STATE STREET 2021 ESG REPORT

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES REPORT

STATE STREET

INTRODUCTION

We believe that climate change presents material risks and opportunities that companies should analyze, prioritize, and ultimately disclose. As the financial services industry, including banks, asset managers, and asset owners, continues to acknowledge and consider this fact, we are committed to providing visibility into our own activities regarding how we approach and manage issues related to climate change.

Since 2017, State Street Corporation has supported the mission and objectives of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD was set up in 2015 by the Financial Stability Board to develop voluntary and consistent climate-related financial risk disclosures for companies to provide to their investors and other stakeholders. The TCFD reporting principles cover four main areas: governance, strategy, risk management, and metrics and targets. This report provides an update on State Street's progress across these four areas.

GOVERNANCE

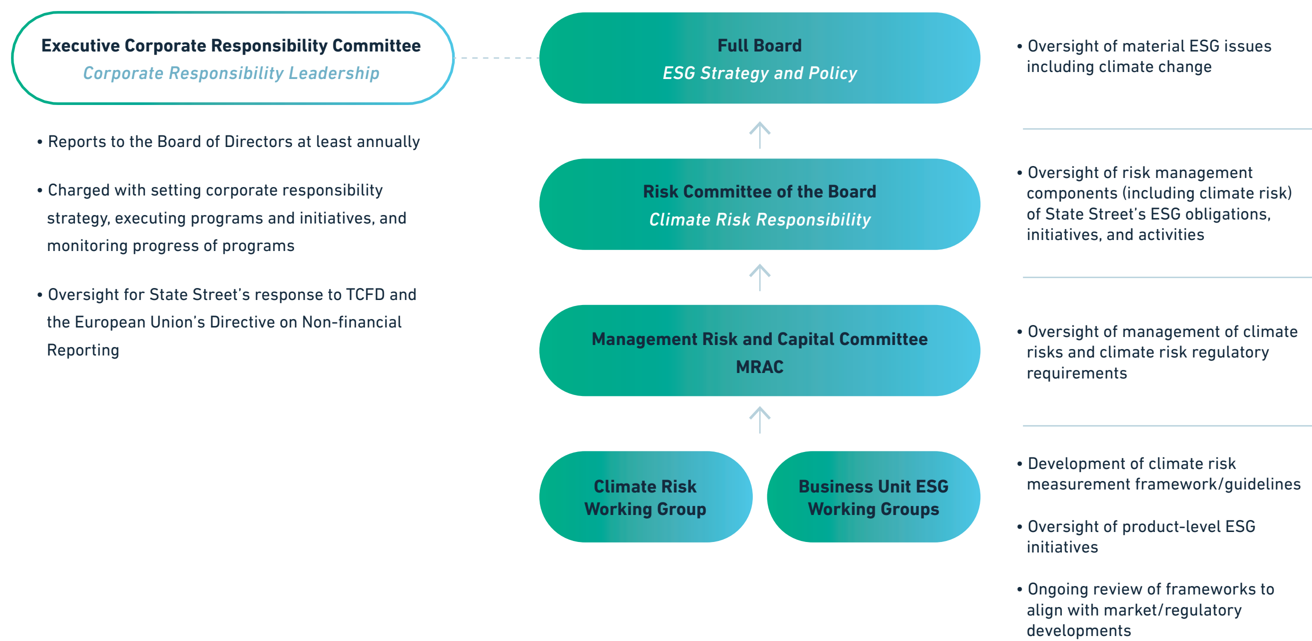
In 2018, State Street's board of directors took on responsibility for oversight of material ESG issues including greenhouse gas (GHG) emissions and climate-related risks. State Street's overall corporate responsibility efforts are overseen by the Executive Corporate Responsibility Committee (ECRC), which reports to the board of directors at least once per year. The ECRC is charged with setting our corporate responsibility strategy, monitoring issues and practices related to our material ESG issues, and promoting and facilitating communication about our ESG activities. The ECRC has also been charged with supporting State Street's responses to TCFD and the European Union's Directive on Non-Financial Reporting.

On March 31, 2021, Rick Lacaille was appointed to serve as global head of ESG to lead and coordinate ESG efforts across the firm as we work towards a well-coordinated and optimized approach to our ESG policies, products, initiatives, and thought leadership.

He works across business lines to fully leverage ESG capabilities stemming from a range of areas at State Street. Rick also acts as chair of the ECRC, which is comprised of representatives from across the corporation, including Global Realty, Procurement, Global Technology Services, Human Resources, Risk Management and more.

In 2021, the Risk Committee of the board of directors added responsibility for the risk management components (including climate risk) of State Street's ESG obligations, initiatives, and activities to its mandate. State Street's climate risk management efforts are overseen by the Management Risk and Capital Committee (MRAC), which is the senior oversight and decision-making body for financial risk and capital and liquidity management, and which oversees the firm's management of climate risks and climate risk regulatory requirements. A dedicated Climate Risk Working Group provides oversight for the development of risk identification, risk assessment, and scenario analysis.

