



# BUILDING A BETTER BUSINESS

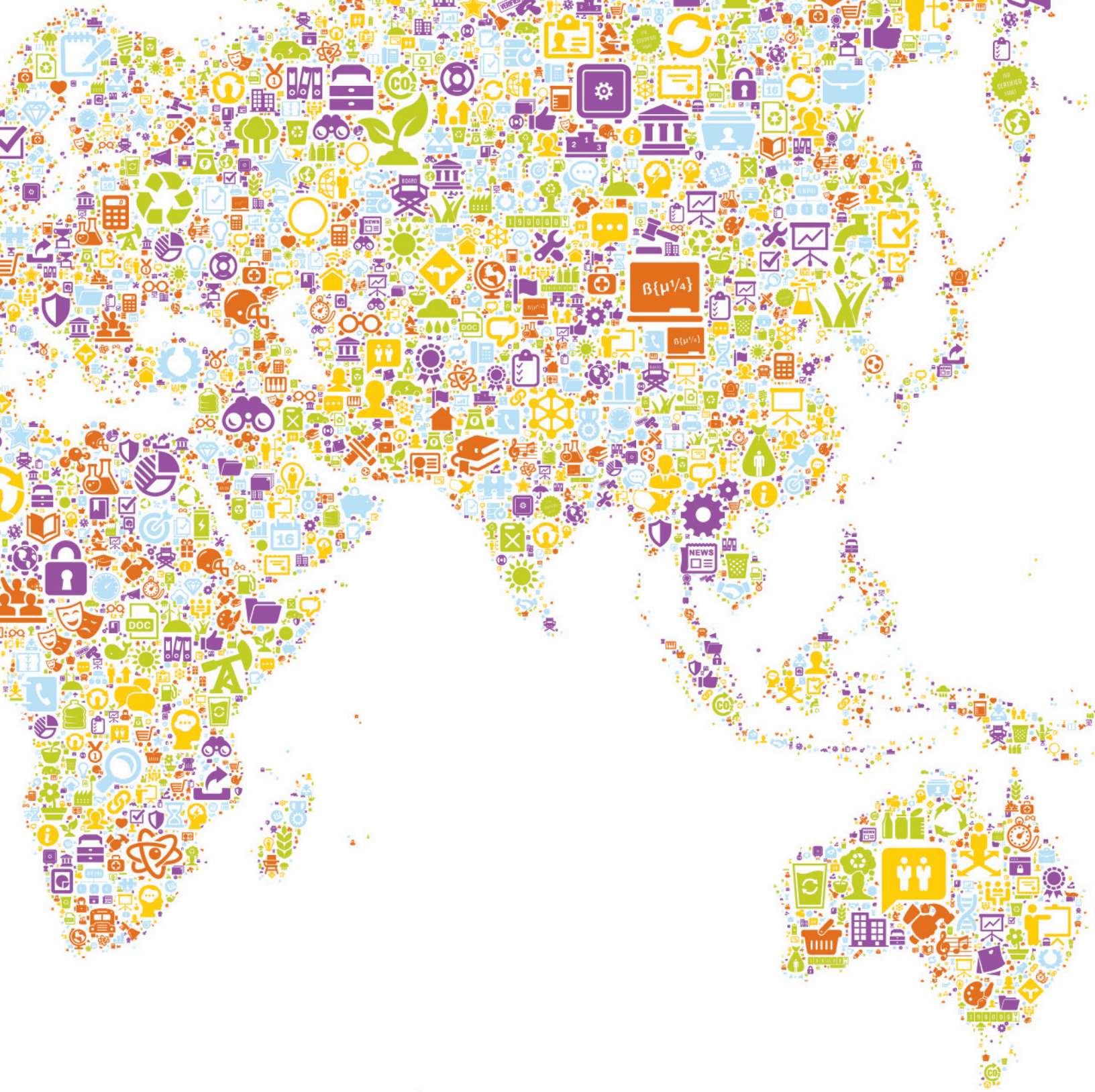


STATE STREET®

CORPORATE RESPONSIBILITY  
2012 OVERVIEW







We believe in making decisions that create better outcomes. And we know that being accountable, ethical and proactive makes a meaningful difference. Being a responsible corporate citizen is not going above and beyond — it is how we operate every day. We do it for our clients, shareholders, employees and communities. We do it because when we work to make the world a better place, we create real value. And when we protect our future generations, we build a stronger business.



