as we consider expanding the stations to other sites in North America.

Flexible work arrangements provide significant opportunity to reduce employee commuting. Employees who participate in State Street's Flexible Work Program are asked to voluntarily report commuting miles avoided as a result of their participation. In 2010, we installed a new tool for tracking this information. In 2011, we required all participating employees to use the tool to record their flexible work arrangement information, with the ultimate goal of reporting all reduced commuting miles and measuring the resulting positive environmental impact. By the end of 2011, employees self-identified that they were saving a combined total of more than 140,000 miles of driving per week.

Waste and Recycling Initiatives

Sourcing recycling streams in Asia-Pacific locations and obtaining detailed reporting were challenges we faced when evaluating our global waste and recycling program. We were able to further our progress in 2011 in many locations by adding recycling programs in locations where we didn't have any, along with tracking detailed monthly reporting. New recycling initiatives were implemented in the Hong Kong, Singapore, Taipei and Seoul offices, and awareness campaigns for employees were conducted in Hangzhou and Sydney. In addition, battery recycling bins were installed in the Bangalore and Singapore offices to further enhance recycling opportunities throughout the region.

State Street also implemented a single stream recycling program in most of its locations in the US, representing approximately 55 percent of the employee population. Single stream recycling allows for the collection of multiple types of recyclable material in one container. Through its convenience for the user, it is meant to increase participation and the amount of material recycled. Also in 2011, a government-funded organization recognized our offices in Luxembourg for our waste management best practices.

Although overall recycling impact was down as measured by weight in 2011, there are likely many contributing factors to this development, including the longer-term impact of double-sided printing initiatives and the overall focus on waste management and reduced packaging of purchased products.

RECYCLED PAPER¹

Tons

	Recycled Paper Pounds Per Person	Total Paper and Cardboard	Total Occupancy
2007 ²	217	1,340	12,350
2008 ³	227	1,576	13,877
2009 ⁴	240	3,432	28,600
2010 ⁴	220	3,334	30,340
2011 ⁵	98	1,549	31,571

¹ Includes deskside recycling and shredding program; includes North America sites where trash data is not reportable.

² North America actual sites only.

³ North America actual sites only and EMEA.

⁴ North America, EMEA and Asia Pacific.

⁵ Per person levels are reduced based on changes to shredding estimating process.



In 2012, we will include the refinement of waste measurement techniques to obtain more accurate waste and recycling data for global locations, the return of copy paper cartons to suppliers in some offices, as well as the continued elimination of Styrofoam cups where possible.

In 2011, we continued the waste-to-energy program at our London facility, designed to reduce the waste that goes to landfills and the associated landfill gases. The waste is collected by a company that turns it into energy for the local community. We sent more than 180 tons of waste to waste-to-energy facilities in 2011, which provided enough energy to heat 2,080 houses for one day and power a family car for more than 102,000 miles. The incineration of general waste also helped to save an estimated 66 tons of carbon emissions compared to the production of virgin materials, and by considering carbon emissions offset by reducing reliance on fossil fuels. The practice also saved more than 60 tons of coal.

We are planning to install a cardboard baler in our London location to help remove cardboard that would otherwise go to the waste-to-energy facility, thereby saving this recyclable material.

In our Dublin office, we are looking to divert landfill stream to a waste-to-energy facility in 2012. In 2011, our Edinburgh office implemented a program whereby they send their trash stream to a municipal recycling facility that pulls out recyclables that were not properly segregated prior to going to a landfill. Our binless office system has been rolled out in a number of EMEA properties, encouraging employees to segregate more effectively. At our UK properties, we introduced recycled paper-only printers to ensure that at least 10 percent of production paper used is recycled.

We continued to reclaim toner cartridges in the US in 2011, with the recycling of more than 4,000 cartridges. Canada and Europe utilize local copier and printer suppliers to reclaim used cartridges; tracking is unavailable in these locations at this time. We also continued our IT equipment recycling initiatives in 2011, recycling more than 20,000 pieces of IT equipment (approximately 300,000 pounds) across all global locations. We believe this represents all IT equipment eligible for recycling, with the exception of an occasional donation of equipment to a nonprofit organization. In late 2010, we selected a new global provider of IT equipment recycling and implemented a program



to provide a consistent level of service and reporting across all State Street offices. As part of this relationship, we developed an internal sustainability dashboard in 2011 to display metrics for waste recycling and water.

Our program to recycle organic waste includes all cafeterias located in Massachusetts, as well as in Kansas City. Wet and dry food waste is hauled to a composting yard and turned into nutrient-rich, organic compost that is sold to local businesses for landscaping projects. Last year, we recycled nearly 337 tons of food waste for composting in North America as part of this program. In Sydney, we composted 24 tons of organic waste, while in the Dublin and Drogheda offices we composted 45 tons of organic waste. Also in 2011, we began exploring ways to expand our composting program to allow employees, in addition to cafeteria staff, to compost their waste.

TOTAL WASTE BY METHOD OF DISPOSAL

tons

	Composting	Paper and Cardboard	Commingled	Total Recycling	Trash ⁶	Diversion Rate (%)
2007 ¹	n/a	1,340	n/a	1,340	1,703	44.0
2008 ²	12	1,576	9	1,597	1,728	48.0
2009 ³	462	3,432 ⁴	102	2,978 ⁵	2,029	59.5
2010 ³	444	2,280	146	2,960	1,533	65.9
2011 ³	405	1,148	761	2,527	1,499	62.8

pounds

	Recycled Waste		Trash ⁶	
	Per Person ⁵	Per Square Foot	Per Person	Per Square Foot
2007 ¹	217	n/a	276	n/a
2008 ²	230	n/a	249	n/a
2009 ³	389	1.42	265	.96
2010 ³	318	1.29	165	.67
2011 ³	243	1.02	144	.61

¹ North America actual sites.

² North America and EMEA.

³ North America, EMEA and Asia Pacific.

⁴ Includes North America sites (e.g., sites where trash services are not reportable).

⁵ Excludes North America sites (e.g., sites where trash services are not reportable). Total occupancy and square foot based on sites reporting trash statistics.

⁶ Disposal method for trash is landfill.

Public Advocacy

State Street's commitment to leadership in ES includes participation in public forums related to environmental issues. As an example, a member of our Global Infrastructure Services group serves on the advisory board of the Green Data Center Alliance, an independent foundation that seeks to define an industry standard for the evaluation of energy efficiencies inside the data center envelope. The Alliance published the Data Center Energy Efficiency Framework in 2010, which provides comprehensive guidance for data center power reduction techniques. Also, two members of State Street's Corporate Citizenship department participate on steering committees at UNEP FI and the Environmental League of Massachusetts.

2011 Data Calculation Sources and Methodology

Scope 1 and Scope 2 carbon emissions are calculated by first measuring our direct and indirect energy usage based on billing and meter reads. For those locations not directly metered, we have used the EPA-determined energy intensity factor for commercial offices: US Energy Information Agency CBECS Data Source — energy intensity per square foot. [Click here for more details.](#)

State Street's property managers track run time and equipment data on all generators included in the emissions calculations. The emissions are based on the loading of the generator and the resulting fuel used to operate the generator. Natural gas carbon emission factors were based on the therm usage. The resulting fuel and therm consumption was entered into the World Resources Institute (2008) GHG Protocol tool for stationary combustion (Version 4.0) to calculate emissions. [Click here for more details.](#)

The emissions generated from use of electricity in North America were based on carbon factors. The factors used for generated emissions from use of electricity in the US were based on the following source: EPA EGrid. [Click here for more details.](#)

The factors used for generated emissions from use of electricity in Canada were based on the following sources. [Click here for more details.](#)

Ontario, Canada
Environment Canada
Ontario Electric Intensity Table:

220 GRAMS

CO₂E/kWh



.485016

lbs/kWh

Quebec, Canada
Environment Canada
Quebec Electric Intensity Table:

9.1 GRAMS

CO₂E/kWh



.020062

lbs/kWh

The factors used for generated emissions from electricity use in the Asia-Pacific and EMEA regions were based on the following source using the factor for each country: World Resources Institute (2008) GHG Protocol tool for stationary combustion (Version 4.0). [Click here for more details.](#)

Waste and recycling vendors provide monthly counts of containers picked up and the associated estimated weight or volume per container. The weights are based on industry standards according to the type of material and average loaded capacity or actual measured levels, when available.

State Street has relied on its travel agents to provide air mileage data, and in some cases, the mileage data provided may be based on different data measurement techniques from region to region.

A large, stylized yellow silhouette of a human figure, centered on the page. The figure is composed of a solid yellow circle for the head, a rounded yellow shape for the torso, and two vertical yellow bars for the legs.

HUMAN CAPITAL

HUMAN CAPITAL

Highly skilled, productive employees are essential to our success. We work hard to foster a culture that gives them the freedom to build a rewarding career and many reasons to feel proud of their company.

In all of our locations, we aim to be an employer of choice by offering competitive compensation and benefits, personal and professional development opportunities, and an environment that promotes a diverse array of people, ideas and job skills. Because we operate in countries with a variety of cultural norms, we are committed to respecting our Corporate Human Rights Statement, which emphasizes our commitment to respect the dignity of all our employees. Our long-term sustainability depends on our ability to attract and retain talented, dedicated employees.

Differences Differentiate

Diversity and inclusion are fundamental, strategic imperatives at State Street. Knowing that our strength comes from the variety of ideas and perspectives in our global workforce, we strive to be a company where all employees are engaged and valued. At

every level of our organization, diversity emerges from human differences — including age, ethnicity, gender, physical and mental ability, race, sexual orientation, spiritual practices and family status — and is representative of the communities where we operate.