CLIMATE RISK GOVERNANCE STRUCTURE



From the investment side, State Street Global Advisors' ESG investments team also regularly reports on its climate change-related activities, including stewardship efforts and corporate engagements, to State Street Global Advisors' chief investment officer and chief executive officer, as well as State Street's board of directors. In 2021, State Street announced the appointment of Karen Wong, who joined State Street Global Advisors in the newly created role of global head of ESG and sustainable investing. As noted previously, State Street's board of directors has explicit oversight responsibilities for climate change as described in the Risk Committee's Charter. State Street's board and senior management receive regular reports on ESG matters, including climate change, from internal groups including the ESG investments team.

We find that the TCFD's guidance on climate-related disclosure is the most effective framework that companies can leverage to help inform strategies to plan for climate-related risks and make their businesses more resilient to the impacts of climate change. In addition to our own progress incorporating the TCFD principles, our asset stewardship team within Global Advisors engages regularly with their portfolio companies on how they are addressing climate change within the framework of the TCFD principles. In early 2022, State Street Global Advisors adopted a proxy voting guideline encouraging the adoption of TCFD disclosure recommendations in the following areas:

- Board oversight of climate-related risks and opportunities
- Total Scope 1 and Scope 2 GHG emissions
- Targets for reducing GHG emissions

If a company fails to adequately meet our expectations, State Street Global Advisors may vote against the independent board leader. We view this policy as a natural escalation of our previously stated expectations on climate-related disclosure and history of supporting TCFD-based disclosures through proxy voting and engagement.

STRATEGY

Climate change has the potential to impact State Street across many parts of our business, including through the value of the investments on our balance sheet, the locations in which we operate, and the financial condition of our clients.

We incorporate climate change into our business strategy and planning in the following ways:

As a corporation

- *Assessing climate-related risks and opportunities on our balance sheet.* We evaluate the impacts of climate-related factors on the assets we invest in on our own balance sheet to avoid the negative near- and long-term impacts of climate change and to ensure that we are prepared to invest our balance sheet in assets that align with our climate change goals over our investment horizon. Over the past year, we have better incorporated ESG considerations into the management of our balance sheet by furthering our understanding of the impacts of climate risks on the assets on our balance sheet, starting the process of developing a framework to issue a sustainable bond, and creating ESG guidelines for our investment portfolio and lending businesses.

- *Protecting the resiliency of our physical infrastructure.* Our business depends upon maintaining a robust and resilient physical infrastructure across our global locations that can handle the impacts of a changing climate. We incorporate potential climate impacts in our business continuity planning to ensure we are resilient to climate events, and consider longer-term climate patterns in our location strategy and for their impact on our ongoing operational resiliency.

- *Transitioning to a low-carbon economy.* In 2017, we publicly committed to science-based reduction targets for our carbon emissions. In 2020, we surpassed our 2025 target of 30 percent reductions, and have set a new goal of 27.5 percent reduction by 2030, as measured against the 2019 baseline year. This 2030 goal is in line with the Science Based Targets initiative's "well-below 2^0 C" methodology. While State Street has exceeded our target reduction for 2021, as conditions revert from the current work-from-home and hybrid environment to higher office occupancy, this new target remains appropriate.

- *Supporting client needs around climate risk management.* As a custodian of and service provider for client assets, we are committed to providing our custody clients with information that enables them to assess the climate change risks present in their portfolios and thereby enable them to assess their risk exposures today and in the future, fulfill their own TCFD goals, and comply with any relevant disclosure or regulatory requirements.

As a global custody bank, it is our fiduciary duty to act solely in accordance with explicit instructions received from clients. The assets held by custody banks belong to their clients and are fully segregated from the bank's assets. Custody banks provide services to their clients as directed agents and do not have discretion over assets. In addition, custody bank balance sheets are distinct from those of other banks with different business models, and are built around client deposits derived from the provision of safekeeping and asset administration services, which represent a stable source of funding, whose value is monetized via the purchase of large and well-diversified portfolios of high-quality and appropriately termed investment assets. In our role as a custody bank, we do not engage in extensive retail, commercial, investment banking, and capital markets operations.

As an asset manager

- Provide our asset management clients with information that helps them to assess the climate change risks present in their portfolios and thereby enables them to fulfill their own TCFD goals or obligations.

- In our ESG strategies, we are committed to combining our ESG data and analytics capabilities with traditional financial information when developing our investment practitioner perspective to create a new generation of ESG solutions.

- We are a large-scale fiduciary manager of assets, whose value may be affected by direct and indirect climate change impacts as well as the transition to a low-carbon economy. We believe exposure to these transition risks can directly impact the ability of those assets to generate long-term value. While our clients ultimately bear the risks of climate change in their portfolios, we are committed to helping them identify these risks and offering them ESG/climate investment solutions that can address these risks. Furthermore, our R-Factor™ scoring methodology leverages the Sustainability Accounting Standards Board's materiality framework to ensure our investment decisions are based only on the financially material and industry-specific ESG issues facing each company.

State Street Global Advisors will be releasing its own TCFD report later in 2022. When available, it will be linked from www.statestreet.com/cr.

