



State Street Trust Company Canada's ("SSTCC") Pillar 3 Remuneration

a) *Remuneration oversight*

The Executive Compensation Committee ("**ECC**") of State Street Corporation ("**SSC**") has ultimate oversight of the compensation system at State Street¹ and met 10 times in 2016. The ECC has oversight of all compensation plans, policies and programs in which senior executives participate within State Street's operations globally, including SSTCC.

The ECC reviews and approves the SSC CEO's compensation in conjunction with other independent directors of the SSC Board of Directors (the "**SSC Board**"). The SSC CEO and the Chair of the ECC review annually incentive compensation allocations for all officers who have been designated as officers of State Street for purposes of Section 16 of the US Securities Exchange Act of 1934, as amended ("**Section 16 Officers**"), all State Street Executive Vice Presidents ("**EVPs**") and all employees who receive at least USD \$1 million in total compensation, excluding those under the remit of the UK Remuneration Committee ("**UK RemCo**"), a subcommittee of the ECC.

The ECC approves the funding of the corporate incentive compensation ("**IC**") pool. The CEO allocates the corporate IC pool to business units and corporate functions (hereinafter collectively referred to as "business units") based upon a variety of factors, which may include financial and risk performance as well as other key goals. The final expenditure and overall allocation among current and deferred awards is then reviewed by the ECC prior to the granting of awards for the performance year.

In accordance with the listing standards of the New York Stock Exchange, ECC members are senior professionals with strong financial and business knowledge, who are independent members of the SSC Board. They are appointed by the SSC Board on the recommendation of the Nominating and Corporate Governance Committee of the SSC Board. There are currently five members of the ECC who are: Richard P. Sergel, Chair; Kennett F. Burnes, Amelia C. Fawcett, Linda A. Hill and Gregory L. Summe.

One member of the ECC also serves on the Risk Committee of the Board ("**RC**"), providing continuity between the two committees. The RC is responsible for reviewing and discussing with management State Street's assessment and management of risk. In addition, other independent directors who are not members of the ECC attend the ECC meetings from time to time.

¹ As used herein, "State Street" means State Street Corporation, its affiliates, and subsidiaries.

The ECC engages Meridian Compensation Partners (“**Meridian**”), an executive compensation consulting firm, to provide compensation consulting as part of the ECC’s review of executive compensation, and retains its own external legal counsel, Shearman & Sterling LLP.

The ECC has sole authority to:

- retain and terminate any compensation consultants and other advisers used by the ECC to assist in the evaluation of compensation for SSC’s CEO and/or other executive officers of SSC; and
- approve these consultants’ and advisers’ fees and other retention terms.

The ECC operates under an SSC Board-approved charter, which is publicly available on State Street’s Investor Relations website. Under this charter, the ECC oversees the alignment of State Street’s incentive compensation (“**IC**”) arrangements with State Street’s financial safety and soundness, consistent with applicable related regulatory rules and guidance.

The ECC annually meets with State Street’s Chief Risk Officer and Chief Human Resources Officer to evaluate the incentive compensation plans for all State Street employees relative to risk management principles.

The RC annually evaluates the material risks applicable to State Street, as well as management actions during the year designed to mitigate those risks. The RC then makes recommendations to the ECC as to positive or negative factors to be considered in compensation decisions. These recommendations are presented to the ECC by the Chair of the RC.

SSTCC’s Board of Directors annually reviews and ratifies the incentive compensation plans and approves IC payments for SSTCC’s employees and management.

SSTCC senior management are identified as the key executives with the greatest authority over the strategic direction and management of SSTCC.

SSTCC Material Risk Takers are identified by applying the guidance for Material Risk Takers (“**MRTs**”) pursuant to U.S. interagency guidance on sound incentive compensation principles as noted below and then identifying which of those employees are employed by SSTCC. The guidance for MRTs is as follows:

- senior executives;
- other individual employees able to take or influence material risks; and
- groups of similarly compensated individuals who, in aggregate, can take or influence material risks.

b) Design and structure

The policies and practices as set out below apply on a global basis to all employees of State Street, including SSTCC.

State Street's overall aim with respect to compensation is to attract and retain high-performing employees. For the business to succeed, State Street must remain competitive and cultivate an environment that encourages employees to learn and grow in their careers.