Each year, corporate responsibility (CR) becomes a bigger part of our culture. Making decisions that will positively impact the world around us is not just a consideration. This is the way we do business. And the success of our business is one of the reasons we place so much emphasis on CR. We know that CR leads to more efficient processes and lower costs. It makes for happier employees, more satisfied clients and stronger communities. Simply put, making life better makes us a better business.



### Strategy and CR

CR is incorporated into our business strategy, and risk management is one area where this is evident. CR risks include environmental, social and governance. When we consider these risks in our business decisions, we are protecting and enhancing value for our stakeholders.

In 2012, our investment management business signed the United Nations' Principles for Responsible Investment, showing our commitment to building responsible investment portfolios and helping our clients manage CR-related risks. We're also staying focused on regulatory reform developments — such as the Dodd-Frank Wall Street Reform and Consumer Protection Act — to help our clients comply with evolving requirements.

### Environmental Sustainability

This year our team also showed its dedication to doing what's right for the environment. We achieved ISO 14001 certification — a global standard for environmental management systems — for seven of our office buildings, bringing the total number with this certification to 10.

Meanwhile, our Business Operations and IT Transformation program has proved to offer benefits in several areas of CR, including both risk management and environmental sustainability. For example, by virtualizing systems and increasing cloud-computing capacity, we are better protecting our clients' information, reducing operating costs and saving energy.

### Employee Impact

Our employees' involvement in all areas of corporate responsibility continues to impress me. This year, the International Association for Volunteer Effort presented us with its inaugural Global Volunteer Program Award, which recognizes a global company with an exemplary approach to global corporate volunteering. Illustrating this achievement was more than 87,000 hours of volunteer time our employees donated to nonprofit organizations in 2012.

### A CR Leader

Our wide global reach puts us in a unique position to make a real difference. In 2012 we were listed on all four of the STOXX Global ESG Leaders indices for the second consecutive year. We were also the only financial services company named as one of *Newsweek's* "Most Transparent Companies in the US."

Our 2012 actions in the area of CR, which you will read in the following pages, speak for themselves. CR just makes sense — for our employees, our clients, our communities and our business.

A handwritten signature in black ink, reading "J. L. Hooley". The signature is stylized, with the first letters of the first and last names being prominent.

**Joseph (Jay) L. Hooley**

Chairman, President and Chief Executive Officer





State Street's corporate culture and values reflect our belief in doing what's right for our stakeholders and the world around us. The Executive CR Committee's primary charge — formalizing CR governance and further integrating it into our day-to-day operations — supports this long-held conviction. As chair of the committee, I'm proud of our progress in 2012 to make CR truly integrated into our business.

### Important Developments

In November of 2012 we held a CR stakeholder engagement meeting. Most of our stakeholders were represented, including clients, employees, shareholders and members of the community, as well as peers from the financial services industry. In this productive session we reflected on our performance and outlined our future strategy and objectives.

One of our key achievements this year was developing an Executive CR Committee charter that outlines the committee's purpose, responsibilities, composition and operations. The charter underscores our reliance on various internal networks, such as the CR working group, to engage employees.

We also devoted much of the committee's time to making sure our environmental, social, governance and products (ESG+P) framework was the right model for managing our CR efforts. We established subcommittees for each pillar of ESG+P that focus on programmatic and policy-level recommendations. And we plan to use these subcommittees to continue to cultivate interest and spread knowledge about CR among employees.

### Employee Participation

In 2012, employees became more connected to CR with the launch of State Street Collaborate, our internal social networking tool. Collaborate facilitates information exchange and was the forum for our Innovation Rally, a three-day virtual event to spur conversation and ideas at all levels of the organization. Nearly half of all our employees participated, generating 10,000 posts on a range of topics — including many ideas related to CR programs and initiatives. The committee is excited to see so much interest in CR. And we remain committed to clearly communicating our CR goals, how we're working to meet them and what employees can do to help.

### Vendor Alignment

In 2012, I began overseeing the Procurement and Global Realty divisions — a structural change that will align internal

focus on CR. Accountability for CR is beginning to permeate through our supply chain, most notably with the inclusion of environmental and social factors into our new vendor assessment tool. Beginning in 2013, new vendors will be asked to provide information on their CR performance. We expect this will help standardize preference for suppliers committed to sustainability and help us to better manage risk.

### Moving Forward

In 2013, the Executive CR Committee wants to increase interaction with our management by increasing dialogue throughout the year. We also seek annual input from our board of directors. The diverse experience of our senior management team and our board provide a unique perspective on CR. Their feedback enhances how we continue to evolve our understanding of material issues and stakeholder interests, as well as our governance approach.