RISK MANAGEMENT

State Street's approach to risk involves all levels of management, from the board and its committees to each business unit and each employee. Responsibility for risk oversight is allocated so that risk decisions are made at an appropriate level, and are subject to robust and effective review and challenge. Risk management is the responsibility of each employee, and is implemented through three lines of defense: (1) the business units, which own and manage the risks inherent in their business, are considered the first line of defense; (2) Enterprise Risk Management and other support functions, which provide the second line of defense; and (3) Corporate audit, which assesses the effectiveness of the first two lines of defense. State Street's risk framework accounts for the impacts of climate event risk on our operational risk and resiliency, but as a global financial institution that provides services to clients and counterparties across the world, climate change has the potential to impact us much more broadly, including through the strategic positioning of our business, the value of the investments on our balance sheet, the locations in which we operate, the financial condition of our clients, our global regulatory obligations, and our reputation in the market.

CLIMATE RISK QUADRANTS

Risk identification

Because risks evolve over time, risk identification is an iterative activity that includes inputs across the first, second, and third lines of defense. State Street has an established process underpinning its identification of material risks to the firm. The Material Risk Identification (MRI) process, which utilizes a bottom-up approach to identify our most significant risk exposures across all on- and off-balance-sheet risk-taking activities, is designed to consider risks that can have a material impact, irrespective of their likelihood or frequency. The resulting inventory of material risks is organized into State Street's Top Risk Framework depicted below:

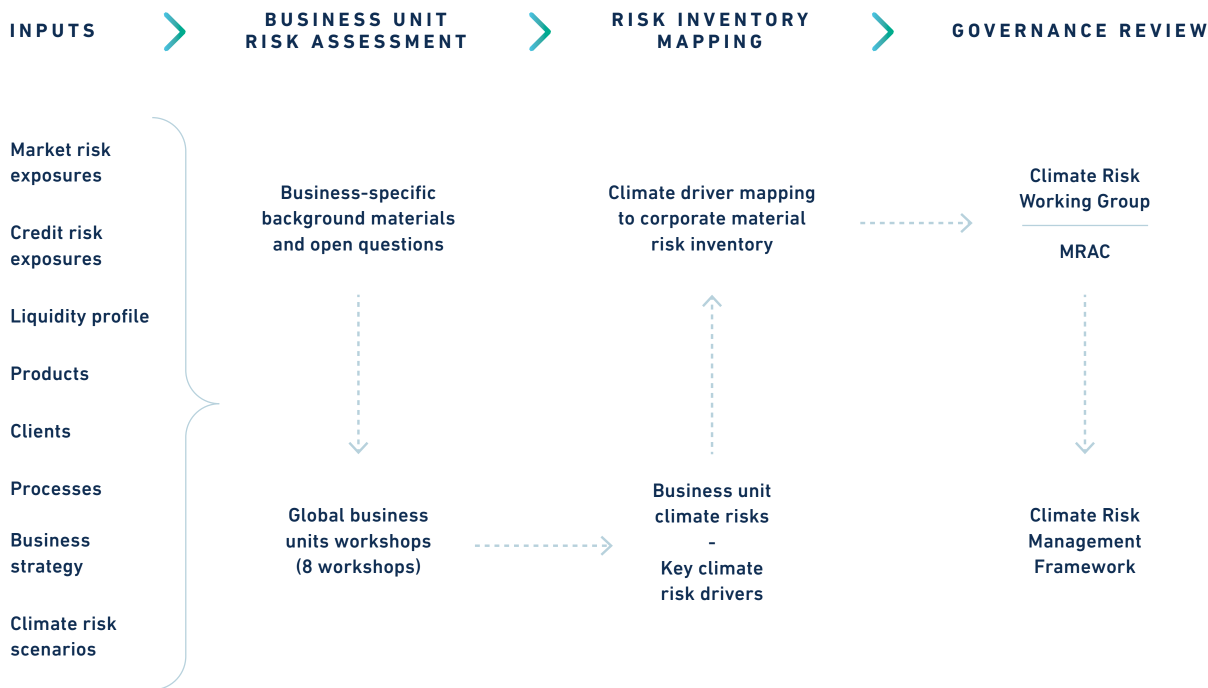
TOP RISK FRAMEWORK

Climate change risks can impact our top risks through the primary transmission mechanisms depicted below:

Top Risk		Transmission Mechanism
Financial Risks	Mark-to-Market	• Physical and transition risks may impact the value of assets in which we invest
	Interest Rates	• Climate risks may impact the interest rate environment and interest rate differentials between various countries based on climate factors
	Trading	• Physical and transition risks may impact the value of assets in which we make markets
	Credit	• Counterparties may be impacted by climate risks, impacting their creditworthiness. Similarly, the value of collateral held by State Street could be impacted by climate risks
	Liquidity	• Climate disruptions may impact the ability of our clients and counterparties to access capital or funding markets and cause them to draw on liquidity facilities we provide • Climate risks may result in declines in client assets, resulting in lower levels of client deposits on our balance sheet
Non-Financial Risks	Operational	• Increasing frequency or severity of climate-driven events may disrupt our operations, leading to a higher potential for operational errors or losses
	Technology & Resiliency	• Climate issues could impact risks through operational disruptions, data center outages, faster/slower recovery from intense storms • Increasing frequency or severity of climate-driven events may disrupt our critical operations, damage physical assets, or impact our third-party ecosystem across our global operations
	Core Compliance	• Regulatory sanctions or material financial impacts may result from failures to comply with applicable laws, regulations, or internal policies and procedures • Climate-related liabilities or litigation may increase in light of growing requirements around climate disclosures
Business Risks	Strategic	•Failures to adapt and respond to changes in the regulatory or market environments in countries in which we operate may constrain our ability to compete with peers • Mismanagement of physical and transition risks by our clients may result in declining levels of assets under custody or administration, leading to reductions in our fee revenues • Inability to provide best-in-class climate risk-related products and services may impact fee revenues by resulting in a less competitive product offering
	Model	• Lack of historical experience with climate change risks may result in greater model uncertainty or mispricing of climate risk impacts
	Investment Management	• Mismanagement of physical and transition risks by our clients may result in declining levels of assets under management, leading to reductions in our fee revenues • Lack of ability to offer competitive climate funds to clients may result in a loss of clients or market share and a reduction in fee revenues
Reputational		• Increasing stakeholder focus on corporate behavior with regard to climate stewardship and failures to meet these expectations may lead to increased reputational risk that drives a loss of clients, employees, or investors

