



**State Street Bank & Trust Company, Hong
Kong Branch**

Remuneration Disclosure Statement

**(Remuneration Policy and Practices)
As of 31 December 2022**

1 Remuneration Policy and Practices

1.1 Remuneration Governance

At the State Street Group level, the Human Resource Committee (“HRC”) of State Street Corporation (“SSC”), has oversight of the overall compensation system at State Street (the HRC’s Charter is available on State Street’s website). The HRC consists of at least three members who are senior professionals with strong financial/ business knowledge and are independent members of the Board of SSC, in accordance with the listing standards of the New York Stock Exchange. They are appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee of the Board. At 31 December 2022, there were six (6) members of the HRC. During 2022, the HRC held ten (10) meetings.

The HRC oversees all of State Street’s compensation plans, policies, and programs in which senior executives participate and incentive, retirement, welfare and equity plans in which certain senior executives and other employees of SSC participate. It also oversees the alignment of the incentive compensation (“IC”) arrangements with State Street’s financial safety and soundness consistent with applicable related regulatory rules and guidance.

The HRC reports or causes management to report periodically to the Board’s Risk Committee (“RC”) any activities undertaken by the HRC involving the oversight of any SSC risks and related policies that support the RC’s overall oversight of SSC’s global risk management framework. The HRC may meet in joint sessions with other committees of the Board from time to time to discuss areas of common interest and significant matters. The HRC engages Meridian Compensation Partners, a compensation consulting firm, to provide compensation consulting as part of the HRC’s review of executive compensation.

The corporate Incentive Compensation Control Committee (“ICCC”) serves as a forum for the risk management and internal Control Functions to formally review and provide their assessment of IC arrangements throughout the State Street Group and consists of senior representatives of the Enterprise Risk Management (“ERM”), Compliance, Internal Audit, Finance, Legal and Global Human Resources (“GHR”) departments. This review and assessment is intended to promote the consistency of the IC arrangements with the safety and soundness of State Street and its subsidiaries and the alignment of these arrangements with applicable regulatory guidance and regulations. The ICCC is supported by a working group comprised of GHR, Legal and other subject matter experts, which provides analytical and operational support to the ICCC. The ICCC meets on a regular monthly schedule and otherwise, as needed.

In addition to the integrated, systemic role that Control Functions have in IC practices through the ICCC, State Street’s risk identification and assessment processes are managed by ERM. The HRC evaluates a corporate multi-factor risk scorecard, developed by ERM, which is used to measure firm-wide risk performance. The scorecard equally rates financial and non-financial risks, and reflects ERM’s views of State Street’s current risk positioning, capabilities, and remediation status for each risk. The scorecard is overseen by the RC and is used by the HRC as an input into State Street’s corporate IC pool size process. This allows the HRC to holistically evaluate State Street’s performance against risk management objectives, and goals. In addition, State Street Group’s Audit function regularly completes an audit of GHR IC practices and compliance with regulatory guidance.

1.1 Material Risk Taker Identification

State Street identifies those employees throughout organisation who individually or as a group are responsible for activities that may expose the group to material amounts of risk (Material Risk Takers or MRTs). The Country Head for Hong Kong and HRC annually review the variable pay arrangements used to compensate these employees and also annually reviews the effectiveness of the design and operation of State Street’s IC system in providing risk-taking incentives that are consistent with the organisation’s safety and soundness.

1.1.1 Governance of Identification Process

State Street takes a robust approach to identifying MRTs within its businesses and subsidiaries. MRTs are identified by applying the guidance for 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 State Street Bank and Trust, Hong Kong Branch. 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.

Information on the link between pay and performance

State Street's overall aim with respect to compensation is to reward and motivate high-performing employees and to provide competitive incentive opportunities, encouraging employees to learn and grow in their careers.

There are seven key remuneration principles that align State Street's remuneration system with the business strategy:

- We emphasize total rewards
- We target the aggregate annual value of our Total Rewards Program to be competitive with our business peers
- We unequivocally support equal pay for work of equal value
- Funding for our Total Rewards Program is subject to affordability and is designed to be flexible based on corporate performance
- We differentiate pay based on performance
- We align employees' interests with shareholders' interests
- Our compensation plans are designed to comply with applicable regulations and related guidance, including aligning incentive compensation with appropriate risk management principles

1.1.2 Elements of Remuneration

Fixed Pay

1.1.2.1 Base Salary and Benefits

Base salary is one element of an employee's compensation. Employees' base salaries are determined by role, bank title and by a number of other factors such as individual performance, proficiency level, year-over-year increase guidelines, statutory requirements, budget and position to market.

Benefits, both in form and value, are generally positioned at the median of relevant business peer groups and geographic markets. Most benefits are generally consistent across all job grades in a market although sometimes benefits may vary by job grade or other factors based on prevailing market practices or applicable regulations.

