

F O R W A R D

T O G E T H E R

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Our purpose is to help achieve better outcomes for the world's investors and the people they serve.

Whether we're helping investment companies operate more effectively, providing valuable market insights, launching innovative investment products, or acting sustainably, our role is focused on cultivating collaborative partnerships.

As one of the world's largest servicers and managers of institutional assets, our success depends upon the success of our stakeholders — our clients, employees, investors, and the communities we serve. Our goal is to help these stakeholders realize the best possible outcomes for the future.

For more information, visit [statestreet.com](https://statestreet.com).

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A STATEMENT FROM

# RON O'HANLEY

Chairman and CEO

April 6, 2021





Welcome to our 2020 Environmental, Social, and Governance (ESG) Report, which details the ways in which State Street is embedding ESG principles into everything we do to create a more sustainable future for our business and the communities we serve.

The multiple crises of 2020 marked an inflection point in underscoring the connections between resilience and strong ESG characteristics, for companies, economies, and societies.

At State Street, we reinforced our focus on ESG by elevating Rick Lacaille to lead our efforts to drive ESG deeper into our core business strategy. Rick, who has been the Global Chief Investment Officer for State Street Global Advisors for the last 12 years and the executive sponsor of our corporate responsibility efforts, will now help us build more effective ESG solutions for our asset servicing and asset management clients as well as working to strengthen our own corporate ESG foundation and engaging with our broader communities to promote a more inclusive and sustainable world.

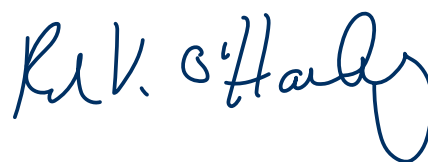
This report is designed to track our ESG progress across those areas. Consistent with prior reporting, we disclose our activities according to the frameworks created by the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosures (TCFD) and the Global Reporting Initiative (GRI).

This report also fulfills our obligations as a signatory to the United Nations (UN) Global Compact and describes how our ESG-related activities support progress toward the UN Sustainable Development Goals.

By providing accurate and, notably, audited data about our ESG performance, we want our stakeholders to understand the ESG risks and opportunities that are material to State Street's long-term value creation, in the same way our asset management business asks its portfolio companies to report on the ESG value drivers that are material to their businesses.

We acknowledge that there is still much work to be done to achieve consistent, comparable, and verifiable ESG reporting across sectors and companies. But we welcome the increased engagement of market participants to drive greater convergence around disclosure standards and are proud to be part of those efforts.

As the empirical evidence connecting ESG and better performance mounts, we are confident that our focus on ESG will strengthen our resilience and help us generate better long-term results for all of our stakeholders.

A handwritten signature in blue ink, reading "Rick Lacaille". The signature is fluid and cursive, with the first name "Rick" and last name "Lacaille" clearly distinguishable.



A LETTER FROM

# RICK LACAILLE

Senior Investment Advisor, Head of ESG

April 6, 2021

One of the many important lessons from the multiple crises of the last year has been to demonstrate the interconnectedness and criticality of the ESG issues that State Street has focused on as a servicer and manager of investments as well as a business and community leader committed to long-term value. We saw the importance of resilient operating systems and technology as most of the world moved to remote working conditions.

Given State Street's central role in the infrastructure of global capital markets, we witnessed again the importance of our continuity planning to ensure that financial transactions were processed and markets remained liquid. Strong governance and clear decision rights were critical to the ability of policymakers and businesses to act quickly during the crisis, and we saw the public health, social, and economic costs when governance was less than effective.

[Research](#) conducted by State Street Associates and Harvard ESG expert George Serafeim demonstrated that companies with strong ESG characteristics performed better during the dramatic equity market sell-off in 2020 than peers with weaker ESG attributes, signaling growing investor preferences for ESG-aware companies. That was especially true of companies with strong "S" characteristics in terms of employee loyalty and engagement, resilient supply chains, and the operational agility to adapt product offerings to changing conditions.

The deaths of Black American men and women at the hands of police as well as the disproportionately high rate of COVID-19 deaths within communities of color around the world reinforced what Black American writer Heather McGhee describes as the high cost systemic racism imposes on all of us by preventing us from realizing our full social, moral, and economic potential and weakening our collective resilience.

## CORPORATE RESPONSIBILITY POLICY STATEMENT

The way we do business is guided by policies that reflect our beliefs. By committing to integrity, social and environmental stewardship, human rights, and responsible conduct, we benefit our clients and strengthen our communities. Read more about our CR Policy Statement [here](#).

State Street's 10-point [Action Plan](#) against racism and inequality, launched last year, is aimed at improving racial diversity in the investment industry, and State Street Global Advisors' stewardship team has made racial and ethnic diversity at portfolio companies an engagement priority along with greater transparency around climate change risk and transition plans for a net-zero world.

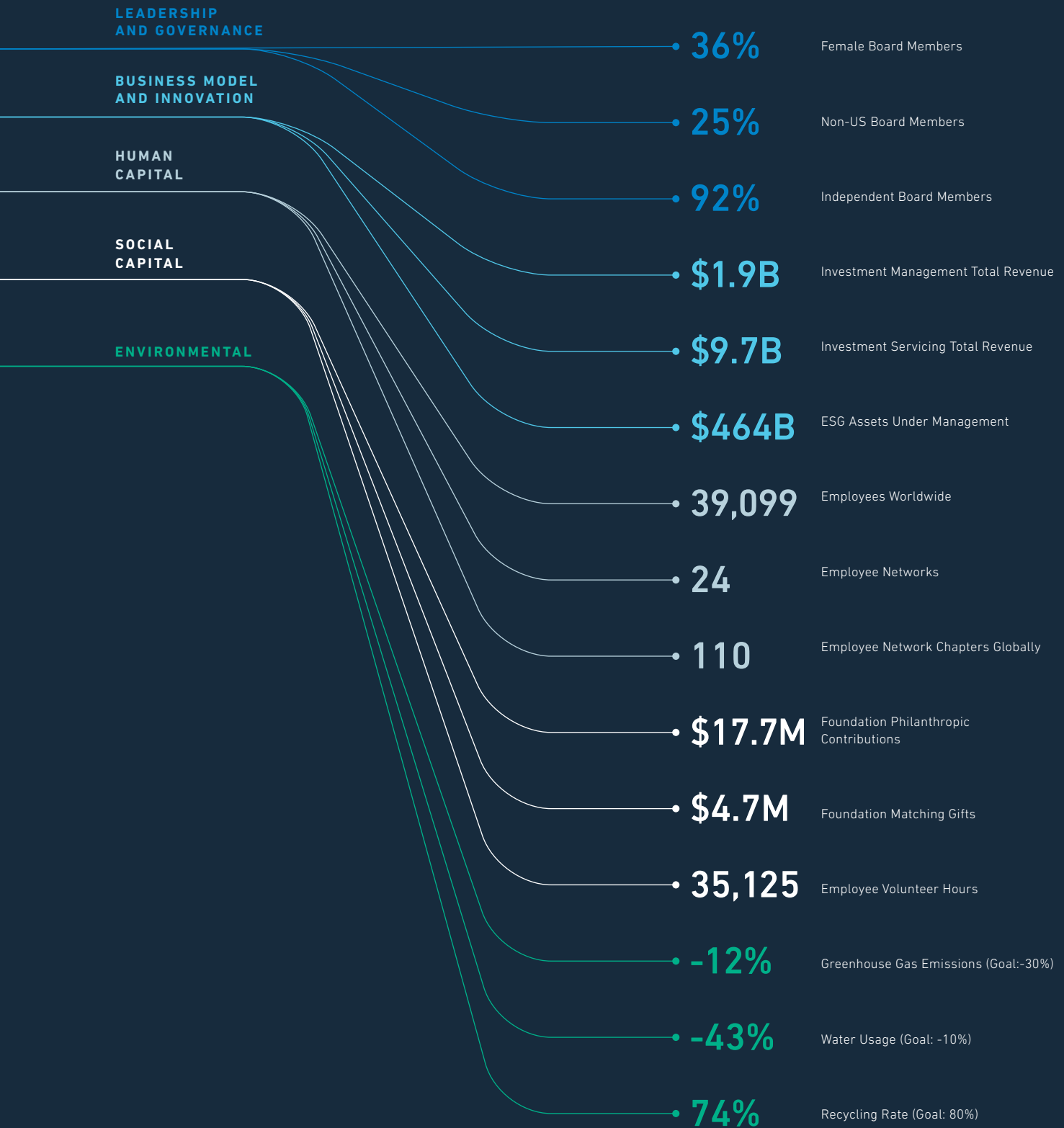
Lastly, the pandemic and its ability to upend life as we know it reminded policymakers, companies, and investors of the particular challenges around non-linear risks, whether associated with new global pathogens or the physical effects of climate change. In addition to achieving carbon neutrality in 2020, State Street committed to further absolute reductions in its carbon emissions on a journey toward net zero by 2050. We also continued to work toward ambitious water efficiency, plastic reduction, and recycling goals for our global operations.

All of these lessons prompted us to elevate the importance of ESG as a value driver in everything we do for our shareholders, our clients, our employees, and our communities. As a result, I am pleased to take on a new role at State Street. After 12 years as Global Chief Investment Officer for State Street Global Advisors, I will now be leading all of State Street's ESG efforts across the enterprise, reporting directly to our Chairman and CEO Ron O'Hanley.

We have also renamed this report to signal that ESG is now an integral part of our long-term business strategy rather than an ancillary focus of our ESG report. We believe fundamentally that ESG is good for our business and for all the communities we serve.

At State Street, we drive ESG action on four levels: First, in our asset servicing business, we help clients to analyze and report on their ESG attributes, especially as more jurisdictions introduce mandatory disclosure.

## CR SNAPSHOT





**“IN THE MONTHS AND YEARS TO COME, WE ARE COMMITTED TO ENSURING ESG IS NOT JUST TALKED ABOUT IN THE CONTEXT OF OUR PRODUCTS, BUT ALSO IN TERMS OF THE VERY REAL IMPACTS WE HAVE ON THE WORLD.”**

Second, in our asset management business, we engage with listed companies and their boards on ESG issues that drive long-term value through our asset stewardship practice, which is one of the most impactful ways we can promote positive change. We continue to launch research-driven ESG strategies and help global asset owners integrate ESG value drivers across their entire investment risk frameworks.

Third, we incorporate ESG value drivers into our own business to strengthen our long-term resilience and sustainability, whether that is in the area of climate risk mitigation or improved inclusion and diversity and better human capital management.

Finally, we are also leveraging our global platform and industry associations to scale our ESG impact, driving action on the sustainability and equity issues that are central to a more resilient future, not just for us, our clients, and our shareholders, but for the broader communities in which we live and work.

For example, we voiced our opposition to the U.S. Department of Labor’s proposed rule to discourage the consideration of ESG factors in pension plan investment strategies.

In 2020, State Street Global Advisors became a signatory to Climate Action 100+, an investor-led initiative aimed at ensuring the world’s largest greenhouse gas emitters take necessary action on climate change. They were also chosen as one of 20 asset managers named to the PRI Leaders Group, recognizing excellence in climate risk reporting. We continued to engage with the TCFD, SASB, and other market participants to drive consistent, comparable, and decision-useful ESG metrics, methodologies, and reporting for better transparency around companies’ ESG risks and opportunities.

# 1 of 20

asset managers named to the  
PRI Leaders Group (SSGA)

State Street became a founding member of the Council for Inclusive Capitalism with the Vatican, a business-led group dedicated to action that will promote a more sustainable and inclusive form of capitalism. That includes the important work State Street continues to do in communities around the world through philanthropy and the thousands of volunteer hours donated by our employees.

Even during lockdown, State Street found virtual ways for employees to contribute to their communities. In our headquarter state of Massachusetts, State Street launched Small Business Strong with the help of other local business and government leaders to provide guidance and support to small businesses owned by women and minorities. We also contributed to the New Commonwealth Racial and Social Justice Fund, co-founded by our Chief Diversity Officer Paul Francisco.

Through State Street Foundation, we will continue to support education and workforce development opportunities for underserved communities of color, and hold ourselves accountable for improving our own racial and ethnic diversity at State Street.

These are just a few examples you will find in this report of the way State Street is leveraging ESG to drive a more resilient, sustainable, and inclusive future. As we look to life beyond COVID-19, we are committed to building on the positive lessons of 2020 around strengthening our ESG opportunities and impact.











# DRIVING LONG-TERM VALUE FOR OUR STAKEHOLDERS

Our business model is based on understanding that being a good corporate citizen is good business. With this always in mind, we dedicate ourselves to driving long-term value for all of our stakeholders. We strategically address the unique needs of each stakeholder group through sustained, thoughtful engagement and regular analysis of the corporate responsibility (CR) issues that matter most to them.

## **Our Clients**

As a fiduciary and steward of our clients' long-term investments, our first responsibility is to act in their best interest. We work closely with investment analysts and business partners to invest in innovation, enabling our clients to seize new opportunities for growth.

## **Our Employees**

We strive to cultivate an inclusive culture in which our employees thrive and feel valued and supported. We hold our employees and leadership accountable to standards of conduct that ensure our business is operated ethically and responsibly. We facilitate employee engagement using many different levers, including employee networks, leadership development programs, flexible work options, global training and development offerings, and comprehensive benefits.

### Our Shareholders

Our responsibility to shareholders extends beyond our financial performance. We engage shareholders on an array of CR issues, including corporate governance mechanisms, human capital, and other strategic conversations to keep them regularly informed and provide opportunities for feedback.

### Our Communities

We strengthen the communities in which we live and work through our philanthropic, volunteer and strategic partnership efforts. We actively engage in collaborations with academics, nongovernmental organizations, and industry associations to further our CR goals. State Street Foundation invests in venture philanthropy initiatives and strategic grant-making around our charitable focus areas of workforce development and education.

## ALIGNING OUR GLOBAL CR GOALS WITH RELEVANT REPORTING FRAMEWORKS

Standards that focus on financial materiality are a critical consideration in investors' day-to-day decision-making process. But in the absence of a global "golden rule," financial institutions often struggle to find the right way to measure ESG issues and ultimately rely on their own metric standards.

With the help of ESG-related frameworks developed in recent years, State Street as well as many other companies and investors, are adopting transformative practices that allow them to quantify the impact of their ESG investments and understand the potential benefits of focusing on long-term, sustainable business models.

With that in mind, this report includes disclosures in accordance with the Global Reporting Initiative (GRI) as well as against the [Sustainability Accounting Standards Board \(SASB\)](#) and the [Task Force on Climate-related Financial Disclosures \(TCFD\)](#) frameworks. SASB and TCFD are frameworks driven by the investment community to facilitate reporting that enables investors to make informed decisions around material sustainability metrics and themes that have a likelihood of impacting long-term performance and fostering more sustainable business models.

### Sustainability Accounting Standards Board (SASB) Materiality Framework

Based on input from investors, companies, and other market stakeholders, SASB's materiality framework improves the efficiency of capital markets by encouraging transparency and disclosure of sustainability information that is material to the investment community.

## STATE STREET CORPORATE RESPONSIBILITY GOALS

## PERFORMANCE AGAINST 2020 CR GOALS

● In Progress    ● Complete

**Increase awareness of corporate responsibility**

and its importance with a strategic communications plan targeting all levels of the organization, our client segments, as well as for external stakeholders

**Continue evolution of ESG reporting**

through our ESG Report as well as our online Annual Report

**Build on progress against our 2025 environmental goals**

(30% carbon dioxide reduction, 10% water reduction and 80% recycling rate of waste) by determining new goals, as well as identifying additional carbon offset opportunities to move toward carbon neutral status

**Work with Enterprise Risk Management group**

to develop an enterprise-wide approach to measuring ESG risk in our global business

**Support the ongoing development of a cross-divisional approach**

to ESG products, services and thought leadership for our clients

## 2021 CR GOALS

**Issue a comprehensive 2020 ESG Report that includes complete SASB and TCFD responses,**

as part of a new annual reporting framework (including 10K, proxy and new Annual Report)

**Maintain carbon neutrality (for Scope 1 and Scope 2 emissions)**

and show progress in absolute emissions reductions on the path to net-zero by 2050, water reduction, and waste recycling

**Launch communications plan for internal and external audiences**

on how State Street embeds ESG across the enterprise and why

**Ensure coordinated alignment of enterprise-wide ESG initiatives,**

including expanding our ESG risk management, governance, and reporting capabilities, and enhanced focus on racial and social equity

**Under leadership of new ESG business head, further integrate the development of a cross-divisional approach**

to ESG products, services, and thought leadership for our clients

# 6 OF 17

UN Sustainable Development Goals  
are aligned with our CR goals

The SASB standards are based on five pillars that are material to investors due to their significant effect on our financial condition or operating performance: leadership and governance, business model and innovation, human capital, social capital, and the environment. Four of our seven company-wide goals align to these material SASB topics: becoming our clients' trusted partner, establishing leadership in key products, being a global destination for talent, and improving risk excellence.

Due to our role and influence in both the financial services and information technology sectors, this report includes disclosures relevant to both the SASB "Asset Management and Custody Activities" and "Software and IT Services" standards, which provide frameworks regarding sustainability metrics tailored for each industry and sector.

## **Task Force on Climate-related Financial Disclosures (TCFD)**

TCFD's recommended disclosures focus on voluntary climate-related financial details that provide relevant information to lenders, insurers, and investors. The TCFD guidelines are increasingly used by companies to discuss their exposure, risks and opportunities, and data related to climate issues.

## **Global Reporting Initiative (GRI)**

We continue to report in accordance with the GRI Standards, a comprehensive set of guidelines regarding material sustainability issues that make our reporting more transparent. These guidelines are designed to serve the broader sustainability community and complement SASB and other investor-oriented frameworks, providing relevant information to employees, community members, and other stakeholders.

### UN Global Compact

Our reporting structure also supports the commitments we've made in adherence to the [UN Global Compact Principles](#), which increase business awareness and action to further global sustainable development. In support of these principles, our CR goals align with six of the 17 UN Sustainable Development Goals that are most relevant to our business: quality education, gender equality, affordable and clean energy, decent work and economic growth, climate action and reduced inequalities.

### EU Non-Financial Reporting (NFR) Directive

This report is in accordance with the EU NFR Directive, which requires large companies to report information on non-financial business operations, including how they manage environmental and social issues. These disclosures are intended to help stakeholders assess a company's non-financial performance and promote the adoption of responsible business practices.

### Reporting Boundaries

All data within this report is from State Street and is as of December 31, 2020, unless otherwise noted. Inspired by the previously mentioned reporting frameworks, the State Street 2020 ESG Report is structured around four sections: our business, governance, human and social capital, and our environmental footprint.

The appendix includes a SASB Report, a TCFD Report, GRI Index, European Union Non-financial Reporting Directive table, details regarding the UN Global Compact Communication on Progress (COP) and a UN Sustainable Development Goals Commitments section, providing more detailed information on our management approaches and performance in calendar year 2020 specific to these frameworks.

This report includes disclosures based on the results of our 2019 materiality assessment.







# MATERIALITY

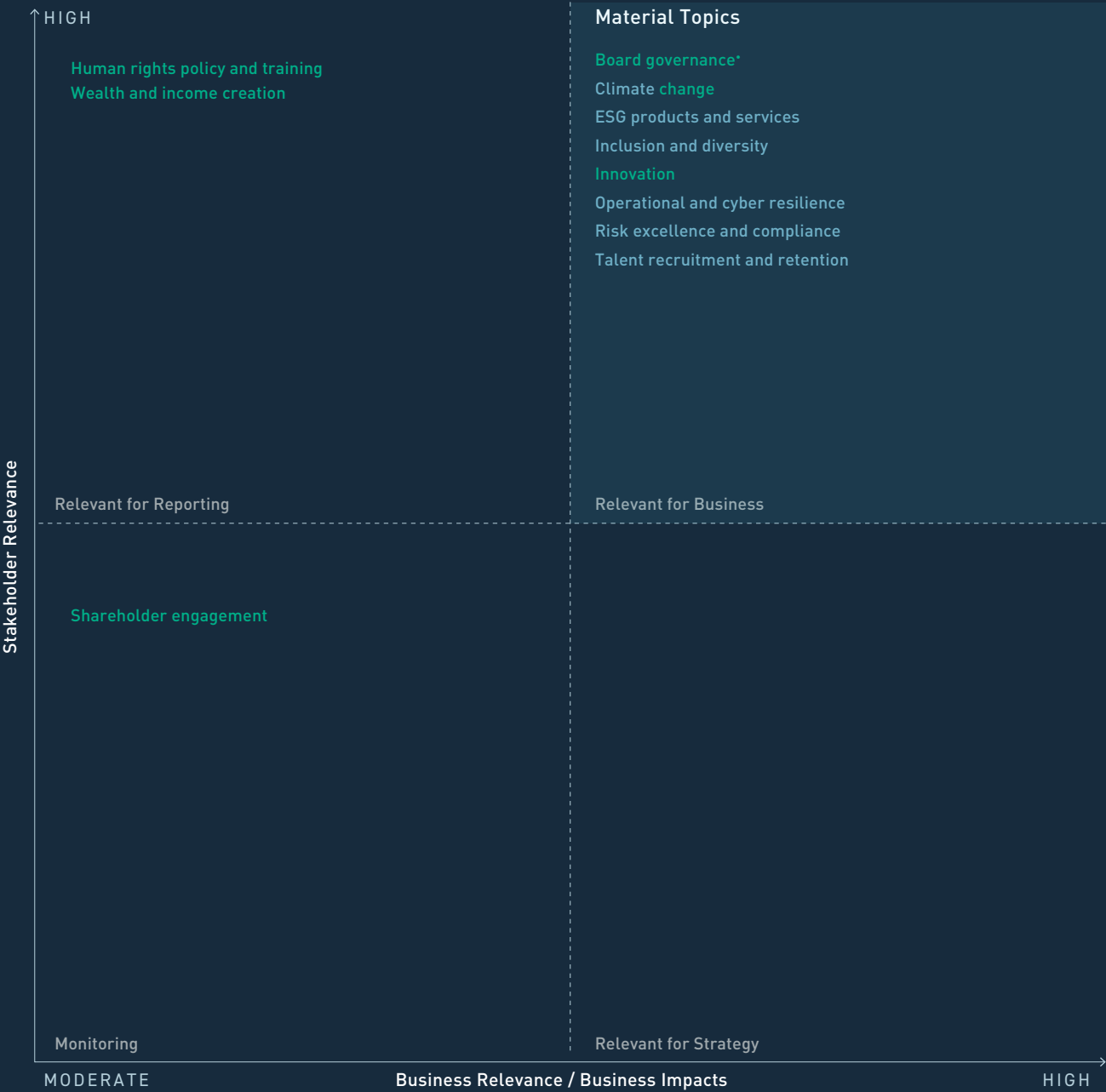
Materiality assessments help companies identify and report on CR topics that are most important to the business and its stakeholders. State Street conducts an in-depth materiality assessment every two years to better understand the ESG risks to our business and assess how we should be reporting against those measures.

## Methodology

Our materiality process incorporated a rigorous analysis of potentially-material topics and the collection of input from a variety of reporting frameworks, benchmarking exercises, surveys and interviews with stakeholders (including employees, clients, investors, suppliers and partner organizations).

MATERIALITY MATRIX

● SASB ● TCFD



\* Includes independent board, oversight of sustainability and board diversity



### Key Results

Through this process, the following topics were determined to be material to State Street:

- Board governance
- Climate change
- ESG products and services
- Inclusion and diversity
- Innovation
- Operational and cyber resilience
- Risk excellence and compliance
- Talent recruitment and retention

The following topics were not found to be material through our assessment, but are discussed in this report due to their historic importance to our corporate culture:

- Environmental responsibility
- Human rights policy and training
- Responsible sourcing
- Shareholder engagement
- Strengthening communities
- Wealth and income creation





# OUR BUSINESS

For nearly 228 years, we have helped our stakeholders realize the best possible outcomes for the future. We have done this together, by anticipating needs, forging connections, creating partnerships, transforming technology, and championing strong communities and values. This approach has helped us become one of the world's largest providers of financial services to institutional investors, including investment servicing and investment management. As of December 31, 2020, State Street had approximately \$38.8 trillion of assets under custody and/or administration, and \$3.5 trillion of assets under management. We operate in more than 100 geographic markets worldwide, including the United States, Canada, Australia, Europe, the Middle East, and Asia.

Our size, reach, and the important role of the financial services sector in the global economy obligate us to develop and deliver leading-edge solutions that solve our clients' business challenges and help them achieve their financial goals, without compromising our values of sustainability and corporate responsibility. In the fast-paced, ever-changing financial services industry, we must constantly innovate to help our clients stay abreast of and manage critical ESG risks.

## ESG INVESTING AND ASSET STEWARDSHIP

ESG investing is the analysis of material environmental, social, and governance factors that may impact the risk and return of portfolios.

Consideration of ESG issues throughout the investment process improves investment decision-making for our clients by augmenting traditional research like analyzing financial statements, industry trends, and company growth strategies, and includes asking the following questions:

- **Environmental:** Does the company use resources efficiently? What environmental impacts, if any, pose risks to the company?
- **Social:** How does the company treat its employees, customers, and community, and hence all internal and external stakeholders?
- **Governance:** Is the company's leadership structured to facilitate accountability and independence?

We serve investors who have long-term goals and needs they must address. That's why our asset management business, State Street Global Advisors, stresses ESG issues in its investment risk frameworks and engagement with portfolio companies. At the same time, we apply the insights we gain from working with global institutional investors to our own ESG priorities as a company. These issues are important to us both as investors and as a high-performing company.

As a trusted partner to our clients and a responsible corporate citizen, we prioritize transparency in our approach to ESG issues. Our board of directors monitors ESG risks that are material to our business, and our analysts ask portfolio companies to do the same. However, these companies must have information in hand that illustrates the full horizon of ESG-related risks and opportunities.

To that end, we offer our clients and analysts an expanded suite of tools and databases that enable them to broaden their understanding of how their portfolio companies are performing and what risks may be present regarding ESG issues. These capabilities allow us to make integrated decisions based on the best available information and highlight long-term value creation. The following section discusses ESG-related aspects of our business and our focus on integrating ESG considerations across strategies and investment teams.

### State Street Global Advisors: Investing Responsibly

At State Street Global Advisors, our objective is to invest responsibly to enable economic prosperity and social progress. The result is our unwavering commitment to responsible investment. We launched our first ESG mandate in 1985 and were an early leader in low-carbon investing. We have been a signatory of the United Nations Principles for Responsible Investing (UNPRI) since 2012, we integrate ESG across investment teams, and are a recognized leader in asset stewardship, corporate governance, as well as ESG indexing and active management capabilities across asset classes. We offer a variety of ESG investment styles to provide investors choices to invest based on their own values and preferences.

Investors increasingly demand ESG strategies and guidance, and we answer their call with a suite of products and solutions that integrate ESG data into their portfolios. Our investment management team has been leading the charge in ESG investing for 35 years, incorporating ESG research insights into its risk frameworks, and engaging on material ESG issues across multiple platforms.

Our approach includes:

- Asset stewardship through proxy voting, engagement, and thought leadership to engage with our portfolio companies on ESG issues that impact long-term value creation
- Customized advisory services to improve how clients can effectively construct resilient portfolios and manage risk based on their investable universe and risk/return profile
- Proprietary scoring through R-Factor™, an ESG scoring system that gives listed companies a unique score and allows investors to build more sustainable portfolios
- Investment solutions to provide:
  - Exclusionary screening, to help clients express their value in their investment portfolios
  - ESG best-in-class to deliver ESG performance
  - Climate investment solutions: combine globally accepted climate science goals, climate- focused regulation, and climate data to create a variety of solutions
  - ESG integration for alpha-driven investment strategies
- Thematic investing around climate solutions

630+

direct engagements conducted  
with our portfolio companies  
on climate change since 2014

7,300+

listed companies globally that have  
unique ESG scores from R-Factor

### Monitoring ESG Risks through Asset Stewardship

Our Asset Stewardship Program proactively monitors and reports our impact on improving ESG practices in our portfolio companies globally, promoting long-term sustainable returns. Through strong engagement, voting and thought leadership, we have seen companies respond to our calls to action to enhance diversity at the board level, strengthen board leadership, and improve disclosure on their sustainability practices.

For example, on climate change, we regularly conduct direct engagements with our portfolio companies, more than 630 to date, since we began addressing the issue in 2014.

These engagements show us that while boards are starting to see climate change as a risk that needs to be mitigated, they are responding in a short-term, tactical manner to this long-term, strategic challenge.

We believe that this is partly due to the time horizon mismatch between a typical three-year strategy-setting process and a longer time horizon over which companies expect climate risk to materialize.

We engage in several ways to promote better time horizon alignment:

- We encourage the board to have oversight responsibilities for climate. The board helps management think high-level and long-term on different issues, so having board responsibility for climate provides an opportunity to hold management accountable for considering the long-term impacts of climate change.
- We are encouraging companies to adopt long-term climate-related sustainability goals. When companies have climate goals, such as greenhouse gas reduction, we stress the importance of longer target dates or achievement periods, longer than the typical three years that we see in many markets.

We're using our voice and our vote to encourage portfolio companies to take ESG risks seriously and disclose informative data regarding material ESG factors and objectives — just as we have continued to do with our signature, multi-year campaigns around gender diversity and climate. We plan to continue these efforts in 2021.

### **Integrating R-Factor™ into Asset Stewardship**

Responsible investing requires a tool to measure the performance of a company's business operations and governance as it relates to financially material ESG challenges facing the company's industry. We refer to this scoring mechanism as the Responsibility Factor, or R-Factor™.

Drawing on data from four leading providers and leveraging the Sustainability Accounting Standards Board (SASB) transparent materiality framework, R-Factor generates unique ESG scores for more than 7,300 listed companies globally and allows us to evaluate a company's performance against both regional and global industry peers.

R-Factor is the first ESG scoring system that offers companies a road map on how to manage and disclose their ESG practices, thus companies have the information needed to understand exactly what powers the score. It is built to address the current challenges with ESG data by removing opaqueness around ESG materiality in the scoring process. Over time, this will bring better ESG data into the market — helping build more sustainable companies and capital markets.

By leveraging R-factor in partnership with our clients, we are helping those who face greater demand for ESG disclosures address their broader footprint and identify areas of strength and focus.

## A FOCUS ON DIVERSITY

In 2019, our Asset Stewardship team observed that social issues such as gender diversity, pay equality, wage strategies, sexual harassment in the workplace and worker retraining are emerging as prominent ESG issues facing companies. These issues continue to be a focus for our team, as we see them as playing an important role in the value creation process for companies.

A key part of State Street Global Advisors' asset stewardship program is advocating for greater gender diversity on boards. Recent studies have shown that companies with women in leadership are more likely to outperform male-dominated corporations, and gender diverse boards tend to pay more attention to risk management. State Street Global Advisors believes that board quality is foundational to good governance and positive investment outcomes. We have a responsibility as a fiduciary to engage on this issue and use our proxy voting power, if necessary, as stewards of our clients' assets.

In proxy votes on gender diversity, State Street Global Advisors follows a "carrot and stick" approach. If we believe a company is committed to the issue, we give them time to change. The indicators we use to determine whether a company has added a female director or committed to do so include an SEC 8-K filing announcing a new board member; a verbal commitment during time of engagement; a written commitment in email from the general counsel or corporate secretary; and a written commitment in a public document including a proxy filing or other SEC filing.

This focus on gender diversity came to life with our Fearless Girl campaign, where we informed hundreds of companies with no women on their boards that we were prepared to vote against the chair of their Nominating Committees if we didn't see action. Since 2017, we have seen 862 companies out of the 1,486 we identified respond by adding a female director to their boards. In the US, 612 boards of directors added a female member, while 39 and 15 made this change in Canada and the UK, respectively. In Japan, 140 boards added a female director and 44 added a female director in Australia.

As part of our dedication to furthering gender diversity, we also call on our portfolio companies to monitor and disclose the level of gender diversity not only on their boards, but at all levels of management.





862

out of 1,486 companies have added a female director to their boards since 2017

In addition, the SSGA Gender Diversity Index ETF (SHE), created in 2016, is an exchange-traded fund designed to measure the performance of US large capitalization companies that are “gender diverse,” exhibiting gender diversity in their senior leadership positions.

SHE includes a charitable component — SHE Impacts, a donor-advised fund administered by National Philanthropic Trust, a 501(c)(3) public charity. Beginning with the first dollar invested in SHE, we have directed a portion of SHE's revenue to SHE Impacts to support charitable organizations that work to empower girls to become future leaders. SHE Impacts provides grants to organizations that prepare and encourage girls from kindergarten through grade 12 to take their place in STEM industries (science, technology, engineering, and math) where women have low representation today. SHE Impacts also supports programs that promote gender diverse leadership in the workplace.