In 2021, in recognition of a growing understanding of the potential impacts of climate risks, the MRI process resulted in the establishment of climate risk — including the risks of adverse impacts on our balance sheet, our operations, or our strategic position caused by climate events or changing climate patterns or by the impacts of transitioning to a low-carbon economy — as a material strategic risk for State Street. In 2022, State Street utilized the MRI process approach to more completely assess the impact of key climate-related drivers on its broader inventory of material risks.

Identification of significant climate-related drivers was facilitated through a bottom-up approach involving a series of structured global workshops across State Street's major business units and functional areas. The workshops, which included senior business unit and control function executives, had the goal of identifying impactful climate-related risk drivers and understanding their transmission mechanisms for State Street. Workshop discussions were supported by educational materials on types of climate risk, climate scenarios, risk transmission channels, and climate-specific market and regulatory developments. See the full process illustrated below.



The Climate Risk Identification Process utilizes a bottom-up approach to identify State Street's most significant risk exposures across all on- and off-balance-sheet risk-taking activities

Key climate risk drivers identified through this process were organized around four key themes – market, operational, strategic, and regulatory – with their impacts mapped to individual material risks across State Street's Top Risk Framework categories. See table below.

RISK SOURCE	RISK DRIVER	TIMEFRAME		TOP RISK TYPE			
		Short	Long	Financial	Non-Financial	Business	Reputational
Market	Acute climate event impacting our counterparty(s)	X		■			
	Market repricing of climate risk	X		■			
	Secular declines in regional economies or sectors		X	■		■	
Operational	Resiliency of critical operations to climate risks	X	X		■		
	Climate model risk	X	X			■	
	Climate data availability	X	X	■	■	■	
Strategic	Sustainability concerns around our clients or operational footprint		X				■
	Making and meeting climate commitments	X	X				■
	Internal consistency of climate commitments	X	X				■
	Green product strategy/design	X	X		■	■	■
	Misselling/improper disclosures		X				■
	Misaligned climate strategies across business lines		X			■	■
Regulatory	Meeting our regulatory obligations	X	X	■	■	■	

Transmission channels to the Top Risk Framework were further differentiated to provide a more granular view of climate-related impacts to State Street's top risks, their significance, and their relevance to short- and long-term time horizons. See table below.

● Higher Impact ● Medium Impact ● Lower Impact

Top Risk	Climate Risk Driver(s)	Short Term	Long Term
Investment Portfolio Mark-to-Market Risk	• Decline in market sectors • Market repricing of climate risks, includes for specific sectors or more broadly	Lower Impact	Lower Impact
Trading Risk	• Market repricing of climate risks, includes for specific sectors or more broadly	Lower Impact	
Credit Risk	• Climate event impacts to credit counterparties • Market repricing of climate risks, includes for specific sectors or more broadly • Secular declines in sector or geographies	Medium Impact	Medium Impact
Liquidity Risk	• Market repricing of climate risks, includes for specific sectors or more broadly • Drop in deposits from climate impact to client business models	Lower Impact	Lower Impact
Technology & Resiliency Risk	• Acute physical climate events • Chronic physical climate risk trajectories	Higher Impact	Medium Impact
Business Conduct & Compliance	• New/divergent regulatory obligations • Making and meeting climate commitments • Green product misselling and disclosures	Higher Impact	Medium Impact
Strategic Risk	• Secular declines in sector or geographies • Ineffective green product strategy or design • Misaligned climate strategies across business lines		Medium Impact
Model Risk	• Climate model risk, including lack of data, agreed methodologies and inherent climate modeling uncertainties	Higher Impact	Higher Impact
Reputational Risk	• Making and meeting climate commitments • Internal consistency of climate commitments • Green product misselling and disclosures • Misaligned climate strategies across business lines		Higher Impact

Risk assessment

All assets, physical or financial, have some level of inherent risk from the impacts of climate change. However, the risks of financial loss from those assets are driven by the residual risk that remains after asset-specific characteristics and risk mitigants are taken into account. See the illustrative diagram below.

Climate change risks to our physical assets

To understand our operational vulnerabilities related to climate or environmental factors, we regularly evaluate the risks of climate change. This includes assessing the frequency and severity of major weather events that may impact our operations, induce damage, disrupt our supply chain, or potentially hinder our ability to provide products or services.

We are committed to protecting our clients from any service interruptions including those related to climate change, in addition to taking responsibility for mitigating our own climate impacts.