Variable Pay

Remuneration at State Street is designed to achieve a balance between fixed and variable components with those performing Control Function roles having their remuneration delivered with an emphasis on fixed pay. In jurisdictions where there is an expectation to have a prescribed maximum ratio between fixed and variable remuneration under relevant remuneration regulations, State Street maintains governance processes to oversee compliance with those established limits.

1.1.2.2 Incentive Compensation Plan (“IC plan”)

Except for a small number of individuals who participate in a Structured Incentive Plan (“SIP”), all State Street employees are eligible to participate in the IC plan. The IC plan is an integral part of the remuneration strategy. It is the primary scheme for the provision of annual discretionary bonuses and is intended to motivate staff to perform as well as possible and produce superior results whilst not incentivising inappropriate risk-taking. To be eligible to receive an award, employees must be employed and in good standing on the date of the total funded IC plan pool results are certified.

EVPs generally have an IC target structure to provide additional structure for determining Incentive Compensation. The targets are based on each executive’s role and responsibilities, performance trend, competitive and market factors and internal equity. The payout may vary within a range of 0 – 200% and is determined based on corporate and individual performance.

1.1.2.3 SIPs

A small number of employees participate in SIPs, which aim to bring the variable compensation granted to plan participants in line with the financial results they generate. SIPs also take into account non-financial qualitative performance indicators. In addition, all SIP participants receive sufficiently high fixed compensation, which aims to 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. All SIPs are reviewed annually by State Street’s corporate ICC. An employee’s eligibility to participate in a SIP, and all amounts paid under a SIP, are subject to management approval.

1.2 Design characteristics of the remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria

1.2.1 Link between pay and performance for the institution

The corporate IC pool is budgeted and accrued based on group-wide financial, business, and risk management performance. The HRC has flexibility to adjust the overall global IC pool and in doing so, evaluates a number of factors including company performance, market trends, and other considerations. The HRC approves the funding of the corporate IC pool.

1.2.2 Link between pay and performance for Business Units

State Street’s Global Chief Executive Officer allocates IC pools to Executive Committee members for their respective Business Units or Corporate Functions based upon similar factors that the HRC considers, as described above, but measured at the level of the Business Unit or Corporate Function. The discretionary Business Unit allocation process entails the use of a Business Unit-level risk scorecard, which captures qualitative and quantitative data across ERM, Audit, Compliance, Legal and Regulatory areas for every Business Unit and Corporate Function. Details on State Street’s Compensation Assessment Framework and Corporate Performance can be found in State Street’s 2022 Proxy Statement filed with the US Securities Exchange Commission and available publicly on its website.

1.2.3 Link between pay and performance for individuals

The sub-allocation of the Business Unit bonus pool to an individual is then further determined by an individual's business manager with reference to the individual's performance measured on both financial and non-financial criteria. Individual accountability for Business Unit scorecard results (positive or negative) is assessed as appropriate and may also inform compensation decisions.

Individual incentive awards are completely discretionary. In addition to the formal two-pronged risk adjustment process (ex-ante and ex-post compensation 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. These include (but are not limited to) compliance and risk performance factors such as non-compliance with internal policies and procedures or significant audit findings, instances where there is a significant downturn in the financial performance or a material risk management failure in respect of State Street or a material Business Unit.

1.2.4 Performance Management System

State Street's performance management process 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 the workforce.

Performance management at State Street utilises a four-stage approach:

1. **Performance Priorities:** At the beginning of the year, managers and employees collaboratively set the employee's Performance Priorities. Performance Priorities are personalized goals which are shorter term in nature, unique to the employee that align with corporate goals and strategy, business unit goals, and our culture traits.
2. **Monthly Check-Ins:** Managers are expected to have Monthly Check-Ins with each of their direct and dual reports. They provide managers and employees opportunities to review progress against existing Performance Priorities and make updates when necessary.
3. **Snapshots:** Managers evaluate employee progress against Performance Priorities and other performance components twice each year using assessments called Snapshots. Snapshot outcomes and commentary are made available to employees at the conclusion of the process.
4. **Year-End Performance Summary:** At year-end, managers use the HR system to assign employees a Year-End Performance Category to provide a holistic summary of the employee's performance for the year. The Performance Categories are Frequently Exceeded, Sometimes Exceeded, Achieved, Partially Achieved, Underperformed, and New Hire/Not Rated.

Like Snapshots, year-end performance outcomes are made available to employees at the conclusion the process. This Performance Category is summarized during a year-end Monthly Check-In which includes a recap of the performance feedback the manager provided to the employee throughout the year.