\$25<sub>k</sub>

SHE grant to Black Girls Code

SHE Impacts' mission is supported at the highest levels of State Street Global Advisors, ensuring both its scale and sustainability. To date, SHE Impacts has supported Girls Who Invest, Black Girls Code, Iridescent (now known as Technovation), and Science Club for Girls, including a US\$25,000 grant to Black Girls Code in 2020.

We hope the monetary awards made through SHE Impacts will help girls realize their potential and lay the foundation for generations of working women to gain and hold ground in corporate America, particularly at the levels of influence and leadership. We will continue our efforts to enhance board quality by engaging with companies to understand how diverse boards bring cognitive diversity into the board room. We will also engage with companies to understand how management promotes diversity at all levels of management and review company disclosure pertaining to diversity practices and metrics.

We believe that human capital — a company's workforce — is a core asset and driver of long-term sustainable performance. We will engage with companies to understand how they measure, monitor, and manage their workforce as well as how they align their incentives with the company's long-term strategy and invest in creating a workforce for the future. Our Asset Stewardship team intends to continue exploring how gender diversity and other social issues are challenging our portfolio companies, encouraging and pushing them when necessary to identify Human Capital Management as a thematic priority.

## CLIMATE RISK STRATEGIES

With climate change at the forefront of considerations for investors assessing the long-term viability of companies around the world, our Asset Stewardship Program has developed a rigorous and thoughtful engagement approach with portfolio companies.

We believe that boards should regard climate change as they would any other significant risk to the business and ensure that a company's assets and its long-term business strategy are resilient to the impacts of climate change. As a global investor, we see ourselves as an important accountability mechanism, holding the companies we invest, to a consistent set of reporting standards and investor expectations. The global energy system is undergoing a seismic transition from one based primarily on fossil fuels to one increasingly based on renewable energy sources, driven by necessity, technology, and policy. We realize and act upon risks and opportunities related to climate change and a transition to a low-carbon economy. We expect fossil fuel demand to peak in the medium term. At the same time, renewable energy costs are decreasing quickly, which leads to capital reallocations due to improved means by investors to tangibly assess climate-related risks in investment portfolios across asset classes. We have helped and are continuing to help investors making that shift.

Investment managers must recalibrate their strategies in an era of climate change. The ESG risks material to a business impact almost all segments and industries — not just the obvious polluters. However, with climate risk comes tremendous investment opportunity as the economy reworks to address the impacts of climate change. State Street Global Advisors has developed a suite of capabilities to help clients meet their investment goals specific to climate challenges. These include a spectrum of climate-related investment solutions, from exclusionary and mitigation solutions to those that also incorporate adaptation.

### **Offering Additional ESG Products and Services to our Asset Management Clients**

Our targeted and customized investment solutions address climate risk and better position our clients' portfolios for the transition to the coming low-carbon economy, including:

- Sustainable Climate Strategy for equity and fixed income asset classes across a variety of market exposure. It achieves results through a powerful mix of mitigating current impacts and adapting to future climate risks.
- Low-Carbon Strategy offers fully customizable equity and fixed income exposures with targeted client-selected carbon reduction targets.

- Climate Analytics and Reporting Solutions help clients assess their climate risk exposure and understand how their strategies perform against investment objectives, including climate-focused objectives. The reports also help clients meet both regulatory obligations and reporting obligations to beneficiaries, trustees, and other stakeholders.

### **OUR ESG-RELATED PRODUCTS AND SERVICES**

Across our investment servicing, management, research, and analytics capabilities, we help investors understand the material ESG issues and climate-related risks that impact the value of their portfolios. Whether a client is looking to better manage risk or drive long-term performance, we design investment solutions that integrate ESG factors to enhance their long-term returns.

We recognize that ESG issues are becoming more important differentiators for companies and investor awareness around these issues continues to grow. As fiduciaries of our clients' assets, we are committed to identifying opportunities and mitigating risks to create long-term shareholder value. Companies that are managed responsibly deliver [better financial results](#) over the long term.

Firms that adhere to environmental efficiency, social awareness, and the highest governance standards are well-positioned to withstand emerging risks and capitalize on new opportunities. At State Street, we're committed to combining our financial and ESG data and analytics capabilities with our investment practitioner perspective to create a new generation of ESG solutions.

We provide leading research, analytics, and advisory for investors' ESG needs across asset classes and investment styles.

For example, in 2020, we incorporated our ESG capabilities and five ESG data providers into truView,<sup>®</sup> our integrated analytics platform. This end-to-end risk solution has broad multi-asset class coverage and services that include data collection, exception handling, and tailored risk reporting. Using full historic revaluation methodologies, and look-through capabilities, truView gives our clients the analytics they need for better decision-making.

For example, they can use truView to access core TCFD reporting and analytics so they can view the carbon risk and carbon intensity of their portfolio compared to a benchmark. Using truView, we're now able to bring together the traditional liquidity and market risk factors with regulatory reporting focused on financial aspects.

### **A Suite of ESG Services**

Responding to growing investor interest in ESG integration, we have built and launched an interactive, web-based portfolio decision-supporting platform to provide transparent and streamlined analytics and reporting.

As an interactive portfolio decision support tool, the platform helps clients navigate the nontraditional financial data landscape, enabling them to view their portfolios through the lenses of industry-leading data sets and frameworks to identify drivers aligned with their investment goals.

Recently, we have made a series of enhancements that enable clients to benefit from an additional asset class (corporate bonds), four new data providers, and improved functionality, resulting in quick and concise readings of portfolio data. The four data providers — IdealRatings Inc., MSCI ESG Research LLC, Trucost ESG Analysis, and Sustainalytics US, Inc. — enable global analysis of ESG data, including performance, volatility and returns.

Clients can access an interactive web-based tool that calculates ESG scores through a combination of both human- and machine-generated data, allowing for greater transparency into potential sources of portfolio risks and opportunities.

We are in the process of migrating this tool into our existing Risk Analytics Platform, truView®, allowing for a more scalable, client-centric ESG risk and Alpha solution. truView® will give clients access to an expanded user interface as well as a global client servicing team.

Additional expansion of product capabilities is in progress. Current features include:

- Carbon footprint and carbon intensity analysis
- Comparison functionality across portfolios, allowing for benchmark analysis
- Financial metric correlation, allowing clients to view ESG metrics against risk and return measures
- Standardized reporting including ESG, SASB and climate

## ENVIRONMENTAL, SOCIAL, AND GOVERNANCE FACTORS AND BOND ISSUANCE

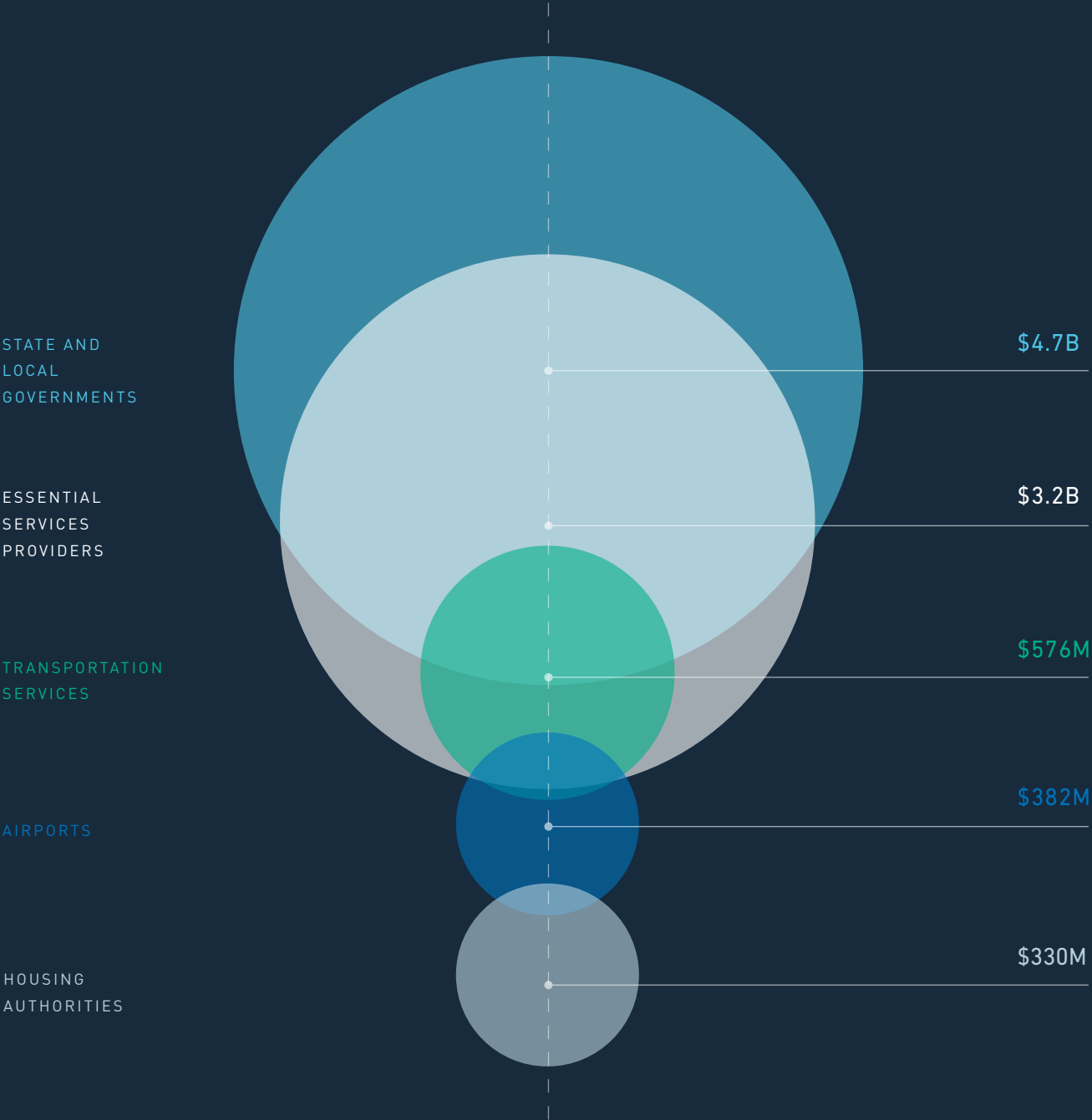
State Street, through its Global Treasury group, supports the issuance of corporate, municipal, and other bonds that incorporate ESG-related factors into their design.

Currently, State Street's Global Treasury group operates a \$100 billion bond portfolio, which positions it to influence how ESG-related performance is considered in these investment vehicles. Up to now, ESG-related factors would be considered indirectly, on an ad hoc basis. Now, that has shifted to where exclusionary criteria are utilized and poor ESG performers are identified as potentially representing unacceptable risk levels.

There are different types of ESG-focused bonds, "Use of Proceeds" bonds, and Sustainability-related bonds, that can be a part of State Street's ESG bond issuance practice. These two types are at different points in market-acceptance and regulatory status and have different reporting obligations and guidelines for how the funds generated by the bonds can be utilized. Both are being explored, and each offers investors, including State Street's own Global Treasury group, access to the growing market of ESG-aligned investment vehicles.



MUNICIPAL FINANCE  
(total debt serviced by)





# \$4.1B

committed to affordable housing  
and renewable energy by our tax-  
advantaged investments group

## TAX-ADVANTAGED INVESTMENTS

Our commitment to ESG includes the work of our Finance Department's Tax-Advantaged Investments Group, which has committed more than US\$4.1 billion to investments in affordable housing and renewable energy projects as of year-end 2020.

We committed to 13 new projects in 2020, including:

- Five new affordable housing funds
- Two state tax credit purchases
- One solar power investment including projects in three states within the United States: Nebraska, Oregon, and Virginia

## MUNICIPAL FINANCING

This commitment to ESG also extends to the work our Municipal Finance group does in the US. This group works with and provides credit facilities to US municipalities and other public sector entities — including state and local governments; essential services providers such as water, sewer, and power utilities; airports; transportation agencies, and housing authorities — to finance capital improvement projects.

By accessing the capital markets with bank credit enhancement or borrowing directly from banks, municipalities can achieve cost-effective financial solutions while completing vital infrastructure improvements.

As of December 31, 2020, we provided credit enhancement and direct loans to issuers in support of:

- \$4.7 billion of debt issued by state and local governments
- \$3.2 billion in debt issued by essential services providers
- \$576 million in debt issued by transportation agencies
- \$382 million in debt issued by airports
- \$330 million in debt issued by housing authorities

Municipalities frequently seek to incorporate sustainability into these new capital investments to mitigate risks, including climate-related risks by, for example, switching to renewable energy sources or replacing older facilities with carbon neutral ones. Governance as it relates to information security has become one of the key risks that the public sector must address in its capital spending due to its vulnerability to cyberattacks.

In general, all Municipal Finance credit decisions are guided by our Risk Guidelines (RGs), which are overseen by Enterprise Risk Management and reviewed annually. These RGs include exposure limits, risk appetite, and risk-rating guidelines for our investments. In 2020, municipalities spent more on cybersecurity and climate-related expenditures than in prior years. Of course, environmental protection remains a priority for a municipality's (e.g., utilities) core operations, but our risk analysis and due diligence processes needs to be cognizant of broader issues. Current and emerging issues we monitor and analyze for each credit exposure include susceptibility to climate events and natural disasters, cyberattacks, and ransomware, cost of legal and regulatory compliance, reliance on renewable energy, deferred maintenance of capital assets, wastewater treatment, and sustainable access to water.

## INVESTING IN ESG INNOVATION

Our vision is to be the leading provider of asset intelligence to the owners and managers of the world's capital. Achieving this vision means helping our clients seize new opportunities. It means adapting to the increasingly technology-driven demands of our industry and staying ahead of new regulatory mandates around data generation and reporting.

And it means continuing our thought leadership to help our clients stay ahead of emerging ESG issues in the marketplace.

We apply our innovation strategy to creating more efficient and streamlined ways to centralize and standardize our clients' data so they can see their full investment process. This includes a balance between automating labor-intensive processes and leveraging our talent's deep enterprise data management capabilities to innovate new products and services that support long-term value creation.

As part of our culture and the nature of our work at State Street, we seek to leverage emerging technologies that enable us to change the way we work and provide services to our clients, ultimately helping us become more sustainable and prepared for any risks to our business.

In January 2020, in order to enhance our Asset Stewardship program, we launched a new web-based Stewardship Platform that centralizes engagement and voting data as well as analytic and reporting capabilities on a single platform. The platform has enabled us to enhance the operational capabilities of the stewardship team, better track the impact and outcome of our engagements, as well as improve the collaboration with active investment teams.

In addition, State Street Global Advisors' R-Factor scores have been integrated into the platform to facilitate ESG evaluation and monitoring. Further, from 2021 we will start using CorpAxe, a cloud-based corporate access platform that will allow us to enhance the process of scheduling and booking engagements with our investee companies.

## ESG THOUGHT LEADERSHIP IN 2020

In 2019, State Street Associates (SSA), the research arm of State Street's capital markets and analytics divisions, began a partnership with ESG pioneer George Serafeim of Harvard Business School. We sought to build upon his foundational research on materiality and bridge the worlds of financial theory and practice. Serafeim's research focuses on measuring, driving, and communicating corporate performance and social impact, as well as the practical integration of ESG criteria into investment management. In his popular "Reimagining Capitalism" course, he demonstrates why ESG issues are important corporate value drivers, asserting that successful companies will increasingly embrace the need to articulate a clear organizational purpose and redefine performance to include their impact on society, which should be measured, priced, and included in financial statements.

# 3,000

firms globally were studied to see how COVID-19 market fluctuations were affected by ESG issues

The SSA team is building on its partnership with Professor Serafeim to study ESG indicators to understand how real money moves as a result of ESG and how this may incrementally affect returns for and pricing of ESG factors. We aim to leverage this partnership to advance our ESG investing research agenda on behalf of our clients.

## SSA 2020 ESG Research

Market participants operating in an era of climate change are demanding more data to measure upstream and downstream climate risk and opportunities. In our research with Professor Serafeim, we start by testing the circumstances in which three types of qualitative and quantitative measures of carbon risk — including upstream and downstream characteristics — add value to portfolio construction. We discovered a clear way to identify which data matters the most for a given industry.

The metrics that vary widely across firms in an industry are effective at predicting returns. This dispersion is calculated through the “coefficient of variation” for each metric in each industry. These — and other — insights for determining the merit and applicability of climate data can then be applied in rules-based trading models.

Our rule is a systematic process of choosing a different type of climate metric across industries. Playing to the strengths of various types of climate data can help investors design strategies to manage climate risk while increasing risk-adjusted returns. By using more sophisticated rules, we suspect investors could produce even better results.

Through its partnership with Professor Serafeim, State Street Associates continues to build on its initial findings, produce ESG thought leadership, and present clients with actionable insights across asset classes.

### ESG Research in 2020

In our 2020 research paper, “Corporate Resilience and Responses during COVID-19,” we investigated how corporate responses on key ESG issues affected financial performance during the COVID-19 market fluctuations. We studied over 3,000 firms globally and found that more positive sentiment surrounding a company’s responses on human capital, supply chain, and products and services issues, was associated with less negative stock returns during the COVID-19 market fluctuations.

Competitive advantage in the 21st century can be seen through a company’s credible commitment to its stakeholders — a company’s relationship with its employees, customers, and suppliers.

Our research addresses how these stakeholder relationships can become strategic resources to companies. Strong commitments to stakeholders can drive greater employee engagement, increased customer loyalty, and stronger supply chains, making companies more resilient especially during times of stress.



[You can access the paper “Corporate Resilience and Responses During COVID-19” here.](#)







# HUMAN AND SOCIAL CAPITAL

With over 90% of our employees working remotely in response to COVID-19, the pandemic forced all of us at State Street to adapt to new ways of working — from navigating technology challenges to being productive and collaborative in an atypical work environment. The human capital aspect of our business, including how we engage with and support our employees, could not have been tested any more thoroughly than in 2020. It was clearer than ever just how material human and social capital are to our long-term success. Through it all, State Street employees demonstrated resiliency and resolve, and we sought additional ways to support them throughout our global operations.

To better support our employees, we invested in their future through a variety of development and training initiatives throughout the year and fostered a diverse and inclusive culture to broaden perspectives and contribute to team building. During the pandemic, our employees continued to be our best ambassadors, helping us create long-term value and constantly developing unique and better ways to provide services to our clients and engage with our stakeholders.

State Street's commitment to improving the communities where we live and work continued throughout 2020, though it looked different than in years past. State Street Foundation stepped up to respond to the crises in both public health and racial equity. In addition, our employees found new and creative ways to help others in a largely virtual environment, including our first-ever Global Virtual Volunteer Week.

This section will discuss how we empower our talent to create long-term value and facilitate change for the communities in which we operate and serve.

## TALENT RECRUITMENT AND RETENTION

We attract and develop the industry's top performers by providing the tools, resources, and learning opportunities they need to do their best work every day. That means offering competitive benefits, providing development, mentoring and sponsorship programs, and instilling a culture of inclusion and diversity where all employees feel valued and engaged. In these ways, our employees play a critical role in our ability to create long-term value for the company and for our clients.

### Attracting the Best Talent

While the pandemic impacted our recruiting efforts, we continued to focus on high-growth markets that align with the current demands and ever-changing nature of our business. Our global Talent Acquisition team employs several key programs to support our recruitment efforts.

#### INTERNSHIP PROGRAM

Given the importance of exposing students to experiential learning before they join the workforce, we have created opportunities at State Street to engage students early in their academic careers. Internships enable us to develop talent internally by introducing students to our brand and culture, while allowing them to build professional relationships within the industry.

Our internship program encourages talented students to join us as their first employer after graduation.

#### PROFESSIONAL DEVELOPMENT PROGRAM (PDP)

Our PDP invites high-performing recent graduate candidates to participate in a two-year rotational program that allows them to experience the different aspects of our business to determine where they will grow and succeed best within the organization.



In 2020, we hired 44 PDP participants in the US and India. Demonstrating the success of our internship program, we're proud that in 2020, 79% of our Professional Development Program class had previously worked with us as an intern or co-op.

#### LEADERSHIP DEVELOPMENT PROGRAM (LDP)

Our LDP accelerates the development of high-potential, mid-career employees who demonstrate the skills and aptitude to navigate a highly complex and dynamic global business. This two-year program provides targeted rotational assignments and professional development. It builds an internal talent pipeline, positioning employees to transition into leadership roles. In 2020, 15 LDP participants completed the program and were placed into permanent roles at the vice president or assistant vice president level, while 12 employees began the program. Executive and senior leaders serve as sponsors to each program member and are actively engaged in their development.

#### Competitive Benefits

To attract and keep the best talent, we offer comprehensive and flexible benefit programs designed to meet the changing needs of our employees and their families.

#### MAINTAINING A HEALTHY AND SAFE WORK ENVIRONMENT

The COVID-19 pandemic tested our commitment to providing the safest working environment possible for our employees, contingent workers, and visitors. To that end, we uphold the highest standards for health and safety within our operations and provide a framework for our Global Health and Safety Program and policy.

This streamlined policy offers us guidance in promoting a culture of understanding and awareness of health and safety risks; identifying and assessing those risks through periodic assessments and remediation; reporting incidents and injuries; and complying with regulatory requirements.

The Global Health and Safety Executive Steering Committee executes the policy, which includes developing procedures for training, risk assessment, incident reporting and remediation of all health and safety matters.

To the extent that regulations or regulatory guidance of a local jurisdiction requires additional health and safety measures, such measures are specified in country-specific policies.



# 20%

increase in employee pride  
in working for State Street  
since October 2019

# 90%

employees worked remotely at  
least part of the time last year

## COVID-19 Response and Flexible Work

In addition to working to create a safe working environment for those employees who were still in the office, we quickly responded to the evolution of COVID-19 in China and around the world by shifting to a workforce that was primarily working remotely. In March, approximately 90 percent of State Street employees moved to working remotely, which went smoothly thanks to our long-term commitment to flexible work, giving us the tools we needed for a rapid transition.

In order to provide stability for employees during the pandemic, CEO Ron O'Hanley made a commitment that no employees would be laid off through the end of the year. That commitment set a tone that inspired our employees to rise to meet the many unexpected challenges of 2020.

## EMPLOYEE ENGAGEMENT AND SATISFACTION

In a time when everyone was working virtually, we found meaningful ways to support colleagues globally. One example is the accelerated launch of a new global reward and recognition program we call "Bravo" that we introduced throughout the company in September. The program was part of a transformation effort we had originally planned to roll out in the first quarter of 2021. But that timeline was shortened dramatically by the pandemic because we knew we would need new ways to engage our employees who were now working remotely. The result is that employees can use Bravo to recognize other employees for anything as long as it reflects the culture traits that guide our ways of working. There's a monetary component to the recognition as well.

From September 2020 through April 2021, we had more than 30,000 recognition moments. People are engaging with Bravo because it allows them to recognize other employees cross-functionally and easily, showcasing the efforts of our employees globally.

We also conducted four employee surveys during the year. We carried out these surveys quickly to capture the mood of employees with the first survey kicking off in April. We were pleased to receive very high ratings from employees in terms of their opinion of State Street's response to the COVID-19 crisis and the way the company has supported them.

The final survey was conducted in December. We also continued our assessment of culture and employee engagement and noticed a positive change in employee pride in working for State Street — which is up almost 20 percent since October 2019.

Moving forward, we will continue to run occasional surveys to make sure we understand the employee experience. We are committed to acting on the data employees provide us, as demonstrated last year when employee insight helped us determine our communication cadence around COVID-19 content, helped us make sure our COVID-19 safety protocols were well understood as employees started returning to offices around the world, and so much more.

5

formal flex work options  
offered across the globe

89%

of employees expressed pride in the way  
State Street responded to the COVID-19

## FOSTERING A HEALTHY WORK/LIFE BALANCE

We offer a host of resources and services to support our employees in maintaining a healthy work/life balance.

### Flexible Work Program

Flexible work arrangements have been embedded in the culture of our company for more than a decade to help maximize our employee engagement, talent retention and recruiting efforts as well as support our operating model — including business continuity efforts and space utilization. Throughout the years, we've found that offering employees greater flexibility in their work hours and location increases their productivity, fosters trust and loyalty, and makes for a happier and healthier workforce — all of which result in significant benefits for the company.

Our five formal flex work options (FlexTime, FlexPlace, Compressed Work Week, Reduced Schedule, and Job Share) continue to be utilized and gain traction at our office locations across the globe, proving the flex culture is a key element of our organizational values.

Additionally, we continue to maintain our philosophy of “just-in-time” flexibility: the ability — with management approval — for employees to adjust their regular schedule to accommodate ad-hoc demands outside of the workplace.

Thanks to that strong foundation and culture of flexibility, State Street was able to transition nearly 90% of its global workforce to remote work, in a matter of days, as the COVID-19 health crisis evolved around the world. In 2020, State Street employees indicated ongoing pride in the way the company responded to the crisis — with 89% of them expressing so throughout the year in our surveys.

### **BeWell Program**

Through our global BeWell Program, we offer our employees the tools and resources they need to manage their physical, emotional, and financial wellness. While the BeWell benefits vary from country to country, they may include online wellness portals, employee assistance programs, financial planning seminars, tuition assistance, fitness reimbursements, discounts for personal expenses, and group discount opportunities. We incentivize employees with the potential to earn additional paid days off for participating in BeWell programming, such as healthy habit challenges.

### **Parental and Caretaker Support**

We want to ensure that our employees have the flexibility, time, and ability to care for their loved ones and themselves when it matters most.

That's why we provide child, elder, and personal care programs, referrals and resources, as well as emergency backup daycare for employees. Employees are also entitled to paid parental leave benefits. Adoption and fertility assistance are also covered in some locations.

### **Employee Benefits**

Full-time State Street employees are eligible for benefits that include programs that cover spouses/domestic partners, adult dependents and children; comprehensive medical plan options; dental and vision care; flexible spending accounts for health care, dependent care and transportation needs; employee and family life insurance; Legal Assistance Plan; Employee Assistance Program (EAP); Salary Savings Program with 401(k) pre-tax and post-tax; as well as Roth options and a competitive company match.

The EAP is a global service to support the mental health and well-being of State Street employees. State Street's EAP, offered through Optum, is available 24/7.

The service is a free and confidential program for employees and their family members. The EAP can help employees deal with personal challenges that might be affecting their health, relationships, or job effectiveness. Last year, the pandemic provided a vivid example of just this type of challenge.

### **Helping Employees Maximize Their Potential**

Professional development and training are central to our talent retention strategy. Our programs are designed to provide our talent with the resources and confidence they need to be effective, innovative, inclusive, and successful. To help our employees meet the rapidly changing, technology-centric demands of the financial services industry, we invest in professional development and skills-training opportunities to help them succeed.

### **Developing and Training the Workforce of the Future**

State Street Talent Development and Learning is our center of excellence that ensures that every employee has easy access to relevant development programs and learning resources. We are committed to fostering a culture of continuous learning and personal development. Our global Talent Development and Learning team ensures that we have a wide, attractive range of offers that address relevant business needs and work best for the culture and customs of the regions in which we operate.

### **Enhanced Learning Curricula**

In 2020, we enhanced our learning platform and available learning opportunities to make it easier for employees to further develop and learn new skills.

The interface, search capabilities, and visibility and reporting features of our learning management system provide employees and their managers an intuitive user experience for both self-directed and required learning opportunities. This platform signifies a major improvement to our overall offerings, developing unique learning programs for each user leveraging machine learning. We continue to offer trainings that are increasingly flexible and include virtual instructor-led training, online courses, videos, blogs, articles, and other learning opportunities.

We've grown and scaled our Management Development Program to include modern virtual programs that blend self-paced learning with live, virtually hosted sessions and discussions that learners complete over a multi-week period alongside their peers around the globe.

### **Increasing Dialogue Between Employees and Managers**

We have strategically designed our performance management process to enable clear and open lines of communication. In practice, employees lead monthly meetings with their manager, focusing on what's worked, what could be improved, and goals for the future. Managers, in turn, provide coaching and real-time feedback to employees — both on what they've accomplished and how.

In addition to greater alignment and more frequent conversations, we continue to refine our approach to managing performance to make sure decisions regarding performance, compensation, and promotion are consistent. Our Learning function, and managers more broadly, also leverage the feedback generated throughout these conversations to assess the professional development needs of their team in real time.

Throughout the pandemic, one way we worked effectively in a virtual world was by increasing the number of calls between senior leadership and employees as well as managers to maintain ongoing communications. We also developed a comprehensive guide to help prepare managers with answers for the new questions their employees were asking.





MOVING FORWARD TOGETHER

# INCLUSION AND DIVERSITY



At State Street, we aspire to be known as an employer of choice for people across all backgrounds. That means building and upholding an inclusive workplace culture where employees feel their identities and experiences are not just represented, but embraced and celebrated.

Inclusion and diversity, along with building a more equitable State Street, are central to our company's values: Global Force, Local Citizen; Always Finding Better Ways; Stronger Together; and Trust Is Our Greatest Asset. How we live those values every day matters. A business of our size and global presence must be completely dedicated to continuous improvement and willing to listen to what our employees need and want.

Simply put, we're driven by our belief that an inclusive culture with a diverse and engaged workforce is essential to the long-term sustainability and success of our business.

Our employees come from many backgrounds and bring with them a wide variety of life experiences. By recognizing the value of different perspectives and encouraging employees to be their true selves, we're working toward full organizational equality.

We have established these policies for fostering employee representation and to drive a better sense of belonging across our global operations:

- Global Diversity Policy
- Global Equal Employment Opportunity Policy
- Global Anti-Bullying and Harassment Policy
- Global Non-Discrimination Policy
- Global Sexual Harassment Policy
- US Pay Transparency Policy
- US Affirmative Action Policy
- US Americans with Disabilities

## OUR DIVERSITY GOALS

At State Street, we believe in the power of goals, whether they're financial or personal. We know how goals can inspire people to work toward achieving them. The more ambitious the goals, the greater the support they can attract within the company. We introduced State Street's diversity goals as three-year goals in 2011 at the Senior Vice President level and above, and added Assistant Vice President+ 3-year goals to the existing SVP+ goals at the end of 2014.

Our next round of three-year and five-year goals began at the end of 2017.

Our latest three-year journey ended in December 2020 with us falling short on six out of eight diversity goals.

While we didn't meet all of the goals we had set for ourselves, we made meaningful progress in the following areas:

- We achieved Employees of Color (EOC) three-year goals at the VP (30%) and AVP (34%) levels.
- Over the past year, the promotion rates for women and EOC were greater than the rate for all other employees (women 13.7% vs. 12.3%; EOC 9.2% vs. 7.8%).
- We have a heightened awareness and senior leadership accountability as a result of including progress toward goals on EVP scorecards.

Moving forward, we plan to integrate our recent learnings into the goal-setting process to develop and execute new diversity goals. This includes:

- Working more closely with business strategy and talent acquisition teams to attract diverse talent. A lack of external hiring during the pandemic negatively impacted all goal categories.



- Continuing efforts to mandate diverse slate requirements deeper in the organization as this contributed positively in 2020 with Managing Director and above job openings.
- Increasing diversity goals accountability for managers at all levels of the organization.
- Increasing participation of inclusive leadership training for managers to foster development and retention of women and EOC talent.
- Engaging senior leadership in amplifying global self-ID campaign to measure success and track progress.

State Street was included in the Bloomberg Gender-Equality Index (GEI) for the fifth year. This index measures gender equality across five pillars: female leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, sexual harassment policies, and pro-women brand. Last year, Bloomberg expanded the eligibility for inclusion in the index to nearly 6,000 companies across 84 countries and regions. State Street is one of 380 that qualified for inclusion in the index.