The potential impacts addressed in our business continuity and disaster recovery strategies include:

- The loss of, or temporarily restricted access to, buildings or operations
- The loss of, or damage to, technology and operations infrastructure
- Business, operations, or technology impacts to employees because of severe weather

Our building, operations, and technology teams also use this approach when exploring potential new business locations. If a property is in an area that has a higher risk of climate change effects, we conduct due diligence to assess the risks for our operations. In addition, we implement appropriate infrastructure to safeguard against any business interruptions that could occur due to climate-related events. This approach forms the foundation for assessment of the longer-term risks of climate change on our operational resiliency through the mapping of own key locations, infrastructure, and third parties against the critical services we provide for clients. See illustrative mapping below.

END-TO-END PROCESS MAP

Higher Risk   Medium Risk   Lower Risk

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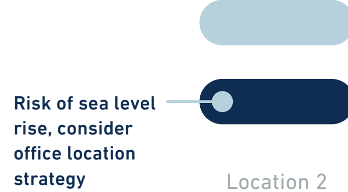
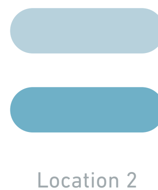
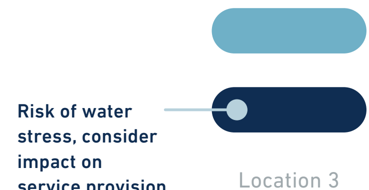


THIRD PARTIES AND INFRASTRUCTURE





Some of the steps we have taken or will consider taking to mitigate climate-related risks to our infrastructure include:

- Locating critical infrastructure on higher floors of buildings
- Adapting business continuity plans to include scenarios of extreme weather incidents
- Embracing innovative approaches to energy efficiency
- Instituting flexible commuting options for employees

We are currently assessing the potential of climate-related scenario analysis as a tool to inform our decision-making regarding our existing locations, including evaluating the potential impacts to our building critical systems as a result of certain climate scenarios, including sea level rise under a 3.6^{0} C and a 1.5^{0} C scenario, as well as evaluating potential severe weather event impacts and water stress resulting from the effects of climate change in the medium to long term.

We also include the evaluation of climate-related event risks in our Operational Risk scenario analysis program, where such events are incorporated as part of our evaluation of potential operational risk losses.

Climate change risks to our financial assets

Climate risk-related impacts on financial assets are influenced by key factors that protect against financial loss including:

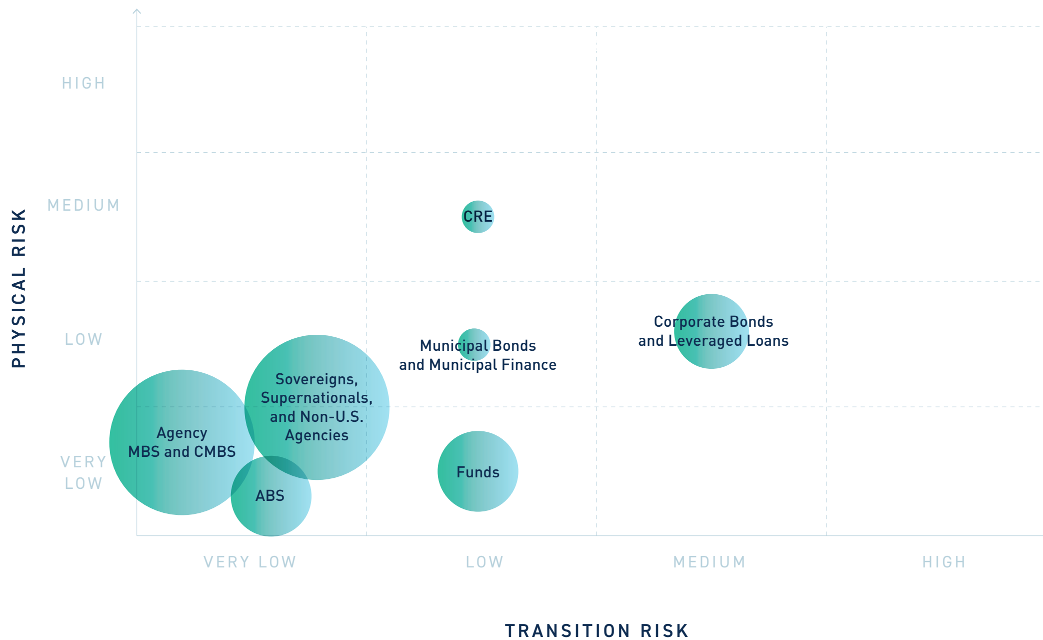
Factor	Rationale
Asset Class	Asset characteristics may increase or decrease inherent climate risk
Credit Quality	Counterparty credit quality is a key determinant of an entity's ability to withstand business fluctuations and will provide the same level of ability to withstand impacts from climate change. Conversely, a poorly rated entity may have limited ability to withstand the financial impacts of climate change
Tenor	Many climate risk impacts compound over time. Major impacts are less likely in the near term than in the medium or longer term. Therefore, shorter-duration assets protect us from longer-term risks and allow us to reposition as we continuously evaluate changing climate conditions
Diversification	Climate risk impacts can vary broadly, resulting in winners and losers across and within geographies and industries. Diversification of our balance sheet across and within geographies and sectors may help mitigate the impact of climate risks
Insurance	Some assets are insured against some of the physical risks of climate change, though the availability and cost of insurance are of key concern as the market becomes more sophisticated in its pricing of climate-related risks

Balance sheet risk assessment

We have assessed each asset type on our balance sheet against its inherent and residual risk profiles. Based on the composition of our balance sheet, we have limited pockets of direct exposure to climate risk. Upon further analysis, we believe that the risk of financial loss from climate change-related impacts to the assets on State Street's balance sheet is currently limited and well-managed through our existing risk management framework.

