

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

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 eight times in 2018. 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 annually review incentive compensation allocations for all employees who have been designated as officers of State Street for purposes of Section 16 of the US Securities Exchange Act of 1934, as amended ("**SSC Senior Management**"), 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 and allocates a portion of the corporate IC pool to SSC Senior Management awards. The CEO allocates the remaining corporate IC pool to business units and corporate functions (hereinafter collectively referred to as "business units"). Allocations are 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 immediate and deferred awards is then reviewed by the ECC prior to the granting of awards for the performance year.

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

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

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 other SSC Senior Management, and approve these consultants' and advisers' fees and other retention terms.

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

In this context, the ECC has engaged Meridian Compensation Partners (“**Meridian**”), an executive compensation consulting firm, to provide compensation consulting as part of its review of executive compensation.

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 approves and oversees all incentive compensation arrangements, equity plans and non-qualified deferred compensation plans that apply to SSC Senior Management. In addition, it approves and oversees any material incentive compensation arrangements that apply more generally to State Street employees. Its oversight includes ensuring the alignment of State Street’s incentive compensation 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, Chief Human Resources Officer and Chief Compliance 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 applicable to SSTCC and approves IC payments for SSTCC’s employees and management.

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.

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.

State Street's overall aim with respect to compensation is to attract and retain high-performing employees and to provide competitive incentive opportunities, encouraging 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 total rewards to be competitive with our business peers. We also benchmark pay by job profile to relevant peer groups, by business and geographic market.
- We unequivocally support equal pay for work of equal value. We hold our executive leaders accountable for promoting a diverse workforce. Further, we employ rigorous processes to ensure that our compensation practices are fair and balanced. Managers receive annual compensation decision-making training and utilize a structured framework designed to guide them in making individual pay decisions.
- Funding for our remuneration program 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 program to help ensure that State Street can meet its financial commitments.
- We differentiate pay based on performance. Even in years when funding for our remuneration program is constrained, we differentiate pay by individual in order to reward our highest performers.
- We align employees' interests with shareholders' interests by deferring a portion of incentive compensation at increasing percentages for employees with higher incentive compensation awards, and delivering a portion of deferred incentive compensation in equity-based vehicles with a higher proportion in equity for senior executives.
- 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 making individual award decisions, the deferral of incentive compensation, and the availability of ex-ante and ex-post adjustments, such as forfeiture and clawback, our compensation system is appropriately risk-sensitive and links current decisions and actions to future risk outcomes.

Committees of the SSC Board with oversight of an area managed by each control function assess the performance of, and individual remuneration recommendations for, the heads of the relevant control function, and review the compensation for the entire control function. Results of the Board-level committee assessments are reported to the ECC as an input into final compensation determinations by that Committee. This process provides the relevant committee with additional perspective on the performance of the relevant control function and whether that function is being

allocated appropriate resources and compensation. Control functions have reporting lines which are independent from the business units they oversee and the global management for control functions is responsible for determining remuneration to control function staff, within overall State Street guidelines as set out above. Funding for these employees is based on overall corporate results and not by reference to the business units which individual control function employees oversee in order to avoid potential conflicts of interest.

Pay and performance

State Street has not adopted an explicit ratio between fixed and variable remuneration but instead 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 and/or countries.

Variable Remuneration

State Street operates a fully-flexible, discretionary bonus policy (i.e., the amount of individual variable incentive pay 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), referred to as the corporate IC program. 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 strategic objectives;
- An assessment of the risk undertaken to deliver results measured by a Risk Scorecard² that is evaluated by the RC, and;
- Market pay trends in key talent markets around the globe.

The corporate IC pool is budgeted and accrued based on group-wide budget and financial performance. The ECC has flexibility to adjust the overall global IC pool and, in doing so, evaluates a number of factors, including capital, risk, business and other considerations.

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

The SSC CEO allocates the corporate IC pool (excluding the portion allocated by the ECC for SSC Senior Management) to each business unit based on similar factors described above, but measured at the level of the business unit.

Sub-pools are allocated to senior executives in their respective organizations who make individual IC award recommendations based principally on performance, as measured by various performance assessments.

Individual incentive awards under the corporate IC program are completely discretionary. In addition to the ex-ante adjustments 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.

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 deliver variable compensation based in part on revenues generated, but inclusive of risk mitigating design elements. For instance, SIPs take into account non-financial qualitative performance indicators and awards are in part deferred and subject to forfeiture. Further, SIPs participants’ fixed compensation is sufficiently high to help eliminate incentives for excessive risk taking. 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.

Performance Assessment

State Street’s Performance Management process has been updated for 2018. It involves a collaborative planning process and ongoing assessments, enabling flexibility to account for evolving business priorities, more opportunities for professional challenge and discussions on risk excellence, and better performance differentiation across our workforce.