## SOCIAL JUSTICE IN 2020

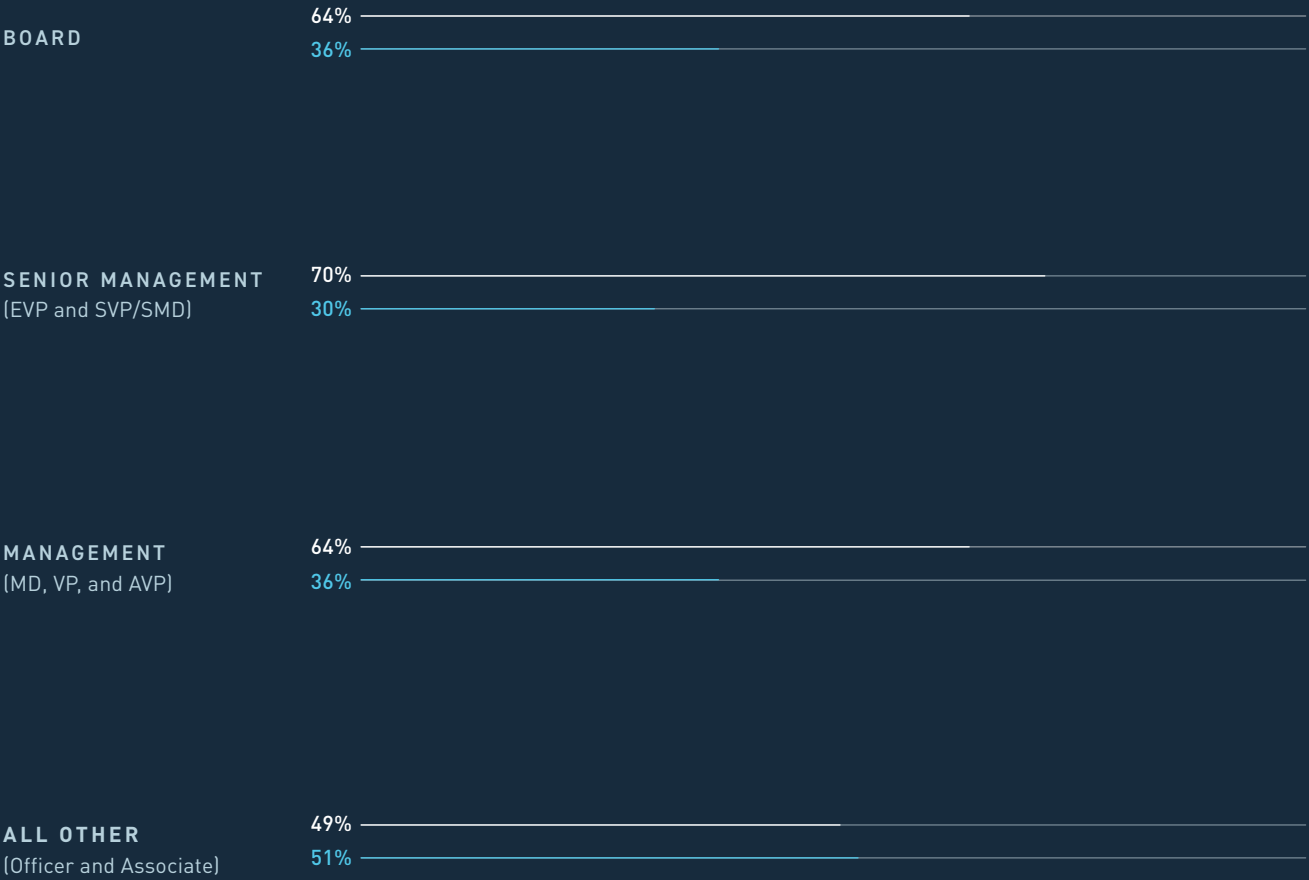
As last year's horrific events unfolded — including the deaths of George Floyd and Breonna Taylor — we took immediate steps, building upon our existing inclusion strategies with our 10 Actions Against Racism and Inequality:

1. Triple our Black and Latinx\* leadership (Senior Vice Presidents and above) and double our percentage of Black and Latinx\* populations over the next three years. Extend requirement to interview a diverse slate of candidates to positions at all levels.
2. Examine all of State Street's development and advancement programs and processes to improve the mobility and development of Black and Latinx professionals.
3. Enlist our entire workforce in learning opportunities and conversations around anti-racism and equity. Make these approaches and programs available to our clients.
4. Systematically review governance models within key management committees to ensure inclusion and diverse representation.
5. Increase our spend with diverse suppliers over the next three years. Hold ourselves accountable for strengthening Black- and Latinx-owned businesses.

\* Black, Asian, and minority ethnic (BAME) globally (Black and Latinx, U.S. only)

DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

● Male ● Female





6. Work with our board to add Black and Latinx directors within 18 months and to expand its diversity efforts.
7. Partner with State Street Global Advisors' Asset Stewardship and determine what State Street can learn from others to develop best practices and evolve to a best-in-class organization in combating racism and attracting, motivating, and retaining Black and Latinx talent.
8. Lead an effort with the asset management industry to attract and advance more Black and Latinx people into our profession.
9. Establish combatting racism as a clear priority pillar alongside education and workforce development, and reprioritize State Street Foundation spending accordingly.
10. Leverage Juneteenth as a day of reflection to create awareness and establish a State Street-wide day of service focused on better understanding racism and giving back to our communities.

These efforts launched in the latter half of 2020, with a group of State Street employees working on each Action and almost 150 employees involved overall. For each Action, the associated group is in the process of identifying measurable goals and actions to be taken to advance those goals.

Last year, State Street also supported the launch of the New Commonwealth Racial Equity and Social Justice Fund (NCF), which was spearheaded in part by Paul Francisco, our chief diversity officer, who now also sits on the NCF Executive Committee. NCF aims to provide essential support and resources to help uncover and dismantle racial inequities in Boston and across Massachusetts. State Street's commitment to NCF is in addition to other investments made to the NAACP Legal Defense and Educational Fund, Equal Justice Initiative, and King Boston.

### Pay Equity

A key focus of our commitment to gender equity continues to be understanding and closing the pay gap between men and women at State Street. For the fourth year in a row, we published our United Kingdom Gender Pay Gap Report that outlines gender and compensation within our UK operations and provides insight into our efforts. We unequivocally support equal pay for equal work and closely monitor our pay decisions and strive for continuous improvement in the way we train our managers to make appropriate compensation awards to women. In the UK, we report our gender pay gap numbers for two legal entities: State Street Bank and Trust Company London (SSBT) and State Street Global Advisors Limited (SSGA).

We also report our pay gap numbers in aggregate as “State Street Overall.” Across all three reporting categories, our gender pay gap is a result of lower representation of women in more senior and higher-paying roles. We narrowed the gap in all areas we track, as a company overall and within the smaller subsets of SSB&T and SSGA.

### Diversity Awareness Training

Diversity awareness is an important part of our training curriculum. Below are examples of awareness and development opportunities made available to all our employees:

- **Inclusive Leadership: Unconscious Bias training** mandatory for all employees globally and Understanding Unconscious Bias conversation guides aimed at managers exploring what unconscious bias is and what to do about it; expanding abilities to solve complex workplace issues; enhance professional development and encourage different ways of thinking; assisting employees and managers to have more effective conversations as part of our new approach to performance management.
- **10 Actions Against Racism and Inequality:** Components are designed to enlist our entire workforce in learning opportunities and conversations around anti-racism and equity; these approaches and programs are also available to our clients.

- **Degreed:** An expanded learning platform that changes the way employees access learning and development opportunities at State Street, and provides the opportunity to gain knowledge related to diversity, equity, and inclusion. It includes an Inclusion Diversity & Equity Pathway and a WARM (World Anti-Racism Reflection Moments) Pathway. Pathways are updated frequently with new, relevant learning assets, interesting and existing engagement events, and opportunities for reflection.
- In 2020, for the 14th consecutive year, we were the presenting sponsor of the Massachusetts Conference for Women, the world’s largest women’s conference.
- We offer our employees global access to online webinar programs that focus on workplace diversity, as well as live diversity awareness trainings and workshops.

### Employee Networks

[Employee networks](#) empower our employees to be their authentic selves while providing safe, encouraging, and inclusive spaces to facilitate courageous conversations, and build community. That’s why State Street supports 24 employee networks globally with more than 110 chapters around the globe.



These networks are supported by more than 50 executive sponsors, all established and run by employees who volunteer their time. These groups help employees come together around common goals, seeking to help shape our future with their unique perspectives. Our networks follow the 4C Model, which organizes their activities and impact into Culture, Career, Commerce, and Community. Employee Networks create opportunities to volunteer, network, and offer career development and cultural opportunities aligned with members' goals and interests. Our networks are an essential part of the employee experience and in helping advance a culture of inclusion and belonging.

Several of our employee networks are designed to help support and develop women in the organization. Our Professional Women's Network and our Returners Network, aimed at supporting women coming back to work after having children, are two such examples. Last year, we partnered with the Diversity Project to launch a cross-company returners pilot program. In 2020, our Professional Women's Network was recognized in the United States as best-in-class receiving the ERG Council Honors Diversity Impact Award. This designation has been received by four State Street employee networks in prior years.

### Looking Forward

When we think about the future of State Street, we see inclusion, diversity, and equity as integral to our long-term success. We know that we are our strongest when everyone is empowered to challenge existing ideas and contribute new ones. While we are proud of the work we have done to this point, we know that there is always room for improvement. We are committed to that improvement, and to working towards our goal of a truly diverse, inclusive, and equitable organization.





# STRENGTHENING COMMUNITIES

State Street is committed to making a positive impact on the communities where we live and work, including employee volunteering and investing in local nonprofits. The community support efforts facilitated by our Corporate Citizenship team enhance not only our local communities, but our entire company. Effective engagement with the wider community is an important component of being a good corporate citizen, and we maximize the positive impact of our presence by investing in the communities where we live and work through financial contributions and time volunteered by employees.

## STATE STREET CORPORATE CITIZENSHIP

Corporate Citizenship at State Street comprises three pillars:

- **Grantmaking via State Street**

**Foundation:** providing financial support to nonprofit organizations and matching of employee donations. The Foundation directs its grant funding to nonprofit education and workforce development organizations that deliver programs to prepare underserved populations for meaningful employment by improving access to higher education and careers. These efforts enhance the security and prosperity of society at large and support State Street's long-term business strategy.

- **Volunteerism:** supporting local nonprofit organizations while providing engagement opportunities for employees and manages matching gifts for them.
- **Corporate responsibility:** overseeing the management of sustainability issues.

Corporate Citizenship channels its local community support through location-based Community Support Program (CSP) committees composed of employee volunteers who advise on local grant funding decisions and lead employee volunteer efforts. During 2020, we had active CSPs in 36 of our offices.

## STATE STREET FOUNDATION

State Street Foundation supports charitable partners through strategic grants, by matching employee donations, and by monetizing employee volunteer hours. State Street Foundation's mission is to promote economic opportunity in the communities where we have a business presence. We invest in high-performing nonprofit organizations that support education, employability, and employment opportunities for disadvantaged individuals, helping them gain the skills and educational qualifications needed to secure sustainable employment in today's knowledge-based, global economy.

Our [Impact Framework](#) outlines SSF's vision to contribute to community health and well-being by promoting economic self-sufficiency among disadvantaged populations.

In 2020, State Street Foundation achieved 88 percent of its grant funding goals — despite operating in a pandemic — continued its support of the Boston WINs initiative in the final year of a six-year commitment, and continued to support the EMEA high-impact funding initiatives launched in 2019 — in Poland, Ireland, and the United Kingdom.

We also launched a multi-year investment in the early college model, which creates formal pathways and partnerships between high schools and post-secondary institutions, to enable high school students to simultaneously take college classes. Students receive both high school and college credit with a goal of graduating from high school with at least 12 college credits.

Both national research and some early research from the Massachusetts Department of Elementary and Secondary Education point to early college being a strong lever in closing both racial and socio-economic opportunity gaps around college enrollment persistence and graduation. We plan to move forward with four early college pathways, two in Quincy and two in Boston.





# \$1.2M

contributed to global  
emergency COVID-19 relief

While early college is relatively new in Massachusetts, it has been used heavily and very successfully in other U.S. states.

In light of COVID-19, State Street Foundation significantly streamlined its grant application process and removed grant restrictions in order to best support our community partners, many of whom faced unexpected challenges to continue providing services to their constituents. For the most part, the Foundation worked with existing grant partners, level funding them in 2020 from the previous year.

We also made available US\$1.2 million in global emergency COVID-19 relief to our grant partners. During challenging times, these grants made it possible for us to continue our commitment to improving the overall well-being of our communities with a minimum of disruption.

# 4

early college pathways  
in Massachusetts

## Racial Justice as a Funding Priority

As an outcome of our 10 Actions to Address Racism and Inequality, we have integrated a new focus on combating racism into our Foundation's historic priorities of education and workforce development. We will continue to prioritize grantees that can show measurable results within several key indicators outlined in our Impact Framework that link to economic impact and racial justice.

In 2020, we partnered with an external agency to review all the nonprofit organizations that we currently support in the Massachusetts region to understand how they are working to address racial inequality and discrimination and to assess the diversity of their leadership.

As part of this evaluation, we identified other organizations in the community that have a stronger emphasis on these issues. This exercise will directly feed into the realignment of State Street Foundation's priorities in line with our commitment to creating meaningful change towards an equal society. We intend to roll out a similar assessment globally in the years to come to ensure we are maximizing our global impact on promoting equality.

### Global Venture Philanthropy Initiatives

Building on the success of Boston WINs — a multiyear venture philanthropy initiative helping to prepare Boston youth for the workforce — State Street has further expanded our high-impact community investment program. Aimed at enabling economic mobility through education and workforce development, the program includes three-year investments in Ireland, the United Kingdom, Poland, and India.

Each program is operated in partnership with a local nonprofit organization, and is tailored to suit each market and best meet the needs of local communities.

- **Ireland:** Employers across Ireland are being urged to “see ability, not disability” and to create more opportunities in the workplace for people with visible and invisible disabilities, thanks to a partnership between State Street and Rethink Ireland (Previously Social Innovation Fund Ireland). The partnership's Ability to Work Fund is providing €1.5 million in funding from 2019-2021 to organizations working to empower people with a disability to gain employment.
- **United Kingdom:** In the UK, we have partnered with Impetus PEF, a local venture philanthropy organization, working toward the effort to transform the lives of young people from disadvantaged backgrounds since 2019. To that end, we are partnering with two nonprofit organizations: Dallagio Rugby Works and City Gateway.

# \$22.5M

in grants and matching  
gifts funding provided by  
State Street Foundation

# 58%

of State Street executive  
vice presidents served  
on charitable boards

- **Poland:** We have partnered with the Poland Business Run Foundation to create a Center for Vocational Training for Disabled People with the aim of increasing the employment of people with physical disabilities — enhancing their ability to search for, take up, and maintain employment of people who are unemployed.
- **India:** In early 2021, State Street announced a three-year partnership with The/Nudge Center for Social Innovation. With a focus on job creation and enhancing the livelihoods of underprivileged urban youth in India, State Street will work with The/Nudge CSI to accelerate four to six high-potential nonprofit start-ups in this sphere.

## Wealth and Income Creation

We are committed to supporting the economic prosperity of our communities around the world. To that end, and as part of our commitment to the UN Global Compact, three of our six prioritized Sustainable Development Goals (SDGs) align with the education and workforce development focus of State Street Foundation: SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth), and SDG 10 (Reduced Inequality).

State Street Foundation's strategic grant-making program's mission is to promote economic opportunity in the communities where we have a business presence. We invest in high-performing nonprofit organizations that support education, employability, and employment opportunities for disadvantaged individuals, helping them gain the skills and educational qualifications needed to secure sustainable employment in today's knowledge-based, global economy.



# \$500

grant made for every 16 hours  
volunteered by an employee  
with a single organization

# 35,125

hours volunteered globally  
by our employees

## VOLUNTEERING AT STATE STREET

The Corporate Citizenship team manages our giving programs in the communities across the globe where our employees live and work, enhancing employees' ability to make an impact on their local communities.

Employees guide State Street Foundation grants or organize volunteer projects for their teams and offices by joining a CSP. We also encourage and provide training for employees who are seeking to serve their communities by joining nonprofit boards. In 2020, 58 percent of State Street executive vice presidents served on charitable boards.

In addition, employees can invest in causes of their choosing through our Matching Gifts Program, which matches employee charitable contributions, and individual fundraising efforts, and monetizes volunteer time.

We allow our employees to choose the organizations they are most inspired by without limitations. In 2020, we added \$2:\$1 matching for organizations addressing the COVID-19 crisis and racial justice issues. We match employee donations and fundraising efforts \$1:\$1 and for every 16 hours volunteered at a single organization, we make a grant of \$500.

In 2020, we doubled employee paid volunteer time — either individually or with teams. Employees now receive 32 paid hours a year to volunteer their time at nonprofit organizations or accredited schools of their choice. In 2020, State Street employees recorded a total of 35,125 volunteer hours globally in support of 463 unique community organizations.

463

unique community organizations  
supported by State Street volunteers

### Global Virtual Volunteer Week

Demonstrating our ability to adapt to challenges such as the pandemic, last summer we pivoted our Global Volunteer Week into a Global Virtual Volunteer Week, focused on virtual volunteering globally by activating our employee volunteer groups. During the week, we hosted career panels for the students served by our grantees, held virtual materials drives for our nonprofits, and matched dozens of mentors to support students in their new virtual environment. Altogether, State Street employees contributed their skills to 166 projects for nearly 2,600 volunteer hours.

32

paid hours per year received by employees to  
volunteer their time at nonprofit organizations  
or accredited schools of their choice

### Skills-Based Volunteering

We provide employees with skills-based volunteer opportunities that enable them to support nonprofit organizations or initiatives by leveraging their skills and expertise. This gives employees hands-on professional development experience while strengthening the organizations that serve our communities. It also enables us to collaborate with our Global Human Resources team and other business partners to better understand how skills-based volunteering can help employees meet their professional and performance goals.

Since 2003, we have collaborated with Common Impact, a nationally recognized nonprofit that works to build a society in which individuals and businesses invest their unique talents toward a shared purpose: strengthening the local communities in which we live and work.

Common Impact connects State Street employees to nonprofit organizations with proven models to tackle some of the challenges our communities face.

This partnership has resulted in placing nearly 400 State Street employees in skills-based volunteering projects that delivered solutions and support to 89 nonprofits. In 2020, 10 grantees participated in long-term skills-based volunteer projects while another five grantees performed a day of service, providing almost \$150,000 social return on investment.

Looking forward, we plan to expand our skills-based volunteer day of service to include additional organizations in the racial equity and social justice space.





# OUR ENVIRONMENTAL FOOTPRINT

We're keenly aware that the decisions we make every day have an impact on our environment. Reducing our footprint by using resources responsibly helps us increase efficiency, save money and attract and retain clients and employees.

As a financial institution and custodial banking service provider, State Street's environmental impacts have two primary components. The first is the impact of our operational activities. To address them, we monitor our impacts regularly and set quantitative goals to reduce energy use and greenhouse gas emissions, water usage and discharge, and improve waste recycling.

This approach reduces our modest global operational environmental impacts and allows us to lead by example in light of our public statements regarding the importance of operating in an environmentally responsible manner.

In 2020, our environmental impacts were lessened by the global pandemic that resulted in a large number of employees working remotely and, as a result, greatly reduced usage of energy and water, as well as diminished waste (and therefore recycling) in State Street buildings.



The second area where our performance affects our footprint is the environmental impact of the portfolio of companies whose assets we hold or manage. With more than \$30 trillion of assets under management, the cumulative impacts attributed to these assets is significant. We describe elsewhere in this report our efforts to engage with the companies in our portfolios and to communicate our assessment of the risks their impacts may represent to our clients' assets.

In this report, we discuss the impacts of our direct operations as well as our efforts to disclose our performance in alignment with several ESG-focused reporting frameworks, including TCFD, GRI, and SASB. State Street deeply believes it is critical to our long-term success that we manage our business activities in a socially and environmentally responsible manner, and we are committed to reducing the environmental impacts of our business operations. At the same time, we seek to mitigate our exposure to associated risks by setting science-based goals that hold us accountable.

## OUR ENVIRONMENTAL GOALS

Being responsible environmental stewards is good for business. It helps us lower costs, increase efficiencies in our business operations, attract and retain talent, and build trust with our clients and other stakeholders. That's why we have set aggressive goals and targets to reduce the environmental footprint of our business.

After exceeding our 2025 carbon reduction goal in 2019, we set a new Science Based Target goal. The new goal is a 27.5% reduction by 2030 (using a 2019 baseline) following the location-based method, aligning with the Well Below 2-degree Celsius scenario. In addition, we committed to being carbon neutral in our global operations for Scope 1 (direct energy usage) and Scope 2 (indirect energy) emissions, beginning with the 2020 reporting year.

The other two enterprise-wide 2025 goals (established in 2017) for reducing our water consumption by 10% and increasing our recycling rate of waste to 80% remained in place. Our water consumption was reduced by 43%, and we will be updating that goal in 2021. Our recycling rate ticked up to 74% in 2021, although the pandemic delayed implementation of a global recycling strategy outlined in our previous report.



These goals are reviewed annually by our Environmental Sustainability Committee and Executive CR Committee to ensure we have the appropriate policies and procedures in place as we work toward achieving our targets.

## OUR PATH TO CARBON NEUTRALITY

We are proud to have achieved carbon neutrality for Scope 1 and Scope 2 emissions (direct emissions as well as indirect emissions from electricity) in 2020 through infrastructure retrofitting, purchasing renewable energy certificates (RECs) and carbon offsets, and by utilizing renewable energy sources wherever possible.

While our CO<sub>2</sub> emissions fell by 12 percent in 2020, compared to the 2019 baseline, we are cognizant of the fact these results are likely distorted by the COVID-19 pandemic, which greatly reduced energy use in our offices with most employees working remotely, and in functions such as business travel. We remain committed to closely monitoring and further reducing our emissions wherever technically and economically feasible.

## WORKING TOGETHER TO REDUCE OUR IMPACT

Our success in achieving carbon neutrality and reducing our overall environmental impacts is due to a combination of programs, collaborations with key stakeholders, and technical innovation in several areas.

Energy efficiency improvements to our data centers and corporate buildings remain a central focus of our energy reduction strategy. Our Environmental Sustainability team is constantly exploring innovations in energy efficiency within our building stock that may help the business move closer to achieving our energy and greenhouse gas emissions targets.

Our Global Realty team oversees building infrastructure. It is primarily responsible for mitigating the energy impacts of our building portfolio at State Street. Retrofitting our older building stock continues to be an investment priority for Global Realty, as it is both cost-effective and helped us meet our 2025 carbon goal ahead of schedule.

During 2020, despite the impact of the pandemic, progress continued on our new, state-of-the-art LEED Gold certified flagship headquarters at One Congress Tower in Boston.



## CLIMATE CHANGE RISK AND OPPORTUNITIES

We are in a position to help address climate change in four main areas:



**As an asset servicing provider,**

helping clients better understand the carbon profile of their portfolio holdings so they can take action.



**As an asset manager,**

helping asset owners reduce climate risk in their portfolios and embrace the growth opportunities in green innovation, and engage with portfolio companies and boards to understand how they are managing the opportunities and risks of climate change.



**As a responsible corporation,**

focused on the long term, continuing to reduce our carbon footprint by reducing energy use, greenhouse gases, and water usage and discharge, as well as improving waste recycling.



**As an engaged industry and community partner,**

working with policymakers, industry initiatives like the Task force on Climate-related Financial Disclosures, as well as local stakeholders like the One Waterfront project in Boston to maximize effort and impact on the problem of climate change.

The building is expected to open in 2023. LEED Gold will continue to be the target that we set in terms of new construction projects moving forward. Our data centers continue to be our biggest electricity users within our building portfolio.

That's why we're implementing a centralized strategy for all of State Street's data centers to reduce energy use and increase resiliency. We anticipate that the initiative, which was launched in January 2021, will offer a number of advantages, including further energy savings and reduced operating complexity and business risk by consolidating existing data centers to a smaller subset of enterprise hosting centers.

### Environmental Sustainability Policy

Our [Environmental Sustainability Policy](#) outlines our commitments to:

- Establish and review quantifiable objectives and targets
- Comply with applicable legal requirements and other requirements
- Protect the environment and prevent pollution
- Continuously improve

- Promote greater awareness among all stakeholders
- Implement processes to adhere to our Environmental Sustainability policy, which is reviewed and reaffirmed in an ongoing manner.

### Environmental Management Framework

We apply International Organization for Standardization (ISO) environmental management frameworks to oversee environmental sustainability within our operations. We currently are ISO 14001 certified at 18 locations across our global footprint. Of those 18 locations, two are also ISO 50001 certified.

### ENVIRONMENTAL SUSTAINABILITY EMPLOYEE NETWORK

Our Environmental Sustainability Employee Network (ESEN) is a resource group composed of more than 2,000 passionate employees around the world who are focused on reducing our company's environmental impact. The network serves as a communication tool for employees to share ideas and activities and helps management provide and receive information about our corporate sustainability goals and initiatives.

## STATE STREET 2020 CARBON NEUTRALITY PORTFOLIO

The 2020 Carbon Purchase includes 17 projects from around the globe



● State Street Office Locations    ● Offsets (Scope 1 & 3)    ● RECs (Scope 2)

## GREENHOUSE GAS (GHG) EMISSIONS

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

CO <sub>2</sub> e Emissions (Metric Tons)	2020	2019	2018	2017
CO <sub>2</sub> Direct	4,993	6,582	7,335	6,601
CH <sub>4</sub> Direct	12.89	16.90	17.13	15.02
N <sub>2</sub> O Direct	2.92	3.73	4.60	4.02
HFCs Direct	2,411	2,340	2,458	3,060
<b>Total Direct (Scope 1)</b>	<b>7,420</b>	<b>8,943</b>	<b>9,814</b>	<b>9,680</b>
Biogenic CO <sub>2</sub>	1.42	4.39	4.50	2.53
<b>Total Indirect (Scope 2)</b>	<b>67,049</b>	<b>75,728</b>	<b>78,678</b>	<b>90,185</b>
<b>Total Indirect (Scope 3)</b>	<b>37,488</b>	<b>90,872</b>	<b>95,888</b>	<b>96,283</b>
<b>Total GHG Emissions</b>	<b>111,956</b>	<b>175,543</b>	<b>184,380</b>	<b>196,148</b>

## GREENHOUSE GAS (GHG) INTENSITY AND REDUCTION

## GHG INTENSITY

	2020	2019	2018	2017
GHG Emissions Intensity Ratio	1.85	2.02	2.21	2.64
List of included gases	Carbon Dioxide (CO <sub>2</sub> ), Methane (CH <sub>4</sub> ), Nitrous Oxide (N <sub>2</sub> O)			

## GHG REDUCTION

	2020	2019	2018	2017
Total GHG Reductions in Metric Tons CO <sub>2</sub> Equivalent	1,025	1,133	1,652	1,669
Emissions Reduced: Direct (Scope 1) and Indirect (Scope 2)				

The ESEN raises employee awareness about sustainability efforts within the company and fosters community engagement around environmental initiatives. The group, which is led by an employee steering committee, participates in behavioral and operational change projects that advance State Street's environmental agenda.

Aligned with the goal of waste reduction, the ESEN has partnered with State Street Global Procurement Services to increase employee knowledge of the financial and environmental benefits of eliminating Styrofoam use in our offices globally. In addition to employee participation, the ESEN serves as a resource to business units seeking to broaden their sustainability efforts. It also continued to promote global employee engagement by facilitating best practice sharing among chapters in different regions and by hosting speaker series, volunteer events, environmental cleanups, and other educational activities in local communities where we operate. All of these efforts will continue to expand internationally as employees seek more ways to positively impact our environment.

## PURCHASING COUNTRY-SPECIFIC RECS

In 2020, as part of our approach to carbon neutrality, we began focusing Scope 2 REC purchases on a country-by-country basis, depending on where the electricity is actually being used. Historically, we have applied a partial geographic approach, but this year, we mapped the amount of electricity used and offset in each country, giving us the largest impact for employees and communities in which we operate.

In addition, we are extending beyond Scope 2 RECs to include Scopes 1 and 3. Our new country-specific offsets are certified by Gold Standard, an organization established in 2003 by the Worldwide Fund for Nature and other international NGOs to ensure that projects that reduced carbon emissions incorporated the highest levels of environmental integrity and contributed to sustainable development.

In 2020, we continued investing in renewable energy in projects across the world. They include:

### Offsets (Scope 1 & 3)

#### Australian Biodiverse Carbon Conservation –

This project establishes permanent plantings of a mix of native tree species on land that was predominantly used for agricultural purposes for at least five years prior to the start of this project. All tree species are native to the local area.

#### Biogas Power Project in Ranga Reddy District,

**India** – This project utilizes poultry litter, a waste product of the local poultry farming industry that was being dumped in pits near the poultry farms, producing methane emissions.

**UK Woodlands Projects** – Forestry protection and reforestation projects focused on replanting and preserving native forestry species in specified areas of the UK.

#### Klawock Heenya North American Forestry

**Project** — The Bluesource-Klawock Heenya Improved Forest Management Project is located on over 9,000 acres of mixed conifer, western hemlock-sitka spruce, and western redcedar-hemlock forests in Southern Alaska. By committing to maintain forest CO<sub>2</sub> stocks above the regional common practice, the project will provide significant climate benefits through carbon sequestration.

These projects helped establish the Alaska Native Corporation, which uses carbon revenues to fund academic scholarships for the Tlingit indigenous people, as well as to fund small-scale hydroelectric projects to enable a switch from the predominantly diesel-based fuel economy.

### RECs (Scope 2)

Purchases include a global combination of International RECs (I-RECs), Guarantees of Origin (GOs), and Green-e RECs. RECs are primarily generated from wind projects, and are purchased on a per-country basis. In the US, we are purchasing a portion of RECs generated from the Mass Maritime Academy wind installation to have an even greater localized impact near our corporate headquarters and main office.

### OTHER INITIATIVES

As part of an ongoing initiative, we removed more than 400+ “zombie servers” from our data centers to improve energy efficiency. Zombie servers draw power and waste energy by operating when they don’t need to. According to EPA calculations, removing these servers will result in energy savings of US\$500 a year per server, and positively impact the cooling capacity and loads in our data centers.

## ENERGY USE

## TOTAL INTERNAL AND EXTERNAL ENERGY CONSUMPTION

Consumption by Fuel Type	UNIT	2020	2019	2018	2017
<b>Total Scope 1 Fuel Usage</b>					
Natural Gas	GJ	89,266	119,054	132,695	121,415
Diesel	GJ	4,785	5,308	5,960	3,937
<b>Total Direct Energy</b>	<b>GJ</b>	<b>94,051</b>	<b>124,361</b>	<b>138,655</b>	<b>125,352</b>
<b>Total Scope 2 Indirect Energy Usage</b>					
Electricity	GJ	753,866	807,157	815,297	875,087
Heating	GJ	26,113	39,222	34,608	32,352
Cooling	GJ	5,261	4,865	3,459	3,210
<b>Total Indirect Energy</b>	<b>GJ</b>	<b>785,240</b>	<b>851,244</b>	<b>853,365</b>	<b>910,649</b>
<b>Total Scope 3 Energy Usage</b>					
Business Travel (Non-Renewable)	GJ	29,788	126,798	202,454	235,832
<b>Total Indirect Energy</b>	<b>GJ</b>	<b>815,028</b>	<b>1,102,403</b>	<b>1,194,473</b>	<b>1,228,607</b>



## ENERGY INTENSITY AND AMOUNT SAVED

## ENERGY INTENSITY RATIO

	UNIT	2020	2019	2018	2017
Numerator	KWH	244,247,646	271,001,367	275,560,881	287,777,947
Denominator	Occupants	40,200	42,001	39,996	37,846
Energy Intensity		6,076	6,452	6,890	7,604

## ENERGY SAVED

Electricity	GJ	13,850	15,144	23,252	21,487
Heating	GJ	0	0	0	1,472
<b>Total Energy Saved</b>	<b>GJ</b>	<b>13,850</b>	<b>15,144</b>	<b>23,252</b>	<b>22,959</b>

We're also strategically reducing or limiting power that computers use in our data centers and acquiring state-of-the-art computers that use less energy.

The transportation sector continues to have a significant impact on global carbon emissions. By offering a range of employee transportation benefits, we reduce our overall climate impacts, attract and retain talent, and improve employee well-being. We offer our employees flexible and sustainable commuting and travel options as part of our efforts to help employees mitigate the impacts of commuting and business travel.

In regions where our business is expanding, such as APAC, we continue to see the benefits of implementing strategies such as consolidating our employee transportation logistics, establishing communal collection points for employees, consolidating our vendors, and using apps or emerging technologies to optimize travel routes.

## SUSTAINABLE PARTNERS

As part of our Third-Party Risk Management Program (TPRM), we're expanding our dialogue with worldwide partners to ensure that our supply chain has a low risk of environmental impact. We've built environmental and social factors into our vendor selection, including:

- Policies covering equal opportunity, child or forced labor, health and safety, slavery and human trafficking, ethics, and human rights
- Supplier and subcontractor audits for compliance
- Anti-corruption, and gifts and entertainment
- Diversity and hiring practices
- Existence of whistleblower or other workplace concern mechanisms

## REDUCING OUR WASTE

In 2020, we continued to make progress against our 2025 goal of an 80 percent recycling rate by reusing, recycling, and composting whenever possible. Though we achieved a recycling rate of 74 percent globally, the absolute amount of both waste and recycling was notably decreased due to the smaller number of employees working from the office.