Individually and collectively, our differences make us stronger, and they have a measurable impact on our organization's performance by:

- Creating a more rewarding work environment for all employees
- Enabling us to attract and retain an increasingly diverse workforce
- Engaging qualified employees from all types of backgrounds
- Enhancing personal and professional development
- Encouraging creativity and diversity of thought
- Increasing employee pride, commitment and contributions



Our company-wide Global Inclusion initiative aims to ensure that our employees have the opportunity to do their best work in an environment where they feel valued and engaged. Country-specific implementation plans based on Global Inclusion's overall priorities acknowledge geographic and cultural differences throughout the company. The head of Global Inclusion supports an expanding infrastructure that drives a global approach to our priorities and area of focus. A committee of senior executives oversees the strategy for Global Inclusion and ensures accountability across business groups and employee functions.

Understanding that managing diversity is much more important than just having diversity, State Street added a diversity consultant to our staff in 2011 to play a key role in connecting the work of our employee networks with our talent acquisition strategies. The position reports into both our Global Inclusion and Talent Acquisition Centers of Excellence. The diversity consultant is accountable for building a long-term strategy to increase diversity at all levels of the organization, particularly at senior levels. In identifying the drivers for our employees to reach upper management levels, we need to ensure that an array of promising candidates, including women, minorities

and non-US employees, have the opportunity to develop those skills and experiences. The effort to increase diversity within the organization involves broadening the organization's internal and external talent pipelines.

We fundamentally believe that all levels of the organization need to reflect the best talent available in the communities in which we live and work. We also know that having a diverse workforce is inextricably linked to improved company performance and helps to foster innovation.

Learning to better understand each employee's differences was a core focus in 2011. As an example, State Street launched a training program in "unconscious bias" to more than 600 managers globally in a live virtual classroom setting. The program trained managers on how to identify unintended biases, how they're manifested and how they impact the workforce.

As a result of the program, we have seen enhancements to our promotion process for senior managers, including reviewing the process for bias and incorporating strategies to eliminate bias during the selection process.

STATE STREET WORLDWIDE WORKFORCE*

	2009	2010	2011
Non-managers	20,574	21,343	21,735
Managers	7,014	7,308	7,914
Total workforce	27,588	28,651	29,740
Asia Pacific	2,581	2,809	3,119
Europe, Middle East and Africa	6,778	8,353	8,978
North America	18,229	17,489	17,552
Full-time employees	26,834	27,629	28,651
Part-time employees	754	1,022	1,043

*As of December 31, 2011. Based on year-end totals; does not include temporary workers.

Please note that 2009 data did not include contingent workers.

COMPOSITION OF STATE STREET WORKFORCE

Title	2010		2011	
	Females as % of Global Total	Minorities as % of US Total	Females as % of Global Total	Minorities as % of US Total
All titles	44.9%	24.6%	45.2%	27.2%
Vice president and above	29.0%	13.2%	28.9%	14.8%
Below vice president	47.8%	27.4%	48.4%	30.4%



With State Street's continued expansion within the EMEA region, resources for Global Inclusion have increased to allow each regional location to do more to engage employees and find ways to align global priorities with local needs. We added a regional representative in the EMEA region, as well as designating two vice president-level employees — each based in the EMEA and Asia-Pacific regions. With “boots on the ground” in each region, we are able to ensure that regional nuances are carefully considered when implementing our global efforts.

Global Inclusion in the EMEA region spent much of 2011 streamlining processes and enabling employee networks and committees to become self-sufficient. The team also spent time at the local offices of companies State Street recently acquired, orienting new employees to the Global Inclusion program, and focusing on ways to increase participation in certain countries. In 2011, participation increased significantly in Germany and also grew in Italy, Luxembourg and Poland.

Building High-Performing Teams with Flexible Work Options

In today's global economy, companies in every industry are seeking ways to stay competitive and keep their workforces fully

engaged. State Street's Flex Work Program is designed to help employees and the business be more successful.

Flexible work arrangements are promoted at State Street as a way to increase productivity, enhance job satisfaction, and attract and retain talent. If business needs allow, flexible work arrangements can help employees balance work and personal commitments by designing alternatives to the traditional workday, workweek or workplace. The Flex Work Program has existed at State Street for more than 10 years, but we have placed increased emphasis on it over the past three years as demand has increased and technology improvements have made it more feasible. Recognized benefits of flex work include:

- Improved employee engagement and retention, productivity and recruitment
- Savings through reduced employee turnover and long-term real estate and technology costs
- ES
- Business continuity



For flexible work to be truly successful at State Street, we recognized that the program needed to be embedded into the company, rather than simply be an “add-on” solution. That’s why our Flex Work Program is built around partnerships with many different organizations across the company, including our human resources, IT, real estate and business transformation teams. In addition to having a dedicated staff, our Flex program relies heavily on alliances with internal business stakeholders from these and other areas across the organization, to gain insights into how Flex arrangements impact State Street and how we can best align the program with our corporate strategy. By the end of 2011, more than 4,200 flexible work arrangements were formally in place globally.

To better align with company strategy and garner greater participation in the Flex program, we moved from an employee-initiated program to a manager-initiated one in 2011. Recognizing that some employees may be reluctant to approach their managers about flexible work arrangements, we adopted this approach to encourage managers to proactively assess their organizations with respect to the feasibility of flexible work arrangements.

As part of the manager-initiated Flex program, we offer fundamental training with curricula for employees and managers. Also, a toolkit designed for managers can help them implement a strategic flex program step by step, providing a checklist of what managers need to consider and identifying ways to overcome certain barriers to implementation. The manager-initiated program is currently available in North America. We will roll out the program to other regions in 2012, taking into consideration country-specific guidelines for employees and legal guidelines for countries where we operate.

One of our major initiatives in 2011 was to expand the work space available to our employees who travel frequently between buildings, for business or as part of a flexible work arrangement. Within the existing real estate footprint, we created fully functional alternative work spaces, called Flex Centers, that are available for any employee to use. The utilization of Flex Centers comes primarily from those who have the need for space when travelling or working remotely from their normal office space. We successfully opened 22 Flex Centers in 2011, with eight centers across Massachusetts, three in the remainder of North America, seven in Asia Pacific and four in EMEA. We are actively

expanding existing locations and plan to open additional centers in 2012, including a site in Toronto, expansion of our current site in the State Street Financial Center in Boston and a site in 20 Churchill Place in London.

According to an Employee Engagement Survey in 2010, flexible work arrangements are being well received. Survey results have indicated that employees with the strongest perceptions of flexible work arrangements are the most loyal, committed and hard-working. We are in the process of conducting another survey in 2012. State Street's program also has been recognized in publications, including *Mediaplanet*, *CNBC.com*, *Work Life Matters*, *Training* and *Forbes*.

INCREASED PARTICIPATION IN FLEXIBLE WORK PROGRAM

Years-Ended December 31	2010	2011
Reduced Absenteeism from Backup Care — Days Saved	5,500	5,692
Number of New, Approved Flexible Work Arrangements through FlexTrax — Employee Initiated	1,348	4,231
Number of New, Approved Flexible Work Arrangements through FlexTrax — Manager Initiated	n/a ¹	1,574 ²

¹ Program rolled out in the third quarter of 2011.

² As of fourth quarter.

FLEX WORK PROGRAM PROFILE

Before participating in State Street's Flex Work Program, Betsy Moseley commuted 80 miles roundtrip five days a week to State Street in Quincy — spending close to two to three hours in her car each day. Now she spends those commuter hours in her home office where she works three days a week, and drives to work the other two days.

“The Flex program definitely makes me more productive,” she said. “Not commuting all those miles is a big weight off my shoulders — I have much more time to get my work done. I'll even work more hours in a given day because of the flexibility my schedule offers me. An hour I don't sit in a car is an hour I can spend accomplishing something.”

When she heard about the Flex program in early 2010, Betsy asked her manager if she could participate. Since her primary role involves data analysis and building critical reports, working from home made sense for many reasons. She was immediately thrilled at how much she could accomplish at home without any interruptions. From her home office, she also participates in regular meetings and interacts with her colleagues via instant message, video chat and desktop sharing. “It's like you're there in the same office,” she said.



Betsy Moseley

Quincy, Massachusetts
Risk and Compliance Senior Associate
Institutional Investor Services
Operational Risk Group

“When I spent all that time commuting, I used to squeeze personal errands into the weekend because I didn't have any time during the week. With the flexibility I have now, I feel so much less stressed and much healthier.”



In addition to being more productive and saving a significant amount of money on gas, Betsy cherishes the extra time she now has for her family and for herself. “When I spent all that time commuting, I used to squeeze personal errands into the weekend because I didn’t have any time during the week,” she said. “With the flexibility I have now, I feel so much less stressed and much healthier.”

FLEX WORK PROGRAM PROFILE

Chris Weir hasn't had a desk at State Street since 2007.

In his role leading the company's IT Process Transformation program from Canada, Chris manages a team located in various markets throughout the world. Before flexible work options existed at State Street — and before remote access technology — Chris remembers eating a lot of dinners at work and going to the office on weekends to call up a document or fix a system. When he took his global role, Chris and his manager, who was located outside Canada, agreed that the location of his “office” didn't affect his ability to be successful.

“I used to joke that my backpack computer is my office,” he said.

Chris's participation in the Flex program has transformed the way he manages and the way his team's work is done. From his home office, Chris is able to manage direct reports around the globe at all hours of the day, taking advantage of technology that makes it possible: remote access, instant messaging, screensharing and video conferencing, for example.



Chris Weir

Toronto
Vice President
IT Transformation Manager
Information Technology

**“To me, work is what I do, not a place I go.
My participation in the Flex program is a
complete win for both State Street and me.
To be successful in the Flex program,
you have to change the way you think
about managing staff.”**



“To be successful in the Flex program, you have to change the way you think about managing staff,” he said. “Being in separate locations places greater emphasis on communication and helps foster an incredible trust in your team.”

Working from his home office also makes a world of difference in his personal life. Prior to participating in the program, he says that he could not imagine juggling his work, family and his children’s school events. In addition, having this type of flexibility allowed him to complete his Six Sigma Black Belt Certification.

“To me, work is what I do, not a place I go,” Chris said. “My participation in the Flex program is a complete win for both State Street and me.”