The key remuneration principles that align State Street's remuneration system with the business strategy are outlined below:

- We emphasize total rewards, which means we focus on the total value of all components of our pay package (i.e., salary, benefits, incentive compensation), rather than on the value of each one individually.
- We target the aggregate annual value of our remuneration system to be competitive with our business peers. We also benchmark pay by position to relevant peer groups, by business and geographic market.
- Funding for our remuneration system is subject to affordability and is designed to be flexible based on corporate performance. We continually monitor current and forecasted future performance and adapt our remuneration system so that State Street can meet its financial commitments.
- We differentiate pay based on performance. Even in years when funding for our remuneration system is constrained, we will differentiate pay by individual in order to reward our highest performers.
- We align employees' interests with shareholders' interests through a combination of the deferral of a portion of incentive compensation for certain job bands, which align to our job title structure, and equity-based compensation with the proportion in equity increasing with the job band.
- Our compensation plans are designed to comply with applicable regulations and related guidance, including prohibiting incentives to take excessive risks. Given our process of structured discretion in determining incentive pool funding and individual award decisions, the deferral of incentive compensation, and the availability of ex-ante and ex-post adjustments, such as forfeitures and clawbacks, our compensation system is appropriately risk-sensitive and links current decisions and actions to future risk outcomes.

The global management for each respective control function is responsible for determining compensation to control function staff, within overall State Street guidelines. Funding and performance assessment for these employees is based on overall corporate results and not by reference to the business units which individual control function employees support. The IC payable to senior risk and compliance officers is considered and determined by the ECC.

c) *Pay and performance*

State Street has not adopted an explicit ratio between fixed and variable remuneration but utilizes a compensation policy that is structured so as to achieve an appropriate role-based balance between fixed and variable components including a fully flexible, discretionary corporate IC program.

Base Salary

Salary reflects individual skills and abilities relative to role requirements as demonstrated by performance. Depending on corporate performance and market trends, base salary increases may or may not occur annually and may be limited to certain job bands, business segments or countries, or both.

Variable Remuneration

State Street operates a fully-flexible and discretionary bonus policy, referred to as the corporate IC program (i.e. the amount of individual variable incentive compensation may fluctuate significantly from one year to the next, depending on performance and the other factors described below, and could be reduced to zero for any given year). The discretionary bonus policy is structured so as to achieve a balance between fixed and variable components.

The ECC completes a comprehensive review of State Street's performance and determines the annual corporate IC pool based on the following:

- Financial results;
- Performance against other key goals;
- An assessment of the risk undertaken to deliver results measured by a multi-factor risk scorecard² that is evaluated by the RC, and;
- Market pay trends in key talent markets around the globe.

The corporate IC pool is based on the overall profits of State Street. The primary quantitative component in the calculation of the IC pool is operating-basis³ Net Income Before Tax and Incentive Compensation ("NIBTIC"), i.e., the IC pool is funded as a percentage of State Street's group-wide NIBTIC which percentage is determined by the ECC at the beginning of each performance year. The ECC reviews operating-basis NIBTIC calculations and identifies any

² Covering financial risk, non-financial risk, business unit risks, capital/ stress testing, and regulatory posture

³ SSC measures and reports its financial performance in accordance with U.S. generally accepted accounting principles, or GAAP. It also separately measures and compares its financial performance on a non-GAAP basis, referred to as operating basis, because it believes this presentation supports meaningful comparisons from period to period and the analysis of comparable financial trends with respect to State Street's normal ongoing business operations. State Street believes operating-basis financial information, which reports revenue from non-taxable sources, such as interest revenue from tax-exempt investment securities and processing fees and other revenue associated with tax-advantaged investments, on a fully taxable-equivalent basis and excludes the impact of revenue and expenses outside of the normal course of business, facilitates an investor's understanding and analysis of State Street's underlying financial performance and trends in addition to financial information prepared and reported in accordance with GAAP. Operating-basis and other non-GAAP financial information should be considered in addition to, not as a substitute for or superior to, financial information prepared in accordance with GAAP.

applicable adjustments to reflect its assessment as to elements of revenues and expenses that should or should not apply for IC purposes.

Further, the allocation of the overall global bonus pool to each business unit is determined by SSC's CEO by reference to business unit performance and considers many factors including (but not limited to) those considered by the ECC.

The sub-allocation of the business unit bonus pool to an individual is then also further determined by an individual's business manager with reference to the individual's performance measured on both financial and non-financial criteria.