We will continue developing and implementing new initiatives in regional offices to minimize waste.

## WASTE GENERATION

	2020	2019	2018	2017
<b>Total Waste Stream (tons)</b>	<b>2,026</b>	<b>4,694</b>	<b>4,853</b>	<b>5,163</b>
Landfill Waste (tons)	262	664	865	1,053
Energy Recovery (tons)	258	641	749	793
<b>Total Recycled (tons) (excluded Energy Recovery)</b>	<b>1,506</b>	<b>3,389</b>	<b>3,239</b>	<b>3,317</b>
Landfill Waste per Person (pounds)	13	32	43	56
Diverted Waste per Person (pounds)	75	161	162	175
Diversion from Landfill Rate	74%	72%	67%	64%

	2020	2019	2018	2017
<b>Operational Control Footprint</b>				
Employees	40,200	42,001	39,996	37,846

## WATER CONSUMPTION

	2020	2019	2018	2017
Water Consumption – Office Only (million cubic feet)	10.19	16.10	16.84	16.51
Water Consumption per Person – Office Only (cubic feet)	254	384	421	436
Water Consumption – Office + Data Center (million cubic feet)	12.74	18.54	19.19	18.93
Water Consumption per Person – Office + Data Center (cubic feet)	317	441	480	500

10%

reduction in water consumption goal  
per full time equivalent (FTE) by 2025

43%

reduction in water consumption

Highlights include:

- Implemented a waste survey across global locations to review and identify action items
- Overall, day-to-day waste streams dramatically declined due to work from home and coordination with ESEN on waste streams from home
- Evolving cafeteria services in North America including a move to compostable plastic

### Our Global Recycling Strategy

Part of our commitment to minimizing our environmental footprint includes responsibly managing our waste streams. As part of our company-wide recycling strategy, we consider the journey of waste through our buildings, working to minimize waste volumes and maximize recycling rates at each stage of the waste journey.

Through this process we have implemented a multi-channel education and engagement exercise to drive behavior change in suppliers, staff and vendors as we work to achieve our waste reduction and recycling rate goals. The next step, a major, company-wide effort to reach employees, was supposed to take effect in spring 2020 was put on hold due to COVID-19.

### REDUCING OUR WATER USAGE

Our main use of water comes from condenser loops in our buildings. Our Global Realty team ensures that our condenser loops are sized appropriately and our temperature settings are set appropriately so they aren't overburdened. We have minimal water use impacts from the water fountains and toilets in our buildings.

In 2020, we surpassed our goal to reduce water consumption by 10 percent per full-time equivalent (FTE) by 2025, achieving a 43 percent reduction. This was largely due to the number of employees who worked remotely during the pandemic.

## CLIMATE RISK GOVERNANCE AND OVERSIGHT

Our commitment to the TCFD and UN Global Compact means we continuously acknowledge and address investment-related climate risks as well as the physical and financial risks associated with climate change in our own operations.

### Investment Climate Risk

Investment activities related to climate are regularly reported to the State Street Global Advisors board as well as our CIO and CEO, including risk assessments, stewardship efforts, and corporate engagements. Our climate change risk oversight framework allows us to prepare and plan for potential climate-related risks that our business may be facing, including our globally managed equities.

State Street Global Advisors' approach to managing climate-related risks for our client portfolios includes climate-centered asset stewardship that ensures boards and executives are implementing proper management and oversight of their company's climate risk exposure;

leveraging climate data to innovate investment solutions; investment-worthy solutions that include exclusionary screening, mitigation, and adaptation; as well as climate- focused reporting that improves clients' understanding of their strategy performance against climate goals and targets.

To learn more about our approach to managing climate-related risks for our client portfolios, see [\[Our Business\]](#).

### Operational Climate Risk

The Executive Corporate Responsibility Committee has direct responsibility for environmental sustainability management within State Street's own operations, including oversight of the company's policies, material ESG practices and activities, progress, and operational vulnerabilities from environmental issues such as climate change. This committee helped develop our ESG strategy and approach. State Street's Global CR Officer is accountable to this committee and offers operational leadership for the CR activities under the committee's purview.

The Executive CR Committee is supported by the Executive Environmental Sustainability (ES) Committee, which was established in 2008. The two committees work closely together to assess risks and opportunities resulting from climate change and other environmental issues. These committees then develop action plans to address these issues.

## EVALUATING PHYSICAL RISKS OF CLIMATE CHANGE

We proactively address climate-related vulnerabilities and continually evaluate the physical risks of climate change as they pertain to our own business operations.

We regularly monitor the frequency and severity of major weather events that could disrupt our operations, cause damage, impact our supply chain or prevent us from effectively delivering products or services to our clients.

Through our precautionary approach to environmental sustainability and greenhouse gas emissions reduction, we continuously monitor and address the physical risks associated with climate change.

These risks include:

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

To mitigate these risks, we develop scenario testing for the physical implications of climate change and put sound infrastructure in place to protect the business from interruptions that might occur during a climate-related event. Our building and operations teams consider these impacts when evaluating potential new business locations.

If a property is flagged as being in a location that demonstrates a high risk to climate-related impacts, our teams thoroughly analyze those risks to make an informed decision regarding that site's feasibility.







# GOVERNANCE

At State Street, our focus on corporate governance encompasses the responsible and proactive management of the company's environmental, social, and governance (ESG) issues. This structure seeks to ensure ethical business practices and systematically measures financial and strategic risks through both financial and non-financial risk metrics.

Our governance standards guide our board of directors and provide guidelines of conduct and ethics for our employees and senior financial officers. At the same time, our risk management systems and corporate governance structures promote sustainable growth and rigorous oversight of our operations.

This section details State Street's board governance and its management of ESG practices.

The stewardship team at State Street Global Advisors, our asset management business, engages with companies to influence and advance robust and progressive governance practices across various sectors, industries, and geographic regions. The team encourages companies to effectively manage ESG risks to generate long-term value through informed exercise of voting rights and value-driven engagement — creating value for our clients.

## BOARD GOVERNANCE

Our board of directors applies its business judgment in the best interests of the company and its shareholders, working to enhance our company's long-term value while considering the needs of employees, clients, and the communities where we operate. The board meets regularly to evaluate the company's business strategy, performance, and policies, including our corporate responsibility (CR) initiatives and objectives.

The board's decision-making and conduct are guided by State Street's [Corporate Governance Guidelines](#) and the [Standard of Conduct for Directors](#). The Board also follows the [Governance Standards Relative to the Investor Stewardship Group \(ISG\) Governance Principles](#), and these [board committee](#) charters, which outline the specific functions and responsibilities of each committee:

- [Examining and Audit Committee](#)
- [Executive Committee](#)
- [Human Resources Committee](#)
- [Nominating and Corporate Governance Committee](#)
- [Risk Committee](#)
- [Technology and Operations Committee](#)

## Board Independence

All members of our key board committees—Examining and Audit, Human Resources, and Nominating and Corporate Governance—meet the independence requirements of the New York Stock Exchange (NYSE). State Street has a Risk Committee, on which the chairman and four independent directors serve, as well as a Technology and Operations Committee, on which the chairman and five independent directors serve. Based on NYSE listing standards, 92% (12 of 13 directors, as of April 20, 2021) are independent.

## Board Diversity

The importance of diversity in all organizations was underscored by the events of 2020. At State Street, we have long recognized the value of diversity in terms of board composition and strive to have a board that provides diversity of thought and a broad range of perspectives.

When assessing the board's composition, it considers the requisite skills and characteristics of existing directors and new director candidates. The assessment also includes qualification as independent as well as diverse perspectives and experiences, and other characteristics, such as race/ethnicity, gender identity, sexual orientation and nationality. Today, 42 percent — 5 of 12 directors — identify as gender or racially diverse.

## BOARD FUNCTIONS

**OVERSEES THE  
COMPANY'S BUSINESS**  
and financial strategies and  
risk appetite

**EVALUATES, PROVIDES  
COUNSEL** for, and  
authorizes major corporate  
actions

**PROMOTES HONEST AND  
ETHICAL BUSINESS  
PRACTICES** and conducts  
sound corporate governance  
and risk management with  
full, fair, and timely public  
disclosure and avoidance of  
conflicts of interest

**APPROVES COMPANY  
FINANCIAL  
STATEMENTS** and the  
program for compliance  
with the law

**EVALUATES THE CEO'S  
PERFORMANCE** and  
oversees CEO succession  
planning

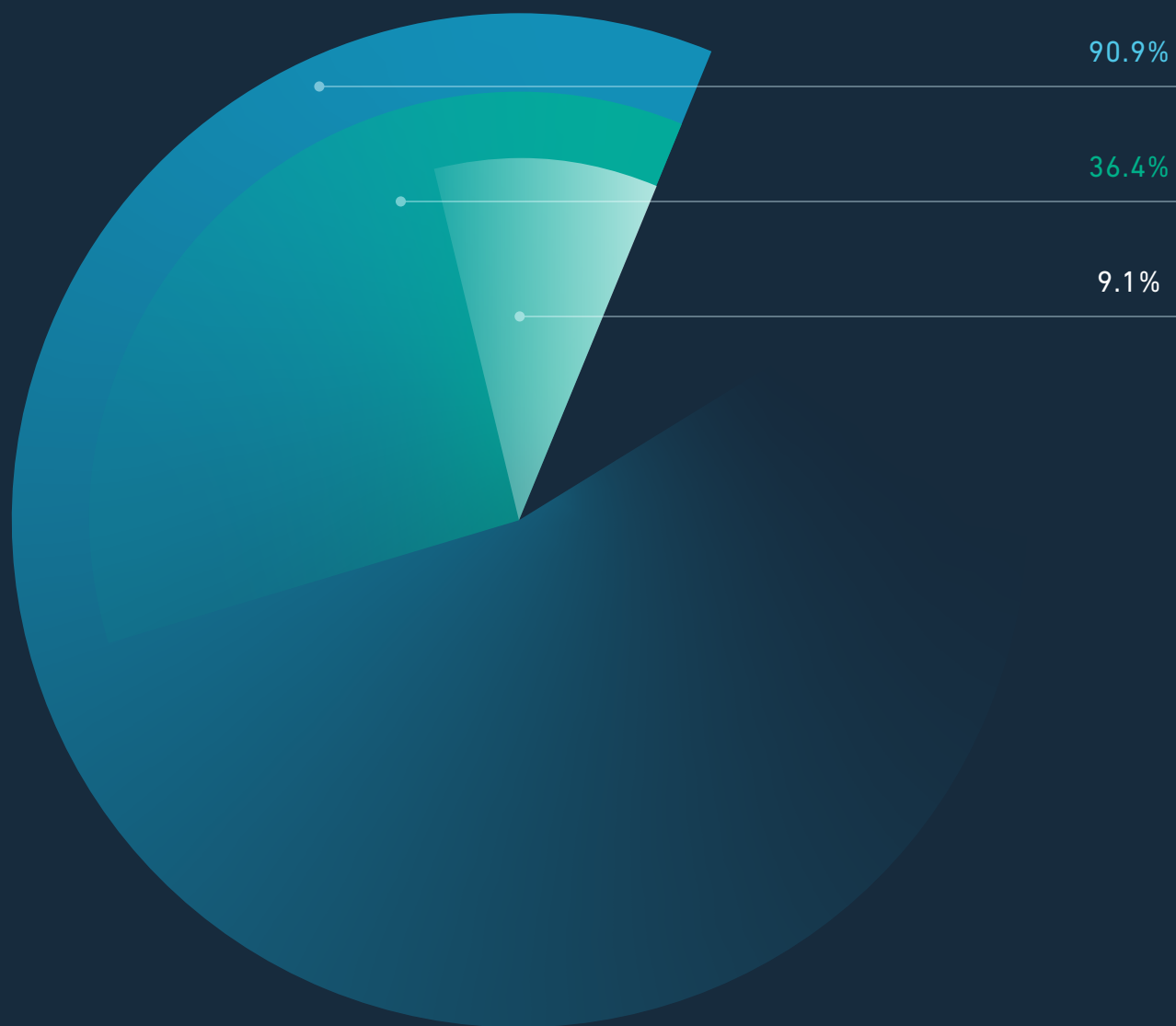
**APPROVES THE  
INCENTIVE  
COMPENSATION**  
arrangements for senior  
executives

**PROVIDES ADVICE ON  
THE SELECTION OF  
SENIOR MANAGEMENT**  
and oversees management  
development

**PERIODICALLY REVIEWS  
THE ALIGNMENT OF THE  
COMPANY'S CULTURE**  
with its strategy and  
long-term objectives

**MONITORS THE  
COMPANY'S MATERIAL  
ACTIVITIES** and practices  
regarding ESG matters

## BOARD DIVERSITY



● Independent Directors ● Female Directors ● Racially Diverse Directors

The Nominating and Corporate Governance Committee is committed to actively seeking diverse candidates for the pool from which director candidates are chosen and this commitment was confirmed by the Board in February 2021.

### **COVID-19 Response**

As the COVID-19 public health crisis swept across the globe, the board regularly met with management, formally and informally, to oversee and monitor, among other things, the status of the business, employee safety measures, client support, risk management and vendor management. In addition, our leaders regularly communicated to clients and employees on the ways State Street was managing operations and supporting clients in the volatile environment driven by COVID-19.





# RISK EXCELLENCE AND COMPLIANCE

State Street is a trusted fiduciary and partner to the world's leading institutions. Our stakeholders expect us to hold our employees and senior leadership accountable to the highest standards of risk excellence and compliance.

Accordingly, each State Street employee is considered a custodian of the company's reputation, and we require them to act in ethically appropriate ways.

## RISK EXCELLENCE AND COMPLIANCE GOVERNANCE

The board's Risk Committee is responsible for approving and periodically reviewing the risk management policies of the firm's operations and overseeing the operation of the firm's global risk management framework. This framework includes, among other things, policies and procedures establishing risk management governance and risk control infrastructure for its operations, as well as processes and systems for implementing and monitoring compliance with such policies and procedures. The Risk Committee reviews and approves our risk appetite framework at least once a year.

## 3

lines of defense framework that governs risk in our operations

Our approach to risk management is implemented through a three lines of defense framework that governs risk in our operations:

- **First Line:** Every employee owns the risks associated with their activities and is responsible for establishing effective internal controls to manage such risks to an acceptable level and to promote a strong culture of risk awareness;
- **Second Line:** Independent control functions such as Enterprise Risk Management and Corporate Compliance set our corporate risk appetite and monitor adherence to these limits, as well as to our risk management and compliance frameworks; and
- **Third Line:** Corporate Audit provides independent assurance of the process.

## 4TH

year in a row, State Street recognized standout employees who demonstrated leadership in risk excellence

### Guiding Codes and Standards

Corporate Compliance is the Second Line of Defense for employee and business conduct and monitors whether we are conducting business in alignment with our standards and regulatory obligations.

We expect our employees to act fairly and with integrity in all interactions with clients, peers, portfolio companies, competitors, and other stakeholders.

To that end, our [Code of Ethics for Senior Financial Officers](#) and [Standard of Conduct for Employees](#) outline our expectations for ethical conduct by our employees specific to their roles.



### **Risk Excellence Awards**

For the fourth year in a row, State Street recognized standout employees who demonstrated leadership in risk excellence. Any employee can nominate someone on their team or someone they know at State Street who was risk excellent that year. Nominees must be a vice president or below.

### **Conduct Standards Committee**

The Conduct Standards Committee is responsible for implementing our Conduct Standards Program. This Committee is composed of senior leaders drawn from business as well as corporate functions whose task is to make sure we apply our conduct standards framework to individual matters consistently across the business and at all levels of the organization.

These leaders are responsible for reviewing all employee conduct matters, whether related to policy or behavioral matters, and apply the conduct standards framework to determine appropriate responses.

To demonstrate transparency and foster a culture of risk excellence as a shared responsibility, we distribute an annual report to employees that highlights noteworthy committee activities. This report describes the number and type of matters that the committee has dealt with and reports the outcomes. It also provides examples of conduct that do not meet our expectations. To further engage employees, we have added an internal communications role to our communications team. This role maintains an ongoing campaign of internal communications focused on risk excellence.

### **Compliance Regulation**

We closely monitor anti-corruption legislation and risks to our business and analyze our global business activities for bribery and corruption-related risks.

In addition to our Standard of Conduct, we have several policies in place that support our compliance and risk excellence efforts. They include an Anti-Bribery and Corruption policy, Gift and Entertainment policy, Political Contributions and Activities policy, and — together with expanded Anti-Bribery procedures on conducting Due Diligence on Vendors and Intermediaries — Employee Referral procedures and Due Diligence Procedures for Mergers and Acquisitions.

### **A Balanced Approach**

Ethical conduct flourishes in a balanced and measured culture. We make sure we are consistent and strategic in our approach to addressing compliance and risk excellence, which is why we have both punitive response mechanisms and incentives and rewards programs.

### **Targeted Conduct Program and Compliance Risk Culture Review**

In the past, we embedded conduct into our overarching compliance program. As our thinking continued to evolve, we have continued separately identifying and articulating a compliance view on conduct, and in 2020 we launched a series of business-led conduct risk workshops aimed at clarifying the top business conduct risks specific to each business. Our business conduct risk workshops demonstrated strong business-leader understanding of conduct risks and served as a basis for prioritizing our Compliance work.

We will continue to review how we think about conduct, with a focus in 2021 on creating a business conduct framework that will help business and compliance teams remain focused on how to manage both employee (personal) conduct and business conduct specific to business units.

### **Compliance Training**

Each State Street employee undergoes compliance training to learn appropriate conduct for engaging with clients, prospects, business partners, high-risk individuals, peers and other stakeholders. This training covers our Ethical Decision-Making Framework, Standard of Conduct and Anti-Bribery Policy, Corruption Policy, as well as industry-specific conduct requirements related to issues such as information security and privacy, conflicts of interest, insider trading, and fraud awareness. Employees also participate in compliance training specific to their role and business unit.





# OPERATIONAL AND CYBER RESILIENCE

As stewards of the client and State Street data that is stored across our systems, we are responsible for implementing controls that safeguard this information. We are cognizant of the potential threats to the data that have been entrusted to us and take data protection and privacy seriously.

As data privacy and protection concerns continue to grow in the financial services industry and beyond, operational and cybersecurity preparedness is a priority within our business strategy. We use rigorous training, policies, and procedures to manage these risks effectively. We also engage in partnerships with service providers to improve the security and continuity of our systems.

Our Corporate Information Security (CIS) team continuously puts measures in place to improve cyber hygiene (sound security systems), establish new security policies and procedures, implement continuous testing and simulations, and conduct ongoing training. Our targeted, proactive approach segments our network for resiliency and investment in tools, emerging technologies, and skilled talent.

In 2020, our operational and cyber resiliency were tested by COVID-19, when we rapidly shifted to a model with the vast majority of our employees working remotely. Through that experience, we still needed to do all daily reconciliations and processes while working toward process improvements that had originally been laid out. Over this period, we were still able to reduce major systems incidents even though we had added stress on our supporting infrastructure.



### **CIS Governance**

Our Corporate Information Security team establishes and oversees State Street's policy guidance on information security, puts into practice those policies and procedures, sees that the company is complying with global and local regulatory norms as a regulated bank, and manages operational and cybersecurity threats and intelligence. Our Information Security team integrates stringent information security risk management practices throughout each of our business lines. The current iteration of our Information Security program drives effective two-way communication between business management and CIS teams, allowing us to more efficiently identify and mitigate risks using an integrated network of Information Security Officers (ISOs), risk tools, and platforms.

### **Adapting to Changing Regulations and Standards**

As a global financial institution with business operations in multiple countries, we stay up to speed on new and evolving data protection and compliance regulations, as well as regulations that can vary from state to state within the US. Although our global footprint makes it challenging to gain consensus on how best to manage across jurisdictions, we do our best to streamline our responses to address regulations across regions.

We comply with industry standards and best practices. State Street has adopted the National Institute of Standards and Technology (NIST) Cybersecurity Framework, a voluntary tool that helps financial institutions anticipate, mitigate, and respond to cyber threats. In addition, our business operations in the European Union (EU) comply with the General Data Protection Regulation (GDPR), which protects the privacy of individuals in the EU.

### **RESPONSIBLE SOURCING**

Our 7,000+ suppliers worldwide provide a number of products and services to the company, including financial, IT, business and professional services, market data, travel management, and office support. Our commitment to responsible governance extends to our relationships with these companies. We actively and intentionally include clauses specific to Prohibition on Human Trafficking and Modern Slavery in supplier contracts. Additionally, compliance with Human Rights Laws, Rules, and Regulations is part of the selection criteria when awarding business as part of requests for proposals, and we screen our suppliers to ensure their practices are consistent with our values and expectations. While we did not track the specific percentage of suppliers screened in 2020, we are actively working to improve metrics in 2021.

### Key Products and Services

Using our supplier assessment strategies, we pinpoint the best-in-class processes, technology, and tools that will help us reach our spending and risk management objectives. Supply chain categories that our Global Procurement Services (GPS) group focuses on for key products and services include:

- **Business Services:** These include the global management of the Contingent Labor at State Street (CLASS) Program for staff augmentation and other labor services needs across the company;
- **Financial Services:** These deliver risk-mitigating business value to State Street within the sub-custody, insurance and operation support areas;
- **Information Technology:** These include business applications, hosted applications, telecommunications, hardware and storage cybersecurity, and software;
- **Market Data:** This encompasses financial data such as quotes, end-of-day prices, valuations, news, corporate actions, descriptions, estimates, ratings, indices, factors and information related to financial instruments;

- **Office Support Services:** These include program management for the print, office supplies, catering services, subscriptions, and facility services in alignment with the Global Realty Services team;

- **Outsourcing:** This involves working with the business to source and negotiate onshore, near-shore, and offshore outsourcing arrangements;

- **Professional Services:** These focus on providing highest value third-party service solutions to meet the business's needs in the areas of consulting, marketing, legal and tax, and audit; and

- **Travel Management:** This supports travel agencies that manage our business travel and employees conducting business travel.

### Integrating Diversity into Our Supply Chain

Our strategic focus on diversity extends beyond our own walls to our entire value chain. This reach positions us to make an impact on diverse suppliers, which we define as organizations that are at least 51 percent owned and controlled by an individual or group that falls within diverse categories, including businesses that are women-owned, minority-owned, veteran-owned, disability-owned, or LGBTQ-owned.

In 2020, our supplier diversity program helped us allot 5.53 percent of our annual US and UK supplier spend to diverse suppliers, of which 2.4 percent went to women-owned businesses. We continued our membership in the Boston Chamber of Commerce Pacesetter program, which leverages the collective purchasing power of its members to scale opportunities for local, ethnic minority-owned-businesses. Because the pandemic made it impossible for us to conduct our usual in-person meetings with diverse suppliers, last year we focused on developing internal programs and putting in place the processes and procedures that will ensure we can grow our diverse supplier program over time.

For example:

- We have established a partnership with the Massachusetts LGBT Chamber of Commerce that will help us identify LGBTQ-owned companies then track our spend with them.
- We have begun a new relationship and membership with Minority Supplier Development UK (MSDUK) that will give us access to minority-owned businesses in the UK, and potentially other parts of the EMEA region.

- We have continued working with the Greater New England Minority Supplier Development Council (GNEMSDC), the regional affiliate of the National Minority Supplier Development Council, the leading minority business enterprise third-party partner for corporations. The GNEMSDC's mission is to expand business opportunities for Minority Business Enterprises (MBEs), and create mutually beneficial links between corporate companies and MBEs.

For the first time, we are including Tier 2 spend in our analyses of diversity spend. This is the fourth-party spend through our contracted suppliers. It can be in the form of subcontracting or indirect spend that our contractors spend with diverse suppliers. In 2020, as part of State Street's 10 Actions Against Racism and Inequality, the supplier diversity program received additional resources and support to help it increase its pace of development. The program is now being tracked as part of the 10 Actions, and a comprehensive reporting structure supports more than two dozen employees from different parts of the company who have volunteered to work with the supplier diversity working group to help improve the program.



### Human Rights Risks with the Supply Chain

As a company that procures goods and services from across the globe, we are diligent in our efforts to ensure that human rights risks are being monitored in our supply chain. We support fundamental human rights principles as outlined in the United Nations (UN) Universal Declaration of Human Rights. We are signatories to the UN Global Compact and support the principles related to human rights abuses and forced labor.

Our procurement sourcing program helps ensure that our global procurement due diligence processes are in accordance with the United Kingdom Modern Slavery Act and any other laws, rules, or regulations prohibiting human trafficking and/or slavery. This regulation requires that potential suppliers attest to whether they have a policy in place prohibiting child and/or forced labor, whether their policy extends to their own suppliers and subcontractors and to provide tangible proof of the policy.

Our standard supplier agreement asks suppliers to provide information about their human rights policies, as well as an annual slavery and human trafficking report. This report must set out the steps they have taken to ensure that slavery and or human trafficking is not occurring in their supply chains or any part of their business.

A supplier must notify State Street immediately if it becomes aware or has reason to believe that it, or any of its officers, employees, agents, or subcontractors have breached, or potentially breached, any of State Street's Service Providers obligations under this agreement.





# APPENDIX



# SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) REPORT



## SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) REPORT

### Asset Management and Custody Activities

#### INTRODUCTION

State Street Corporation is a financial holding company organized in 1969 under the laws of the Commonwealth of Massachusetts. We conduct our business primarily through State Street Bank, which operates as a specialized bank, referred to as a trust or custody bank, that services and manages assets on behalf of institutional clients.

We have two lines of business: Investment Servicing and Investment Management.

Our Investment Servicing line of business performs core custody and related value-added functions, such as providing institutional investors with clearing, settlement, and payment services. Our financial services and products allow our large institutional investor clients to execute financial transactions on a daily basis in markets across the globe. As most institutional investors cannot economically or efficiently build their own technology and operational processes necessary to facilitate their global securities settlement needs, our role as a global trust and custody bank is generally to aid our clients to efficiently perform services associated with the clearing, settlement, and execution of securities transactions and related payments.

Our Investment Management line of business, through State Street Global Advisors, provides a broad range of investment management strategies and products for our clients. Our investment management strategies and products span the risk/reward spectrum, including core and enhanced indexing, multi-asset strategies, active quantitative and fundamental active capabilities, and alternative investment strategies. Our AUM is currently primarily weighted to indexed strategies. In addition, we provide a breadth of services and solutions,

including environmental, social, and governance investing, defined benefit and defined contribution, and Outsourced Chief Investment Officer. State Street Global Advisors is also a provider of ETFs, including the SPDR® ETF brand.

Our clients include managers of mutual funds, collective investment funds and other investment pools, corporate and public retirement plans, insurance companies, foundations, endowments, and investment managers.

## TRANSPARENT INFORMATION AND FAIR ADVICE FOR CUSTOMERS

### FN-AC-270a.1

1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings

There were no State Street employees with a record of new investment-related investigations, consumer-initiated complaints, private civil litigations or other regulatory proceedings disclosed in 2020.

State Street has extensive policies, procedures, trainings, and controls designed to ensure compliance with all applicable rules and regulations. For more information, see pages [100-104](#).

### FN-AC-270a.2

Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers

In 2020, no fines or other financial or non-financial sanctions were disclosed or levied related to legal proceedings associated with marketing and communication of financial product-related information to new and returning customers.

State Street discloses all material legal and regulatory proceedings in our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

**FN-AC-270a.3**

Description of approach to informing customers about products and services

When approaching clients or prospective clients about our services, we are subject to a range of regulations and internal policies regarding the accuracy and fairness of the messaging. The way we communicate with our clients varies and includes several factors including applicable laws and regulations, the type of client, and the product or service being discussed. In all cases, we provide all relevant information to our clients regarding the service provided, costs, risks, and any warranties regarding performance. In the case of investments, we provide the fund or product's constituent documentation (e.g., prospectus) and the investment strategy, characteristics, fees and expenses, financial statements, and performance. For transparency information for our hedge fund, private equity, real estate, ETFs, MFs, and Commingled funds, [read here](#).

**EMPLOYEE DIVERSITY & INCLUSION****FN-AC-330a.1**

Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees<sup>2</sup>

For more information regarding State Street's approach to inclusion and diversity, including our policies and programs for fostering equitable employee representation across our global operations, [see page 55](#).

<sup>2</sup>"Professionals" is defined as the following: Most jobs in this category require bachelor and graduate degrees, and/or professional certification. In some instances, comparable experience may establish a person's qualifications. The EEO-1 Job Classification Guide provides examples of job titles in this category. All other employees includes those employees who are not classified as executive management, non-executive management, or professionals.



**GLOBALLY:**

	<b>Female</b>	<b>Male</b>	<b>Not Disclosed/Available</b>
Executive Management	30.3%	69.5%	0.2%
Non-Executive Management	35.7%	63.9%	0.3%
Professionals and All Other Employees	52.0%	47.7%	0.3%

**US RACIAL/ETHNIC GROUP REPRESENTATION:**

	<b>Asian</b>	<b>Black or African American</b>	<b>Two or More Races</b>	<b>White</b>	<b>Hispanic or Latinx</b>	<b>American Indian or Alaska Native</b>	<b>Native Hawaiian or Other Pacific Islander</b>	<b>Not Disclosed/Available</b>
Executive Management	12.53%	2.03%	0.65%	78.34%	2.58%	-	-	3.87%
Non-Executive Management	24.42%	3.70%	0.93%	63.51%	3.51%	0.11%	0.27%	3.65%
Professionals	22.65%	11.74%	1.53%	53.48%	8.26%	0.27%	0.23%	1.84%

## INCORPORATION OF ENVIRONMENTAL, SOCIAL, AND GOVERNANCE FACTORS IN INVESTMENT MANAGEMENT & ADVISORY

### FN-AC-410a.1

Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening

Asset Type	Integration of environmental, social, and governance (ESG) issues		Sustainability themed investing		Screening	
	Total ESG Integration <sup>3</sup>	Pure ESG Integration <sup>4</sup>	Total Sustainability Themed Investing <sup>5</sup>	Pure Sustainability Themed Investing <sup>3</sup>	Total Screening <sup>6</sup>	Pure Screening <sup>5</sup>
Equities	\$66,442,827,147	\$27,926,249,489	\$36,379,115,762	\$26,637,865,670	\$358,959,343,038	\$312,624,874,525
Fixed Income	\$0	\$0	\$0	\$0	\$37,743,843,828	\$37,743,843,828
Cash						
Equivalents/ money	\$926,467,852	\$0	\$0	\$0	\$926,467,852	\$0
Other (Alternative Investment, Multiasset Class Solution)	\$4,150,822,714	\$0	\$0	\$0	\$4,150,822,714	\$0

<sup>3</sup> We understand the industry-wide debate around this classification and strictly evaluate ESG integration according to the definition of the CFA Institute and United National Principles for Responsible Investing (UNPRI), "explicit and systematic inclusion of ESG factors in investment analysis and investment decisions. It is a holistic approach to investment analysis, where material factors — ESG factors and traditional financial factors — are identified and assessed to form an investment decision.

<sup>4</sup> Implementing no other ESG investment styles

<sup>5</sup> Including those implementing other ESG investment styles such as screening

<sup>6</sup> Including those implementing other ESG investment styles such as thematic and ESG integration

**FN-AC-410a.2**

Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies.

Driven by our 30+ years legacy in environmental, social, and governance (ESG) investing, State Street Global Advisors' mission — to invest responsibly to enable economic prosperity and social progress — reflects our commitment to ESG principles. However, we do not take a one-size-fits-all approach to ESG investing.

Our approach varies between investment teams to reflect the ESG integration philosophies of each team and the specific nuances of each investment strategy. As such, to achieve better risk-adjusted returns, our investment teams assess if and how financially material sustainability risks are integrated into their investment analysis and decision-making processes. This approach is detailed in our [ESG Investment Policy Statement](#).

Specific approaches to ESG investing by investment area are summarized below.

**Equity Index/Smart Beta**

Within our equity index strategies, ESG can be integrated in multiple ways — either through the index itself (such as an index that either incorporates ESG characteristics or has sustainable investment as its objective) or as a custom solution via our beta solutions capabilities.

Our indexing capabilities range from traditional market-cap-weighted index portfolios to smart beta and thematic ESG index portfolios.

**Active Quantitative Equity**

The Active Quantitative Equity team believes that higher-quality companies, as measured by their scores on relevant ESG metrics, will deliver better risk-adjusted returns than lower-quality companies over the long term. The team has embedded ESG considerations into its investment process through the measurement of sustainability risks, through asset stewardship, and by integrating ESG metrics into the assessment of expected stock returns.

**Active Fundamental: Equity — Growth/Core**

Having long used ESG data to help isolate specific issues and assess the quality of companies and the sustainability of their growth, the teams systematically incorporate R-Factor™ and other ESG data metrics into their investment decision-making processes. In some cases, they may still invest in companies where the team may have a positive view of company fundamentals despite a lack of data and/or poor ESG scores; as ESG disclosures by such companies improve and availability of data increases, the teams believe that scores will become more meaningful.