State Street Portfolio	Exposure[1]	Inherent Risk	Structural Protections	Residual Risk
Agency Mortgage-Backed Securities (MBS)	$38B	**Medium –** Real estate, and by extension mortgages, are at risk due to extreme weather	• High credit quality of senior tranches • Significant diversification by geography and obligor • Government agency guarantee • Insurance coverage	Very low
Commercial Mortgage-Backed Securities (CMBS)	$13B	**Medium –** Real estate, and by extension mortgages, are at risk due to extreme weather	• High credit quality of senior tranches • Significant diversification by geography and obligor • Insurance coverage	Very low
Asset-Backed Securities (ABS)	$13B	**Low –** ABS typically consumer and unconnected to a specific climate risk	• High credit quality of senior tranches • Significant diversification by geography and obligor	Very low
Sovereigns, Supranationals and Non-U.S. Agencies	$43B	**Medium –** These entities are generally large and have highly diverse income streams	• High credit quality • Exposure primarily to countries focused on management of climate risks	Very low/low
Commercial Real Estate (CRE)	$3B	**High –** CRE represents a highly concentrated investment in a physical location, which is at risk due to extreme weather	• Seniority of loans • Low loan to value • Insurance against extreme weather and flood when necessary	Medium
Corporate Bonds	$4B	**High –** Corporates are more highly leveraged than other investments and have complex exposures	• Seniority of loans • Short tenor of exposures	Medium
Leveraged Loans	$4B			
Municipal Bonds	$1B	**Medium –** Municipals are concentrated in a single location and vulnerable to extreme weather	• High credit quality	Medium
Municipal Finance	<$1B			
Funds	$20B	**Low –** Many funds have low leverage and are typically highly diversified	• Diversification • High credit quality • Short tenor of exposures	Low

[1] As of December 31, 2021



In 2021 and 2022, we prioritized risk assessments of the portfolios identified as having direct exposure to climate-related risks, developing structured, qualitative counterparty-level assessment templates for each of the following asset classes: corporate bonds, leveraged loans, municipal finance, and commercial real estate. The assessments were supported by relevant external data and subject matter assessments of key climate factors driving risks for assets in these portfolios at a counterparty-specific level. As of Q1 2022, assessments had been completed for approximately 20 percent of exposure across the targeted portfolios, with the assessments so far indicating relatively limited exposure to climate-related risks and strong risk mitigation where such risks exist. On an ongoing basis, the climate risk assessment template will be incorporated in onboarding due diligence requirements and annual assessments of counterparties.

Over the past year, State Street also enhanced its methodology to assess country-level climate risks, incorporating both physical and transition risk metrics into a model to assess the relative sovereign and supranational risk exposure based on factors such as vulnerability to natural disasters, emissions intensity, and reliance on fossil fuel rents.

This model was used to assess country-specific climate risks for the sovereigns, supranationals, and non-U.S. agencies portion of the investment portfolio and, separately, for the remaining investment portfolio assets based on their country of risk. Modeled results include full coverage of the sovereigns, supranationals, and non-U.S. agencies exposures and approximately 95 percent coverage for the remainder of the portfolio. Based on these country-specific risk assessments, the majority of the assets in our investment portfolio are in countries with relatively low climate-related risks. The results are shown in the table below.

Country Climate Risk Classification	Sovereigns, Supranationals, and Non-U.S. Agencies	All Other Investment Portfolio Assets
Low	95.5%	99.6%
Medium	4.0%	0.3%
High	0.5%	0%
Very High	0%	<0.1%

Carbon intensity

For the publicly traded companies in our investment portfolio, where available, we monitor the carbon intensity of our portfolio relative to the index average for the S&P 500. Our analysis covers approximately 96 percent of the corporate bonds in our investment portfolio, and, overall, the State Street portfolio is more carbon intensive than the index. While State Street's portfolio has a lower carbon intensity than the index on a per-sector basis, our higher overall carbon intensity is driven by our higher concentration in high-quality, liquid securities, pursuant to the objectives of a bank investment portfolio. Carbon intensity is measured as tons of CO2 per million dollars of revenue.

	S&P 500	State Street
Weighted Average Carbon Intensity	187[1]	292

[1] Sourced from S&P at https://www.spglobal.com/spdji/en/indices/equity/sp-500/#data (accessed March 17, 2022)

We also conduct assessments of second-order risks in our portfolio by assessing the preparedness of companies to whom we provide credit facilities through our Fund Finance business to manage their own climate-related risks.

Clients are assessed across various dimensions of their commitment to the elements of TCFD, including whether they have a dedicated climate risk team, whether they conduct climate risk stress tests, and whether climate risk considerations impact their business decisions. Approximately 64 percent of our exposure is to clients who perform very strongly across these key dimensions.