Individual incentive awards under the corporate IC program are completely discretionary. In addition to the formal ex-ante adjustment process described below, in making individual incentive awards, State Street permits the use of discretionary adjustments to awards for both financial and non-financial criteria, including (but not limited to) compliance and risk performance factors, such as non-compliance with internal policies and procedures or significant audit findings and instances where there is a significant downturn in the financial performance of, or a material risk management failure in, State Street or a material business unit or subsidiary. The ECC may also exercise structured negative discretion (i.e. to adjust the pool down) based on these factors when making awards to members of the State Street Management Committee and other senior executives.

A subset of SSTCC MRTs earn variable remuneration under the Sector Solutions Americas & Global Alternatives structured incentive plan. All structured incentive plans ("SIPs"), including the Sector Solutions Americas & Global Alternatives SIP aim to bring the variable compensation granted to plan participants in line with the revenues they generate. These SIPs also take into account non-financial qualitative performance indicators. All such participants also earn fixed compensation (e.g., base salary). Variable compensation is allocated on an individual basis by way of a review of both quantitative and qualitative factors. An employee's eligibility to participate in a SIP, and all amounts paid under the SIPs, are subject to management approval. In addition to management approval over the calculation of awards, all SIPs allow for administrator discretion over all components and the ability to amend or interpret the plans to implement policies issued by State Street and/or any guidelines or requirements issued by global regulators. SIPs include other risk-mitigating features in order to balance risk and reward and to avoid incentivizing excessive risk taking behaviors. For example, SIPs include a combination of holdbacks, per-deal regulators and anti-windfall provisions. They also include ex-ante provisions in the form of discretionary adjustments for non-compliance with internal policies and procedures or significant audit findings. Further, for MRTs who participate in a SIP, a portion of SIP remuneration is delivered in the form of deferred equity, which is subject to ex-post adjustment.

Performance Assessment

State Street, including SSTCC, has a performance planning and review ("PPR") process for employee compensation that involves a collaborative planning process in which employees and

their managers establish performance goals that align individual goals with corporate goals (in respect of the 2016 performance year in relation to the following categories: strengthening our foundation, delivering highly valued services and solutions to our clients, engaging our people, and driving our strategy). The corporate goals guide selection of business unit, department, and individual goals, which all align with the corporate goals and serve as the basis for the PPR process. SSTCC's focus is to provide servicing solutions to sophisticated institutional investors in Canada. Its strategy and goals are derived from and align with State Street's corporate goals.

Mid-year and year-end progress reviews are conducted and the employee's performance level is reviewed and rated on a five-point scale. This rating is a key factor used by managers and the ECC in determining IC and salary decisions during the annual compensation planning process. Typically, employees receiving a rating of "sometimes achieved expectations" or lower will receive a much-reduced or zero IC award.

The PPR process is a three-stage approach to Performance Management. The first stage, called Performance Planning, involves the employee and manager working in partnership to ensure that performance goals and targets, skills and behaviors, and development goals are collaboratively set for every employee at the beginning of the year. Goals are recorded in the PPR application, with final approval being given by the manager. Stage two focuses on the facilitation of regular review and feedback between the employee and manager throughout the year. The third stage is the completion of a year-end review by mid-December and includes a performance level descriptor.

Where applicable, individual financial targets are incorporated into the Performance Planning stage of the PPR process and the level of achievement against these financial goals will form part of the year-end review process and contribute to the performance rating along with the qualitative assessment.

In addition to the PPR process, State Street utilizes the Talent and Reward Differentiation Tool ("TRDT") to assist managers in making compensation decisions. The TRDT allows managers to assign a relative score (on a seven-point scale) to employees at the Vice President level and above, based on five factors. These include relative performance, potential, criticality of role, critical skills or expertise and retention risk, and combined with the PPR rating, are used to help guide compensation decisions.

Vesting and Recourse Mechanisms

Deferred compensation that may be awarded as part of the IC is subject to a four-year vesting schedule. The specific vesting schedule (e.g., quarterly, annual) and additional restrictions vary in accordance with local regulatory requirements and State Street policy.

Additionally, State Street applies both "ex-ante" and "ex-post" adjustments to its award process for all employees identified globally as MRTs. Certain ex ante and ex post adjustment mechanisms are also in place for all employees.