**Active Fundamental: Equity — Value**

The team has long sought to identify and incorporate material ESG issues into their investment decision-making processes. Analysts will not typically exclude companies on the basis of a low or challenged ESG score. Instead, they seek to understand the underlying ESG issues and their potential impact on earnings power, balance sheet strength, and the value of the business. Their priority is long-term returns, and they seek to focus on the price paid versus the risk taken.

**Fixed Income**

State Street Global Advisors manages both fixed-income index strategies, including those that seek to minimize costs and tracking error while adding value through a stratified sampling approach, as well as active strategies, which can be heavily reliant on credit research assessments. ESG factors play a particular role in helping to better assess “events” that can impact creditworthiness and valuation. In particular, corporate governance plays an overarching role in fixed-income credit assessments. Governance structures drive risk policies and can safeguard proper checks and balances. The same investment considerations may also be applicable to environmental and social factors.

Within our fixed-income indexing capabilities, sustainability risk can be integrated in a number of ways — similar to equity, this could be through the index itself (such as a third-party index) or by deploying screens, tilts, or stratified sampling techniques using ESG factors.

Our active fixed-income teams consider sustainability risk in their investment decision-making process by utilizing R-Factor and other tools and data sets to consider the impact of ESG issues on an issuer's creditworthiness. In addition, State Street Global Advisor's Risk team increasingly considers sustainability credentials in its counterparty selection and oversight processes.

### Cash

Cash management combines short duration and high-quality investments with the primary objectives of principal preservation and access to liquidity. Indeed, ESG factors are embedded and aligned with cash investment analyses and portfolio construction philosophies, which focus on risk mitigation, as well as balancing regulatory and rating requirements. The R-Factor score has been integrated into our Global Cash systems and investment process. Similar to issuer ratings, the R-Factor score is an input to the credit process but is not the driver of the overall investment decision.

### Currency

Currency hedging mandates are typically focused on removing the currency exposure in an underlying portfolio and so do not take a view on the long-term sustainability of the economies underlying the currencies. Where mandates allow State Street Global Advisors to take into account the longer-term growth potential of economies, we include a measure of the quality of different countries' governance.

### Multiasset, Customized Solutions and Alternatives

Our Investment Solutions Group (ISG) is responsible for building multiasset and custom solutions to meet our clients' specific investment objectives. State Street Global Advisors' strategic asset allocation recommendations for our clients are dependent on the long-term assumptions we make about future risks and returns of portfolio components. In Q3 2020, we incorporated R-Factor into our long-term equity asset class forecasts. As some countries' R-Factor scores are semi-permanently higher than others (due to structural differences in culture, law, or environment), we focus on how R-Factor scores rise or fall over time, rather than on absolute levels.

ISG engages directly with the client to create a portfolio that meets the client's specific objectives including, where relevant, ESG objectives. As part of the portfolio construction process, the team assesses the ESG characteristics of each underlying investment strategy. They incorporate these findings into the overall portfolio construction process, balancing the client's ESG goals with other risks to construct a portfolio solution that addresses the client's overall investment objectives.

Our Global Fiduciary Services (GFS) team is responsible for outsourced investment management with specific expertise across traditional long-only as well as alternative investment asset classes. Similar to the ISG, the GFS team engages directly with clients to understand their specific investment objectives. As a natural part of their investment process, the GFS team carefully assesses the ESG policies and practices of our outsourced managers and direct investments, and also evaluates material ESG factors at the total portfolio level.

#### **FN-AC-410a.3**

Description of proxy voting and investee engagement policies and procedures

Our approach to proxy voting and issuer engagement is premised on the belief that companies that adopt robust and progressive governance and sustainability practices are better positioned to generate long-term value and manage risk. As near-perpetual holders of the constituents of the world's primary indices, the informed exercise of voting rights coupled with targeted and value-driven engagement is the most effective mechanism of creating value for our clients.

Therefore, we engage as long-term investors through our asset stewardship program on those issues that impact long-term value. Our focus in recent years has been on good governance and other practices that affect a company's ability to generate positive returns for investors over the long run. Those issues span a variety of ESG topics material to sustainable performance. We approach these issues from the perspective of long-term investment value, not from a political or social agenda (aka "values").

All voting and engagement activities are centralized within our Asset Stewardship Team, irrespective of investment strategy or geographic region. The Asset Stewardship Team leverages the breadth of our investment capabilities to make informed decisions. Consolidating and harmonizing our voting decisions and engagement efforts in this way enables us to leverage the full power of our institutional discretionary holdings and exert greater influence with management and boards. By not limiting our team's expertise to specific sectors or regions, we are able to leverage our global perspective when developing insights and to share best practices across sectors and geographies.

In our voting and engagement activities, we evaluate the range of factors that play into the corporate governance framework of a country, including macroeconomic conditions, the political environment, the quality of regulatory oversight, enforcement of shareholder rights, and the effectiveness of the judiciary. We complement our company-specific dialogue with targeted engagements with regulators and government agencies to address systemic industry concerns.

Our Asset Stewardship Team has developed an Issuer Engagement Protocol and a framework to increase the transparency of our engagement philosophy, approach and processes. This protocol is designed to communicate the objectives of our engagement activities and to facilitate a better understanding of our preferred terms of engagement with our investee companies. A copy of the protocol can be found on our website.

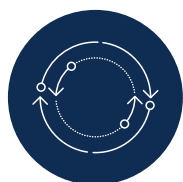
The factors we consider in identifying target companies include:

- The size of absolute and relative holdings
- The top holdings of our commingled/pooled funds
- Systematic input from our active equity and fixed income investment teams
- Companies with poor long-term financial performance within their sector
- Companies identified as lagging market and industry standards on ESG matters
- Outstanding concerns from prior engagement
- Priority themes and sectors based on an assessment of emerging ESG risks

Our engagement and proxy voting prioritization processes are illustrated in the following graphic:

## ENGAGEMENT

As an investor in more than 12,000 listed companies, prioritization is essential to effectiveness. Our active target list includes companies across seven main regions/markets (Australia, Canada, EM, EU, Japan, UK, US) of our stewardship activities.



### Process

How we prioritize



### Portfolio Exposure

Absolute and relative holdings



### Proprietary ESG Screens

Negative screening on ESG factors

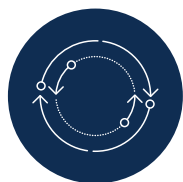


### Thematic and Sector Priorities

Stewardship plan

## PROXY VOTING

Our universe comprises about 17,000 meetings per year, or about 160,00 ballot items. As such, prioritization of vote issues is an equally important aspect of our stewardship program. We review more than 7,000 meetings each year, or 40% of total meetings.



### Process

How we prioritize



### Alignment with Investment Strategy and Value Creation

Strong financial link to portfolio



### Proprietary ESG Screens

Negative screening on ESG factors



### Proxy Voting Priorities

Stewardship plan



We aim to limit company engagements to a single meeting per year with the same company, rather than multiple meetings. However where there are significant and complex issues, we will undertake multiple engagements as needed. This approach allows us to efficiently prioritize our resources and engage with companies in comprehensive, substantive meetings. In these comprehensive engagements, we focus on material, long-term ESG issues that are relevant to the specific company. Topics of current interest to us include:

**Governance**

- Board and Management Succession Planning
- Board Composition and Effectiveness
- Bribery and Corruption
- Corporate Culture
- Executive Compensation
- Regulatory Compliance
- Shareholder Rights

**Strategy**

- Capital Allocation
- Corporate Reporting
- Long-Term Strategy
- Risk Management

**Environmental Issues**

- Climate Change
- Environmental Strategy and Management
- Supply Chain Management
- Social Issues
- Diversity
- Health and Safety
- Human Capital Management
- Labor Standards and Human Rights

## BUSINESS ETHICS

### FN-AC-510a.1

Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations.

As of December 31, 2020, for those matters for which we have accrued probable loss contingencies and for other matters for which loss is reasonably possible (but not probable) in future periods, and for which we are able to estimate a range of reasonably possible loss, our estimate of the aggregate reasonably possible loss (in excess of any accrued amounts) ranges up to approximately \$40 million.

In September 2020, the Australian Transaction Reports and Analysis Centre (AUSTRAC) issued an infringement notice to State Street for failing to report certain incoming international fund transfer instructions (IFTI) over a three-month period from September to November 2019. State Street paid a penalty of \$1,247,400 AUD (approximately \$913,751 USD). The areas on which our remediation efforts have been focused are improvement in the governance framework and controls process design for IFTI reporting and improving the technological systems that support the IFTI reporting program to enable greater automation of IFTI reporting and reduction of manual review requirements. Initial remediation target dates have been met. State Street has also commissioned an independent consultant to conduct a follow-up review post-implementation to confirm that all remediation has been completed as planned and that State Street's IFTI reporting program is in full compliance with relevant regulatory obligations.

The follow-up review will encompass a review of the remediation in a live operating environment and is expected to be completed by mid-2021.

For further information regarding legal, governmental, and regulatory matters, or our approach to the management of these and related issues, [please see page 167 of our 2020 10-K](#).

**FN-AC-510a.1**

## Description of whistleblower policies and procedures

We expect all employees to promptly report any actual, attempted, or suspected violation of applicable laws, rules, regulations, or policies. Failing to report a violation that one knows about is itself a violation.

For managers, this means that when one is aware of an issue relating to an employee or contingent worker, they must address, escalate, and report the issue as necessary. This includes reporting situations outside of their department or involving employees or contingent workers outside of their team.

There are many options for escalating concerns ([see pages 53-54 of the State Street Standard of Conduct](#)). For example, our Speak Up line is active 24/7 if there are concerns about known or suspected violations of laws or regulations, questionable business conduct, and breaches of the Standard of Conduct — such as breaches pertaining to accounting practices, internal accounting controls, or auditing.

The Speak Up line is operated by an independent third party. An employee can report anonymously (except where local law does not permit), although identifying oneself allows State Street to act as quickly and appropriately as possible.

State Street does not tolerate retaliation against anyone who reports a potential violation in good faith. Unlawful retaliation includes negative job consequences against any employee or contingent worker for acting upon a reasonable belief to:

- Report a potential violation of company policy or applicable law
- Participate in any internal or external investigation

To report an actual or possible violation of policy or law, an employee can contact:

- Their manager
- The Ethics Office ([ethics@statestreet.com](mailto:ethics@statestreet.com))
- Legal

- Global Security
- Lead Director of the Board (via the confidential Speak Up line).

## SYSTEMIC RISK MANAGEMENT

### FN-AC-550a.1

Percentage of open-end fund assets under management by category of liquidity classification

We are declining to respond to this disclosure.

At State Street, liquidity is managed at the fund level and the assets of one open-end fund cannot be used to meet the redemptions of other funds, as each fund is separately managed and a separate legal entity. As a result, it is our opinion that aggregate liquidity classifications are not useful nor informative disclosures. In addition to this, as of 2018, the SEC no longer requires open-end mutual funds registered under the Investment Company Act of 1940 to publicly disclose aggregate liquidity classification information at the fund level as the data “may pose a significant risk of confusing and misleading investors.”

### FN-AC-550a.2

Description of approach to incorporation of liquidity risk management programs into portfolio strategy and redemption risk management

State Street’s approach to risk management involves all levels of management, from the board of directors and its committees, to each business unit and each employee. Responsibility for risk oversight is allocated so that risk/return decisions are made at an appropriate level and are subject to robust review and challenge. Risk management is the responsibility of each employee and is implemented through three lines of defense.

The business units, which own and manage the risks inherent in their businesses, are considered the first line of defense. Global Treasury is the first line of defense in, and responsible for management of, SSC's liquidity. This includes the day-to-day management of State Street's global liquidity position; the development and monitoring of key liquidity risk metrics and early warning indicators; the creation and execution of stress tests; the evaluation and implementation of regulatory requirements; the maintenance and execution of liquidity guidelines and contingency funding plans; and reporting to management risk committees and the Board of Directors. As part of these responsibilities, Global Treasury calculates the liquidity coverage ratio (LCR), consistent with applicable regulatory requirements. For this purpose, Global Treasury implements a calculation process designed to include appropriate controls to promote accuracy and timeliness of the LCR calculation, including sourcing data via automated methods and attribution analysis to understand day-over-day variances and drivers. Global Treasury reports into the Corporate Treasurer.

Enterprise Risk Management (ERM) and other support functions are considered the second line of defense. Global Treasury Risk Management (GTRM), part of ERM, provides separate oversight over the identification, communication, and management of Global Treasury's risks in support of State Street's business strategy. GTRM's responsibilities relative to liquidity risk management include the development and review of policies and guidelines; the development of risk appetite statement limits; and the monitoring of limits related to adherence to liquidity risk guidelines and associated reporting. As part of these responsibilities, GTRM conducts a variety of activities relative to LCR, including: review of the liquidity risk management framework and regulations; development of internal limits for LCR above the regulatory minimum and internal escalation framework; and separate monitoring of the LCR results produced by Global Treasury. GTRM reports into the Chief Risk Officer.

Corporate Audit serves as the third line of defense and assesses the effectiveness of the first and second lines of defense. Corporate Audit reports into the General Auditor.

State Street monitors and manages the liquidity of the funds and client portfolios for which it serves as fund manager/investment advisor in line with the investment strategy of each portfolio, any applicable regulatory requirements, potential investor redemption requests, and broader market conditions, at all times in the context of State Street's obligations and its role as a fiduciary, where applicable.

State Street also implements Liquidity Risk Management (LRM) oversight across all funds and client portfolios for which it serves as fund manager/investment advisor. The company monitors liquidity risk associated with a portfolio's ability to meet potential cash outflows related to investor redemptions/withdrawals or potential liabilities related to derivative positions and secured funding trades, as well as changes in the liquidity of positions within the portfolio. The LRM framework focuses on a variety of risk models and metrics, quantitative tools, and qualitative methods.

The ERM team runs regular fund level liquidity risk monitoring and reporting with the following key risk measures.

I. Asset Liquidity Risk:

- a. Estimated percentage of fund's assets that could be liquidated in a given time period (based on instrument level time to liquidate assessment)
- b. Estimated market impact (liquidation cost) when liquidating a given % of fund's assets (based on instrument level liquidation cost assessment)

II. Funding Liquidity Risk (commingled funds):

- a. Estimated % of fund that could be redeemed in a given time period (based on historical redemption patterns and investor concentration)

III. Stress Testing Asset and Funding Liquidity Risk:

- a. Historical scenarios: estimate relationships and sensitivities to past events (e.g., 2008 Credit Crisis, 2014 Flash Crash, 2020 COVID-19 market turmoil)
- b. Hypothetical scenarios: measure potential impacts of market liquidity shifts, stress redemptions based on investor concentration, and tail redemption patterns

- IV. Estimated Liquidity Coverage Ratio (LCR) measures if fund has adequate sources of liquidity (liquid assets that can be converted into cash) that are sufficient to cover liquidity needs (redemptions) in normal or stressed market conditions.
- V.  $LCR = (\text{Estimated percentage of portfolio's assets that could be liquidated in a given period}) / (\text{Estimated percentage of portfolio that could be redeemed in a given period}) \geq 1$  or other specified limit

ERM team analyzes the variety of liquidity risk metric for each portfolio. The risk team sends out regular liquidity risk reports and discusses various aspects of liquidity risk with portfolio managers in risk review meetings. If a potential risk issue is identified, the ERM discusses the issue, and any potential mitigating actions, with the Portfolio Management Team, and escalates any liquidity issues to the Liquidity Committee.

#### **FN-AC-550a.3**

Total exposure to securities financing transactions

#### **ACTIVITY METRICS**

	<b>Registered</b>	\$1,276,890,204,295
(1) Total registered and (2) total unregistered assets under management (AUM)	<b>Unregistered</b>	\$2,190,576,360,229
	Total AUM: \$3.47 trillion (includes assets not classified as "registered" or "unregistered.")	
Total assets under custody and supervision	\$38.79 trillion	

On behalf of clients enrolled in our securities lending program, we lend securities to banks, broker/ dealers and other institutions. In most circumstances, we indemnify our clients for the fair market value of those securities against a failure of the borrower to return such securities. Though these transactions are collateralized, the substantial volume of these activities necessitates detailed credit-based underwriting and monitoring processes. The aggregate amount of indemnified securities on loan totaled \$440.88 billion as of December 31, 2020. We held, as agent, cash and securities totaling \$463.27 billion as collateral for indemnified securities on loan as of December 31, 2020.

#### **FN-AC-550a.4**

Net exposure to written credit derivatives

We do not have any credit derivatives written by the firm. This number is zero.

#### **Data Center Electricity**

**2020**

Total energy consumed	785,249 GJ
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Percentage grid electricity	99.999%
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Percentage renewable*	100% of Scope 2 power is renewable due to the purchase of renewable energy credits and a small amount of on-site solar installations.
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\* In 2020, State Street purchased Renewable Energy Certificates matching the amount of all grid-purchased electricity used by its data centers in that year.

#### **Data Center Water Usage**

**2020**

Total water withdrawn	361,000 m3
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Total water consumed	361,000 m3
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% withdrawn from water-stressed region	0%
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## SOFTWARE AND IT SERVICES RESPONSE

### Introduction

Our primary disclosure for the SASB frameworks is according to the guidelines of the Asset Management sector guidelines. However, because of the increasing importance of our software and IT-related services, we are continuing to also respond to the Software and IT Services SASB sector guidelines as well.

### ENVIRONMENTAL FOOTPRINT OF HARDWARE INFRASTRUCTURE

#### TC-SI-130a.1

(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable

#### TC-SI-130a.2

(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress

#### TC-SI-130a.3

Discussion of the integration of environmental considerations into strategic planning for data center needs.

As State Street continues to develop its information technology infrastructure and services, we are focusing on improving the energy efficiency and environmental footprint of our data centers. Led by the Vice President for Data Center Operations, this initiative is exploring options such as addressing zombie servers, reducing or limiting the energy required by servers, and replacing older servers with newer technology that reduces energy demands. We are also exploring options to provide energy to data centers that is renewable or non-polluting such as hydrogen fuel cell technologies. This provides State Street with not only low carbon electricity but also adds redundancy into the electrical system and often provides renewable energy credits, that will support our REC trading business.

At the facility level, we are also replacing uninterruptible power supplies systems with more efficient systems. When siting new data centers, we consider local temperatures and humidity conditions and seeking locations that require less cooling and dehumidification.

## DATA PRIVACY & FREEDOM OF EXPRESSION

### TC-SI-220a.1

Description of policies and practices relating to behavioral advertising and user privacy

Beyond tracking website users (numbers, pages visited, etc.) State Street does not engage in behavioral advertising programs and does not resell user data for third-party purposes.

### TC-SI-220a.2

Number of users whose information is used for secondary purposes

None.

### TC-SI-220a.3

Total amount of monetary losses as a result of legal proceedings associated with user privacy

In 2020, there were no fines or sanctions levied against State Street as the result of legal proceedings associated with user privacy.

### TC-SI-220a.4

(1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure

Because of the sensitive and proprietary nature of these data points, we choose not to disclose this data at this time.

**TC-SI-220a.5**

List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring

Because of the sensitive and proprietary nature of these data points, we choose not to disclose this data at this time.

**DATA SECURITY****TC-SI-230a.1**

(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected

None reported in 2020.

**TC-SI-230a.2**

Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards

Our businesses depend on information technology infrastructure, both internal and external, to, among other things, record and process a large volume of increasingly complex transactions and other data, in many currencies, on a daily basis, across numerous and diverse markets and jurisdictions. In recent years, several financial services firms have suffered successful cyberattacks launched both domestically and from abroad, resulting in the disruption of services to clients, loss or misappropriation of sensitive or private data, and reputational harm. We also have been subjected to cyberattacks, and although we have not, to our knowledge, suffered a material breach or suspension of our systems, it is possible that we could suffer such a breach or suspension in the future. Cyberthreats are sophisticated and continually evolving. We may not implement effective systems and other measures to effectively prevent or mitigate the full diversity of cyberthreats or improve and adapt such systems and measures as such threats evolve and advance.

We define technology risk as the risk associated with the use, ownership, operation, involvement, influence, and adoption of information technology. Technology risk includes risks potentially triggered by technology non-compliance with regulatory obligations, information security and privacy incidents, business disruption, technology internal control and process gaps, technology operational events, and adoption of new business technologies.

The principal technology risks within our technology risk policy and risk appetite framework include:

- Third-party vendor risk
- Business disruption and technology resiliency risk
- Cyber and information security risk
- Technology asset and configuration risk
- Technology obsolescence risk.

We manage technology risks by:

- Coordinating various risk assessment and risk management activities, including ERM operational risk program
- Establishing, through the Technology and Operational Risk Committee (TORC) and Technology and Operations Committee (TOPS) of the board, the enterprise level technology risk and cyber risk appetite and limits
- Producing enterprise-level risk reporting, aggregation, dashboards, profiles, and risk appetite statements
- Validating appropriateness of reporting of information technology risks and risk acceptance to senior management risk committees and the board
- Promoting a strong technology risk culture through communication

- Serving as an escalation and challenge point for technology risk policy guidance, expectations, and clarifications
- Assessing effectiveness of key enterprise information technology risk and internal control remediation programs
- Providing risk oversight, challenge, and monitoring for the Global Continuity and Third-Party Vendor Management Program, including the collection of risk appetite, metrics and KPIs, and reviewing issue management processes and consistent program adoption

CIS establishes the framework, policies, and related programs to measure, monitor, and report on information security risks, including the effectiveness of cyber security program protections. CIS defines and manages the enterprise-wide information security program. CIS coordinates with Information Technology, control functions, and business units to support the confidentiality, integrity, and availability of corporate information assets.

CIS identifies and employs a risk-based methodology consistent with applicable regulatory cyber security requirements and monitors the compliance of our systems with information security policies.

Cybersecurity risk is managed as part of our overall Information Technology Risk Management as outlined above. We recognize the significance of cyberattacks and have taken steps to mitigate the risks associated with them. We have made significant investments in building a mature cybersecurity program to leverage people, technology, and processes to protect our systems and the data in our care. We have also implemented a program to help us better measure and manage the cybersecurity risk we face when we engage with third parties for services.

All employees are required to adhere to our cybersecurity policy and standards.

Our centralized information security group provides education and training. This training includes a required annual online class for all employees, multiple simulated phishing attacks, and regular information security awareness materials.

Our business lines employ Information Security Officers to help the business better understand and manage their information security risks, as well as to work with the centralized Information Security team to drive awareness and compliance throughout the business.

We use independent third parties to perform ethical hacks of key systems to help us better understand the effectiveness of our controls and to better implement more effective controls, and we engage with third parties to conduct reviews of our overall program to help us better align our cybersecurity program with what is required of a large financial services organization.

We have an incident response program in place that is designed to enable a well-coordinated response to mitigate the impact of cyberattacks, recover from the attack, and to drive the appropriate level of communication to internal and external stakeholders.

The Technology and Operational Risk Committee (TORC) assesses and manages the effectiveness of our cyber-security program, which is overseen by the Technology and Operations Committee (TOPS) of our board. The TOPS receives regular cybersecurity updates throughout the year and is responsible for reviewing and approving the program on an annual basis.

TORC oversights include:

- The Operational Risk Committee, along with the support of regional business or entity-specific working groups and committees, which is responsible for oversight of our operational risk programs, including determining that the implementation of those programs is designed to identify, manage, and control operational risk in an effective and consistent manner across the firm.

- The Technology Risk Committee, which is responsible for the global oversight, review, and monitoring of operational, legal, and regulatory compliance and reputational risk that may result in a significant change to our Information Technology risk profile or a material financial loss or reputational impact to global technology services. The Committee serves as a forum to provide regular reporting to TORC and escalate technology risk and control issues to TORC, as appropriate.
- The Executive Information Security Steering Committee, which provides direction for the Enterprise Information Security posture and program, including cybersecurity protections, provides enterprise-wide oversight and assessment of the effectiveness of all Information Security Programs to promote that controls are measured and managed, and serves as an escalation point for cybersecurity issues.

## RECRUITING & MANAGING A GLOBAL, DIVERSE & SKILLED WORKFORCE

### TC-SI-330a.1

Percentage of employees that are (1) foreign nationals and (2) located offshore

Employees are key contributors to value creation in the Software and IT Services industry. While the number of job openings in the industry continues to grow, companies commonly find it difficult to recruit qualified employees to fill these positions. The shortage in technically skilled domestic employees has created intense competition to acquire highly skilled employees, contributing to higher employee turnover rates.

To respond to talent shortages, companies often hire foreign nationals and offshore operations, creating employee management and sustainability challenges and related business risks.

**GLOBAL HEADCOUNT AND REGION**

North America	EMEA	APAC	LATAM
13,970	12,441	13,013	12
35.4%	31.5%	33.0%	0.03%

The industry is characterized by relatively low representation from women and minority groups; efforts to recruit from and develop diverse talent pools can serve to address the talent shortage and generally improve the value of company offerings. Greater workforce diversity is important for innovation and helps companies understand the needs of their diverse and global customer base.

**TC-SI-330a.2**

Employee engagement as a percentage

Actively Engaged	Not Engaged	Passive
71%	6%	23%

**Methodology**

Our survey strategy changed significantly in 2020 due to COVID-19: as our employees were primarily working remotely amidst the pandemic, we wanted to ensure we were supporting them as best we could. Instead of an annual, large (census) survey, we executed four pulse surveys throughout the year to inform our COVID-19 response plan and shape our plan forward. Overall, 32% of employees completed the survey used to calculate this index..



We compiled an overall index score leveraging three questions: whether employees are still connected with our strategy, whether we've created an environment where they feel like they belong, and whether they take pride in their employment at State Street.

**Actively Engaged:** a composite average of the percentage of respondents who select "Strongly Agree" or "Agree" to questions outlined below

**Passive:** a composite average of the percentage of respondents who select "Neither Agree nor Disagree" to the questions outlined below

**Not Engaged:** a composite average of the percentage of respondents who select "Strongly Disagree" or "Disagree" to the questions outlined below

For 2020, we compiled an overall index score leveraging three questions:

- Whether employees are still connected with our strategy
- Whether we've created an environment where they feel like they belong
- Whether they take pride in their employment with State Street

#### **TC-SI-330a.3**

Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees.

Please describe your organization's (1) policies and (2) programs for fostering employee representation across its global operations:

For more information regarding State Street's approach to inclusion and diversity, including our policies and programs for fostering equitable employee representation across its global operations, see the [Inclusion and Diversity chapter](#) of the ESG Report.

**GLOBALLY:**

	<b>Female</b>	<b>Male</b>	<b>Not Disclosed/Available</b>
Executive Management	30.3%	69.5%	0.2%
Non-Executive Management	35.7%	63.9%	0.3%
Professionals and All Other Employees	52.0%	47.7%	0.3%

**US RACIAL/ETHNIC GROUP REPRESENTATION:**

	<b>Asian</b>	<b>Black or African American</b>	<b>Two or More Races</b>	<b>White</b>	<b>Hispanic or Latino</b>	<b>American Indian or Alaska Native</b>	<b>Native Hawaiian or Other Pacific Islander</b>	<b>Not Disclosed/Available</b>
Executive Management	12.53%	2.03%	0.65%	78.34%	2.58%	-	-	3.87%
Non-Executive Management	24.42%	3.70%	0.93%	63.51%	3.51%	0.11%	0.27%	3.65%
Professionals	22.65%	11.74%	1.53%	53.48%	8.26%	0.27%	0.23%	1.84%

**INTELLECTUAL PROPERTY PROTECTION AND COMPETITIVE BEHAVIOR****TC-SI-520a.1**

Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations

Zero.

## MANAGING SYSTEMATIC RISKS FROM TECHNOLOGY DISRUPTIONS

### TC-SI-550a.1

Number of (1) performance issues; (2) service disruptions; (3) total customer downtime

State Street had zero performance issues, service disruptions, and customer downtime related to cybersecurity events in 2020.

### TC-SI-550a.2

Description of business continuity risks related to disruptions of operations

The core of State Street's approach to business continuity lies in its commitment to redundancy, resiliency, and security and a robust program of stress-testing the systems we use.

Our computer, communications, data processing, networks, backup, business continuity, disaster recovery, or other operating, information or technology systems, facilities and activities may suffer disruptions or otherwise fail to operate properly or become disabled, overloaded, or damaged as a result of a number of factors, including, without limitation, events that are wholly or partially beyond our control, which could adversely affect our ability to process transactions, provide services, or maintain systems availability, maintain compliance and internal controls, or otherwise appropriately conduct our business activities.

Operating System	Total Specints	Amount of Servers with Specints	Average Specints per Server
Linux	2,029,150	7,295	278
Unix	192,814	1,553	124
Windows	2,315,915	14,201	163

**TC-SI-000.B**

(1) Data processing capacity, (2) percentage outsourced

State Street uses many different platforms to meet its technology needs.

Open systems (i.e. UNIX, Windows, Linux) make up the largest quantity of our physical servers. As such, we measure relative capacity of the various open system operating systems by comparing “specint” values. Specint values are a standardized way to measure processing power for open systems and provide a relative view of the capacity.

In 2020, our systems averaged 188,000 MIPS.

The data provided should be considered within the State Street context is not directly comparable to other firms’ figures. It should also be noted that the data does not represent 100% of State Street servers but represents the open system servers under our responsibility. We estimate that the data reflects 80%-90% of State Street’s servers.

**TC-SI-000.C**

(1) Amount of data storage, (2) percentage outsourced

State Street has a storage area network of 23 petabytes with 9 petabytes of on-premise cloud services.

Due to our dependence on technology and the important role it plays in our business operations, we must persist in improving and updating our information technology infrastructure, among other things, (1) as some of our systems are approaching the end of their useful life, are redundant or do not share data without reconciliation; (2) to be more efficient, meet client expectations and support opportunities of growth; and (3) to enhance resiliency and maintain business continuity.

For example, there could be sudden increases in transaction or data volumes, electrical or telecommunications outages, natural disasters, cyberattacks or employee or contractor error or malfeasance. We may not successfully prevent, respond to, recover from, or learn from any such disruptions or failures.

## ACTIVITY METRICS

### TC-SI-000.A

(1) Number of licenses or subscriptions, (2) percentage cloud-based

State Street has no licenses or subscriptions where it serves as the SaaS provider in production.

### TC-SI-000.B

(1) Data processing capacity, (2) percentage outsourced

State Street uses many different platforms to meet its technology needs. Open systems (i.e. UNIX, Windows, Linux) make up the largest quantity of our physical servers. As such, we measure relative capacity of the various open system operating systems by comparing “specint” values.

Specint values are a standardized way to measure processing power for open systems and provide a relative view of the capacity.

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**TC-SI-000.C**

(1) Amount of data storage, (2) percentage outsourced

State Street has a storage area network of 23 petabytes with 9 petabytes of onpremise cloud services.







# TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES REPORT



## 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 additional transparency 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 (FSB) 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 reporting. 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 such as greenhouse gas emissions and climate-related risks. State Street's overall corporate responsibility efforts are overseen by the Executive Corporate Responsibility Committee, which reports to the board of directors at least once per year. The Executive Corporate Responsibility Committee (ECRC) is charged with setting our corporate responsibility strategy, executing programs and initiatives and monitoring progress of the programs. The ECRC has been charged with supporting State Street's responses to TCFD and the European Union's Directive on Non-financial Reporting. The Global Corporate Responsibility Officer at State Street is accountable to the ECRC and provides operational leadership for the corporate responsibility activities under the committee's purview.

From the investment side, State Street Global Advisors' ESG investments team also regularly reports on their activities, including risk assessments, 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. The Stewardship Team's activities are directly overseen by the State Street Global Advisors Investment Committee (IC), which is responsible for approving our annual stewardship strategy, engagement priorities, and proxy voting guidelines in addition to monitoring the delivery of objectives. The Proxy Review Committee, a dedicated subcommittee of the IC, provides day-to-day oversight of the Stewardship Team, including approving departures from proxy voting guidelines and managing conflicts of interest.

In addition to our own progress incorporating the TCFD principles, our asset stewardship team within State Street Global Advisors, State Street's asset management business, engages regularly with their portfolio companies on how they are addressing climate change within the framework of the TCFD principles. This provides State Street Corporation with insights into best practices when it comes to TCFD implementation.

Decisions regarding operational issues, new investments (outside of our asset stewardship activities, which we do on behalf of our clients) and real estate projects are always made with ESG — and thus climate — related risks and opportunities as important considerations.

## Strategy

As part of our ongoing efforts to identify climate-related risks and opportunities, we engage key stakeholders across our organization to identify where our efforts are best focused, to return the most benefit to our internal and external stakeholders.