Employees in every part of our organization contribute to improving CR at State Street. The work of the CR committee would not be possible without this level of dedication. I am proud of our accomplishments, and look forward to taking on new challenges together in 2013.

**Patrick D. Centanni**

Executive Vice President, Global Services  
Chair of State Street's Executive Corporate  
Responsibility Committee

In today's competitive financial services industry, companies that create value for their stakeholders are the most likely to succeed. Corporate Citizenship is essential in value creation through investments that build strong communities, make our employees proud and reinforce that we are committed to a sustainable future.



### State Street Foundation

The State Street Foundation has a 35-year history of creating value, and today makes social investments in 41 communities around the world. The Foundation is in the final stages of implementing a multiyear plan to enhance its business model and be a more effective investor. The plan's major initiatives include focusing investments on education and workforce development, as well as building an appropriate infrastructure and applying metrics to our social investment process.

In 2012, we launched our online grant application in North America. We also rolled out an intermediary structure in the EMEA and APAC regions that reduces the administrative requirements for our all-volunteer Community Support Program (CSP) Committees. The committees now have more time to build community relationships and better understand local challenges within our social investment focus. We also introduced the first-ever Massachusetts CSP Committee to further engage employees and support community needs in our headquarters city of Boston.

On a global scale, we began including impact metrics in the Foundation's grant application process. The metrics will improve due diligence for grant requests and advance reporting of how our programmatic focus is positively affecting the economically disadvantaged. We will begin collecting data in 2013 and expect to have full reporting capability by 2014.

### Stronger Together

Investing in our community also means harnessing the time and talent of our global workforce through volunteerism, board service, fundraising and more. Our employees continue to increase their giving each year across multiple programs. In 2012, employees gave a record \$2.5 million through our Matching Gift Program, which was recognized by a fundraising organization, Double the Donation, as a top corporate employee giving program. In addition, the Global Outreach employee volunteer program remains one of

State Street's most popular engagement tools. It works with Global Human Resources to expand opportunities for employees to give back while building internal networks and developing skills.

### Global Developments

In 2013 I expect the global reach of our programs to expand even further. In Toronto, we will host the popular State Street On Board internal seminar, the first time our charitable board-service training program will extend outside the US.

From enhancing our social investment infrastructure to deepening our impact in communities, we remain focused on creating value in our relationships with stakeholders and moving closer to becoming a best-in-class corporate citizen.

A handwritten signature in black ink, appearing to read 'George A. Russell, Jr.', with a stylized flourish at the end.

**George A. Russell, Jr.**

Executive Vice President  
Director, Corporate Citizenship Division  
Chairman of the Board and President,  
State Street Foundation, Inc.







We've been listed on the Dow Jones Sustainability World and North America indices — two of the premier sustainability indices — for seven consecutive years.