FLEX WORK PROGRAM PROFILE

In March 2011, Jeff Hayhurst and his five team members gave up their assigned offices and desks to take part in State Street's Flex program. Because they are responsible for managing more than 40 State Street offices and joint venture locations in the region, frequent travel is essential. When they are in their respective offices — whether it's Sydney, Mumbai, Hong Kong or Hangzhou — they use State Street's Flex Center spaces.

“Since we are in the office about two days a week, it made sense to free up our dedicated desks to help cut real estate costs,” Jeff said. “By using Flex Centers, we save about \$100,000 a year and reduce our real estate footprint.”

Throughout the region and, in particular, Australia, Jeff has seen a growing interest in the company's Flex program. As an advocate for the program, he encourages his colleagues to consider participating and holds active discussions with managers about the program's work/life benefits.

“Giving employees the flexibility to manage their time and where they work makes for a more productive employee, and makes their jobs far more rewarding,” Jeff said. “It also makes the company an employer of choice.”



Jeff Hayhurst

Asia Pacific

Senior Vice President

Global Realty and Procurement

“Since we are in the office about two days a week, it made sense to free up our dedicated desks to help cut real estate costs. By using Flex Centers, we save about \$100,000 a year and reduce our real estate footprint.”

Employee Engagement

At State Street, we consider our employees to be among our most important stakeholders. As such, two-way communication is vital to ensuring that employees are well informed about corporate strategies and initiatives, and that the company is attuned to employees' ideas and concerns. Increasingly, CR messaging and issues are incorporated in our ongoing communication channels, including *State Street World*, an employee publication with global and regional editions; quarterly Town Hall meetings with senior management; communications kiosks deployed globally; and *State Street Digest*, which updates employees on industry and client news. For the Town Hall meetings, which are held at various times to accommodate employees in all global locations, employees are encouraged to submit questions anonymously via the State Street Intranet or during the live broadcast.

Our most effective communication tools have proved to be our company Intranet and internal e-mail announcements. Though we do not currently have metrics for Intranet usage, we will have them in the future. We will also begin using social media as an employee communication tool, which means moving away

from traditional communication vehicles. We will pilot a social networking platform called Collaborate to 5,000 employees in early 2012.

As part of our Global Opinion Exchange, employee engagement surveys are a valuable tool for gauging employee attitudes. The surveys we conducted in 2006 and 2009 helped us identify areas of strength and opportunities for improvement. In 2010, a values survey played a key role in helping us develop our corporate values. The next employee engagement survey will take place in the first quarter of 2012.

Employee networks are an important and growing element in our employee engagement efforts. We sponsor networks that focus on career and educational advancement, as well as the concerns and interests of our employees, including disability and diversity awareness, issues facing working parents and professionals, among many others. In 2011, we grew by adding chapters of existing networks in other locations, particularly outside the US. By the end of 2011, there were 30 networks and 100 chapters globally.

Our Global Inclusion initiative includes a “Voices of Inclusion” program, in which members of our top senior management group meet with employees to engage in dialogue about life at State Street. We launched a global mentoring software tool in 2010 to match mentors with employees seeking mentoring. By year-end 2011, 968 employees had participated in mentoring relationships of various durations.

GOAL: INCREASE PARTICIPATION IN GLOBAL MENTORING PROGRAM

Years-Ended December 31	2010	2011
Number of Mentors Enrolled via Global Mentoring Tool	1,092	3,325*
Number of Mentees Enrolled via Global Mentoring Tool	1,075	n/a
Number of Relationships Established in the Global Mentoring Tool	574	1,845

*The figure combines mentors and mentees. In 2011, we upgraded our Open Mentoring platform to allow employees to become a mentor based on particular skill sets or become a mentee seeking help for other competencies.

Raising environmental awareness among employees continues to be a top priority of our OES. In 2011, we conducted employee ES forums in many Asia-Pacific offices, informing employees on company initiatives and accomplishments, and offering ways for employees to become more involved with ES efforts. Sustainability awareness activities were also conducted in North America and EMEA, featuring information displays on renewable energy and recycling, as well as speakers exploring subjects such as climate change and sustainable food sources. Employee “green teams” in London and Edinburgh continued their efforts with volunteer activities such as green gardens, and also engaged with local schools on recycling. For the second year in a row, an employee team in Boston and Quincy ran “Kickball for a Cause,” raising money for the preservation of environmentally sensitive watershed land in southeastern Massachusetts.

Our commitment to providing a safe and fair working environment is underpinned by a variety of other practices. Our corporate and local policies and our Standard of Conduct provide guidelines for how business is to be conducted and how employees are to conduct themselves. We have global equal employment opportunity and non-discrimination policies



in place; noncompliance is grounds for disciplinary action. In 2012, Global Human Resources launched an Intranet site that gives employees access to all HR policies relevant to their office in a single location. This will provide a streamlined and consistent venue for employees to access State Street's employment policies, as well as links to other important policies such as compliance, information security and more.

Sexual harassment and discrimination are not tolerated in our workplace. We offer training on policies and practices concerning diversity in the workplace, sexual harassment and human resource laws. State Street's Affirmative Action program is also subject to ad-hoc review by the US Department of Labor.

Managing Change

Continuing to deliver superior service to our clients is State Street's top priority when we acquire a company or business. To ensure that new employees have access to the information they need to understand State Street and to succeed in their roles within the company, we provide welcome kits and a variety of employee communications vehicles, including manager talking points, newsletters and Town Hall meetings.

With the acquisition of Complementa in 2011, State Street now employs approximately 200 professionals in Switzerland, which also includes our 2008 acquisition of Deutsche Bank's fund accounting operations in that country. The acquisition of Pulse Trading's institutional equities business added approximately 40 employees in Boston, New York, St. Louis and San Francisco.

With the acquisition of BIAM in 2011, 120 employees joined State Street and are based in State Street's offices in Dublin, Ireland. As part of the acquisition, State Street added a new role in employee relations for the EMEA region, which focuses on successfully integrating new employees into the organization with appropriate counseling and training on policies — corporate and local.

Overall for 2011, the employee relations group, which is part of the Global Human Resources division, increased in size and is now responsible for risk/compliance oversight and involvement in policy formation. Increased resources allow State Street employees greater access to the employee relations team for allaying concerns or issues. In fact, in 2011, employee relations introduced an "open door" policy to provide further accessibility to employees throughout the company.



In the event of a company-initiated change in operations, including a restructuring, outsourcing of operations, closure, expansion, new opening, sale of all or part of the organization, or merger in which employees are severed, our goal is to limit the impact on our business as much as is practical. We commit to consolidating management functions and eliminating redundancies, targeting areas where we can combine positions and gain more efficiency without compromising our client service and support.

As part of the multiyear program we announced in 2010, we are taking steps to enhance service excellence and innovation, deliver increased efficiencies in our operating model and position us for accelerated growth. In addition to enhancements to business operations and information technology, the program encompasses targeted cost initiatives, including consolidating our real estate portfolio and employee reductions that concluded at the end of 2011. This reduction impacted approximately 1,400 employees, or 5 percent of State Street's workforce.

In addition, in the third quarter of 2011, in connection with the expansion of our use of service providers associated with our

IT infrastructure and application maintenance and support, we identified 530 positions to be eliminated. As of December 31, 2011, in connection with the planned aggregate staff reductions of 1,930 employees described above, 1,332 employees had been involuntarily terminated and left State Street, including 782 employees in 2011.

Employee reductions are never taken lightly, and we have invested significant resources to ensure that our process is fair. We are committed to supporting the employees who leave State Street as a result of a reduction in force, partnering with premier outplacement service providers. Severance benefits depend on an employee's grade level and length of service with the company, and minimum notice periods may be extended due to regulatory requirements, such as the US Worker Adjustment and Retraining Notification Act. In the UK, we comply with local regulation regarding employee consultation. In 2011, we held four employee consultations that provided information on the potential number of employee layoffs in the UK and proposed discretionary severance benefits over and above those legally mandated.

WORLDWIDE VOLUNTARY EMPLOYEE TURNOVER

Rate of Employees Leaving Employment*

	2010	2011
Total	11.5%	11.8%

*State Street no longer tracks voluntary employee turnover by region.

Compensation and Benefits

In addition to personal and professional development opportunities, our compensation and benefits practices help State Street attract and retain the best employees. For information about State Street's executive incentive compensation, please see page 41.

Our compensation philosophy is focused on pay for performance and, as such, incentive compensation is an important component of our total compensation program. It is our goal to ensure that State Street's total compensation levels (the value of base salary, benefits and incentives) and practices (the mix of base salary, benefits and incentive values, and the design of each program) are competitive with prevailing market practices in our relevant talent markets, and in compliance with all applicable laws and

regulations, including limiting incentives to take excessive risks. Additionally, our shareholders expect to see a strong positive relationship between how State Street's pay levels and practices are positioned relative to market practices and how we perform.

We also take relevant laws and regulations into consideration. Governments in the US, Europe and the Asia-Pacific region are enacting legislation and have empowered their regulators to ensure that compensation practices in financial services companies are not a contributing factor in future financial crises. While the details of new laws and regulations are in varying stages of development and will inevitably differ from country to country, two broad themes have emerged: a sharp focus on the alignment between risk-taking behavior and different forms of compensation, and enhanced governance over compensation by senior management and the boards of directors. We deliver, in most countries, a portion of incentive awards to our more senior employees in the form of deferred State Street equity, the value of which reflects shareholders' assessment of our performance over time and links current decisions and actions to future risk outcomes.

We recognize that the ratio of wages for males and females in the company is of interest to our stakeholders and material to our business. However, we do not report a female's basic salary as a percentage to a male's. 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.

State Street provides a variety of programs, resources and benefits that support our employees as they encounter challenges in their work and personal lives and in caring for themselves and others. Our Benefits and Work/Life programs are designed to help employees balance the requirements of their work and personal lives.