This has resulted in our incorporating climate change into our business strategy in multiple areas:

- Assessing climate-related risks and opportunities of assets we invest in on our own balance sheet to avoid the negative impacts of climate change and to ensure we are prepared to invest our balance sheet in assets that align with our climate change goals.
- Provide our asset management and custody clients with information that enables them to assess the climate change risks present in their portfolios and thereby enable them to fulfil their own TCFD goals or obligations.
- Protecting the long-term resiliency of our physical infrastructure — our business depends upon maintaining a robust and resilient physical infrastructure in our global locations that can handle the impacts of a changing climate.
- Manage our own impacts — In 2017, we publicly committed to science-based reduction targets for our carbon emissions. As of 2020, we surpassed our 2025 target of 30% reductions. We have set a new goal of 27.5% reduction by 2030, against the 2019 baseline year. This is based on SBTi's "well-below 2° C" methodology.

### **Impact on our Business, Strategy, and Financial Planning**

We are a large-scale institutional investor in assets, or custodian of others assets, whose value may be affected by direct and indirect impacts from climate change and by the transition to a low-carbon economy. We believe that exposure to these risks can have direct impacts on the ability of those assets to generate long-term value. This can impact our own financial performance in two ways – the return on investment from the assets we directly own may be impacted and the performance of assets that we hold in custody on behalf of our clients may be impacted by climate change. While our custodial clients ultimately bear the risks of climate change in their portfolios, we are committed to help them identify these risks and offer them asset management products and services that can reduce these risks.

## Risk Management

As a global financial institution that provides services to clients and counterparties across the world, climate change has the potential to impact us 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. Based on our 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 is well-managed through our existing risk management framework.

## Risk Identification

Because risks evolve over time, risk identification is an ongoing process, which includes inputs across the first-, second- and third-line control functions, and also focuses on early detection of emerging risks, which are defined as exposures that are not necessarily newly identified, but whose manifestation and full implications are not entirely known. Outputs from internal processes, including the Material and Emerging Risk Identification Processes, are integral in developing risk management priorities and supporting stress testing.

### WE CATEGORIZE THE TOP RISKS WE FACE ACCORDING TO THE FOLLOWING STRUCTURE:



## WE CATEGORIZE THE TOP RISKS WE FACE ACCORDING TO THE FOLLOWING STRUCTURE:

Top Risk	Business Risks	
Financial Risks	Market-to-Market	<ul style="list-style-type: none"> <li>Physical and transition risks may impact the value of assets in which we invest</li> </ul>
	Interest Rates	<ul style="list-style-type: none"> <li>Climate risks could impact the interest rate environment</li> </ul>
	Trading	<ul style="list-style-type: none"> <li>Physical and transition risks may impact the value of assets in which we make markets</li> </ul>
	Credit	<ul style="list-style-type: none"> <li>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</li> </ul>
	Liquidity	<ul style="list-style-type: none"> <li>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</li> </ul>
Non-Financial Risks	Operational	<ul style="list-style-type: none"> <li>Increasing frequency or severity climate-driven events may disrupt our operations, damage physical assets, or impact third-party vendors across our global operations</li> </ul>
	Technology & Resiliency	<ul style="list-style-type: none"> <li>Climate issues could impact risks through operational disruptions, ability to communicate, data center outages, faster/slower recovery from intense storms</li> </ul>
	Compliance	<ul style="list-style-type: none"> <li>Regulatory sanctions or material financial impacts may result from failures to comply with applicable laws, regulations, or internal policies and procedures</li> <li>Climate-related liabilities or litigation may increase in light of growing requirements around disclosures, physical risk events, and market impacts</li> </ul>
Business Risks	Strategic	<ul style="list-style-type: none"> <li>Failures to adapt and respond to changes in the regulatory or market environments in countries in which we operate may constrain our ability to remain competitive with peers</li> </ul>
		<ul style="list-style-type: none"> <li>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</li> </ul>
	Model	<ul style="list-style-type: none"> <li>Inability to provide best-in-class climate risk-related products and services may impact fee revenues by resulting in a less competitive product offering</li> </ul>
		<ul style="list-style-type: none"> <li>Lack of historical experience with climate change risks may result in greater model uncertainty or mispricing of climate risk impacts</li> </ul>
Reputational	Investment Management	<ul style="list-style-type: none"> <li>Climate risks may directly or indirectly impact a portfolio company's operations, induce damage, disrupt supply chains, or potentially hinder its ability to provide products or services., and thus impact long-term financial returns</li> </ul>
		<ul style="list-style-type: none"> <li>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</li> </ul>

The impact of risks related to climate change manifest through the top risk framework delineated above, and are managed as part of our broader global risk management framework.

State Street's primary exposures to climate-related risks may manifest across its top risks, but can be grouped in three categories: First, there are physical risks to our own infrastructure, through the plant and property of our global footprint including our own carbon footprint and the impacts of climate risk on our physical assets. Second, we face financial risk due to potential climate-related impacts on the value of the investments on our own balance sheet. Lastly, we face some risks due to potential climate-related impacts on the long-term value of assets we manage or hold in custody on behalf of our clients, which may have significant repercussions for State Street's business (Business risk).

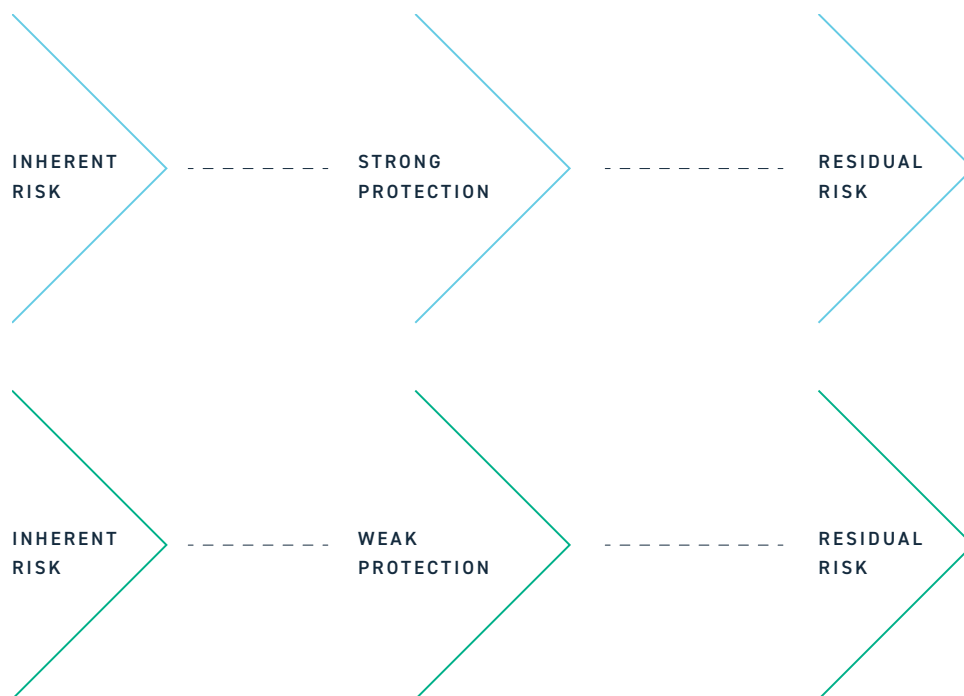
State Street also considers the strategic and reputational risks associated with climate change factors, including as they relate to exposure to carbon-intensive sectors or to clients or counterparties that may impact our credit profile, reputation, or strategic position (Business and Reputational risks).

## **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 risks that remain after asset-specific characteristics and structural protections are taken into account.

## **Climate Change Risks to Our Physical Assets**

To stay abreast of any operational vulnerabilities related to environmental factors, we regularly evaluate the physical and financial risks of climate change in the context of our own activities. 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're 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 possible impacts we evaluate and address in our business continuity strategy include:

- The potential 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 and operations 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.

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
- Innovative approaches to energy efficiency
- Flexible commuting options for employees

We also include the evaluation of climate-related event risks in our CCAR stress testing scenarios, where such events are incorporated as part of our evaluation of operational risk losses in our internally derived bank holding company scenario.

We are currently assessing the potential of climate-related scenario analysis as a tool to inform our decision-making regarding our own operations.

### **Climate Change Risks to our Financial Assets**

Climate risk-related impacts on financial assets are influenced by a number of key factors that provide protection against financial loss. These factors are assessed by State Street with regard to the assets on its balance sheet, and include:

With regard to the assets on our balance sheet, we have assessed our portfolios against their inherent and residual risk profiles at the asset class levels as shown in the table and graphic below.

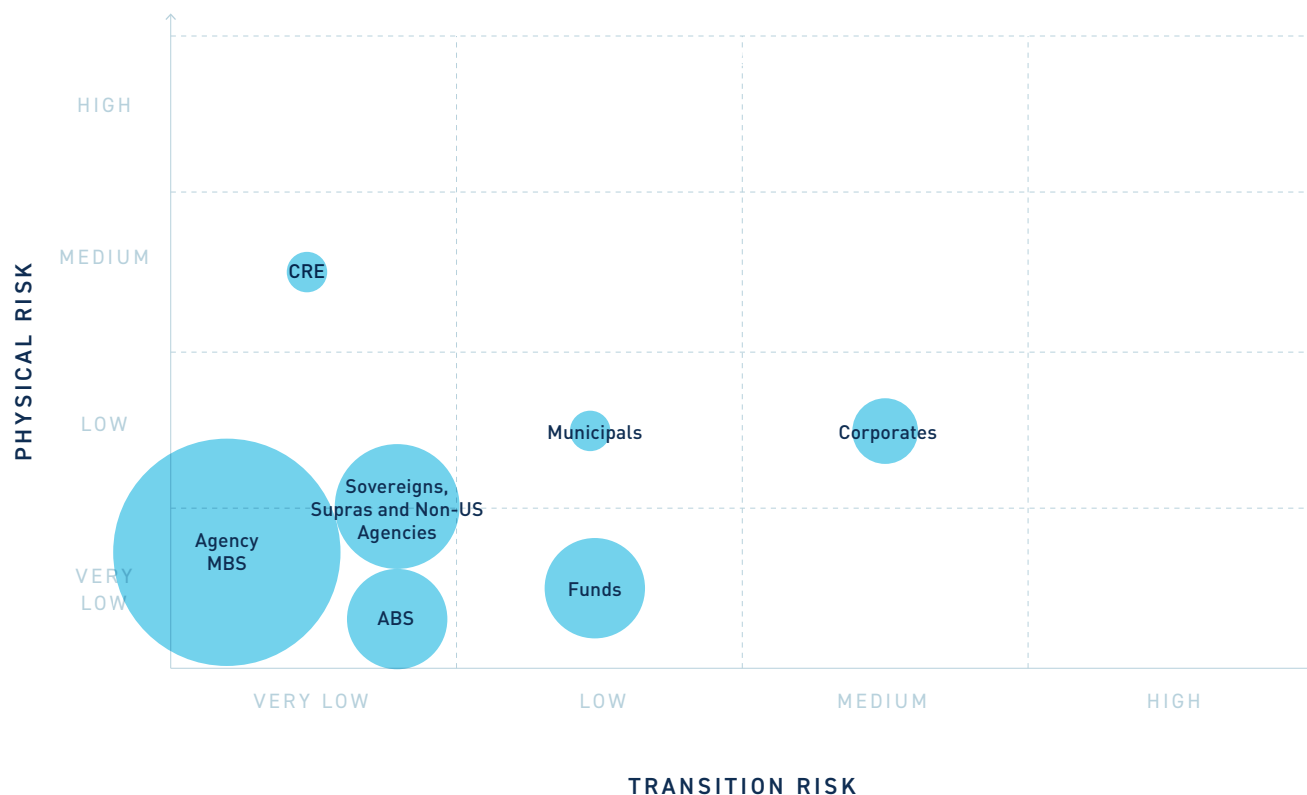
Based on the composition of our balance sheet, limited pockets of higher exposure to climate change risk remain, with these portfolios an area of ongoing focus, including for issuer- and transaction-level analysis of these portfolios. In addition to the review of individual portfolio characteristics, we also review aspects of the balance sheet along some additional dimensions.

Factor	Rationale
Asset Class	Asset characteristics may increase or decrease inherent climate risk
Credit Quality	Initial credit quality is a key determinant of an entity to withstand business fluctuations and similarly 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 durations 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
Insurance	Some assets are insured against some of the physical risks of climate change

### Climate Risks by Country-Level Exposure

Based on country-specific risk assessments, the majority of the assets in our investment portfolio are in countries of risk that are deemed lower risk against key climate risk considerations, which include analysis of exposures against key factors such as natural disaster (event) risk, the management of natural resources, energy transition risks, and energy security risks. Similarly, direct exposure to sovereign entities is concentrated in countries also deemed lower risk against these key climate risk considerations.

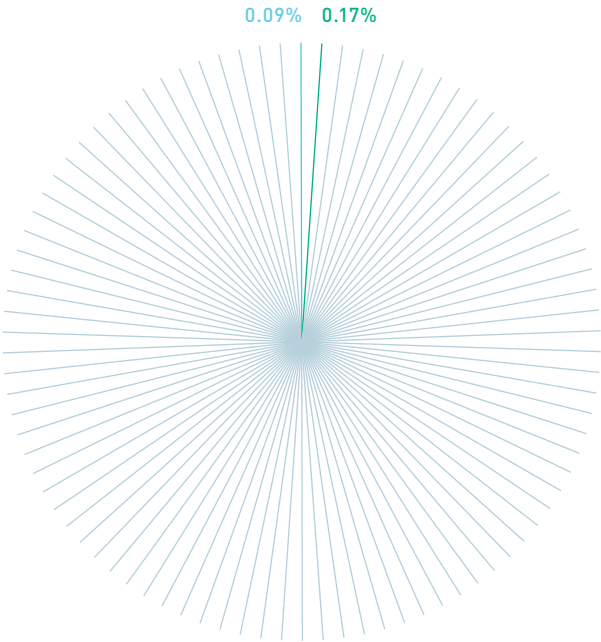
State Street Portfolio	Exposure	Inherent Risk	Structural Protections	Residual Risk
Agency MBS	\$52B	<b>Medium</b> – Real estate, and by extension mortgages, are at risk due to extreme weather	<ul style="list-style-type: none"> <li>• High credit quality of senior tranches</li> <li>• Diversification, geographic and credit</li> <li>• Government guarantee</li> <li>• Insurance</li> </ul>	Very low
ABS	\$13B	<b>Low</b> – ABS typically consumer and unconnected to a specific climate risk	<ul style="list-style-type: none"> <li>• High credit quality of senior tranches</li> <li>• Diversification</li> </ul>	Very low
Sovereigns, Supras, and Non-US Agencies	\$35B	<b>Medium</b> – these entities are generally large and have highly diverse income streams	<ul style="list-style-type: none"> <li>• High credit quality</li> <li>• Concentration in countries actively managing climate risk</li> </ul>	Very low/low
Commercial Real Estate (CRE)	\$2B	<b>High</b> – CRE represents a highly concentrated investment in a physical location, which is at risk due to extreme weather	<ul style="list-style-type: none"> <li>• Seniority of loans</li> <li>• Low loan to value</li> <li>• Insurance against extreme weather and flood when necessary</li> </ul>	Medium
Corporates	\$9B	<b>High</b> – Corporates are more highly leveraged than other investments and have complex exposures	<ul style="list-style-type: none"> <li>• Seniority of loans</li> <li>• Short tenor</li> </ul>	Medium
Municipals	\$11B	<b>Medium</b> – municipals are concentrated in a single location and vulnerable to extreme weather	<ul style="list-style-type: none"> <li>• High credit quality</li> </ul>	Medium
Funds	\$16B	<b>Low</b> – Many funds have low leverage and are typically highly diversified	<ul style="list-style-type: none"> <li>• Diversification</li> <li>• High credit quality</li> <li>• Short tenor</li> </ul>	Low

**RESIDUAL RISK:****Carbon Intensity**

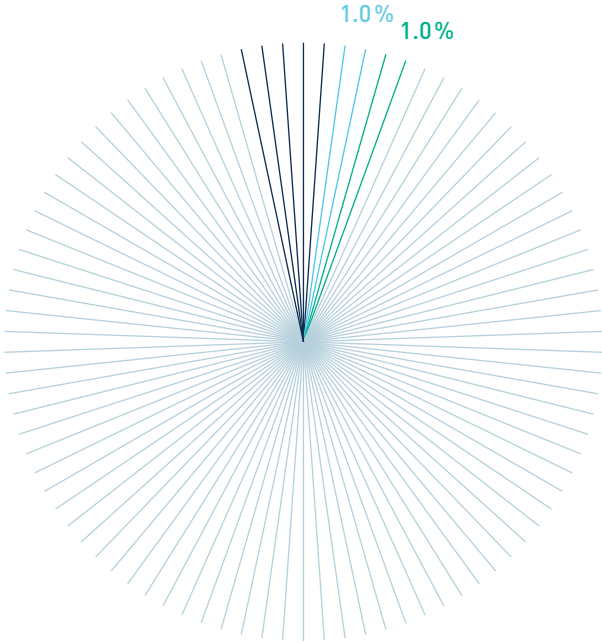
For the publicly traded companies in our investment portfolio, we also monitor the carbon intensity of our portfolio relative to the index average for the S&P 500. Overall, the State Street portfolio is slightly more carbon intensive than the index. Further analysis shows that, while within sectors, the portfolio is generally greener than the index, we overweight some sectors that have high carbon intensities due to other beneficial characteristics of those sectors for our risk profile. Carbon intensity is measured as tons of CO<sub>2</sub> per million dollars of revenue.

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.

INVESTMENT PORTFOLIO ASSETS  
BY COUNTRY OF RISK



SOVEREIGN  
EXPOSURES



● LOW    ● MEDIUM    ● MEDIUM-HIGH    ● HIGH

	S&P 500	State Street
Weighted Average Carbon Intensity	213	242

Clients are assessed across various dimensions of their commitment to 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 40% of our exposure is to clients who perform very strongly across these key dimensions.

### **Investment Risks Related to Climate Change**

As long-term investors, State Street Global Advisors recognize that climate change presents material risk to a company's ability to generate long-term value. As a result, Global Advisors' stewardship team has been engaging with portfolio companies since 2014 on how they are addressing climate change risks and other sustainability issues.

Since State Street adopted the TCFD principles in 2017, Global Advisors have used that framework to organize their stewardship discussions around climate change risk and opportunity and using their proxy vote to support climate-related shareholder proposals when they support the interests of long-term investors. Global Advisors' have also been engaging with climate change data providers to better understand how they are calculating their climate risk metrics.

### **Engagement with Portfolio Companies**

From the investment perspective, we recognize the value in assessing energy, greenhouse gas and other climate-related data for the companies in our portfolios. The objective is to better understand how the companies we invest in manage and work to mitigate climate-related risks, which in many cases may materially impact future financial performance.

Further underscoring our commitment to climate-related issues, in 2020 we joined the Climate Action 100+, an investor-led initiative focusing on reducing greenhouse gas (GHG) emissions, largely by targeting some of the world's largest GHG emitters.

We have identified the following long-term challenges and opportunities regarding climate change.

- Strong governance and cross-functional collaboration will be necessary to affect change in companies.
- Boards need to approach climate change as a systemic risk
- Boards need to improve their fluency on climate change regarding issues such as climate change risks, metrics, and reporting

To help ensure State Street proactively manages ESG-related investment risks, State Street Global Advisors' Asset Stewardship team uses a climate change risk oversight framework that helps us plan for any possible risks we may face due to climate change, encompassing all the equities we manage globally.

We find that most companies are responding to the recommendations of the TCFD, which has become a widely accepted framework for companies to assess and report on climate risk. We view this as a positive development that will reduce climate risk in a significant portion of our portfolio. While progress is being made, we feel that it is not happening at a pace commensurate with the challenge. Therefore, we continue to encourage companies to disclose how they are addressing both climate risks and opportunities through engagement and voting on shareholder proposals.

Our management of climate-related risks for client portfolios is multifaceted, including:

- Climate-focused asset stewardship aimed at ensuring that boards and management teams are overseeing and managing their company's exposure to climate risks.
- Best-in-class climate data used to develop targeted investment solutions
- Investable solution offerings such as exclusionary screening,

mitigation, adaptation, and asset stewardship

- Climate-specific reporting designed to support clients in their understanding of how their strategies perform against climate-focused objectives.

When we recognize risks or opportunities for improvement, we typically seek information from companies in the following areas: governance processes, greenhouse gas reduction goals, internal carbon pricing schemes, and scenario-based assessments of risks and opportunities.

In our experience, more accurate and timely information and deeper engagement on these topics will help us, the boards and management teams of the companies we invest in, and our clients assess climate-related risks more holistically and identify opportunities to maximize value creation.

Since 2014, we have engaged with more than 600 companies across a range of industries and markets on climate-related issues. For more information, see State Street Global Advisors' [2020 Annual Asset Stewardship Report](#).

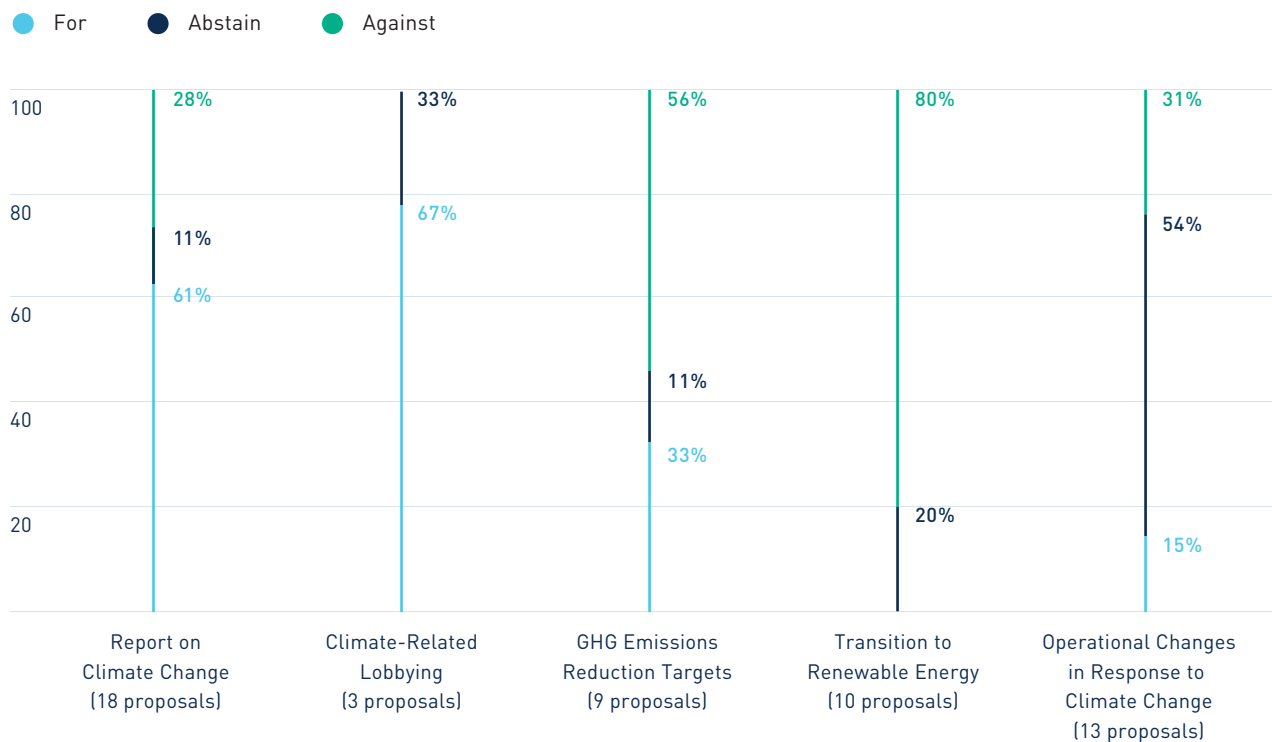
## Metrics and Targets

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

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 climate change presents.



## H1 2020 VOTING ON CLIMATE-RELATED SHAREHOLDER PROPOSALS, BY CATEGORY



Source: State Street Global Advisors. As of June 30, 2020.

**GREENHOUSE GAS EMISSIONS (METRIC TONS CO<sub>2</sub>E)****DIRECT AND INDIRECT GHG EMISSIONS (SCOPES 1, 2, AND 3)**

<b>CO<sub>2</sub>e Emissions (Metric Tons)</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
CO <sub>2</sub> Direct	4,993	6,582	7,335	6,601
CH <sub>4</sub> Direct	12.89	16.90	17.13	15.02
N <sub>2</sub> O Direct	2.92	3.73	4.60	4.02
HFCs Direct	2,411	2,340	2,458	3,060
<b>Total Direct (Scope 1)</b>	<b>7,420</b>	<b>8,943</b>	<b>9,814</b>	<b>9,680</b>
Biogenic CO <sub>2</sub>	1.42	4.39	4.50	2.53
<b>Total Indirect (Scope 2)</b>	<b>67,049</b>	<b>75,728</b>	<b>78,678</b>	<b>90,185</b>
<b>Total Indirect (Scope 3)</b>	<b>37,488</b>	<b>90,872</b>	<b>95,888</b>	<b>96,283</b>
<b>Total GHG Emissions</b>	<b>111,956</b>	<b>175,543</b>	<b>184,380</b>	<b>196,148</b>

**GHG INTENSITY**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
GHG Emissions Intensity Ratio	1.85	2.02	2.21	2.69

List of included gases

Carbon Dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>),  
Nitrous Oxide (N<sub>2</sub>O)**GHG REDUCTION**

	<b>Denominator</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total GHG Reductions in Metric Tons CO <sub>2</sub> Equivalent	Emissions Reduced: Direct (Scope 1) and Indirect (Scope 2)	1,025	1,333	1,652	1,669

**ENERGY USE****TOTAL INTERNAL AND EXTERNAL ENERGY CONSUMPTION**

Consumption by Fuel Type	UNIT	2020	2019	2018	2017
<b>Total Scope 1 Fuel Usage</b>					
Natural Gas	GJ	89,266	119,054	132,695	121,415
Diesel	GJ	4,785	5,308	5,960	3,937
<b>Total Direct Energy</b>	<b>GJ</b>	<b>94,051</b>	<b>124,361</b>	<b>138,655</b>	<b>125,352</b>
<b>Total Scope 2 Indirect Energy Usage</b>					
Electricity	GJ	753,866	807,157	815,297	875,087
Heating	GJ	26,113	39,222	34,608	32,352
Cooling	GJ	5,261	4,865	3,459	3,210
<b>Total Indirect Energy</b>	<b>GJ</b>	<b>785,240</b>	<b>851,244</b>	<b>853,365</b>	<b>910,649</b>
<b>Total Scope 3 Energy Usage</b>					
Business Travel (Non-Renewable)	GJ	29,788	126,798	202,454	235,832
<b>Total Indirect Energy</b>	<b>GJ</b>	<b>815,028</b>	<b>1,102,403</b>	<b>1,194,473</b>	<b>1,228,607</b>

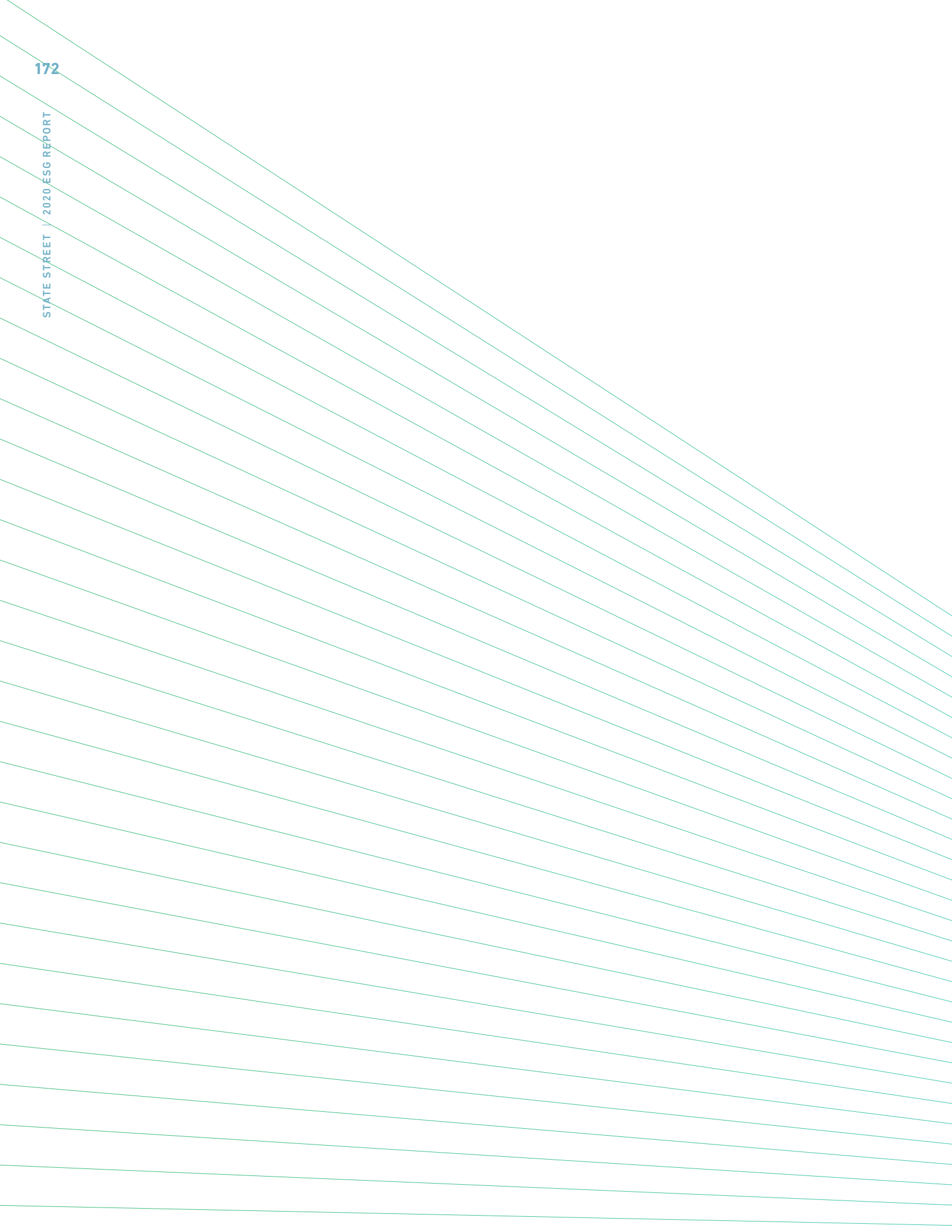
**ENERGY INTENSITY RATIO**

	UNIT	2020	2019	2018	2017
Numerator	KWH	244,247,646	271,001,367	275,560,881	287,777,947
Denominator	Occupants	40,200	42,001	39,996	37,846
Energy Intensity		6,076	6,452	6,890	7,604

**TOTAL ENERGY SAVED**

Electricity	GJ	13,850	15,144	23,252	21,487
Heating	GJ	0	0	0	1,472
<b>Total Energy Saved</b>	<b>GJ</b>	<b>13,850</b>	<b>15,144</b>	<b>23,252</b>	<b>22,959</b>





# GRI INDEX



**GENERAL DISCLOSURES****INFORMATION****Organizational Profile**

102-1	Name of the organization	State Street Corporation
102-2	Activities, brands, products, and services	<p>We have two lines of business: Investment Servicing and Investment Management:</p> <p>State Street Corporation provides services to asset owners; asset managers and alternative asset managers; official institutions including central banks and sovereign wealth funds; and insurance companies through its four primary lines of business: State Street Global Services, State Street Global Advisors, State Street Global Markets, and State Street Global Exchange. Each of these groups is focused on maximizing the value they create for their customers and delivering on this promise.</p> <p>See <a href="#">GRI 102-6</a> below for additional information.</p>
102-3	Location of the headquarters	<p>State Street Corporation</p> <p>State Street Financial Center One Lincoln Street</p> <p>Boston, MA 02111</p>
102-4	Location of operations	<p>We serve clients in more than 100 markets and have offices in 25 countries. For a list of office locations, see the About section of <a href="https://www.statestreet.com">statestreet.com</a>.</p>
102-5	Ownership and legal form	<p>State Street is a financial holding company organized under the laws of the Commonwealth of Massachusetts. Our common stock is listed on the New York Stock Exchange.</p>



102-6

Markets served

We provide investment management, research and trading, investment servicing, and data analysis and insights to the world's institutional investors. Our clients include asset owners; asset managers and alternative asset managers; official institutions, including central banks and sovereign wealth funds; and insurance companies. Our solutions cover our clients across the investment lifecycle.