Performance Management at State Street utilizes a four-stage approach:

1. Expectation Setting: The first stage takes place at the beginning of the year as a discussion about job expectations and, for certain employees, performance priorities. Job expectations are the tasks an employee is expected to accomplish on a day-to-day basis to meet the requirements of the job. They are set in partnership between the manager and employee. Performance priorities are dynamic personalized goals – often shorter term in nature – that tie to a larger business or company goal and develop the employee’s skills beyond core responsibilities. Performance priorities help ensure that an employee’s time is spent where it makes the biggest impact on the business and can be updated throughout the year
2. Check-Ins: Stage two focuses on the facilitation of regular review and feedback between the employee and manager throughout the year. Ongoing performance discussions about job expectations and/ or performance priorities take place as monthly check-ins throughout the year. Check-ins comprise coaching conversations between the manager and employee about progress towards job expectations and/ or performance priorities. Employees have a regular

opportunity to receive transparent feedback about performance, respond to feedback, and engage in career development and internal mobility discussions

3. Snapshots: The third stage is the manager's evaluation of employee performance three times per year (two times for 2018) using performance assessments called Snapshots. Snapshots enable managers to evaluate employee performance from the following perspectives: job expectations; performance priorities, where applicable; performance vs. peers; risk excellence; and leadership qualities
4. Year-End Summary/ Recap: The final stage is the Year-End Summary/ Recap conversation between manager and employee. These discussions typically take place at the last check-in of the year and recap performance feedback the manager provided the employee throughout the year. During this year-end conversation, managers summarize performance in SSC's performance management tool by assigning a performance category to the employee designed to recap performance. Performance categories are set on a five-point scale (frequently exceeding, sometimes exceeding, achieving, under performing, and progressing/new to role)

Vesting and Recourse Mechanisms

Deferred awards generally vest on a periodic (e.g., quarterly) pro-rata basis over four years following the award date and are subject to applicable recovery terms, which may include malus forfeiture, clawback and other conditions. Deferral rates and timelines as well as post-vest retention periods on equity may also be governed by local regulatory requirements.

Variable remuneration awarded to all employees is subject to risk-based adjustments both before and after the compensation is awarded (ex ante and ex post adjustments, respectively). Certain additional ex ante and ex post adjustment mechanisms are also in place for MRTs.

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 are guided by a standardized assessment of firm-wide risk developed by State Street's Enterprise Risk Management group and evaluated by the RC. They are 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 reduce or cancel the amount remaining to be paid under the relevant award if the ECC or the State Street remuneration body that is responsible for the oversight of remuneration of such MRT, as applicable, 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 deferred

compensation-eligible employees and subjects the entire portion of the outstanding deferred compensation awards to forfeiture where employment is terminated for gross misconduct.

c) Forms of variable compensation

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

d) Quantitative disclosures (in Canadian Dollars)

The 2017 and 2018 remuneration awarded for SSTCC's senior management group and MRTs and the outstanding deferred stock awards are provided in the tables below. No ex post (malus) adjustments were made in 2017 or 2018.

Remuneration - fixed and variable amounts	December 31, 2018		
	Senior management ¹	Material risk takers ²	Total
Number of employees	7	7	14
Fixed remuneration			
Cash based	\$ 1,741,167	\$ 1,359,159	\$ 3,100,326
Variable remuneration ³			
Cash based	539,771	1,025,705	1,565,476
Deferred value award	542,280	120,175	662,455
Deferred equity award	542,280	265,422	807,702
Total variable remuneration	\$ 1,624,330	\$ 1,411,303	\$ 3,035,633

Deferred remuneration	2018		
	Senior management ¹	Material risk takers ²	Total
Outstanding awards as of December 31, 2018 ⁴	\$ 1,864,344	\$ 962,998	\$ 2,827,342
Awards vested/ exercised during the 2018 financial year ^{5,6}	\$ 1,348,247	\$ 597,593	\$ 1,945,840

Notes:

¹ In addition to the (7) material risk takers shown in this table, (4) SSTCC senior management are also material risk takers.

² This data excludes senior management material risk takers.

³ Variable remuneration displayed is for 2018 performance. Variable remuneration for 2018 performance is generally awarded in early 2019.

⁴ Outstanding awards include deferred equity. Closing price of our common stock on December 31, 2018 (last trading day in 2018) was \$63.07. Market values for outstanding shares and options are based on that price. FX rate as of December 31, 2018. Per footnote 3, awards for 2018 performance are generally granted in 2019, so are not included in outstanding awards as of December 31, 2018.

⁵ Awards vested/ exercised during the 2018 year are based on fair market value and FX rate at the time of vest/ exercise (varies).

⁶ There were no malus-based forfeiture adjustments for 2018.

Remuneration - fixed and variable amounts	December 31, 2017		
	Senior management ¹	Material risk takers ²	Total
Number of employees	7	7	14
Fixed remuneration			
Cash based	\$ 1,715,647	\$ 1,331,362	\$ 3,047,009
Variable remuneration ³			
Cash based	602,989	902,565	1,505,554
Deferred value award	526,494	135,996	662,490
Deferred equity award	526,494	538,337	1,064,831
Total variable remuneration	\$ 1,655,978	\$ 1,576,898	\$ 3,232,875

Deferred remuneration	2017		
	Senior management ¹	Material risk takers ²	Total
Outstanding awards as of December 31, 2017 ⁴	\$ 2,424,088	\$ 1,297,261	\$ 3,721,349
Awards vested/ exercised during the 2017 financial year ^{5,6}	\$ 1,620,010	\$ 521,149	\$ 2,141,159

Notes:

¹ In addition to the (7) material risk takers shown in this table, (4) SSTCC senior management are also material risk takers.

² Includes data for one employee hired in 2017.

³ Variable remuneration displayed is for 2017 performance. Variable remuneration for 2017 performance is generally awarded in early 2018.

⁴ Outstanding awards include deferred equity. Closing price of our common stock on December 29, 2017 (last trading day in 2017) was \$97.61. Market values for outstanding shares and options are based on that price. Foreign exchange ("FX") rate used at December 31, 2017. Per footnote 3, awards for 2017 performance are generally granted in 2018, so are not included in outstanding awards as of December 31, 2017.

⁵ Awards vested/ exercised during the 2017 year are based on fair market value and FX rate at the time of vest/ exercise (varies).

⁶ There were no malus-based forfeiture adjustments for 2017.