The company funds retirement programs held and maintained separately from corporate resources where permissible, including a 401(k) plan featuring a company match. As of December 31, 2011, defined benefit plan liabilities met by State Street's general resources were estimated at \$285 million. For plans with separate funds, there were \$1.017 trillion of liabilities, \$928 million of assets and \$89 million of funded

status deficit. The majority of liabilities is for US plans and was determined using 4.5 percent discount rate and 4.5 percent salary increase assumptions. Assumptions for non-US plans vary by country. At December 31, 2011 for funded plans with assets not fully covering liabilities, there were \$762 million of liabilities, \$674 million of assets and (\$88) million of unfunded status deficit. The plans are to be funded as required in each local jurisdiction to meet or exceed minimum funding requirements. More information on State Street benefits may be found at www.statestreet.com/careers.

Local Hiring

State Street complies with the applicable employment, labor and privacy laws where we do business. We have no formal global policy for granting preference to local residents when hiring in significant locations of operation. However, some examples of local hiring in 2011 include 10, 8 and 19 vice-president level or higher employees locally hired in Australia, Germany and Hong Kong, respectively. These hires were not expatriates.

Developing Our Talent Pipeline

To ensure we are attracting and developing quality employees, State Street offers a comprehensive program for recognizing, rewarding and encouraging talented individuals through our annual Performance, Planning and Review (PPR) process. Every year, each business unit sets goals for employee development, and employees work with their managers to develop individual performance plans. Employees receive mid-year and end-of-year reviews on progress toward their goals, and compensation is linked directly to the individual's performance review. Every PPR is required to include a Global Inclusion goal.

Our talent development programs focus on creating and shaping a performance-based culture built on strong leadership, excellent management practices and a global mindset. We believe that building the management and leadership capabilities of all State Street employees improves organizational and business performance, fosters a passion for the business that encourages people to give their best, and creates a fulfilling workplace. Senior business leaders and Global Human Resources business partners are encouraged to think strategically about learning

and development, talent management and organizational change. We provide a wide range of development offerings to enable employees at all levels and in all locations to achieve their personal and professional development goals.

Through our Learning and Development program, we offer curricula to develop the leadership capabilities of employees and managers globally following the 70/20/10 adult learning framework. The curriculum consists of online courses available in multiple languages and instructor-led classes across a wide range of disciplines and topics. Targeted development opportunities are offered to key performers. State Street also provides an educational assistance program, which helps employees obtain continuing education, as well as business-specific and technical skills training.

In 2011, we continued our rollout of a comprehensive program and approach to develop "people" managers of all levels across the company. The Management Development Program consists of two tracks: "The Manager's Journey," targeted to new or inexperienced managers, and "Transitioning to Strategic Management," targeted to middle managers.

We also launched a self-paced e-learning program to provide our employees with insight on how to overcome challenges in the workplace and how to change employee behaviors to generate business results. The program is designed to educate employees in the business case for diversity, as well as provide practical examples for managers and individuals to demonstrate behaviors in their day-to-day working environment. More than 1,800 employees participated.

In a 2011 Global Inclusion awareness survey, we measured employees' awareness of Global Inclusion initiatives such as the program above, as well as the "unconscious bias" program we conducted globally. The survey results showed that 90 percent of employees reported a medium or high level of understanding of Global Inclusion — a 2 percent increase from the 2010 survey. The 2011 survey also reported a 30 percent increase in the number of employees who had discussed their Global Inclusion goal with their manager.

WORLDWIDE EMPLOYEE DEVELOPMENT AND PERFORMANCE

	2009	2010	2011
Formal Performance Appraisal and Review	96%	95%	99.6%
Classroom and Online Training Courses Completed ¹	21,764	23,020	34,620 ²

¹ Includes classroom (approximately 10 percent) and online (approximately 90 percent) courses. Most classroom courses are four hours long; a few run eight hours (one day) or 16 hours (two days).

² Reflects number of enrollments.



CITIZENSHIP

At State Street, being a good corporate citizen means having a consistent, focused, measurable and positive impact on our communities. Over the years, we've evolved from focusing on philanthropy and community investing in our headquarters city of Boston to a much broader mandate that underpins our effort to embed our strong commitment to citizenship throughout our global operations. As a result, we have spearheaded a more transparent and codified approach to what were already robust programs at State Street. With the same rigorous acumen we apply to our business, we employ a comprehensive approach to corporate citizenship by leveraging our resources — both human and financial — to positively impact our communities.

Engaging Employees in Workplace Giving

State Street employees have continually demonstrated a remarkable capacity and willingness to give back to their communities. We value their commitment, and we seek to engage and unite them around their passions through our Matching Gift Program and Global Giving Campaign.

In October 2011, employees around the world came together to build support for education with the launch of our first-ever Global Giving Campaign. In a company-wide survey, employees overwhelmingly selected education as the focus of their campaign efforts. Given that State Street plays a key role in the global marketplace, we view education as the key to growing minds, advancing economies and improving lives. In other words, we believe education is essential to building a better world.

The Global Giving Campaign is an extension of our traditional United Way Campaign in North America. State Street is the only global company to launch a campaign of this scale and nature. In each of our three regions around the world, State Street volunteer committees selected local charities to which employees could contribute their financial and volunteer contributions. The committees then identified organizations with programs that excelled in four subthemes deemed most important to employees and to furthering global education: after-school initiatives, bridge-to-work programs, college-bound programs and parental engagement. After the selection process was complete, the committees chose organizations that aligned with these subthemes and met the State Street Foundation's

grantmaking requirements. Each of these agencies goes beyond classroom instruction and books, and provides the resources necessary to transform lives through education. In total, State Street's employees contributed more than 10,000 hours of volunteer time and the campaign raised \$3.5 million benefiting participating charities worldwide.

The Matching Gift Program goes beyond the traditional practice of matching financial contributions to charitable organizations or educational institutions. It includes monetary grants that match volunteer efforts with charitable nonprofit organizations and matches for fulfilled pledges raised by an individual employee for an eligible organized fundraising event. We also match gifts to all qualified US charitable organizations and equivalent non-US organizations, giving employees even more options to give back to their communities. The program is available to all global employees.

GLOBAL GIVING CAMPAIGN CHARITIES

Asia Pacific:

- Asian Women's Welfare Association, Singapore
- Hangzhou Charity Federation, China
- PoLeung Kuk, Hong Kong, Special Administrative Region
- Samarthanam Trust, India
- Smith Family, Australia
- Taipei Orphan Welfare Foundation, Taiwan
- Tokyo Shure, Japan
- Yeo-Myung School, Korea
- Youth Off the Streets, Australia
- Zhejiang Youth Development Foundation, China

EMEA:

- Junior Achievement/Young Enterprise
- UNICEF

North America:

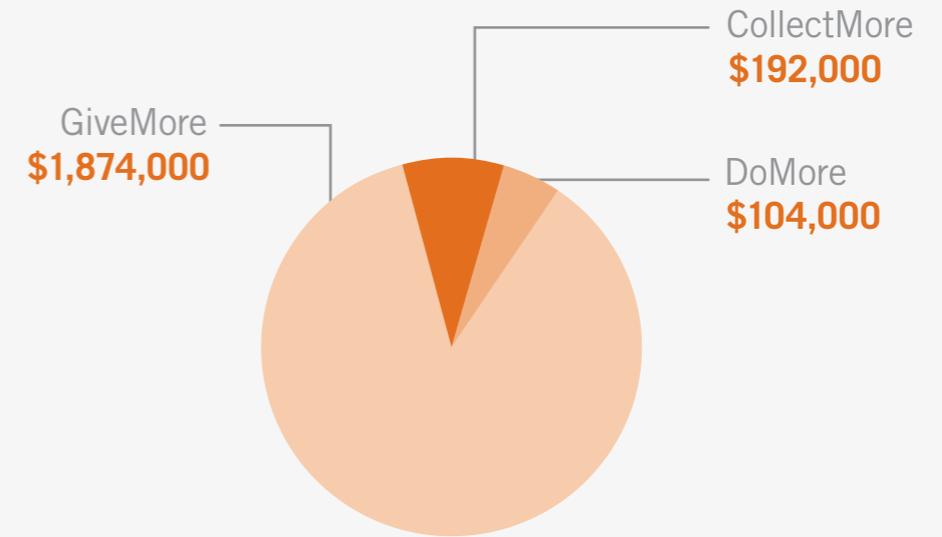
- Boys & Girls Clubs
- Junior Achievement
- Pathways to Education
- United Way

MATCHING GIFT PROGRAM

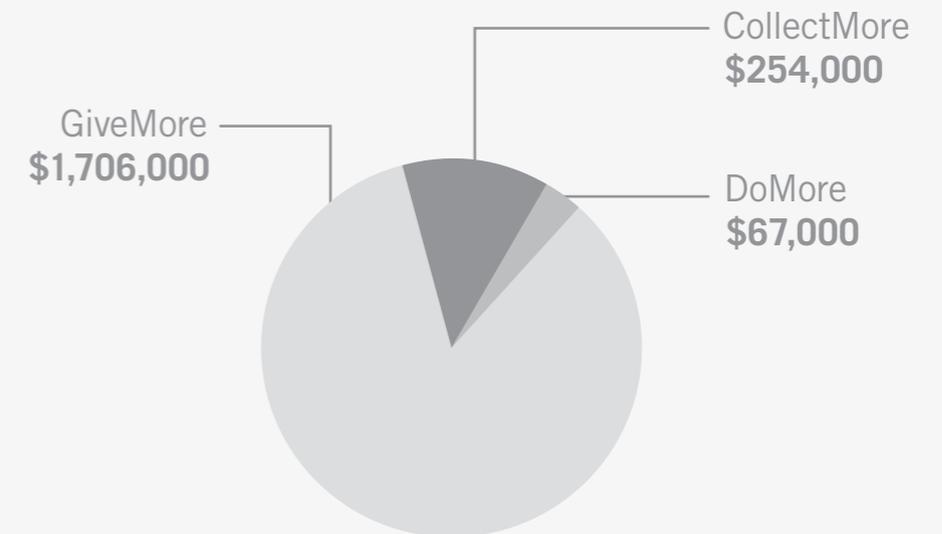
	2009	2010	2011
Number of employee contributions	3,600	4,900	5,331
Total matching funds	\$1,650,000*	\$2,027,000	\$2,170,000
Match per gift	458	414	407

*In 2009, State Street Corporation partially matched employee gifts outside the US for a total of \$80,000 in addition to matches from the State Street Foundation. In 2010, we made the Matching Gift Program available to all employees worldwide, and no corporation matches were made.