Our investment servicing business, State Street Global Services, provides customized servicing solutions across traditional and alternative investments. Our services range from custody, accounting, administration and shareholder recordkeeping to complete investment operations solutions. And our performance measurement and analytics tools help clients make better-informed decisions.

State Street Global Advisors is a global leader in investment management, focused on investing responsibly to enable economic prosperity and social progress. Investors rely on us for disciplined investment processes, powerful global investment platforms and access to every major asset class, capitalization range and style.

Our investment research and trading arm, State Street Global Markets, creates access to alpha, insights, liquidity and financing that enhance our clients' portfolio values. We provide specialized research, trading, securities lending, and innovative portfolio strategies to asset owners and managers.

Delivering new perspective and insight into risk management and investment strategy, State Street Global Exchange combines capabilities in research and advisory, portfolio performance and risk analytics, electronic trading and clearing, information and data management; all are designed to help investors capitalize on the opportunities and actions that will generate the most value.

102-7

Scale of organization

See [\[State Street's 10K\]](#) concerning State Street's key financials, and further information concerning assets, debt, and shareholders' equity. Please also see [\[Human Capital\]](#) and [\[102-8\]](#) concerning staff numbers.

102-8	Information on employees and other workers	Female employees: 17,828 (16,980 full-time and 848 part-time). Male employees: 21,489 (21,362 full-time and 127 part-time).  See <a href="#">[Human and Social Capital: Our Diversity Goals]</a> for additional information.
102-9	Supply chain	<a href="#">[Responsible Sourcing: Key Products and Services]</a>
102-10	Significant changes to the organization and its supply chain	There were no significant changes regarding the organization's size, structure, ownership, or its supply chain.
102-11	Precautionary Principle approach	<a href="#">Task Force on Climate-related Financial Disclosures</a> , <a href="#">UN Global Compact</a>
102-12	External initiatives	TCFD, CEO Action for Diversity, UN Principles for Responsible Investment, UNEP Finance Initiative, UN Global Compact, Boston Women's Compact, CDP, Ceres, ISO 14001, ISO 5000
102-13	Membership of Associations	<a href="#">[State Street ESG Affiliations]</a>

### Strategy

102-14	Statement from senior decision-maker	<a href="#">[Ron O'Hanley Statement]</a>
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### Ethics and Integrity

102-16	Values, principles, standards, and norms of behavior	<a href="#">[Governance]</a>
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### Governance

102-18	Governance structure	<a href="#">[Governance: Board Governance]</a>
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## Stakeholder Engagement

102-40	List of stakeholder groups	Shareholders, clients, employees, academics, NGOs, investment analysts, business partners.  See <a href="#">[Materiality]</a> for more information.
102-41	Collective bargaining agreements	Given the global footprint of State Street, we operate in countries where local laws exist regarding the freedom of association and collective employee action. State Street employees in six of our European offices participate in collective bargaining agreements, totaling 3.2 percent of State Street employees globally.
102-42	Identifying and selecting stakeholders	As a publicly traded company whose success depends on supporting the success of our clients with financial services, we have for a long time defined shareholders, clients and employees as key stakeholders. Further, stakeholders [see GRI 102-40] are important as they provide expert perspectives or impact our reputation in the marketplace.
102-43	Approach to stakeholder engagement	State Street has an active shareholder engagement program, holding meetings with them at least semi-annually. Engagement with all stakeholders (shareholders, clients, employees, academics, nongovernmental organizations, investment analysts, and business partners) occurs every two years, and all engagement is undertaken as part of the report creation process, specifically to identify the areas of focus for the report. For the 2019 materiality assessment, five external stakeholders were interviewed regarding their perspective on the materiality of each potentially material topic to State Street. These external stakeholders were from non-governmental organizations, academics with which State Street actively engages. Employees were also engaged using a survey they were asked to complete and return to State Street's CR team.
102-44	Key topics and concerns raised	<a href="#">[Materiality]</a> , <a href="#">[Our Business]</a> , <a href="#">[Human Capital]</a> , <a href="#">[Our Environmental Footprint]</a>

## Reporting Practice

102-45	Entities included in the consolidated financial statements	All data presented in the report represents all wholly owned State Street Corporation operations, unless explicitly noted otherwise.
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102-46	Defining report content and topic boundaries	<a href="#">[Forward Together]</a> , <a href="#">[Materiality]</a> The content for this report was informed by topics of the SASB framework, the GRI Standards, and other reporting standards relevant to State Street and our activities and impacts. A materiality assessment performed in 2019 consulted our internal as well as external stakeholders. This helped define the topics most material to State Street, and hence described in this report. In addition, some non-material information was added, where we felt it would be of interest to certain stakeholder groups. Topic boundaries were defined by Subject Matter Experts for each material topic. In principle, the content of this report covers all State Street global operations. Any exceptions for material topics are explained under GRI 103-1 for that topic.
102-47	List of material topics	<a href="#">[Materiality]</a>
102-48	Restatements of information	No restatements.
102-49	Changes in reporting	The boundaries for the report have not changed from previous years.
102-50	Reporting period	January 1 to December 31, 2020
102-51	Date of most recent report	April 2020
102-52	Reporting cycle	Annual Reporting
102-53	Contact point for questions regarding the report	Richard Pearl, Global Corporate Responsibility Officer +1 617-664-3107
102-54	Claims of reporting in accordance with the GRI Standards	This detailed GRI content index in accordance with the Core option of the Global Reporting Initiative Standards.
102-55	GRI content index	<a href="#">[GRI Index]</a>
102-56	External assurance	We obtain independent assurance on our annual ESG reporting. For details of the scope and basis of the assurance carried out by ERM-CVS on our 2020 ESG Report, please refer to ERM CVS's <a href="#">[Assurance Letter]</a> .

## TOPIC-SPECIFIC DISCLOSURES

## INFORMATION

### Material Topic: Risk Excellence and Compliance

The State Street material topic "Risk Excellence and Compliance" includes the GRI topics "205 Anti-Corruption," "206 Anti-competitive Behavior," "417 Marketing and Labeling" and "419 Socioeconomic Compliance." It also covers our risk excellence programs.

### Disclosure on Management Approach

103-1

#### Explanation of the Material Topic and Its Boundary

At State Street, our business depends on being a trusted partner. Risk excellence across all our operations is essential due to their potential impact on State Street's reputation with our stakeholders and the risk to shareholders in the event of breaches. Ensuring legal and regulatory compliance, including anti-corruption, prevention of anti-competitive behavior, and honest and transparent marketing, is a top priority. We strive to foster a culture that allows us to identify and address potential issues before they become problematic from a compliance perspective. This also includes an open and ethical approach to the marketing of our products and services.

103-2

#### The Management Approach and Its Component

State Street is committed to conducting business in a fair and ethical manner. We manage all compliance and risk assessment programs primarily through the work of three management committees: the Management Risk and Capital Committee, the Business Conduct Risk Committee, and the Technology and Operational Risk Committee. The work of these three committees is overseen at the Board of Directors level by the Risk Committee and the Examining and Audit Committee. Together, this structure provides comprehensive oversight to the wide range of issues related to risk, compliance, and ethics.

Since 2018, our compliance teams report to our Chief Risk Officer (CRO) rather than our Chief Administrative Officer (CAO), who oversees the first line of defense. This consolidated our second line under one reporting structure. Prior to this, our CAO oversaw the rationalization of compliance and business controls, which is why these functions reported into the same role. State Street employs a company-wide three lines of defense structure. The second line of defense is guided by the Compliance Risk Management Framework (CRMF). Please see [\[Risk Excellence and Compliance\]](#) for more information

Our Standard of Conduct sets forth our ethical priorities. The Standard of Conduct explains the core concepts of Ethics, includes a framework for Ethical Decision-Making, and guides employees' decision-making process even when there is not a prescriptive rule for the situation at hand.

Some of the principal Compliance policies that support our Standard of Conduct are:

- Standard of Conduct
- Anti-Bribery and Corruption Policy
- Anti-Corruption Due Diligence Procedures for Mergers
- Gifts and Entertainment Policy
- Political Contributions and Activities Policy
- Anti-Bribery Due Diligence on Vendors and Intermediaries
- Reporting on Concerns

## 103-2 continued

Anti-Corruption

Our Standard of Conduct and our Anti-Bribery and Corruption policy convey our anti-corruption policies to all employees. Ethics, First Line managers, Procurement, Finance & Accounting, Human Resources, Legal and Audit departments are all involved in the management of our Anti-Corruption policies. The policies mitigate regulatory and enforcement risk. They require our employees to neither offer nor receive anything of value in order to drive a particular outcome or benefit. In our procurement procedures, we apply due diligence to our business partners to ensure the partner is one we wish to do business with, from a compliance and reputational perspective as well as from a capability perspective. This means holding the business partners to appropriate standards. In addition, our policies require that employees and interns associated with State Street are hired based only on their merit, rather than any association.

Anti-Competitive Behavior

Fair competition is upheld by our policies and the law. Our Standard of Conduct prohibits misusing a client's confidential information or engaging in any unfair dealing with competitors. Advance approval must be obtained by our Chief Legal Officer and General Counsel before discussing pricing strategies with competitors, entering into agreements concerning market opportunities, or otherwise engaging in joint action. Competitive information and market data can only be obtained from public sources and through lawful means.

Marketing

Regarding information on the products and services we offer, we have controls in place to ensure transparent, material, and consistent product and services disclaimers. We provide training within the Compliance team, and Compliance provides training to employees in various business roles to make sure appropriate disclaimers are made. Our Standard of Conduct prohibits all employees from misrepresenting any facts and requires employees to understand the permissible scope of cross-selling and bundling to ensure that products and services are not linked in a manner that would violate laws.

Socioeconomic Compliance

All our business units are responsible for complying with rules and regulations and adhering to our ethical requirements.

## 103-3

**Evaluation of the Management Approach**

Our Chief Compliance Officer runs an annual compliance risk assessment to determine the amount and type of compliance monitoring that is required considering both the strength of our compliance internal controls and emerging trends. The evaluation of anti-bribery and corruption risk is conducted as part of this annual exercise and is reviewed throughout the year for material changes. Our management approach is highly adaptive. Adjustments are constantly made to meet emerging trends and needs.

Our "Speak Up/Listen Up" initiative encourages employees as well as business partners to report complaints, grievances, including any observed instances of corruption, misconduct, and fraud and potential violations of policy through "the Speak Up line," a confidential reporting hotline that promptly routes issues to the Conduct Office and in certain cases, to the Lead Director of the Board. Additionally, the Ethics Office, Global Human Resources, Legal and Global Security maintain confidential channels in which to report concerns. We also conduct regular risk assessments that target certain organizational risk indicators such as "Tone at the Top."

## GRI Topic-Specific Disclosures: 205 Anti-Corruption

205-1	Operations assessed for risks related to corruption	<p>100% of our business operation and every functional area is included in our annual risk assessment, which includes bribery and corruption risk as a standard item in our risk taxonomy.</p> <p>Our risk analysis places emphasis on the following:</p> <ul style="list-style-type: none"><li>• payments to vendors and intermediaries</li><li>• corrupt hiring practices</li><li>• pay to play violations,</li><li>• inappropriate charitable contributions</li><li>• facilitation payments</li><li>• inappropriate gifts and entertainment</li><li>• inaccurate books and records</li></ul>										
205-2	Communication and training about anti-corruption policies and procedures	<p>100% of governance body members and employees have had our anti-corruption policies and procedures communicated to them.</p> <table><tr><td><u>Region</u></td><td><u>Number of Employees</u></td></tr><tr><td>North America</td><td>13,970</td></tr><tr><td>EMEA</td><td>12,441</td></tr><tr><td>APAC</td><td>13,012</td></tr><tr><td>Latin America</td><td>12</td></tr></table> <p>Members of the board of directors receive information on corruption risks through their review and approval of the Standard of Conduct, which includes key elements of the firm's anti-bribery and corruption policy. The Examining and Audit Committee of the board also receives a formal annual report and periodic updates on the Compliance program, which includes our anti-bribery and corruption program.</p> <p>The Anti-Bribery and Corruption (ABAC) Policy is communicated to all employees, including all members of our Management Committee and all internal governance committee members. This is done as part of a mandatory initial training upon initiating employment, and as part of regular, mandatory ABAC training thereafter. The policy is also made available on a policy intranet site for all employees.</p>	<u>Region</u>	<u>Number of Employees</u>	North America	13,970	EMEA	12,441	APAC	13,012	Latin America	12
<u>Region</u>	<u>Number of Employees</u>											
North America	13,970											
EMEA	12,441											
APAC	13,012											
Latin America	12											

## 205-2 continued

While we do not share our anti-bribery and corruption policies and procedures with clients and potential clients, we describe such policies and procedures upon request as part of client due diligence requests and RFPs.

We include a standard anti-corruption provision in all business partner contracts.

All internal governance committee members receive annual training by virtue of their status as employees. External Board members do not receive the training. As a regulated business, we share our anti-corruption policies and procedures with various regulators upon request.

205-3

Confirmed incidents of corruption and actions taken

In 2020, there were no confirmed incidents of corruption that resulted in litigation against State Street.

**GRI Topic-Specific Disclosures: 206 Anti-Competitive Behavior**

206-1

Legal actions for anti-competitive behavior, anti-trust, and monopoly practices

See GRI 419-1.

**GRI Topic-Specific Disclosures: 417 Marketing and Labeling**

417-3

Incidents of non-compliance concerning marketing communications

In 2020, we had no instances of noncompliance with regulations or our policies regarding marketing communications, which reflected our dedication to ethical marketing and fair competition.

**GRI Topic-specific Disclosures: 419 Socioeconomic Compliance**

419-1

Non-compliance with laws and regulations in the social and economic area

As of December 31, 2020, for those matters for which we have accrued probable loss contingencies and for other matters for which loss is reasonably possible (but not probable) in future periods, and for which we are able to estimate a range of reasonably possible loss, our estimate of the aggregate reasonably possible loss (in excess of any accrued amounts) ranges up to approximately \$40 million.



## 419-1 continued

In September 2020, the Australian Transaction Reports and Analysis Centre (AUSTRAC) issued an infringement notice to State Street for failing to report certain incoming international fund transfer instructions (IFTI) over a three-month period from September to November 2019. State Street paid a penalty of \$1,247,400 AUD (approximately \$913,751 USD). The areas on which our remediation efforts have been focused are improvement in the governance framework and controls process design for IFTI reporting and improving the technological systems that support the IFTI reporting program to enable greater automation of IFTI reporting and reduction of manual review requirements. Initial remediation target dates have been met. State Street has also commissioned an independent consultant to conduct a follow-up review post-implementation to confirm that all remediation has been completed as planned and that State Street's IFTI reporting program is in full compliance with relevant regulatory obligations. The follow-up review will encompass a review of the remediation in a live operating environment and is expected to be completed by mid-2021.

For further information regarding legal, governmental and regulatory matters, or our approach to the management of these and related issues, please see page 167 of our [2020 10-K](#).

## Material Topic: Client Data Protection and IT Resilience

The State Street material topic "Client Data Protection and IT Resilience" corresponds to the GRI topic "418 Customer Privacy." It also covers our efforts to ensure resiliency of our IT systems.

## Disclosure on Management Approach

## 103-1

### Explanation of the Material Topic and Its Boundary

Customer privacy is handled with extreme seriousness at State Street. We do not just hold custodial cash and securities, but also data. Our clients' trust and confidence are the foundation of our relationship with them. They rely on us not only to enable them to make the best investment decisions, but also to safeguard sensitive information in our care. Keeping data safe is one of our core fiduciary responsibilities. Doing so is central to State Street's reputation in the marketplace. This is important across the entire organization.

103-2

**The Management Approach and Its Component**

We monitor compliance with Corporate Information Security (CIS) policy and controls through our Information Security Officer (ISO) Program and third- and fourth-party risk management to maintain client data protection with our vendors. Every State Street employee is responsible for upholding our Privacy Program as they serve clients, as defined in our Standard of Conduct, and is required to comply with the Information Security Policy. Their interactions are determined by our Global Privacy and Personal Data Security Program, which is developed by our Privacy Office. Responsibility for oversight of our client data is housed in the Client Information Security division, in close collaboration with appropriate business units.

Our Data Loss Prevention Strategy will ensure unauthorized disclosures of State Street “critical” data are inspected, monitored, escalated, and prevented in accordance with our Data Loss Prevention & Protection Policy, Corporate Information Security Controls, data handling and usage policies, and legal and regulatory policies. In 2020, State Street reinforced its efforts in the overall resiliency of its systems, security, and infrastructure

103-3

**Evaluation of the Management Approach**

The efficacy of our Privacy Program is independently assessed by our corporate audit function as part of our overall Compliance Oversight Program. State Street’s governance process also ensures awareness of client data protection and privacy programs at all levels of management.

In 2020, we conducted a holistic offsite exercise with an industry leading vendor that simulated an actual cyberattack. Our most senior management committee members and senior executives participated in the event with the goal of driving cyber-security awareness at all levels of the organization and helping to ensure our leaders are prepared should a cyberevent occur.

**GRI Topic-Specific Disclosures: 418 Customer Privacy**

418-1

Substantiated complaints concerning breaches of customer privacy and losses of customer data

State Street did not receive any complaints concerning breaches of customer privacy in 2020, nor did we identify any leaks, thefts, or losses of customer data.

**Material Topic: Talent Recruitment and Retention**

The State Street material topic “Talent Recruitment and Retention” includes the GRI topics “401 Employment” and “404 Training and Education.”

## Disclosure on Management Approach

103-1

### Explanation of the Material Topic and Its Boundary

Across all parts of our organization, our diverse, hardworking, and talented employees drive our success. To be able to create long-term value, we have to ensure we are attracting and retaining the best and brightest employees. Our goal is to explain how our company offers opportunities that are more interesting and rewarding than positions in other industries and companies. We have a targeted approach for attracting interns, and various programs to develop talent internally, including our Professional Development Program and Leadership Development Program.

We focus on specific labor practices that enhance the employee experience and performance. Our commitment to providing relevant learning for our employees around the world is a key offering. We do this through our newly created central learning organization called State Street Learning. Our Learning professionals located around the world create and implement solutions designed to meet the needs of our business and the development needs of our employees.

103-2

### The Management Approach and Its Component

At State Street, managers and leaders across the business are responsible for driving employee engagement. Our Global Human Resources team is responsible for employee engagement within State Street. This team continuously develops professional tools — strategic, conceptual, analytical, operational, and interpersonal — so our employees can exceed our clients' expectations. In 2020, we administered status checks to continue gauging employee sentiment, allowing us to observe trends in the organization over time while helping leaders track the progression and impact of specific initiatives related to engagement in their business units.

#### Employment

Our focus is on attracting and developing a diverse workforce with the skills and expertise to serve our clients and communities. Part of our talent strategy includes offering a variety of benefits and flexible working options to meet employee needs, creating engaging employee experiences, and providing an inclusive environment. Talent Acquisition and Talent Development at State Street are globally managed functions with local executors; we are able to customize and tailor our general offerings as needed in each market.

#### Training and Education

Through continuous development, we work to give our employees the professional tools — strategic, conceptual, analytical, operational, and interpersonal — they need. Career development at State Street is employee-driven, manager-enabled, and company-supported. State Street offers skills training programs that are developed and delivered by experts in each business area. Additionally, we offer professional development workshops and seminars that help employees enhance key skills such as communication and project management. We also provide a variety of management development programs. Our employees also enjoy the benefit of tuition reimbursement for job-related courses taken at accredited institutions.

103-3

**Evaluation of the Management Approach**

Our evaluation of the effectiveness of our management of talent recruitment and retention topics includes measuring our success through training results and employee engagement (e.g., employee network growth). An Annual Talent Review Process is conducted involving the CEO, the Chief Human Resources Officer, and the heads of each business/corporate function.

The Management Committee determined that the management approach to talent recruitment and retention is effective, including its ongoing review of employee engagement survey results and EVP leadership scorecards. When necessary, adjustments are made to individual development plans in order to ensure achievement of annual goals and alignment with long-term strategic objectives.

**GRI Topic-Specific Disclosures: 401 Employment**

401-1

New employee hires and employee turnover

Age Group	Percent Hired	Percent Turnover
Under 30	50	43
30-50	46	49
50+	4	8

Gender	Percent Hired	Percent Turnover
Female	41	42
Male	58	58

Region	Percent Hired	Percent Turnover
North America	17	29
EMEA	29	27
APAC	54	43
Latin America	0	0

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401-3

Parental Leave

[\[Human Capital: Fostering a Healthy Work/Life Balance\]](#)

All State Street employees are eligible for parental leave specific to their country.

From their moment of hire, all employees working above 20 hours per week are eligible for parental leave.

State Street does not track data on employees taking parental leave, returning to work nor associated retention rates. As such, we are unable to report on this indicator.

**GRI Topic-Specific Disclosures: 404 Training and Education**

404-1	Average hours of training per year per employee	<b>Gender</b>	<b>Average Hours Per</b>
		Female	12.55
		Male	11.87
		Other	11.52
		<b>Management Level</b>	<b>Average Hours Per</b>
		Associate 1	21.70
		Associate 2	13.04
		Senior Associate	13.00
		Officer	11.77
		Assistant Vice President	9.96
		Vice President	9.33
		Managing Director	11.21
		Senior Vice President/ Senior Managing Director	13.97
		Executive Vice President	10.64
		Contractors/Interns	5.42
		<b>Manager / Non-Manager</b>	<b>Average Hours Per</b>
		Non-Manager	12.11
		Manager	12.43
404-2	Programs for upgrading employee skills and transition assistance programs	<a href="#">[Human Capital: Helping Employees Maximize their Potential]</a>	
404-3	Percentage of employees receiving regular performance and career development reviews	All full-time employees (100 percent) across all genders and employee categories also participate in our performance management process and receive regular performance and career development reviews.	

**Material Topic: Inclusion and Diversity**

The State Street material topic "Inclusion and Diversity" includes the GRI topic "405 Diversity and Equal Opportunity." In addition, it covers our employee well-being and flexible work solution programs.

## Disclosure on Management Approach

103-1

### Explanation of the Material Topic and Its Boundary

We know that different backgrounds, perspectives and experiences spark creativity and create a more inclusive environment. To be competitive in business long-term, we need a diverse pipeline of talented future leaders across the whole organization. A diverse workforce helps us serve our clients better.

We recognize that equal remuneration for equal work across our company is material to our reputation and the motivation of our employees.

In addition, our flexible work program and global well-being resources create a healthier workforce, increase employee morale and enhance sustainable employee engagement.

103-2

### The Management Approach and Its Component

Our inclusion and diversity strategy was developed and implemented by GHR's Global Inclusion & Diversity team, with input of key champions and stakeholders, and approved by the company's senior management. 2020 was the third year of our comprehensive five-year strategy that includes four key components: Communication, Accountability, Talent Pipeline, and Learning & Development.

The Chief Diversity Officer role oversees the company's global strategy and programs for diversity and inclusion. All business leaders participate in ensuring that our goals are met.

The following policies cover diversity and equal opportunity:

- Equal Employment Opportunity Policy
- Diversity Policy
- Affirmative Action Policy
- Non-Discrimination & Non-Retaliation Policies
- Sexual Harassment Policy

Additionally, we have a dedicated department for employee relations and a whistleblower hotline available to all employees.

State Street continues to take a strong stand in public policy initiatives focused on equality and inclusion such as marriage equality, safety for transgender people, and equal pay for women.

As a component of our commitment to gender equity, State Street is making steps toward greater transparency for its pay structures. One of the steps of this work is our UK Gender Pay Gap Report, referenced within [\[Human and Social Capital: Pay Equity\]](#). However, we do not globally report a woman's basic salary as a percentage to a man's because a simple across-the-board analysis of an organization of State Street's size and multiple business-line complexity would not accurately compare similar positions or capture all elements of a total compensation program.

103-3

**Evaluation of the Management Approach**

While we continue to report progress on our enterprise-level diversity goals to the organization through our Gender and EoC diversity dashboards, we are also making our leaders accountable for driving these efforts and providing them an assessment on where they stand in relation to I&D through the executives' talent reviews and Leadership Scorecards. Equally important is to pay close attention to our Employee Survey results that provide a clear picture on our gaps and opportunities and provide a sense of the impact of our work across the company.

**GRI Topic-Specific Disclosures: 405 Diversity and Equal Opportunity**

405-1

Diversity of governance  
bodies and employees

[\[Human Capital: 2020 Diversity Goals\]](#)

Position	Male	Female
Fixed Term Contractor	0.32%	2.15%
Regular	54.49%	45.21%

Employee Breakdown by Age

Age	Male	Female	Prefer Not to Disclose
<30	12.52%	13.64%	0.08%
30-50	34.75%	26.18%	0.18%
>50	7.22%	5.39%	0.04%

405-2

Ratio of basic salary and  
remuneration of women to  
men

[\[Human and Social Capital: Pay Equity\]](#).

Our disclosure of basic salary and remuneration ratios in the United Kingdom is one of many steps that State Street has taken toward gender equity. We are not currently able to share global information publicly but expect to evolve in this area in the future.

**Material Topic: Climate Change**

The State Street material topic "Climate Change" includes the GRI topics "302 Energy," and "305 Emissions."

## Disclosure on Management Approach

103-1

### Explanation of the Material Topic and Its Boundary

Our environmental impacts reflect our operational efficiency, and good performance helps attract and retain clients, save money, and engage employees. As a financial services company, our main impacts are indirect and related to the assets we manage and to issues of ESG integration into our client offerings (see [\[Environment, Social and Governance \(ESG\) Products and Services Management Approach\]](#)). However, when compared to our operations, our products and services have minimal direct environmental impact. Hence, our focus lies in our emissions from operations and supply chain issues.

### Energy and Emissions

We recognize the threat of climate change and are committed to reducing our fossil fuel consumption. Therefore, greenhouse gas (GHG) emission management and mitigation is a key aspect of environmental sustainability at State Street. Our energy usage in our buildings and data centers is responsible for most of our carbon emissions. Other emission sources are business travel and commuting.

103-2

### The Management Approach and Its Component

In our Environmental Sustainability Committee, Global Realty, Procurement, Information Technology (IT), Travel, and Environmental, Social, and Governance (ESG) teams are all represented. This group manages GHG from operations, with Scope 1 and 2 predominantly arising from the Realty and IT functions, and indirect Scope 3 emissions arising from Procurement and Travel functions. ESG directly impacts investment emissions within our REC and carbon offset strategy. Our broader CR strategy is managed by the Executive CR committee. Our global Environmental Sustainability Policy states that we are “committed to being a leader in environmental sustainability, both in the way we carry out our operations and in the products and services we offer.” By conducting our business in this manner, we align our long-term success with the environment and create enduring benefits for our shareholders, clients, employees, and the communities in which we live and work. We consider adherence to this policy to be the responsibility of all individuals who take part in our activities.

### Environmental Targets

As a financial services provider with mainly office-based operations, we are not subject to GHG emissions policies or regulations beyond what is typically required for other large companies in our markets. However, on a voluntary basis, we are committed to progress with respect to emissions. In 2016, the Science-Based Target Initiative officially approved our goal of a 30 percent reduction in Scope 1 and 2 emissions per square meter by 2025 from a 2015 base year.

We are subject to Article 8 of the EU Energy Efficiency Directive, and the UK Carbon Reduction Commitment legislation for our operations in the UK and Europe. State Street follows GHG Protocol best practices and dual-report GHG emissions using both the location and market-based methods. For market-based figures, RECs are included. Purchased RECs are Green-e (NA) or EECs-GO (EMEA) certified. Per GHG Protocol guidance, carbon offsets are not included in market-based method calculations.



103-3

**Evaluation of the Management Approach**

Our Environmental Sustainability Committee oversees and regularly assesses our progress with our environmental initiatives and goals. We also consider suggestions from stakeholders. Our ISO certifications are audited by external parties annually. In 2020, we were able to reduce our carbon emissions intensity by 12 percent from a 2019 baseline.

**GRI Topic-Specific Disclosures: 302 Energy**

302-1	Energy consumption within the organization	<a href="#">[Our Environmental Footprint]</a>
302-2	Energy consumption outside of the organization	<a href="#">[Our Environmental Footprint]</a>
302-3	Energy intensity	<a href="#">[Our Environmental Footprint]</a>
302-4	Reduction of energy consumption	<a href="#">[Our Environmental Footprint]</a>

**GRI Topic-Specific Disclosures: 305 Emissions**

305-1	Direct GHG emissions (Scope 1)	<a href="#">[Our Environmental Footprint]</a>
305-2	Energy-based indirect GHG emissions (Scope 2)	<a href="#">[Our Environmental Footprint]</a>
305-3	Other indirect GHG emissions (Scope 3)	<a href="#">[Our Environmental Footprint]</a>
305-4	GHG emissions intensity	<a href="#">[Our Environmental Footprint]</a>
305-5	Reduction of GHG emissions	<a href="#">[Our Environmental Footprint]</a>

**Material Topic: Environmental, Social, and Governance (ESG) Products and Services**

The State Street material topic "ESG Products and Services" includes the GRI Indicator "201-2 Financial Implications of Climate Change."

## Disclosure on Management Approach

103-1

### Explanation of the Material Topic and Its Boundary

The range of products and services we offer directly affects our stakeholders and, in particular, our customers. Environmental, Social, and Governance (ESG) factors are increasingly used to capture intangible, off-balance sheet risks and opportunities. We recognize that firms that perform well on material ESG factors may be better positioned to generate sustainable long-term returns. As a result, we endeavor to offer our clients a range of products and services that draw on best-in-class data and analytics to bring ESG considerations into client portfolios. This is especially important for our Asset Management division, State Street Global Advisors.

State Street Global Advisors currently has more than \$464 billion in ESG assets under management, or 12 percent of State Street's assets under management. We systematically integrate ESG in the investment process for our actively managed strategies and offer a variety of ESG investment styles across asset classes: Exclusionary Screening, Best-in-class Investment Selection, Thematic, and ESG Integration.

### Active Ownership

Our primary fiduciary obligation to our clients is to maximize the long-term returns of their investments. It is our view that material ESG issues can both create risk as well as generate long-term value in our portfolios. This philosophy provides the foundation for our value-based approach to asset stewardship.

103-2

### Evaluation of the Management Approach

#### Product Portfolio

Ultimate responsibility for oversight of State Street Global Advisors' ESG investing and asset stewardship efforts sits with our CEO, Global CIO, and the State Street Global Advisors Investment Committee (IC). Each asset class CIO oversees the implementation of ESG investment strategies by portfolio managers and research analysts. Nearly all of our global investment teams manage ESG portfolios and conduct ongoing research of ESG data and themes, with ESG portfolios being managed within each investment team rather than by a dedicated team. This reflects the breadth and depth of investment capabilities that we provide, and effective collaboration ensures that clients' assets are managed by professionals with expertise in their asset class and investment style with support from subject matter experts.

State Street Global Advisors' ESG Investment Strategy and ESG Research teams, together with the Asset Stewardship team, lead our firm-wide effort to systemically identify the ESG risks and opportunities within State Street Global Advisors' investment products. They work collaboratively with internal and external business partners and provide relevant insights to our global investment teams. Internally we focus on investing in innovative research ideas, richer information/data sets and focusing on the pricing of ESG factors across the asset classes to find new ways to meet our clients' ESG investing goals.