Final Year-End Performance Categories are used by managers during the Total Compensation Planning (TCP) process to prioritize employees for salary increases and IC decisions. Managers also consider business and company performance, an employee's competitive position relative to compensation ranges, affordability, and any Risk Excellence considerations

1.2.5 Structure of variable remuneration awards under State Street's corporate design

For the 2022 performance year, IC awards under State Street's corporate design consisted of Deferred Awards¹ and immediate cash payments.

Under State Street's corporate design, all Deferred Awards are subject to a four-year deferral period and vest on a quarterly basis without the application of a retention period.

Deferred Equity is awarded in the form of Deferred Stock Awards ("DSA"). DSAs are a contractual right to receive, on each vesting date, a set number of shares in the common stock of SSC, subject to affordability requirements and applicable terms, which may include malus, clawback, forfeiture, restrictive covenants and other conditions. The number of shares to be delivered on each vesting date is set at the award date but may be adjusted between the award date and each vesting date through the ex-post performance adjustment measures described below.

In order to reduce employee concentration in State Street stock that would result from using equity instruments alone to deliver the entirety of the Deferred Awards, State Street also uses a non-equity deferral vehicle, called the Deferred Value Award ("DVA"). DVAs notionally track the value of a money market fund and are delivered in cash on the vesting date. The earnings credited to the DVAs vary based on the actual performance of the money market fund. However, there is no ownership interest in the fund or any other actual investment. Earnings generally result in the credit of additional notional units as the money market fund is managed to a \$1.00 USD unit price. As with DSAs, DVAs may be adjusted between the award date and each vesting date through the ex-post performance adjustment measures described below.

Under State Street's corporate design, the allocation of immediate (i.e., cash) and deferred compensation (i.e., DSAs and DVAs) is based on total value of an individual's 2022 IC. In general, the greater the amount of IC, the greater the percentage that is paid as Deferred Awards. The Deferred Award is typically composed of equal percentages of DVAs and DSAs, resulting in employees at higher variable pay levels being awarded a higher percentage of equity, given their higher deferral percentage. However, employees at Associate level typically receive IC entirely in immediate cash.

1.2.6 Other elements of variable pay

1.2.6.1 Guaranteed variable remuneration

State Street does not generally award guaranteed variable remuneration. Where a strong business case can be made to justify such an award, this rationale will be reviewed along with the individual facts and circumstances of the award. Any such awards are only made in the following circumstances:

- It is rare and infrequent;
- It occurs in the context of hiring a new employee;
- The firm has a sound and strong capital base; and
- It is limited to the first year of service.

1.2.6.2 Replacement of awards from previous employers

State Street may, from time to time, provide awards to new hires to compensate them for the loss of IC awards as a result of their termination of employment with their previous employer. When such awards are made, State Street will, as far as possible, match the structure (including vesting schedule and use of performance criteria) of the awards of the previous employer and will seek appropriate evidence of existing awards prior to the award of a buy-out. The quantum of awards

¹ Deferred Stock Awards and Deferred Value Awards

will be an amount reasonably expected to fairly compensate the new hire for the loss of IC from their previous employer and attract them to join State Street, but not exceed the quantum of existing awards. Appropriate evidence is sought of existing awards being lapsed prior to the award of a buyout.

1.2.6.3 Retention awards

Additional variable remuneration may be awarded to retain employees and forms part of the variable remuneration. These retention awards must meet the following criteria:

- Awards may only be made if there is a strong business case, on an infrequent basis, and their payment is aligned with the applicable organisational and risk strategies;
- Awards are based on factors such as where an employee stays in the business for a predetermined period of time or until a certain event

1.2.6.4 Recognition awards

Certain employees with exemplary risk management performance are eligible for additional “top-up” awards in recognition of their contributions to our culture of Risk Excellence. These recognition awards form part of the variable remuneration.

1.2.6.5 Severance

Severance payments are considered variable pay in certain circumstances. State Street has developed a specific severance framework document that provides guidelines for the consideration of these types of payments in relation to the termination of an employment relationship and how payments should be structured and documented to comply with any regulatory requirements.

1.2.7 Risk Adjustment

State Street applies both “ex-ante” and “ex-post” adjustments to its award process for MRTs.

1.2.7.1 “Ex-Ante” Risk Adjustment

Ex-ante adjustments are guided by the corporate multi-factor risk scorecard, developed by ERM, which is used to measure firm-wide risk performance. The scorecard is overseen by the global Management Risk and Capital Committee and the RC and is used by the HRC as an input into State Street’s corporate IC pool size process. The scorecard provides a composite view of State Street’s risks using a multi-factor framework that equally considers financial and non-financial risks and reflects ERM’s views of State Street’s current risk positioning, capabilities, and remediation status for each risk. The scorecard framework utilizes several different risk inputs and perspectives to assess State Street Group’s top risks and includes the following: Financial risks, including market, credit, liquidity and capital adequacy, and non-financial risks, including operational execution, technology and operational resiliency and business conduct/compliance

The ex-ante adjustments would allow adjustments for the pool at SSC level (based on the determination of the remuneration body that is responsible for the oversight of the remuneration of such MRTs and can also reduce variable pay at the individual level. Performance against the scorecard metrics is completed using data sourced from various systems in State Street Group’s Control Functions, including ERM, Finance and Treasury, among others. Poor risk performance, including significant or repeated compliance or risk-related violations of State Street’s policies, may result in ex-ante adjustments to an individual’s IC as part of a progressive discipline structure to hold individual employees accountable for risk performance.