2011 MATCHING GIFT PROGRAM BY COMPONENT



2011



2010

State Street Global Outreach™

We believe employees are drawn to companies that have a commitment to community service and provide opportunities for personal involvement in making the world a better place. As a company that strives to be an employer of choice, we have made volunteerism an important part of our corporate identity as well as part of our citizenship strategy. Consistent with that philosophy, volunteer activities are included as an option in the development goals section of our performance and review process. We provide a number of outlets for employees to volunteer their time, talent and passion to make a difference in the lives of others. Our volunteer program, State Street Global Outreach™, offers employees at least two paid days a year to participate in the program or their personal volunteer endeavors.

To provide the support our communities truly need requires developing broad, creative solutions. When we partner with an organization, we try to capture the whole picture of its needs, recognizing that volunteer efforts may mitigate some of the need for financial support. State Street Global Outreach is designed to help create stronger communities while advancing business goals by building strong client relationships through joint

volunteer efforts and by fostering teamwork among our employees. It is currently available in 38 State Street offices in 23 countries and to alumni in Massachusetts. Community needs are identified by the Global Outreach team or the local community support program committee.

ES also figures prominently into Global Outreach volunteer projects. In 2011, 411 State Street employees volunteered globally in 52 sustainability-related projects. From a clean-up of a sensitive mangrove area in Lim Chu Kang, Singapore, to developing and implementing school recycling programs in London and Edinburgh, employees contributed 2,993 hours to ES projects — 2,159 in the US and 834 outside the US.

Employees may also take advantage of our volunteer flextime policy for ongoing projects during the workday, such as school-based mentoring opportunities. An important aspect of the program is participation by managers, who are urged to volunteer with their employees. In Massachusetts, Global Outreach includes the Spirit of State Street Alumni Volunteer Program, connecting retired and former employees with one another and with current employees by providing meaningful opportunities for community service.

STATE STREET GLOBAL OUTREACH

	2009	2010	2011
Number of offices participating on an ongoing basis	34	35	38
Total projects	3,900	4,900	4,200
Total volunteer hours	72,000	78,400	85,500
Savings to our charitable partners*	\$1,500,000	\$1,600,000	\$1,850,000
Cumulative volunteer hours since 2001			515,900
Cumulative projects since 2001			19,800

*Savings to charitable partners based on a factor provided by the Independent Sector: www.independentsector.org.

Outstanding Volunteer Efforts

To encourage broader volunteer participation by employees around the globe, we have a decentralized process for recognizing outstanding volunteer efforts. Three regional selection committees select recipients of the Chairman's Award and recommend their top candidates for other awards. Awards were given in the following categories in 2011:

- Chairman's Award for Exceptional Volunteerism (Asia Pacific, EMEA and North America)¹
- Environmental Sustainable Champion²
- Manager of the Year²
- Office of the Year²
- Spirit of State Street Alumni Award³
- Volunteer of the Year²
- Volunteer Team of the Year¹

¹ Combines individual recognition with a \$10,000 grant to the charitable organization(s) of the winner's choice.

² Combines individual recognition with a \$5,000 grant to the charitable organization(s) of the winner's choice.

³ Combines individual recognition with a \$2,500 grant to the charitable organization(s) of the winner's choice.

VOLUNTEER PROFILE

Jo Proud is an active proponent of community support programs in Sydney and the broader Asia-Pacific region. In various capacities, she has been a champion of volunteer work and the face of State Street philanthropy, with her strong commitment and zeal fostering employee engagement and collaboration.

Each year, Jo leads the Prince of Wales Hospital Christmas Giving Appeal, organizing a drive to collect Christmas gifts for patients suffering from dementia. She serves on the board of directors at Culture at Work, which develops art and scientific competencies in talented, disadvantaged children and teens with social or other disabilities. Jo also serves as chair of the State Street Australia Community Support Program (CSP) Committee, actively campaigning for the committee, enhancing employee communication and raising the profile and effectiveness of State Street's philanthropic activities in the Sydney community. She was instrumental in the State Street Foundation's decision to provide disaster relief grants in support of people affected by floods in Brisbane and the earthquake in Christchurch, New Zealand.



Jo Proud

2010 State Street in the Community
Chairman's Award Winner
State Street Global Advisors
Asia Pacific

“I’m honored to be the State Street in the Community Chairman’s Award winner for Asia Pacific. My volunteer contributions are one of the reasons why I enjoy working at State Street.”

VOLUNTEER PROFILE

As part of Linette Sanders' role as volunteer coordinator for State Street, she recruited and planned volunteer projects for more than 100 State Street employees, retirees, friends and family and provided assistance on more than 130 activities throughout the week of the National Urban League conference, which was held in Boston in 2011. State Street was a presenting sponsor of the conference that featured nationally recognized business, government, academia and arts leaders who addressed issues related to education, health care, housing and employment.



Linette Sanders

National Urban League Volunteer Coordinator
Assistant Vice President
Information Technology
Quincy, Massachusetts

“Being State Street’s volunteer coordinator for the National Urban League Conference was an awesome experience for me. It challenged my project management abilities and provided me with new interpersonal, time management and coordination skills.”

VOLUNTEER PROFILE

Tammy Selby and her colleagues organized a volunteer day at the Jewish Care Leonard Sainer Special Day Care Centre in November 2011 to give members an enjoyable and stimulating day, while giving family and caretakers some time to themselves. The day included baking, arts and crafts, quizzes, computer games, beauty treatments and a tea-dance. The Jewish Care Leonard Sainer Special Day Care Centre is an establishment that provides programming for people who have memory impairment and/or a diagnosis of a type of dementia.



Tammy Selby
Jewish Care Leonard Sainer
Special Day Care Centre Volunteer
Principal, European Client Service
State Street Global Advisors
London

“It was very obvious how much the members enjoyed speaking to us and having us around. Everyone was smiling, laughing and singing all day long. The day was a great success and will be an experience I will always remember.”

State Street Foundation, Inc.

In 1977, State Street established the State Street Foundation, a tax-exempt organization, to provide support for the less advantaged in the communities where we live and work. In 2007, the Foundation was incorporated to enhance our ability to make grants to qualified non-US nonprofit and charitable organizations; its financial statements are independently audited. Although we do not follow a formulaic approach to fund the Foundation, our goal is to direct at least 1 percent of State Street's pretax profits to the Foundation, and we have achieved that goal over the past three years. In 2011, State Street contributed \$20.5 million to the Foundation, providing funding for our strategic grantmaking, disaster relief and employee workplace giving programs, including Global Giving and Matching Gift.

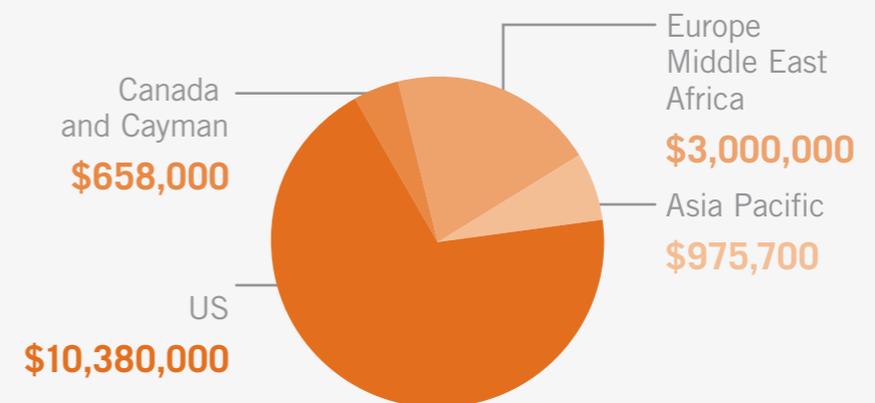
Strategic Grantmaking

Our mission and vision statements for the Strategic Grantmaking Program, which can be read in detail on www.statestreet.com/better, reflect our global focus on education as it relates to employability. Specifically, the Foundation invests in initiatives

STATE STREET FOUNDATION

Since its inception, the State Street Foundation has made grants totaling \$200 million. In 2011, grants totaled \$20.5 million.

GRANTS BY REGION



OTHER FOUNDATION GRANTS

North American
United Way Chapters

\$2,200,000



Employee
Matching Gifts

\$2,100,000



Disaster
Relief

\$1,200,000



that help disadvantaged populations obtain the skills necessary to compete in the 21st century global economy.

State Street makes it a priority to invest in organizations that support the economically disadvantaged through education, with an emphasis on workforce development. We firmly believe that this investment strategy is the best way to promote sustainable economic progress and better futures for everyone in our communities. As a result, investing in the communities where we live and work is not only the right thing to do for society, but also the right thing to do for the long-term success of our business.

In 2011, we completed our work with a consultant to develop a plan for evaluating our grantmaking activities, so that we may better understand and measure the impact of our grants on participants, organizations and communities. This “Impact Framework” will help us focus our grantmaking investments on organizations that are impactful and effective in advancing the economic self-sufficiency of disadvantaged populations. The framework includes outcomes the Foundation aims to achieve, and metrics to help gauge progress toward those outcomes.

WORK DEVELOPMENT SECTOR IMPROVEMENT

(Workforce Sector & Education Sector)

Contribute to the overall health and well-being of our communities around the world by promoting economic self-sufficiency among disadvantaged populations.



EDUCATION

Enable success in basic education



CREDENTIALS & EMPLOYABILITY

Increase access to industry-recognized credential programs

Build basic job-readiness skills

Enable attainment of industry-recognized credentials

Increase employment experience



EMPLOYMENT

Increase job placement

Increase job retention



We employ a decentralized model for investing through the State Street Foundation. Around the globe, 38 State Street community support committees evaluate and recommend funding for organizations that make a difference in their communities. We also support teams in North America, Asia Pacific and EMEA that address community issues from a regional level, including grantmaking and event support decisions. In locations outside Massachusetts, these committees comprise employees from the local State Street office who voluntarily serve on the committee in addition to their regular job responsibilities.