Ex ante adjustments to incentive compensation represent downward adjustments made to the amount that may otherwise be awarded for the current performance year. Ex ante adjustments for MRTs are guided by the multi-factor risk scorecard described above, and based upon a determination that the corporation, business or MRT contributed to a poor risk environment or actual or potential risk outcome during a compensation year. In addition, poor risk performance, including significant or repeated violations of policies administered by State Street's Corporate Compliance group, may result in ex ante adjustments to any employee's incentive compensation as part of a progressive discipline structure to hold individual employees accountable for risk performance

Ex post adjustments may be made to incentive compensation that has been awarded, but not yet vested. State Street has incorporated a risk-based forfeiture provision to the deferred incentive compensation for all MRTs. The provision provides for the reduction or cancellation of the amount remaining to be paid under the relevant award in the event the ECC determines that the actions of the MRT exposed State Street to inappropriate risk and that exposure has resulted or could reasonably be expected to result in a material loss or losses that are or would be substantial in relation to the revenue, capital and overall risk tolerance of State Street. In addition, a general forfeiture provision applies to all employees where employment is terminated for gross misconduct and applies to the entire portion of the outstanding deferred compensation awards made to deferred compensation-eligible employees.

d) *Forms of variable compensation*

State Street awards variable remuneration in the form of cash, deferred cash instruments and deferred equity.

e) Quantitative disclosures (in Canadian Dollars)

The 2015 and 2016 remuneration awarded for SSTCC's senior management group and MRTs and the outstanding deferred stock awards is provided in the tables below. No ex post (malus) adjustments were made in 2015 or 2016.

Remuneration - fixed and variable amounts	December 31, 2016		
	Senior management ¹	Material risk takers	Total
Number of employees	7	6	13
Fixed remuneration			
Cash based	\$ 1,684,111	\$ 923,252	\$ 2,607,363
Variable remuneration²			
Cash based	180,012	160,590	340,602
Deferred value award	667,828	85,736	753,564
Deferred equity award	514,336	290,432	804,768
Total variable remuneration	\$ 1,362,176	\$ 536,758	\$ 1,898,934

Deferred remuneration	2016		
	Senior management ¹	Material risk takers	Total
Outstanding awards as of December 31, 2016 ³	\$ 2,584,387	\$ 323,375	\$ 2,907,762
Awards vested/ exercised during the 2016 financial year ^{4,5}	\$ 1,238,908	\$ 79,802	\$ 1,318,711

Notes:

¹ In addition to the (6) material risk takers shown in this table, (3) senior management are also material risk takers.

² Awards for 2016 performance may have been paid in 2016 or 2017

³ Outstanding awards include deferred equity. Closing per share price of our common stock on December 30, 2016 was \$77.72. Market values for outstanding shares and options are based on that price. FX rate as of December 31, 2016.

⁴ Awards vested/ exercised during the 2016 year are based on fair market value and FX rate at the time of vest/ exercise (varies).

⁵ There were no malus-based forfeiture adjustments for 2016.

Remuneration - fixed and variable amounts	December 31, 2015		
	Senior management ¹	Material risk takers	Total
Number of employees	7	5	12
Fixed remuneration			
Cash based	\$ 1,684,111	\$ 775,502	\$ 2,459,613
Variable remuneration²			
Cash based	88,664	183,380	272,044
Deferred value award	620,554	41,168	661,722
Deferred equity award	494,001	164,772	658,773
Total variable remuneration	\$ 1,203,219	\$ 389,320	\$ 1,592,539

Deferred remuneration	2015		
	Senior management ¹	Material risk takers	Total
Outstanding awards as of December 31, 2015 ³	\$ 2,319,771	\$ 44,453	\$ 2,364,224
Awards vested/ exercised during the 2015 financial year ^{4,5}	\$ 1,149,801	\$ 38,582	\$ 1,188,383

Notes:

¹ In addition to the (5) material risk takers shown above, (3) senior management are also material risk takers.

² Awards for 2015 performance may have been paid in 2015 or 2016.

³ Outstanding awards include deferred equity (e.g., RSUs). Closing per share price of our common stock on December 31, 2015 was \$66.36. Market values for outstanding shares and options are based on that price and the foreign exchange rate as of December 31, 2015.

⁴ Awards vested/ exercised during the 2015 year are based on fair market value and foreign exchange rate at the time of vest/ exercise (varies).

⁵ There were no malus-based forfeiture adjustments for 2015.