We are currently planning for the incorporation of climate-related scenario analysis as a tool to understand the risks of various climate scenarios on our balance sheet and broader financial risk profile, focusing on the 'hot house world' and 'disorderly' scenarios developed by the Network for the Greening of the Financial System. The risk identification and assessment work completed in the past year will allow us to explore the impacts of these scenarios on our physical and transition risk drivers.

Investment risks related to climate change

At State Street Global Advisors, we believe climate change poses a systemic risk to all companies in our portfolios. Managing climate-related risks and opportunities is a key element in maximizing long-term risk-adjusted returns for our clients. As a result, we have a long-standing commitment to enhance investor-useful disclosure around this topic. We encourage our portfolio companies to report in accordance with recommendations of TCFD, which we first endorsed in 2017.

As part of our commitment to holding our portfolio companies and ourselves accountable for reducing carbon emissions, we became a signatory of the Net Zero Asset Managers initiative in April 2021. This initiative comprises asset managers currently representing $37 trillion of assets under management and was formed to galvanize the industry to commit to a goal of net-zero emissions by 2050 or sooner. We believe this initiative reflects our long-term commitment to considering material risks and opportunities related to climate risk within our clients' portfolios.

However, setting a goal is just the first step and our research shows that integrating fundamental risks surrounding climate change is prudent for investors — especially as companies manage the transition to a lower-carbon economy. Therefore, as a global investor, we aim to create meaningful progress over time by using our voice and vote to highlight the materiality of climate change to our portfolio companies.

Engagement with portfolio companies

We engage with companies to understand their approaches to mitigating and managing the physical and transitional impacts of climate change. Since 2014, we have engaged with more than 900 companies across multiple industries on climate-related issues. Our engagement approach leverages the four dimensions of the TCFD framework: governance, strategy, risk management, and metrics. We expect companies to disclose their approach to identifying climate-related risks and the management policies and practices that are in place to address such issues.

In November 2020, State Street Global Advisors became a signatory to Climate Action 100+, a global initiative led by investors to foster the clean energy transition by engaging the companies and sectors with the highest greenhouse gas emissions. Climate Action 100+ and State Street have long been aligned in our shared values. The Climate Action 100+'s three central goals are consistent with what our team advocates through our company engagements, thought leadership, and proxy voting. The three goals are: 1) improve governance of climate change, 2) reduce emissions, and 3) strengthen climate-related disclosure.

Proxy voting

State Street Global Advisors has publicly supported the global regulatory efforts to establish a mandatory baseline of climate risk disclosures for all companies. Until these consistent disclosure standards are established, we find that the TCFD framework is the most effective framework by which companies can develop strategies to plan for climate-related risks and make their businesses more resilient to the impacts of climate change. As such, State Street Global Advisors has implemented the following proxy voting guidelines:

Starting in the 2022 proxy season, we will begin taking voting action against companies in the S&P 500, S&P/TSX Composite, FTSE 350, STOXX 600, and ASX 100 indices if companies fail to provide sufficient disclosure in accordance with the TCFD framework, including disclosure of the following:

- Board oversight of climate-related risks and opportunities
- Total Scope 1 and Scope 2 GHG emissions
- Targets for reducing GHG emissions

METRICS AND TARGETS

Transparency and disclosure regarding climate metrics is critical to achieving the objectives of the TCFD framework. We continue to actively work with TCFD, other asset managers, climate data providers, and industry associations to achieve consensus on the climate metrics that we and the companies we invest in use, according to their sector and how they calculate and will report on those metrics.

From a risk management perspective, key risk indicators (KRI) are critical to ensure advancement in measuring and monitoring our progress against both understanding and controlling for the climate risks which may impact State Street. KRIs being implemented are comprised of metrics showing our movement both in mapping our key exposures and tracking those exposures determined to have greater direct connection to climate-related risk drivers.

We also believe that further clarity regarding metrics, including warming scenarios and carbon pricing scenarios, will significantly accelerate the adoption and implementation of the TCFD principles and meaningfully increase transparency around the investment risks and opportunities that climate change presents.

GREENHOUSE GAS EMISSIONS (METRIC TONS CO2E)

DIRECT AND INDIRECT GHG EMISSIONS (SCOPES 1, 2, AND 3)

CO2e Emissions (Metric Tons)	2021	2020	2019	2018
CO2 Direct	4,427	4,993	6,582	7,335
CH4 Direct	11.52	12.89	16.90	17.13
N20 Direct	2.71	2.92	3.73	4.60
HFCs Direct	2,268	2,411	2,340	2,458
Total Direct (Scope 1)	**6,709**	**7,420**	**8,943**	**9,814**
Biogenic CO2	0	1.42	4.39	4.50
Total Indirect (Scope 2)	**56,987**	**67,049**	**75,728**	**78,678**
Total Indirect (Scope 3)	**11,056**	**37,488**	**90,872**	**95,888**
Total GHG Emissions	**74,752**	**111,956**	**175,543**	**184,380**

GHG INTENSITY

	2021	2020	2019	2018
GHG Emissions Intensity Ratio	2.08	1.85	2.02	2.21
List of Included Gases	Carbon Dioxide (CO2), Methane (CH4), Nitrous Oxide (N2O)			