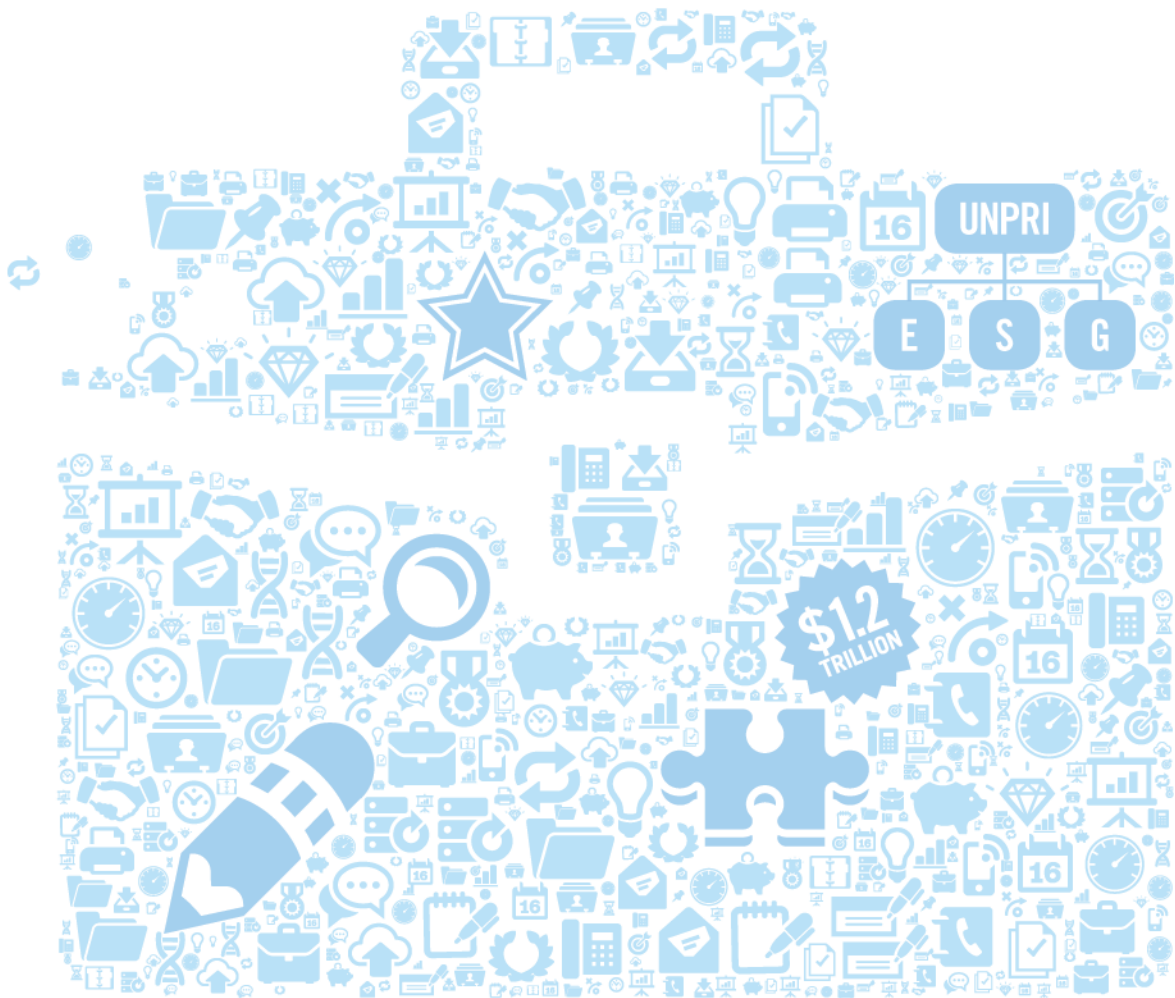


The 47 global members of State Street's CR Working Group represent a variety of positions, cultures and expertise, for a holistic approach to CR.



*Forbes* named us America's Best Bank in 2012, reinforcing our ability to influence how the financial sector approaches CR.

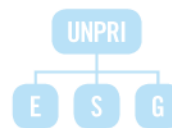




We maintain robust ESG portfolios to offer our clients responsible choices. ESG investments account for 7 percent of our total assets under management.



Our efforts in making the world a better place were recognized by five prestigious corporate responsibility and environmental sustainability investable indices.



We became a signatory to the United Nations' Principles for Responsible Investment, which support considering ESG issues in investment decisions.