In Boston, we aim to play a leadership role as one of the city's largest headquartered companies. Since 2007, we have chosen to focus on youth violence as a major hindrance to employability in the Boston area. Through the Youth Violence Prevention (YVP) Funder Learning Collaborative, for which the Foundation provides both managerial and administrative oversight, we convene private and public funders, as well as subject matter experts to work together and use a common public-health framework to support programs and services that address youth violence over the long term.

As part of a summer employment initiative in 2011, YVP members made a substantial impact on the Boston community. By targeting two of Boston's highest-crime, highest-poverty neighborhoods with intentional outreach to youth not typically connected to employment opportunities, the program helped bridge the jobs funding gap by contributing \$800,000 — providing 450 teens with meaningful jobs at local community organizations during the 2011 summer and school year. Over time, the return on investment in providing jobs to Boston's youth can be measured in benefits to individuals, government and society as a whole. Preliminary results from a 2011 YVP evaluation show that summer employment opportunities can facilitate social and workplace skills, and improve attitudes toward attending school.

As part of these efforts, we enlisted the Boston Private Industry Council's (PIC) Pathways through College program, which provides transition coaching for Boston public school graduates attending local community colleges, to serve as an intermediary agency for teens in the summer employment initiative.

GRANTS EXAMPLES — NORTH AMERICA



SAN FRANCISCO

Asian Neighborhood Design, Inc.

\$10,000

Grant to support the Employment Training program, which provides carpentry and green construction job skills training to low-income and disadvantaged youth and young adults in San Francisco.

NEW YORK

Bowery Residents Committee, Inc.

\$25,000

Grant to support the Horizons Workforce Development program.



BOSTON

City Year, Inc.

\$100,000

Grant to support continued Boston expansion of the Whole School Whole Child model that provides targeted interventions for students most at risk of dropping out of high school.



NEW JERSEY

Community Food Bank of New Jersey, Inc.

\$25,000

Grant to Food Service Training Academy.

GRANTS EXAMPLES — EUROPE, MIDDLE EAST AND AFRICA

IRELAND

Nagle Center

\$3,650

Creating and providing participants with the opportunity to gain accredited, marketable work skills which in turn may lead to employment opportunities.

FRANCE

Force Femmes

\$25,000

Grant to support 10,000 women over 40 in their job researches with support from the 250 volunteers involved within the NGO who conduct collective workshops. Support will extend to welcoming capacities and to improve the services provided to unemployed women.

GERMANY/AUSTRIA

Munchner Waisenhaus

\$11,785

Support for the “Transition from School to Profession” program, which aims to improve the employability of young people when they leave school and get ready for working life. Students are prepared to find a job or connect with a firm where they can start vocational training to develop their skills and knowledge.

ITALY

Progetto Itaca Onlus

\$20,000

Support for the “Back to Work, Back to Life” project, which aims to improve job skills and locate suitable employment for at least 20 adults between the ages of 20 and 35.



GRANTS EXAMPLES — ASIA PACIFIC

INDIA
Unnati

\$15,000

Support for the vocational and social transformation program for 56 underprivileged youth, including job placement.

SOUTH KOREA

Yeo-Myung School

\$10,000

Grant to provide 50 North Korean youth defectors with English grammar and conversation courses.

HONG KONG

Hong Kong Federation of Women's Centres

\$30,000

Support for marginalized women to develop vocational skills and establish social enterprises.

AUSTRALIA

Asylum Seekers Centre

\$14,856

Support for the Employment Assistance Program, which helps community-based asylum seekers find meaningful employment aligned with their skills and experience.

Supporting Disaster Recovery

The State Street Foundation operates a Disaster Relief Emergency Assistance Fund (DREAF) to provide immediate financial support to organizations involved with relief and recovery efforts following natural disasters. After some disasters, we also offer a special matching gift program for all employees. The Foundation determines whether a disaster relief matching gift program will be opened based on scale of the disaster and employee response. In 2011, the Foundation contributed nearly \$1.4 million in disaster relief funding, which includes employee donations.

- In response to the Japan earthquake, tsunami and nuclear disaster, employees donated \$234,000 to Give2Asia through the special DREAF Matching Gift program, of which the Foundation matched \$200,000. We gave an additional \$500,000 to the American Red Cross, earmarked for Japan.
- We contributed close to \$14,000 to the American Red Cross to support tornado recovery in the southern US, in addition to \$250,000 for its Annual Disaster Giving Program.

- We donated \$100,000 to Australian Salvation Army for Australian flood relief and \$50,000 to New Zealand Red Cross to help with relief efforts due to the country's earthquakes.

Corporate Support for the Community

Although commercial lending and project finance fall outside our core business strategy, we have made a corporate commitment to support initiatives that strengthen the economic fiber and cultural vitality of our communities. We place particular emphasis on Massachusetts, where we are headquartered, and have many legacy relationships with community-investing organizations focused on affordable housing and small business.

During the past 21 years, we have invested nearly \$129 million in low-income housing tax credits with the Massachusetts Housing Investment Corporation (MHIC), a financial intermediary that helps community-based developers and nonprofit organizations finance high-quality affordable housing projects by pooling financial resources provided by Massachusetts financial institutions. This public/private partnership has provided more than \$738 million in investments to help finance the creation of more than 10,430 affordable housing units.

In 2011, we invested an additional \$12 million in Massachusetts affordable housing projects. We have also invested \$14 million in New Markets Tax Credit funds organized by MHIC, which provide financing for mixed-use developments that combine much-needed commercial and retail space in many markets in conjunction with affordable housing. More than 1 million square feet of commercial facilities in urban centers have been produced through this program. State Street also holds a \$4.8 million investment in MHIC's affordable housing loan fund.

State Street is a lead investor in a credit enhancement fund, managed by nonprofit Boston Community Capital, whose sole purpose is to facilitate alternative energy use, especially solar for hot water and electricity generation and conservation improvements at 1,873 units in existing Massachusetts affordable housing developments. To date, the fund has installed solar panels capable of generating 2.4 megawatts of solar power. State Street's \$5 million investment leveraged more than \$18.5 million in other public and private funds for these investments. In 2011, nine additional solar projects were completed in Boston and surrounding cities, representing

COMMUNITY SPONSORSHIPS WORLDWIDE

Through the Global Community Sponsorship program, State Street provides corporate charitable donations through event sponsorship support in areas where the company has a business presence. The Corporate Citizenship department sponsors community events as a way of complementing program grants from the State Street Foundation and employee engagement initiatives through the Global Outreach employee volunteer program. Corporate charitable donations are part of an overall community investment strategy that fosters strategic, comprehensive partnerships with nonprofit or nongovernmental organizations.

The program primarily focuses on charities that create opportunities for disadvantaged populations in our local business communities and address urgent community needs. We want to engage and provide visibility for our employees, clients and shareholders through the program.

In 2011, we supported 405 events, totaling approximately \$4 million. Of the total, 291 events were in North America, 101 in Europe and 13 in Asia Pacific. As of 2012, State Street is the first global sponsor of the popular Oxfam Trailwalker and Trailtrekker endurance events. More than 22,000 people will participate in 15 events in 12 countries. In 2011, State Street sponsored 12 of the Oxfam events.

approximately 1,072 kilowatts of solar power. Ten additional solar and conservation projects are planned for 2012.

Since 1998, State Street has invested more than \$30.5 million in small-scale venture capital funds to fuel economic growth and job creation in underserved US markets. Our 2011 small business investment totaled \$2 million. We also hold \$5 million in community development investments, primarily in Community Development Finance Institutions.

In addition to our emphasis on community impact investing in Massachusetts, State Street supports investments in affordable housing nationwide. Since 2008, we have invested nearly \$215 million in low-income housing tax credits. Our commitments have taken the form of equity investments in 20 funds sponsored by 11 different tax credit syndicators that help both for-profit and not-for-profit affordable housing developers finance high-quality affordable housing projects. Our involvement in these important public/private partnerships has helped finance the creation of almost 500 affordable housing developments in more than 47 states, including Puerto Rico and the District of Columbia. In 2011, we invested more than \$57 million in low-income housing tax credit transactions.

Income Taxes

Property, payroll, sales, capital and income taxes are vital revenue sources on which governments rely to fund infrastructure, education, health care and other essential community services. State Street is committed to fully complying with all relevant tax laws and regulations, and always acting with the highest level of integrity. Property, payroll, transfer, value-added, sales and other indirect taxes are expenses included in the calculations of operating-basis income in the Sustainability Snapshot section of this report. State Street's consolidated income tax expenses for the years ended December 31 are outlined below.

INCOME TAXES¹

\$ millions

	2010	2011
US federal	\$(885)	49
US state	15	54
Non-US	156	295
Total current expense (benefit)	\$(714) ²	398

¹ Current tax expenses, consistent with 10-K filings.

² State Street's 2010 tax benefit is attributable to losses in its securities portfolio.

State Street Leaders in the Community

State Street's long tradition of community involvement is exemplified in the many executives around the world who donate their time as board members for charitable organizations. To further institutionalize senior executive nonprofit board membership, we launched "State Street on Board" in 2010, a matching and training program for vice presidents and above. Hands-on training includes fundraising, board dynamics and legal issues. Upon completing the program, executives have the opportunity to be matched with a nonprofit board consistent with their interests. In the last two years, approximately 80 executives have graduated from the program. Of the graduates, approximately 50 percent have previously served on a board. Between 20 and 25 percent are currently serving and 8 to 10 percent have been placed.

Initially introduced in Massachusetts, the program is expected to expand beyond our headquarters over the next few years as the program and our global presence grow. The program is administered by the Boston Arts and Business Council, which has customized its matching and training program to include

board memberships on community organizations within the State Street Foundation's strategic focus.