GHG REDUCTION

	Denominator	2021	2020	2019	2018
Total GHG Reductions in Metric Tons CO2 Equivalent	Emissions Reduced: Direct (Scope 1) and Indirect (Scope 2)	1,336	1,025	1,333	1,652

ENERGY USE

TOTAL INTERNAL AND EXTERNAL ENERGY CONSUMPTION

Consumption by Fuel Type	UNIT	2021	2020	2019	2018
Total Scope 1 Fuel Usage					
Natural Gas	GJ	77,473	89,266	119,054	132,695
Diesel	GJ	5,273	4,785	5,308	5,960
Total Direct Energy	**GJ**	**82,746**	**94,051**	**124,361**	**138,655**
Total Scope 2 Indirect Energy Usage					
Electricity	GJ	684,706	753,866	807,157	815,297
Heating	GJ	23,298	26,113	39,222	34,608
Cooling	GJ	7,777	5,261	4,865	3,459
Total Indirect Energy (Scope 2)	**GJ**	**715,782**	**785,240**	**851,244**	**853,365**
Total Scope 3 Energy Usage					
Business Travel (Non-Renewable)	GJ	13,162	29,788	126,798	202,454
Total Indirect Energy	**GJ**	**728,944**	**815,028**	**1,102,403**	**1,194,473**

ENERGY INTENSITY RATIO

	UNIT	2021	2020	2019	2018
Numerator	kWh	221,813,319	244,247,646	271,001,367	275,560,881
Denominator	Occupants	30,552	40,200	42,001	39,996
Energy Intensity		7,260	6,076	6,452	6,890
TOTAL ENERGY SAVED					
Electricity	GJ	16,045	13,850	15,144	23,252
Heating	GJ	2,049	0	0	0
Total Energy Saved	**GJ**	**18,093**	**13,850**	**15,144**	**23,252**

WATER CONSUMPTION

	2021	2020	2019
Water consumption office only (million cubic feet)	7.62	10.19	16.10
Water consumption per person — office only (cubic feet)	250	254	384
Water consumption — office + data center (million cubic feet)	10.29	12.74	18.54
Water consumption per person — office + data center (cubic feet)	337	317	441

SCOPE 3

Methodologies for the estimation of carbon emissions are evolving. We currently think of the potential for disclosure under three pillars:

1. Our operational footprint — As in previous years, we made relevant disclosures in our 2021 ESG Report.

2. Our asset management business — State Street Global Advisors is a proud member of the Net Zero Asset Managers initiative.

    - To serve the long-term interests of our clients, State Street Global Advisors is engaging with portfolio companies to assess their consideration of climate risks and opportunities, reducing emissions, and increasing climate-related financial disclosures.

    - State Street Global Advisors is setting an interim target for the proportion of assets to be managed in line with attaining net-zero emissions by 2050 or sooner, and will review the interim target at least every five years, aiming to increase the proportion of AUM until 100 percent of assets are included.

    - State Street Global Advisors is intending to release a report later this year, giving fuller information regarding its net-zero commitment, including interim targets for Global Advisors' financed emissions. When available, this report will be linked from www.statestreet.com/cr.

3. Our own balance sheet – As a custody bank, the majority of assets on our balance sheet are different from those of institutions that primarily provide direct financing to their clients. As of our last public filings, significant proportions of our balance sheet included agency MBS, ABS, sovereign debt, and municipal paper. These asset classes do not yet have industry-agreed methodologies to estimate financed emissions. As a result, our data providers have not yet been able to provide emissions estimates for more than a small proportion of the assets on our balance sheet. We are proactively engaging with industry participants as we work toward defining an appropriate framework

for a custody bank and we continue to mature our own internal carbon accounting methodology. Over time, we expect that increased consistency in approaches to measuring and reporting emissions will lead to advances that we can incorporate into our methodology and that will allow us to enhance our disclosures accordingly.

TARGETS

A 2030 target of 27.5 percent reduction in metric tons of CO2e from a 2019 baseline was set in 2020 after State Street achieved our 2025 2°C-aligned carbon emissions reduction target at the end of 2019. Paired with State Street's commitment to be carbon neutral, this two-pronged approach involves procuring green power and carbon offsets for all energy consumption while looking to reduce overall energy consumption each year. The target covers all of State Street's Scope 1 and 2 emissions under operational control following the location-based method.
In 2021, for the second year in a row, State Street achieved carbon neutrality for Scope 1 and 2 emissions through infrastructure retrofitting, purchasing renewable energy certificates (RECs) and carbon offsets, and by utilizing renewable energy sources wherever possible.

As part of State Street's commitment to environmental sustainability, we set an 80 percent waste recycling goal in 2017 that covered waste from all of our facilities globally. For the first time in 2021, State Street not only achieved our goal of an 80 percent global recycling rate, but exceeded it by nearly 6 percent. While total waste volumes are lower due to decreased office occupancy, we increased our percentage of recycling in large part due to:

- Engaging our workforce through a widespread globally aligned, but locally tailored, campaign in all of our offices

- Working with our vendors to implement project management initiatives around recycling

- Implementing a program of reusing office furniture, rather than disposing of these items when we exit locations

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