Before granting variable remuneration to MRTs, any negative deviations from agreed performance targets and misconduct by MRTs are considered in determining the grant amount (i.e., ex-ante risk adjustment). In case of negative deviations from agreed performance targets and/or misconduct, the grant amount can be reduced (and can be reduced to zero).

1.2.7.2 “Ex-Post” Risk Adjustment

State Street includes malus-based forfeiture provisions in the Deferred Award agreements of all MRTs. The malus-based forfeiture provision includes a statement of intention to comply with and meet the requirements of applicable banking regulations and guidance on IC. It provides specifically that the HRC may reduce or cancel any Deferred Award to the extent required to do so under any such applicable rules. In this way, the forfeiture provision permits consideration by the corporate Malus Committee of any criteria, to the extent required by applicable law to be considered in an investigation and forfeiture decision.

Malus-based forfeiture review will be triggered by the occurrence of a material loss, the establishment of a reserve for a material loss, or the investigation of facts or circumstances, which, if determined adversely to State Street or a material Business Unit of State Street, could reasonably be expected to result in a material loss or reserve.

In addition, State Street has for several years included in its Deferred Award agreements for all employees, a contractual provision requiring any unvested Deferred Awards to be forfeited in the case of termination on account of gross misconduct. Gross misconduct is determined in State Street’s discretion and includes conduct that gives rise to a significant risk management failure in respect of State Street or a material Business Unit. This could include placing State Street at legal or financial risk.

1.3 Anti-circumvention and Avoiding Conflicts of Interest

All State Street staff are required to certify to the Standard of Conduct which prohibits them from short selling, hedging, purchasing or selling futures and options in State Street stock. State Street’s Personal Account Dealing team oversees and administers personal investment policies in several areas of State Street’s business conducting particular regulated business activities or where employees have access to pre-trade information.

The policies contain different requirements, tailored to the specific risk within each business area. For example, all purchases and sales of State Street stock outside of the IC schemes require prior clearance for certain employees. For these employees, broker statements are submitted which are reconciled to the employee records to ensure all trades have been submitted. There are also blackout periods for relevant staff which are implemented and monitored to ensure that no relevant employees trade State Street stock during such periods. Any violations are escalated to the HRC for consideration and action to be taken.

To avoid conflicts of interest for State Street’s Control Functions, each Control Function has a reporting line that is independent from the Business Units they support. 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 that individual Control Function employees supervise.

State Street has implemented a process pursuant to which a committee of the Board with oversight of an area managed by a selected Control Function specifically reviews the performance assessment and IC recommendations for the heads of the relevant Control Function, as well as an overview of the performance and compensation for the entire Control Function. Annually, the RC conducts these reviews with respect to the Chief Risk Officer and ERM Department. This process is designed, amongst other things, to provide 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.

Quantitative Remuneration Information

Remuneration Awarded for the 2022 Financial Year

Remuneration amount and quantitative information			Key Personnel ²
1	Fixed remuneration	Number of employees	10
2		Total fixed remuneration	16,509,771
3		Of which: cash-based	16,509,771
4		Of which: deferred	
5		Of which: shares or other share-linked instruments	
6		Of which: deferred	
7		Of which: other forms	
8		Of which: deferred	
9	Variable remuneration	Number of employees	10
10		Total variable remuneration	9,180,199
11		Of which: cash-based	5,936,546
12		Of which: deferred	
13		Of which: shares or other share-linked instruments	3,243,653
14		Of which: deferred	3,243,653
15		Of which: other forms	
16		Of which: deferred	
17	Total remuneration		25,689,970

Special Payments

	(a)	(b)	(c)	(d)	(e)	(f)
Special payments	Guaranteed bonuses		Sign-on awards		Severance payments	
	Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
Key Personnel	0	0	0	0	0	0

² In light of the global organizational structure, operating business lines, nature of the businesses and small number of senior individuals at State Street Bank and Trust, Hong Kong Branch, all individuals are disclosed in one aggregated category of "Key Personnel."

Deferred Remuneration

	(a)	(b)	(c)	(d)	(e)
Deferred and retained remuneration	Total amount of outstanding deferred remuneration	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
Key Personnel					
Cash					
Shares	2,895,413				1,937,018
Cash-linked instruments	2,189,178				2,557,851
Other					
Total	5,084,591				4,494,869