A sample of State Street senior executives involved as board members of charitable or educational organizations in 2011:

Joseph L. Hooley, Chief Executive Officer
Boys & Girls Club of Boston
Massachusetts Competitive Partnership
Massachusetts General Hospital

Joseph C. Antonellis, Vice Chairman
Boston Partners in Education, Chairman

Tracy Atkinson, Executive Vice President
Partners for Youths with Disabilities
The Arc of Massachusetts

Nicholas J. Bonn, Executive Vice President
Northeastern University's College of Business

James C. Caccivio Jr., Executive Vice President
Knitting for Angels, Advisor

Jeffrey N. Carp, Executive Vice President, Chief Legal Officer
Habitat for Humanity of Greater Boston
Project Bread — The Walk for Hunger

Patrick D. Centanni, Executive Vice President
Citizen Schools Massachusetts

Donald Conover, Executive Vice President
A Better City
Earthwatch Institute
Greater Boston Chamber of Commerce Energy Committee
Massachusetts Business Roundtable
MassINC
Metropolitan Boston Housing Partnership

Jeff D. Conway, Executive Vice President
HomeStart, Inc.
YMCA of Greater Boston

Maureen P. Corcoran, Executive Vice President
Providence College
United Way of Massachusetts Bay
William T. Blackwell Charitable Foundation

Albert J. Cristoforo, Executive Vice President
Hangzhou Federation Charity

Denise DeAmore, Executive Vice President
South Boston Neighborhood House

Jayne K. Donahue, Executive Vice President
National Braille Press

Stefan M. Gavell, Executive Vice President
Berklee Presidential Advisory Council
Boston Symphony Orchestra Business Partners Committee

Alan D. Greene, Executive Vice President
Urban League of Eastern Massachusetts

Hannah Grove, Executive Vice President
Women's Lunch Place

Sharon E. Donovan Hart, Executive Vice President
St. Mary's Center for Women and Children

Jamie Kase, Executive Vice President
The Wheeler School
United Cerebral Palsy of New York

Gunjan Kedia, Executive Vice President
Tepper School of Business at Carnegie Mellon

John L. Klinck Jr., Executive Vice President
Boston Symphony Orchestra
Boy Scouts of America — Boston Minuteman Council
Courageous Sailing

Nancy Loucks, Executive Vice President
Squashbusters, Inc.

Alistair Lowe, Executive Vice President
New England Aquarium

James Malerba, Executive Vice President
La Salle School for Boys
March of Dimes — Rhode Island Chapter
Thompson Island Outward Bound

Madge M. Meyer, Executive Vice President
Asian American Civic Association Advisory Board
Simmons School of Management Business Advisory Council

James S. Phalen
Boston Medical Center

David C. Phelan, Executive Vice President and General Counsel
Greater Boston Legal Services
New England Legal Foundation

Alison A. Quirk, Executive Vice President
Boston Ballet
United Way of Massachusetts Bay

Doreen Rigby, Executive Vice President
Community Servings

Michael F. Rogers, Executive Vice President
Catholic Schools Foundation

Dennis Ross, Executive Vice President
Massachusetts Taxpayers Foundation

George A. Russell, Executive Vice President
Massachusetts Math and Science Initiative
Tufts Health Plan Foundation



William Slattery, Executive Vice President

NCI Progressions Programme Advisory Council, Chair

Brian Walsh, Executive Vice President

American Heart Association

My Brother's Keeper



DNV ASSURANCE STATEMENT

DNV ASSURANCE STATEMENT STATE STREET CORPORATION 2011 CR REPORT



Introduction

Det Norske Veritas Limited (DNV) has been commissioned by the management of State Street Corporation ('State Street') to carry out an assurance engagement in connection with its 2011 Corporate Responsibility (CR) Report ('the CR report') in its online downloadable format. This engagement focused on qualitative and quantitative information provided in the report and underlying management and reporting processes. It was carried out against the principles and requirements established in the AA1000 Assurance Standard (2008) ('AA1000AS 2008').

This Assurance Statement is aimed at the readers of the report. State Street is responsible for the collection, analysis, aggregation and presentation of all information within the report. DNV's responsibility regarding this assurance engagement is to the management of State Street only and in accordance with terms of reference agreed with them. DNV disclaims any liability or responsibility to a third party for decisions, whether investment or otherwise, based on this Assurance Statement.

Scope of Assurance

The scope of DNV's assurance engagement, as agreed upon with State Street, included the verification of the content, focus and quality of the information presented in the report, covering calendar year 2011, and assessment of underlying data management and reporting processes. The scope of the assurance also included State Street's web-indicators referenced within the report. All elements of this assurance engagement were carried out in accordance with the requirements of AA1000AS (2008), type 2, for a moderate level of assurance. In particular, this assurance engagement included:

- Review of the CR and Environmental Sustainability (ES) policies, initiatives, practices and performance described in the report
- Review of the processes for defining the boundaries, focus and content of the report

- Verification of the reliability (accuracy and completeness) of information relating to State Street's CR and ES management approach and achievements
- Verification of the reliability of specified 2011 ES performance data included in the environmental section of the report, namely: indirect and direct CO₂ emissions from operations; CO₂ emissions from business travel; indirect and direct energy consumption; water consumption; recycling and waste data; and associated normalized (per-person and per square-foot) metrics across all locations and regions included in the report
- Review and assessment of the processes and tools for collecting, aggregating, analysing and reporting quantitative and qualitative CR and ES information from all three group regions: Asia-Pacific (APAC), North America (NA), and Europe, Middle East and Africa (EMEA)
- Evaluation of the adherence to the Accountability Principles of Materiality, Inclusivity and Responsiveness established in the AA1000APS (2008)

- Evaluation of the adherence to the principles set out in the 2006 Sustainability Reporting Guidelines Version 3.0 (GRI G3), and verification of State Street's declared GRI Application Level

Limitations

This assurance engagement included an assessment of the quality of above-specified qualitative and quantitative information and assertions made in the report. It did not include assessment of the adequacy or effectiveness of State Street's strategy or management of CR and ES issues. Furthermore, DNV has not verified the reliability of quantitative information other than the above-specified ES performance data. This engagement excluded financial data (ex. financial savings from energy efficiency, the activities and performance of State Street Foundation), as well as CR and sustainability management, performance and reporting practices by State Street's suppliers and other third parties mentioned in the report.

Verification Methodology

This engagement was carried out between August 2011 and April 2012 by a multi-disciplinary team of suitably qualified and experienced DNV sustainability professionals. It was undertaken in line with the DNV Protocol for Verification of Sustainability Reports, which is based on the GRI G3 and the AA1000AS (2008). All elements of this assurance engagement were carried out in accordance with the requirements of AA1000AS (2008), type 2, for a moderate level of assurance.

Onsite verification work was conducted from State Street's North American headquarters in Boston and its European headquarters in London. Additional desktop verification work was performed from DNV offices.

The report has been evaluated against the following criteria:

- Adherence to the principles of Materiality, Inclusivity, and Responsiveness, as well as reliability of specified sustainability performance information as set out in the AA1000AS (2008)
- Adherence to the additional principles of Comparability and Neutrality as set out in DNV's Protocol

- Alignment with the GRI G3 and its principles, including the financial sector supplement

During this assurance engagement DNV has taken a risk-based approach, meaning that we concentrated our verification efforts on the issues of greatest material relevance to State Street's business and its stakeholders. As part of the assurance engagement, DNV has challenged the sustainability-related statements and assertions made in the report. We also assessed the robustness of the underlying data management processes, focusing on quality controls, and the reliability of selected data samples that formed the basis for this report. In carrying out this assurance engagement, we have undertaken the following tasks:

1. Conducted interviews with more than 30 senior State Street representatives (globally) from different divisions and functions, including Corporate Citizenship, Global Procurement, Global Human Resources, Global Inclusion, Legal, Compliance, Global Realty Services, State Street Global Advisors' ESG (Environment, Social and Governance) Investment Team, Corporate Travel and Global Marketing. In addition, DNV engaged extensively with facilities managers CB Richard Ellis and Serco for the verification



of quantitative environmental data for North American, European and Asia-Pacific operations

2. Reviewed and examined relevant internal documentation and information related to the activities of the above listed divisions and functions, made available to DNV by State Street upon request. In addition, DNV reviewed a selection of internal communications, stakeholder engagement reports and external media reports relating to State Street's CR management and performance.

3. Attended the CR working group, consisting of internal State Street stakeholders. The focus of the meeting was to review the results of State Street's revised materiality assessment.

4. Undertook a five-day site visit to State Street's global headquarters in Boston and a three-day site visit to State Street's regional headquarters for the Europe, Middle East and Africa region in London. During these site visits senior company representatives from the functions listed above (item 1) were interviewed and data management processes and practices were reviewed.

5. Conducted detailed verification of selected ES data and underlying data management processes, focusing on the reliability of above-specified ES performance data reported by State Street, in accordance with the requirements of AA1000AS (2008) and GRI G3 reporting guidelines. The assessment of reliability of data and information was based on explicit assertions regarding sustainability performance on material issues. The verification included a review of completeness, comparability and accuracy of methods and processes used in data aggregation and reporting across different levels of the organization (office, country, region and group). DNV's assessment also included high-level trend analysis, identification and analysis of causes of significant changes in performance in comparison with 2010, a review of data traceability, testing of calculations, and a thorough review of ES data sets at different stages in data flows, from source to group level.

6. DNV adopted a two-phased approach to the verification of State Street's ES data, with a mid-year ES data verification engagement taking place from August through November to review the first six months of ES data collected by State Street for the 2011 CR report. The data verification for the last six

months of ES data for 2011 was then completed in early 2012. This process provided State Street with more time to address any ES data issues and removed some of the time pressure on State Street's internal resources during the CR reporting season.