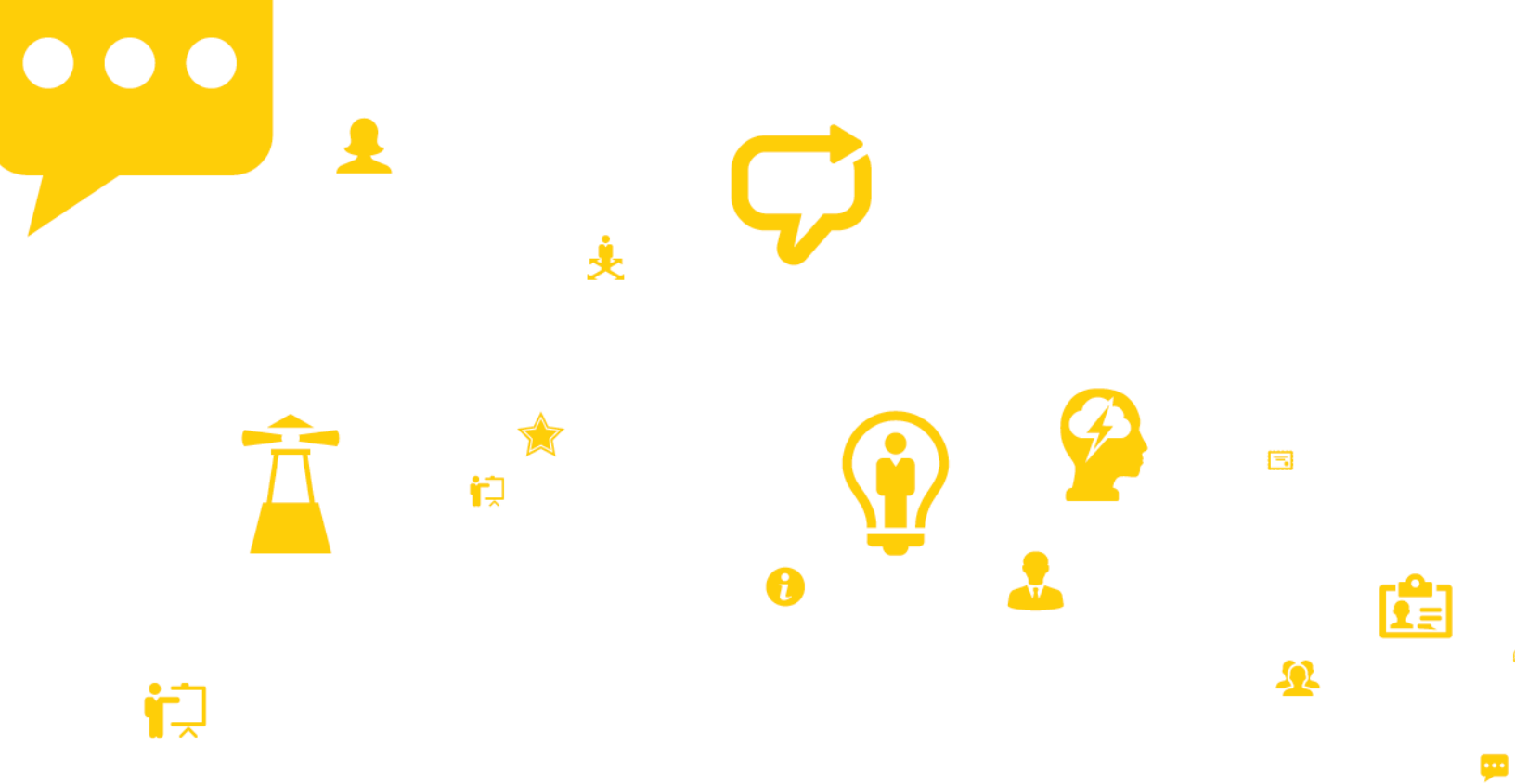
Helping us beat our three-year goal, total waste per person was 92 pounds, a decrease of 57 percent from 2011.



Since 2010 we have increased our renewable energy purchase by 81 percent, equaling 199 gigawatt-hours and reducing our carbon footprint.



We reclaimed 8,858 pieces of IT equipment for significant environmental and social benefits, and an economic savings of \$693,000.



**HUMAN CAPITAL**

**Our employees are our most valuable asset. By creating a culture that encourages growth and creativity, we help our employees build rewarding careers and develop invaluable skills.**



Our diverse employee population — with minorities comprising 29 percent of total US employees — helps us to deliver better solutions to our clients.



Since 2011, global classroom enrollments increased by 42 percent on State Street University, our platform for career development resources.



1,537 employees participated in our global mentoring program, creating connections across diverse locations and business lines.



Fostering the success of female employees — who make up 45 percent of our global total — strengthens our talent pool and enhances our culture.



Our 32 employee networks — with 100 chapters globally — create volunteer, career development and cultural opportunities.



Our employees with flexible work arrangements have 36 percent less turnover compared to the overall employee population.



## CITIZENSHIP

**We are focused on giving back. When we commit our resources and our workforce to making our communities better, we have a greater impact on the world and differentiate ourselves as a corporate leader in social investing.**



We won the International Association for Volunteer Effort's Global Volunteer Program Award for our exemplary overall approach to global corporate volunteering.



Our 38 Community Support Program Committees globally reinforce our volunteer model and oversee each office's community impact.



By contributing more than 87,000 hours of volunteer time to nonprofit organizations, our employees live our corporate value, "Global Force, Local Citizen."





Our employee engagement survey indicated that 71 percent of employees involved in Corporate Citizenship activities show a stronger commitment to State Street.



The State Street Foundation made \$21.3 million\* in investments to 41 communities around the world.



Each year our employees raise the bar with their charitable giving, raising nearly \$2.5 million through the Matching Gift Program and Global Giving Campaign.

\*includes matching gifts



See how we are coming together to create  
a better world at [statestreet.com/better](https://statestreet.com/better).



MAKING LIFE  
BETTER



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