Conclusions & Recommendations

In DNV's opinion, based on the work carried out, State Street's CR 2011 report provides a reliable and fair representation of the company's CR and sustainability-related strategies, management approach and performance. The following conclusions and recommendations can be made regarding the report's adherence to the principles within the scope of this assurance engagement:

Materiality: State Street is an active member of UNEPFI and regularly engages with membership organizations such as Business for Social Responsibility as well as SRI rating agencies to identify and better understand the CR and sustainability issues most material to its organization and the wider financial sector. State Street conducted a materiality assessment in 2011, highlighting its commitment to addressing CR issues which are of most relevance to the organisation and its values and principles.

We commend State Street on developing a more inclusive voting policy on ESG-related issues; State Street has voted in favour of an ESG resolution for the first time, rather than abstaining, moving towards greater alignment between State Street's own sustainability policies and values and its approach to proxy voting.

In addition, State Street appears to be making greater efforts, through its CR and ES working groups, to review the ESG impacts of its products and services and try to develop more responsible and sustainable product and service options within its core business activities. The result is that we are starting to see better alignment between State Street's CR policies and management approach, and the products and services it provides to the market.

State Street has developed its procurement policy, with a focus on the environment to begin with, and has adopted a materiality approach focusing on key areas in which to apply the policy. Overall this is a positive step. However, as State Street acknowledges, there continues to be room for improvement in setting concrete steps for implementation of the policy within



selection criteria for suppliers, service providers and products/solutions procured. In addition State Street needs to set out its approach to monitoring supplier compliance with its ES procurement policy and assessing sustainability risk within the supply chain. As the ES procurement program evolves we strongly recommend widening the approach to include social and ethical aspects as part of a wider sustainable and responsible procurement approach.

Through the country reputation risk index, State Street assesses its environmental risks for key global locations. We recommend that State Street consider a value chain approach assessing the ESG risks from activities or organisations associated with assets, funds, services and products controlled, managed or purchased by State Street.

Commendably, State Street has a human rights policy developed a number of years ago, however State Street has not implemented a human rights assessment to review any gaps within its approach or areas for improvement. Based on recommended practice in the newly released UN Guiding Principles on Business

and Human Rights, State Street may wish to consider carrying out human rights related due diligence and impact assessment of its operations, products and investments, as well as its supply chain.

There is a need to continue to embed CR and ES issues and risks into the way that operational and enterprise wide risk is managed at State Street. With the strong focus on ES, social risks to the organisation (within supply chain, but also operational and reputational risk) do not appear to be receiving as much focus at present. We recommend the use of a framework, such as ISO 26000 to assess State Street's approach and identify gaps and best practice solutions.

While considerable progress has been made in implementing technologies such as videoconferencing, and the scope of sites covered for travel data collection has increased annually, State Street should consider adopting a more strategic approach to reducing travel emissions, which account for around 14% of CO₂ emissions. While we understand that reducing travel impacts in a global company with new acquisitions is challeng-



ing, we would recommend increased focus on employee engagement on this issue as well as formulation and implementation of global and regional policies and goals.

We would also recommend an increased focus on monitoring and reporting on diversity, both within State Street's own operations as well as where employment contracts are managed by local suppliers. Improvements could be made in setting quantitative diversity goals or putting in place a system for tracking quantitative diversity statistics and targets.

Inclusivity: State Street engages a wide array of stakeholders in the development of its sustainability strategy and both internal and external stakeholders are regularly consulted on State Street's CR program. Through these efforts, the company has demonstrated its commitment to being accountable to and understanding the needs of a full range of its stakeholders; both those upon whom it has an impact, and those who have an impact upon or interest in State Street's business and performance. The report provides detail on how State Street engages shareholders, clients, employees and communities, the four key stakeholders groups identified by the company.

State Street is changing its approach to stakeholder engagement. While State Street continues to work with Ceres to convene an independent group of stakeholders annually to review the CR report, this year, State Street requested the Ceres group to comment on the results of its materiality assessment and will convene the stakeholder group following the publication of its report to focus more on State Street's management approach to CR and on its sustainability program, rather than solely on reporting. DNV commends this change in approach.

Responsiveness: The report contains a number of examples of how State Street responds to stakeholders and is accountable to them. State Street's four key stakeholder groups provide regular input through internal and external consultation initiatives described above, and State Street is using this feedback to shape its CR programs and associated communication, including the CR report. DNV attended the Ceres stakeholder engagement teleconference in 2011 and found State Street open to their comments and suggestions.

The CR report provides a table showcasing specific feedback from the call along with State Street's response and where to find more detail within the report. State Street is to be commended for communicating the feedback in an open and transparent manner.

Neutrality: In DNV's opinion, information contained in the 2011 CR report is presented in a neutral and transparent manner. Overall the report provides a balanced account of the organization's performance and environmental sustainability indicators, and reported data is presented in a factual and unbiased manner.

Comparability and Clarity: The information in the 2011 CR Report is presented in a format that allows readers to compare year-to-year performance and determine positive and negative trends. DNV commends State Street's efforts to improve the quality of its environmental data, and its transparency in indicating where data differences occur across historic datasets due to assumptions of differences in methodologies.

Reliability: While DNV identified certain systemic and material errors in data verified in accordance with AA1000AS (2008), these have been corrected by State Street demonstrating their commitment to reporting reliable data. Nevertheless, there is scope for establishing improved global data management and reporting processes within the organisation to reduce the potential for errors or omissions, particularly with a significant number of new sites in APAC reporting on ES data for the first time in 2011. While DNV commends State Street for adopting a consistent format for data collection, we recommend developing a more systematic approach to ES data collection consistent across regions. DNV also recommends agreeing uniform data collection, aggregation and estimation processes with regional data providers in order to ensure consistency and comparability. Commendably, in 2011, State Street increased its portfolio to include estimated and actual data from additional sites in APAC and incorporated new acquisitions to the ES data collection process. State Street's continued efforts to periodically monitor and review ES data collected throughout the year has significantly contributed to the reliability of this data. These efforts have contributed to improvements in data accuracy and reduction

in material data errors identified during the verification of 2011 ES data over 2010.

Due to the global scope of the report, State Street aims to cover all office locations subject to the company's control or significant influence. However, for certain ES KPIs data is not available across all geographic locations and offices, this affects the completeness of the data as well as comparability of the data year on year. The reasons behind exclusions are generally explained in the report and percentage coverage per impact area (i.e. electricity, water, waste) is indicated. DNV recommends that State Street continue its efforts to expand the number of locations reported, particularly in relation to indirect energy, water consumption, and waste management and recycling, as this will further enhance the completeness of ES data and KPIs reported on a global basis.

The majority of electricity and all of natural gas data is based on actual usage, the remaining electricity data is estimated using a US Environment Protection Agency formula. In North America 27% of electricity is estimated, 0.5% in Asia Pacific, and 7.8% in EMEA. These figures are based on consumption per square

foot. There has been a considerable improvement in obtaining actual data in APAC, but State Street was unable to obtain complete energy consumption data, as well as other impact areas, from all its locations due to leasing arrangements that include utility consumption within rental agreements. While recognising that this is a challenging area for many companies, we continue to encourage State Street to progressively improve sub-metering arrangements and engage with landlords, in order to gain access to more accurate consumption information.

The accuracy and completeness of waste management and recycling data continues to be a challenge for State Street. The company has put in place waste segregation procedures in many more of its offices than captured in the report, but is unable to obtain accurate waste management data in multi-tenant office buildings owing to lease agreements. As highlighted last year, the accuracy of waste management and recycling data can be improved by putting in place standard procedures for collection, aggregation and reporting of waste management data across offices and implementing period checks to test the reliability of data obtained from waste management suppliers, as well as auditing suppliers to check recycling claims. In addition,



putting in place contractual agreements with waste handlers and contractors to follow a prescribed and preferably electronic format of reporting for waste tonnage would help in enhancing State Street's waste data reliability and reduce the scope for material errors.

There has been an increased focus on waste data estimation for APAC in 2011 which is commendable and which has increased the coverage of sites included in the report, but there is significant scope for improvement with respect to estimation methodologies adopted, as these do not currently reflect the occupancy of sites. DNV would recommend a more concerted estimation effort with a consistent methodology across the region supplemented by enhanced communication on format and type of data required for APAC, and efforts to engage waste contractors.

State Street has engaged with its travel agents to a greater extent in 2011 and this has resulted in increased automation of some of its larger data sets, and therefore increased reliability of data.

GRI G3 Application Level

In DNV's opinion, the report meets the content and quality requirements of the GRI G3. Among the different levels defined by the GRI, both State Street and DNV confirm that the GRI Application Level B+ has been met. DNV has adopted a robust approach in applying the GRI application level check, including the use of related GRI guidelines. In cases where DNV considered that a given GRI indicator was partially met or not met, we have requested State Street to indicate this in its GRI table.

DNV's Independence

DNV states its independence and impartiality with regards to this assurance engagement. In 2011, DNV did not work with State Street or any of its stakeholders on any engagements which could compromise the independence or impartiality of our findings, conclusions and recommendations. Moreover, DNV was not involved in the preparation of any text or data provided in the report, with the exception of this Assurance Statement.

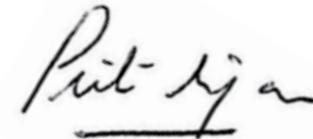
For
Det Norske Veritas Ltd.

Signed:



Nili Safavi, Lead Verifier

Signed:



Priti Nigam, Verifier

Signed:



Jonathan Sykes, Verifier

London, July 2012

State Street Corporation (NYSE: STT) is one of the world's leading providers of financial services to institutional investors, including investment servicing, investment management, and investment research and trading. With \$21.8 trillion in assets under custody and administration, and \$1.9 trillion* in assets under management at December 31, 2011, State Street operates in 29 countries and more than 100 geographic markets worldwide. For more information, visit State Street's website at www.statestreet.com.



STATE STREET

State Street Corporation
State Street Financial Center
One Lincoln Street
Boston, Massachusetts 02111-2900
+1 617 786 3000

www.statestreet.com
NYSE ticker symbol: STT



*This AUM includes the assets of the SPDR Gold Trust (approximately \$63 billion as of December 31, 2011), for which State Street Global Markets, LLC, an affiliate of State Street Global Advisors, serves as the marketing agent.