## 103-1 continued

Underscoring our commitment to integrating ESG across the organization, State Street Global Advisors has also instituted an ESG Working Group representing a cross-section of regions and investment expertise. Below is a list of ESG solutions we offer:

- State Street Climate ESG International Equity Fund
- State Street Global Index Plus (Hedged) Trust
- State Street Global Index Plus Trust
- SPDR S&P 500 ESG Screened UCITS ETF
- SPDR STOXX Europe 600 ESG Screened UCITS ETF
- State Street CCF World ESG Screened Index Equity Fund
- State Street Emerging Markets ESG Screened Index Equity Fund
- State Street IUT Ethically Managed Fund
- State Street IUT Global 4Good Enhanced Equity Fund
- State Street IUT Global Ethical Value Equity Fund
- State Street Emerging Markets ESG Local Currency Government Bond Index Fund
- State Street Emerging Markets SRI Enhanced Equity Fund
- State Street Euro Sustainable Corporate Bond Index Fund
- State Street World ESG Index Equity Fund
- All World Equity Climate Balanced Multi-Factor Index Sub-Fund
- World ESG Equity Index Sub-Fund
- State Street ACS Multi-Factor Global ESG Index Equity Fund
- State Street US Large Cap ESG Limited Index Non-Lending Series Fund
- State Street US Large Cap ESG Index Non-Lending Series Fund
- SPDR MSCI ACWI Low Carbon Target ETF
- SPDR MSCI EAFE Fossil Fuel Reserves Free ETF
- SPDR MSCI Emerging Markets Fossil Fuel Reserves Free ETF
- SPDR Bloomberg SASB Corporate Bond ESG Select ETF
- SPDR S&P 500 ESG ETF
- SPDR S&P 500 Fossil Fuel Reserves Free ETF
- SPDR SSGA Gender Diversity Index ETF
- State Street ESG Liquid Reserves Fund
- State Street Bloomberg SASB US Large Cap ESG Ex-Controversies Select Index Non-Lending Common Trust Fund
- State Street Bloomberg SASB US Large Cap ESG Select Index Non-Lending Common Trust Fund
- State Street MSCI ACWI ex USA IMI Screened Non-Lending Common Trust Fund
- State Street MSCI Europe Screened Index Non-Lending Common Trust Fund
- State Street MSCI North America Screened Index Non-Lending Common Trust Fund
- State Street MSCI Pacific Screened Index Non-Lending Common Trust Fund
- State Street Russell 3000 Screened Index Non-Lending Common Trust Fund
- State Street S&P 500 Fossil Fuel Reserves Free Index Non-Lending Common Trust Fund
- State Street S&P 500 Ex Tobacco Index Non-Lending Common Trust Fund
- State Street S&P 500 Screened Index Non-Lending Common Trust Fund
- State Street S&P 500 Screened Index Securities Lending Common Trust Fund

## 103-1 continued

- State Street Socially Responsible U.S. Credit Index Non-Lending Common Trust Fund
- State Street Sustainable Climate Developed Equity Non-Lending Common Trust Fund
- SPDR® S&P®/ASX 200 ESG Fund
- State Street Multi-Factor Global ESG Equity Fund
- State Street Emerging Markets Fossil Fuel Reserves Free Index Non-Lending Common Trust Fund
- State Street World ex USA Fossil Fuel Reserves Free Index Non-Lending Common Trust Fund
- Fixed Income Fund for Charitable Trusts
- State Street CCF Global Green Real Estate Equity Index Fund
- State Street Sustainable Climate World Equity Fund
- State Street Sustainable Climate Europe Equity Fund
- State Street Sustainable Climate US Equity Fund
- State Street Emerging Markets Select ESG Screened Equity Fund
- State Street Emerging Asia ESG Screened Equity Fund
- State Street Emerging Markets ESG Screened Enhanced Equity Fund
- State Street Emerging Markets Small Cap ESG Screened Equity Fund
- State Street Europe ESG Screened Defensive Equity Fund
- State Street Europe ESG Screened Enhanced Equity Fund
- State Street Europe Small Cap ESG Screened Equity Fund
- State Street EMU ESG Screened Equity Fund
- State Street Global ESG Screened Defensive Equity Fund
- State Street Global ESG Screened Enhanced Equity Fund
- State Street MSCI North America Screened 100% Hedged to EUR Non-Lending Common Trust Fund
- State Street North America ESG Screened Enhanced Equity Fund
- State Street Europe ESG Managed Volatility Equity Fund
- State Street Global ESG Screened Managed Volatility Equity Fund
- State Street CDI Credit Fund 2021-2025
- State Street CDI Credit Fund 2026-2030
- State Street CDI Credit Fund 2031-2035
- SPDR Bloomberg SASB Euro Corp ESG UCITS ETF
- SPDR Bloomberg SASB US Corporate ESG UCITS ETF
- State Street Global Equity Fund
- All World Developed ESG Screened Equity Hedged Target Volatility Sub Fund
- Sterling Non-Gilts Bond over 15 Years ESG Screened Index Sub Fund
- Sterling Corporate Bond All Stocks ESG Screened Index Sub Fund
- Sterling Non-Gilts Bond All Stocks ESG Screened Index Sub Fund\*
- Asia Pacific ex Japan ESG Screened Index Equity Sub Fund\*
- All World Developed ESG Screened Index Equity Sub Fund\*
- Europe ex UK ESG Screened Index Equity Sub Fund\*
- All World Developed ESG Screened Index Equity Sub Fund\*
- Europe ex UK ESG Screened Index Equity Sub Fund\*
- Middle East and Africa ESG Screened Index Equity Sub Fund
- Emerging Markets ESG Screened Index Equity Sub Fund\*
- Japan ESG Screened Index Equity Sub Fund\*
- North America ESG Screened Index Equity Sub-Fund\*
- UK World ESG Screened Index Equity Sub Fund
- International ESG Screened Index Equity Sub Fund\*

## 103-1 continued

- SPDR S&P Kensho Clean Power ETF
- Emerging Markets ESG Screened Equity Target Volatility Sub-Fund
- Global (50/50) ESG Screened Index Equity Sub-Fund\*
- State Street AUT North America Screened (ex Controversies and CW) Index Equity Fund
- UK ESG Screened Index Equity Sub-Fund\*
- All World ESG Screened Index Equity Sub-Fund\*
- State Street AUT UK Screened (ex Controversies and CW) Index Equity Fund
- State Street AUT Asia Pacific Ex-Japan Screened (ex Controversies and CW) Index Equity Fund
- Europe ex UK ESG Screened Index Equity Fund\*
- State Street AUT Europe ex UK Screened (ex Controversies and CW) Index Equity Fund
- Japan ESG Screened Index Equity Fund\*
- State Street AUT Japan Screened (ex Controversies and CW) Index Equity Fund
- World TPI Climate Transition Index Equity Sub Fund
- State Street AUT Emerging Market Screened (ex Controversies and CW) Index Equity Fund
- Advanced Emerging Markets ESG Screened Index Equity Sub-Fund

\*multiple hedged and/or priced options available

State Street Global Advisors has an advanced level of engagement in many ESG-related organizations such as United Nations Principles of Responsible Investing (UNPRI), the Sustainability Account Standards Board (SASB), and the Task Force on Climate-related Financial Disclosures (TCFD), Ceres Investor Network on Climate Risk & Sustainability Risk, the Carbon Tracker Initiative, and the Climate Bond Initiative. In addition, we play an active role in the Council of Institutional Investors, and members of both the ESG Investment Strategy and Asset Stewardship team have contributed to the public dialogue on new and emerging ESG issues. Additionally, as an original member of the Corporate Governance Advisory Council, State Street Global Advisors has advised on the organization's policies and priorities. As a global investor, we have been an active member of the International Corporate Governance network (ICGN), contributing to policy discussions and development. Our membership allows us to stay abreast of regulatory, policy, and other developments across the globe. As a signatory to the Japanese Stewardship Code, State Street Global Advisors has committed to being an active participant in the Japanese market and the advancement of corporate governance practices. We are also a founding member of the OnePlanet Initiative, an initiative founded by France's president Emmanuel Macron to accelerate the integration of climate change issues into the management of large, long-term asset pools.

We have region-specific proxy voting and engagement guidelines that are disclosed on our website, and we are developing our ESG Policy based on our five core principles on ESG investing.

#### Active Ownership

State Street Global Advisors' approach toward proxy voting and issuer engagement is predicated on the belief that companies that adopt robust and progressive governance and sustainability practices should be better positioned to generate long-term value and manage risk. As near perpetual holders of the constituents of the world's primary indices, the informed exercise of voting rights coupled with targeted and value-driven engagement is the most effective mechanism of creating value for our clients.

## 103-1 continued

All voting and engagement activities are centralized within the Asset Stewardship team irrespective of investment strategy or geographic region. Further, the Stewardship team leverages the breadth of our investment capabilities to make informed decisions. By consolidating and harmonizing our voting decisions and engagement efforts, we leverage the full power of our institutional discretionary holdings and exert greater influence with management and boards.

In conducting our voting and engagement activities, SSGA evaluates the various factors that play into the corporate governance framework of a country, including macroeconomic conditions, political environment and quality of regulatory oversight, enforcement of shareholder rights, and the effectiveness of the judiciary. SSGA complements its company-specific dialogue with targeted engagements with regulators and government agencies to address systemic market-wide concerns.

SSGA has a dedicated team of ESG analysts, based in Boston, Kraków, London, and Tokyo, who are charged with implementing its proxy voting guidelines and engagement activities on a global basis. The activities of the Stewardship team are directly overseen by SSGA's Investment Committee. The IC is responsible for approving the annual stewardship strategy, engagement priorities, and proxy voting guidelines, and monitoring the delivery of objectives. Furthermore, the Proxy Review Committee, a dedicated subcommittee of the IC, provides day-to-day oversight of the Stewardship team, including approving departures from proxy voting guidelines and management of conflicts of interest.

The Stewardship team is supported by several specialists within SSGA in executing their stewardship responsibilities. These include members of SSGA's proxy operations team who are responsible for managing fund set-up, vote execution, vote reconciliation, share recall and class action lawsuits, and members of SSGA's client reporting and compliance teams.

## 103-3

Product Portfolio

We regularly evaluate our ESG product portfolio management approach through Global Investment Committee reviews and a Quarterly Business Review delivered to the Executive Management Group. In addition, we also use a formal employee evaluation process as part of the annual performance planning and review cycle, and client feedback for evaluation.

Active Ownership

SSGA conducts real-time and quarterly audits to review the accuracy of application of proxy voting guidelines to agenda items. In addition, SSGA's Proxy Operations team conducts vote audits on firm-wide accounts to look for anything out of the ordinary. For example, more than the usual number of ballots rejected due to ballots received after vote cutoff. These cases are then investigated to understand the reason for ballot rejection.

**Real-Time Audits:**

During the first two calendar quarters (Q1 and Q2), the Asset Stewardship team performs a real-time audit on a daily basis of voting decisions by SSGA's proxy voting agent. Under this process, a company under review is identified as an audit company through a random process and is assigned to an analyst on the Asset Stewardship team. The analyst reviews the votes input by the proxy agent for each item on the ballot to ensure that SSGA's voting guidelines are implemented accurately.

## 103-3 continued

**Quarterly SSGA's Proxy Agent:**

At the end of every quarter, Institutional Shareholder Services ("ISS") provides a Meeting Level Statistical Summary report ("SIS") to the Asset Stewardship team ("Stewardship team"). Once the Stewardship team advises which broad issues/categories they would like the audit to focus on, ISS will generate a list of meetings for review (25 meetings are selected in Q1, Q3, Q4, and 50 meetings in Q2). The list of meetings for review is sent to the Stewardship team for sign-off. From the time the Stewardship team signs off on the meeting list, ISS has 30 days to complete the audit and provide results to the Stewardship team. A memo explaining any errors identified in the audit should accompany the audit results.

Annually, SSGA undertakes an on-site due diligence exercise at ISS's main offices. The SSGA team consists of governance, audit, compliance, and operational specialists and undertakes a review of ISS staff resources and competencies, systems, processes, and controls.

**GRI Topic-Specific Disclosures: 201 Economic Performance**

201-2	Financial implications and other risks and opportunities due to climate change	<a href="#">TCFD Report: Risk Management</a> <a href="#">State Street Global Advisors: Investing Responsibly: Climate Risk Strategies</a>
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**Material Topic: Innovation**

The State Street material topic "Innovation" refers to our efforts to simplify our business processes through developing technologies, conducting research, and streamlining operations.

**Disclosure on Management Approach**

103-1	<b>Explanation of the Material Topic and Its Boundary</b> State Street must innovate in order to stay relevant. Investing in innovation is paramount for excelling in business, and success in this area differentiates us from our competitors. This is relevant across the entire organization.
103-2	<b>The Management Approach and Its Component</b> Efforts around innovation continue to be at the forefront of the financial services industry — and we strive to remain on that cutting edge with our own initiatives around those areas.  In 2020, we announced a major shift to our approach to ESG in the appointment of Rick Lacaille to the role of Senior Investment Advisor with oversight of ESG efforts across the firm.

## 103-2 continued

In this role, Rick provides enterprise leadership for State Street's ESG program, effectively ensuring a well-coordinated and optimized approach to our ESG policies, products, initiatives, and thought leadership. He also works teams to fully leverage ESG capabilities stemming out of all areas at State Street, including GA. The announcement was made in 2020, and the role change was fully completed on March 31, 2021.

Overall, our innovation process is focused on the needs of end-users and on ways to automate labor-intensive processes. State Street Corporation's CEO, together with our Management Committee, set the framework that motivates all employees to be innovative. We believe, however, that innovation must happen across the organization, not just from the top down. In addition, involving people who have client interaction in the innovation process is particularly important.

## 103-3

**Evaluation of the Management Approach**

Our Global Strategy Team conducts quarterly reviews to evaluate the process and advancement of current innovation and transformation initiatives.

**Detailed Information on This Non-GRI Topic**

## Non-GRI Topic

Metric on the material topic

[Our Business: Investing in ESG Innovation](#)**Material Topic: Board Governance**

The State Street material topic "Board Governance" refers to our efforts to improve the diversity of the board of directors, their oversight of sustainability issues, and their overall effectiveness in creating long-term value for our stakeholders. This topic includes the GRI Indicator "405-1 Diversity of Governance Bodies and Employees."

**Disclosure on Management Approach**

## 103-1

**Explanation of the Material Topic and Its Boundary**

Governance, including structures, processes, and policies is material to State Street. As business conditions change, our highest level of decision-makers, the board of directors, must stay vigilant in monitoring and managing emerging risks. The board recognizes that for State Street to continue creating long-term value for its stakeholders, it must actively manage environmental, social, and governance (ESG) factors. This encompasses the board's oversight of sustainability, its diversity, and its effectiveness at deciding what is in the company's best long-term interests. This topic is most material to State Street's own operations but is also relevant to the company's interactions with stakeholders of all types.

## 103-2

**The Management Approach and Its Component**

As part of their duties outlined in the corporate governance guidelines, the board monitors State Street's material activities and practices regarding environmental, social and governance matters. State Street also has a Nominating and Corporate Governance committee, which meets regularly and consists entirely of members who are independent under criteria established by the SEC and New York Stock Exchange. In addition, the chief investment officer periodically presents to the board on ESG matters in relation to State Street's goals and the activities of the executive corporate responsibility committee.



## 103-2 continued

The board's decision-making and conduct is guided by State Street's [Corporate Governance Guidelines](#), the [Governance Standards Relative to the Investor Stewardship Group \(ISG\)](#), [Governance Principles](#), and the following board committee charters, which outline the specific functions to which each committee attends:

- [Examining and Audit Committee](#)
- [Executive Committee](#)
- [Human Resources Committee](#)
- [Nominating and Corporate Governance Committee](#)
- [Risk Committee](#)
- [Technology and Operations Committee](#)

State Street believes that its board of directors should have a variety of qualifications, skill sets, and experience that, when taken as a whole, best serve the Company and its shareholders. State Street recognizes the importance of diversity with regard to the composition of the board and strives to have a board that provides diversity of thought and a broad range of perspectives. In an effort to achieve these objectives, the Nominating and Corporate Governance Committee and the board consider a wide range of attributes when determining and assessing director nominees and new candidates, including personal and professional backgrounds, independence and tenure of board service, and other demographics such as gender identity, race and ethnicity, sexual orientation, and national origin. The Nominating and Corporate Governance Committee is committed to actively seeking diverse candidates for the pool from which director candidates are chosen, although the Committee does not assign specific weight to the various factors it considers and no particular criterion is a prerequisite for nomination. prerequisite for nomination.

## 103-3

**Evaluation of the Management Approach**

The board is ultimately charged with managing this material topic. However, during State Street's annual strategy session, State Street management invites the board to discuss the company's trajectory and any adjustments that should be made.

**Detailed Information on This Non-GRI Topic**

## 405-1

Diversity of governance  
bodies and employees

Percent Directors	
<b>Female</b>	25%
<b>Male</b>	75%



# UN SUSTAINABLE DEVELOPMENT GOALS



## UN SUSTAINABLE DEVELOPMENT GOALS

As a leading global financial services institution, State Street became a signatory to the United Nations Global Compact in December 2014. We have taken a leadership role in contributing to the Sustainable Development Goals (SDGs) as an early adopter. State Street is well positioned to drive significant progress on many SDGs and has identified five goals on which it has the greatest potential for impact.

### **SDG4: Quality Education**

### **SDG8: Decent Work and Economic Growth**

State Street Foundation's mission is to promote economic opportunity in the communities where we have a business presence. We invest in high-performing nonprofit organizations that support education, employability and employment opportunities for disadvantaged individuals, helping them gain the skills and educational qualifications needed to secure sustainable employment in today's knowledge-based, global economy.

State Street Foundation's Impact Framework outlines a vision to contribute to the community health and well-being by promoting economic self-sufficiency among disadvantaged populations. Reaffirming our commitment to addressing socioeconomic and racial inequities in education — a long-standing focus of the Foundation — in 2020, we engaged a third party to assess the efficacy of our grant-making on communities of color and identify organizations that are doing meaningful work to address racial injustice. As we update our grant-making guidelines to explicitly include our racial equity and social justice goals, we will be positioned to build on our record of investing in communities of color.

## SDG 5: Gender Equality

### GENDER DIVERSITY ON BOARDS

Through our Asset Stewardship team, we are using our voice and our vote to encourage portfolio companies to take ESG objectives seriously, including greater gender diversity on boards. State Street Global Advisors believes that board quality is foundational to good governance and positive investment outcomes. We have a responsibility as a fiduciary to engage on this issue and use our proxy voting power as stewards of our clients' assets.

This focus on gender diversity came to life with our Fearless Girl campaign, where we informed hundreds of companies with no women on their boards that we were prepared to vote against the chair of their Nominating Committees if we didn't see action. Since 2017, we have seen 862 companies out of the 1,486 we identified respond by adding a female director to their Board. In the US, 612 boards of directors added a female member, while 39 and 15 made this change in Canada and the UK, respectively. In Japan, 140 boards added a female director, and 44 added a female director in Australia.

### SHE IMPACTS

As part of our dedication to furthering gender diversity, the SSGA Gender Diversity Index ETF (SHE), created in 2016, is an exchange-traded fund designed to measure the performance of US large capitalization companies that are "gender diverse," exhibiting gender diversity in their senior leadership positions.

SHE includes a charitable component — SHE Impacts, a donor-advised fund administered by National Philanthropic Trust, a 501(c)(3) public charity. SHE Impacts provides grants to organizations that prepare and encourage girls from kindergarten through grade 12 to take their place in STEM industries (science, technology, engineering, and math) where women have low representation today. SHE Impacts also supports programs that promote gender diverse leadership in the workplace.

## **SDG 7: Affordable and Clean Energy**

### **SDG13: Climate Action**

To be a responsible corporate citizen, State Street continuously works to minimize the environmental impacts of our business operations and set aggressive goals to reduce the environmental footprint of our business. Our commitment to environmental responsibility can be addressed in four main areas.

**As an asset servicing provider,** helping clients better understand the carbon profile of their portfolio holdings so they can take action.

**As an asset manager,** helping asset owners reduce climate risk in their portfolios and embrace the growth opportunities in green innovation, and engage with portfolio companies and boards to understand how they are managing the opportunities and risks of climate change.

**As a responsible corporation,** focused on the long term, continuing to reduce our carbon footprint by reducing energy use, greenhouse gases, and water usage and discharge, as well as improving waste recycling.

**As an engaged industry and community partner,** working with policymakers, industry initiatives like the Task Force on Climate-related Financial Disclosures, as well as local stakeholders like the One Waterfront project in Boston to maximize effort and impact on the problem of climate change.

### **OUR PATH TO CARBON NEUTRALITY**

We are proud to have achieved carbon neutrality for Scope 1 and Scope 2 emissions (direct emissions as well as indirect emissions from electricity) in 2020 through infrastructure retrofitting, purchasing renewable energy certificates (RECs) and carbon offsets, and by utilizing renewable energy sources wherever possible.

While our CO2 emissions fell by 12 percent in 2020, compared to the 2019 baseline, we are cognizant of the fact the these results are likely distorted by the COVID-19 pandemic, which greatly reduced energy use in our offices with most employees working from home, and in functions such as business travel. We remain committed to closely monitoring and further reducing our emissions wherever technically and economically feasible.

### INVESTMENT CLIMATE ACTION

Investment activities related to climate are regularly reported to the State Street Global Advisors board as well as our CIO and CEO, including risk assessments, stewardship efforts, and corporate engagements. Our climate change risk oversight framework allows us to prepare and plan for potential climate-related risks that our business may be facing, including our globally managed equities.

State Street Global Advisors, one of the world's largest asset managers, plays a key role in influencing the climate-related policies of the companies we invest in, which includes climate-centered asset stewardship that ensures boards and executives are implementing proper management and oversight of their company's climate risk exposure; leveraging climate data to innovate investment solutions; investment-worthy solutions that include exclusionary screening, mitigation and adaptation; as well as climate-focused reporting that improves clients' understanding of their strategy performance against climate goals and targets.

For more information on our outcome on SDG7 and SDG13, please see [\[Our Environmental Footprint\]](#).

### SDG10: Reduced Inequalities

In 2020, we built upon our existing inclusion strategies to very visibly address racism and inequality with our 10 Actions Against Racism and Inequality:

1. Triple our Black and Latinx\* leadership (senior vice presidents and above) and double our percentage of Black and Latinx\* populations over the next three years. Extend requirement to interview a diverse slate of candidates to positions at all levels.<sup>7</sup>
2. Examine all of State Street's development and advancement programs and processes to improve the mobility and development of Black and Latinx professionals
3. Enlist our entire workforce in learning opportunities and conversations around anti-racism and equity. Make these approaches and programs available to our clients.
4. Systematically review governance models within key management committees to ensure inclusion and diverse representation.
5. Increase our spend with diverse suppliers over the next three years. Hold ourselves accountable for strengthening Black- and Latinx-owned businesses.
6. Work with our board to add Black and Latinx directors within 18 months and to expand its diversity efforts.
7. Partner with State Street Global Advisors' Asset Stewardship and determine what State Street can learn from others to develop best practices and evolve to a best-in-class organization in combating racism and attracting, motivating, and retaining Black and Latinx talent.
8. Lead an effort with the asset management industry to attract and advance more Black and Latinx people into our profession.

<sup>7</sup> \*Black, Asian, and Minority Ethnic (BAME) globally (Black and Latinx, US only)



9. Establish combating racism as a clear priority pillar alongside education and workforce development, and reprioritize State Street Foundation spending accordingly.
10. Leverage Juneteenth as a day of reflection to create awareness and establish a State Street-wide day of service focused on better understanding racism and giving back to our communities.

These 10 Actions coordinate efforts from across State Street to affect change within our company and industry.



# UN GLOBAL COMPACT



## ALIGNMENT WITH THE UN GLOBAL COMPACT PRINCIPLES

UNGC PRINCIPLE	REFERENCE	COMMENTARY
<b>Human Rights</b>		
<b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights	Human Rights Risks with the Supply Chain	As a company that procures goods and services from across the globe, we are diligent in our efforts to ensure that human rights risks are being monitored in our supply chain. We support fundamental human rights principles as outlined in the United Nations (UN) Universal Declaration of Human Rights. We are signatories to the UN Global Compact and support the principles related to human rights abuses and forced labor.
<b>Principle 2:</b> Make sure that they are not complicit in human rights abuses	Human Rights Risks with the Supply Chain	Our procurement sourcing program helps ensure that our global procurement due diligence processes are in accordance with the United Kingdom Modern Slavery Act and any other laws, rules or regulations prohibiting human trafficking and/or slavery. This regulation requires that potential suppliers attest to whether they have a policy in place prohibiting child and/or forced labor, whether their policy extends to their own suppliers and subcontractors and to provide tangible proof of the policy.
<b>Labor</b>		
<b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Human Capital	State Street is committed to adherence to local laws regarding the freedom of association and collective employee action. State Street employees in six of our European offices participate in collective bargaining agreements, totaling 3.2 percent of State Street employees globally.
<b>Principle 4:</b> The elimination of all forms of forced and compulsory labor	Human Rights Risks with the Supply Chain	In our business operations, we do not allow forced or compulsory labor. Additionally, all of our potential suppliers must provide information about social compliance audits of their own suppliers and subcontractors, with reference to risks for incidents of forced and compulsory labor.
<b>Principle 5:</b> The effective abolition of child labor	Human Rights Risks with the Supply Chain	State Street remains committed to rejecting child labor. This commitment requires our potential suppliers to provide information about social compliance audits for their suppliers and subcontractors including reference to risks for incidents of child labor.

<b>Principle 6:</b> The elimination of discrimination in respect of employment and occupation	Inclusion & Diversity	Inclusion and diversity, along with building a more equitable State Street, are central to our company's values. In 2020, we built upon our existing inclusion strategies to visibly address racism and inequality with our 10 Actions Against Racism and Inequality among other key inclusion and diversity goals. Our approach to inclusion and diversity is built by talent pipeline, accountability, policy, employee networks, and learning and development.
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### Environment

<b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges	Climate Change	Through our precautionary approach to environmental sustainability and greenhouse gas (GHG) emissions reduction, we continuously monitor and address the physical risks associated with climate change. GHG emission management and mitigation is a key aspect of environmental sustainability at State Street.
<b>Principle 8:</b> Undertake initiatives to promote greater environmental responsibility	Climate Change	We track our performance in energy use, greenhouse gas emissions, water use, waste generation and recycling rate. In 2020, as part of our commitment to carbon neutrality, we began focusing Scope 2 REC purchases on a country-by-country basis, depending on where the electricity is being used. We continued investing in renewable energy in projects across the world.
<b>Principle 9:</b> Encourage the development and diffusion of environmentally friendly technologies	Our ESG-Related Products and Services	In 2020, we incorporated our ESG capabilities and five ESG data providers into truView, <sup>®</sup> our integrated analytics platform which includes data collection, exception handling and tailored risk reporting. Additionally, we have built and launched an interactive, web-based portfolio decision-supporting platform to provide transparent and streamlined analytics and reporting.
<b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery	Risk Excellence and Compliance	As a trusted fiduciary and partner to the world's leading institutions, State Street holds the highest standards of risk excellence and compliance. In 2020, our operational and cyber resiliency were tested by COVID-19, when we rapidly shifted to a model with the vast majority of our employees working remotely. Over this period, we were still able to reduce major systems incidents even though we had added stress on our supporting infrastructure. Additionally, we continued improving our policies, guidance and training on risk culture and compliance.



# EU DIRECTIVE ON NON-FINANCIAL REPORTING CONTENT LISTINGS



## EU DIRECTIVE ON NON-FINANCIAL REPORTING CONTENT LISTINGS

The EU Directive on Non-Financial Reporting outlines certain requirements for corporate disclosures that companies of a certain size must comply with. State Street is subject to these requirements.

Below is an index of information found within our 2020 ESG Report, aligned with the requirements of the EU Directive.

### Environmental matters

- Our Environmental Footprint
- Our Business
- SASB Report (Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory)
- SASB Report (Software and IT Services Response)
- TCFD Report (Physical Risks Associated with Climate Change, Investment Risks Associated with Climate Change)
- GRI (Material Topic: Climate Change)
- GRI (Material Topic: Environmental, Social, and Governance (ESG) Products and Services)
- UN Sustainable Development Goals

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### Social and employee matters

- Our Business
- Inclusion and Diversity
- Talent Recruitment and Retention
- SASB Report (Employee Diversity & Inclusion)
- SASB Report (Recruiting & Managing a Global, Diverse, & Skilled Workforce)
- GRI (Material Topic: Inclusion & Diversity)
- GRI (Talent Recruitment and Retention)
- External Commitments and Memberships: UN Global Compact
- UN Sustainable Development Goals



#### Respect for human rights

- Our Environmental Footprint
- Responsible Sourcing
- Inclusion and Diversity
- SASB Report (Employee Diversity & Inclusion)
- SASB Report (Recruiting & Managing a Global, Diverse, & Skilled Workforce)
- GRI (Material Topic: Inclusion & Diversity)
- External Commitments and Memberships: UN Global Compact

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#### Anti-corruption and bribery matters

- Risk Excellence and Compliance
- GRI (Material Topic: Risk Excellence and Compliance)
- External Commitments and Memberships: UN Global Compact



# EEO-1 REPORT



## EEO-1 REPORT

State Street is reissuing its 2018 EEO-1 report in this ESG Report, as the date for reporting on 2019 was postponed in response to the COVID-19 pandemic. The opening date to file both the 2019 and 2020 EEO-1 data collection was moved to April 2021, and therefore a complete EEO-1 report for those years will not be available until later this year. We will post those reports on our public website when they become available.

U= 5546101

EQUAL EMPLOYMENT OPPORTUNITY  
2018 EMPLOYER INFORMATION REPORT  
CONSOLIDATED REPORT – TYPE 2

## SECTION B – COMPANY IDENTIFICATION

1. STATE STREET FINANCIAL CENTER 1  
LINCOLN STREET

BOSTON, MA 02111

2.a. STATE STREET FINANCIAL CENTER 1  
LINCOLN STREET

BOSTON, MA 02111  
SUFFOLK COUNTY

c. Y

## SECTION C – TEST FOR FILING REQUIREMENT

1-Y 2-N 3-N DUNS NO.:062156427 EIN :113644300

## SECTION E – ESTABLISHMENT INFORMATION

NAICS: 523991 Trust, Fiduciary, and  
Custody Activities

## SECTION D – EMPLOYMENT DATA

	HISPANIC OR LATINO		NOT-HISPANIC OR LATINO												OVERALL TOTALS
			MALE						FEMALE						
JOB CATEGORIES	MALE	FEMALE	WHITE	BLACK OR AFRICAN AMERICAN	NATIVE HAWAIIAN OR PACIFIC ISLANDER	ASIAN	AMERICAN INDIAN OR ALASKAN NATIVE	TWO OR MORE RACES	WHITE	BLACK OR AFRICAN AMERICAN	NATIVE HAWAIIAN OR PACIFIC ISLANDER	ASIAN	AMERICAN INDIAN OR ALASKAN NATIVE	TWO OR MORE RACES	
EXECUTIVE/SR OFFICIALS & MGRS	7	1	219	6	0	28	1	1	93	1	0	10	0	2	369
FIRST/MID OFFICIALS & MGRS	89	66	2252	77	5	519	2	27	1212	68	3	277	1	12	4610
PROFESSIONALS	181	149	3102	215	8	1246	7	54	2068	222	8	1054	4	29	8347
TECHNICIANS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SALES WORKERS	9	5	190	4	0	11	0	2	64	2	0	5	0	0	292
ADMINISTRATIVE SUPPORT	129	136	483	151	2	208	3	20	542	197	2	269	6	20	2168
CRAFT WORKERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OPERATIVES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LABORERS & HELPERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SERVICE WORKERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	415	357	6246	453	15	2012	13	104	3979	490	13	1615	11	63	15786
PREVIOUS REPORT TOTAL	385	352	6380	465	14	1648	10	80	4134	512	14	1512	12	53	15571

## SECTION F – REMARKS

DATES OF PAYROLL PERIOD: 12/17/2018 THRU

12/31/2018

## SECTION G—CERTIFICATION

CERTIFYING OFFICIAL: VALERIE BENNETT

EEO-1 REPORT CONTACT PERSON: VALERIE BENNETT

EMAIL: VSBENNETT@STATESTREET.COM

TITLE: VICE PRESIDENT AAP COMPLIANCE

TITLE: VICE PRESIDENT AAP COMPLIANCE

TELEPHONE NO: 6176647419 CERTIFIED  
DATE[EST]: 05/20/2019 11:18 AM



# ASSURANCE LETTER



## Independent Assurance Statement to State Street

ERM Certification and Verification Services (ERM CVS) was engaged by State Street to provide limited assurance in relation to State Street's 2020 Environmental, Social and Governance (ESG) Report ('the Report') as set out below.

Engagement summary	
Scope of our assurance engagement	<p>Our engagement was designed to provide assurance on whether:</p> <ul style="list-style-type: none"> <li>the Report presents a complete and balanced presentation of State Street's ESG activities and performance in the 2020 reporting year in accordance with the GRI Standards ('Core' option);</li> <li>the 2020 data for the following indicators are fairly presented, in all material respects, in accordance with the reporting criteria: <ul style="list-style-type: none"> <li><b>Total Scope 1 GHG emissions</b> (metric tonnes CO<sub>2</sub>e)</li> <li><b>Total Scope 2 GHG (location and market-based) emissions</b> (metric tonnes CO<sub>2</sub>e)</li> <li><b>Total Scope 3 GHG emissions</b> (metric tonnes CO<sub>2</sub>e) for the following four categories: <ul style="list-style-type: none"> <li>Category 3 - Fuel-and-energy-related activities (not included in Scope 1 or Scope 2)</li> <li>Category 5 – Waste generated in operations</li> <li>Category 6 – Business travel</li> <li>Category 7 – Employee commuting</li> </ul> </li> <li><b>Total water usage</b> – absolute (million cubic feet) and per employee</li> <li><b>Total waste</b> – absolute (short tons) and recycling rate percentage.</li> </ul> </li> </ul>
Reporting criteria	<p>GRI Standards</p> <p>WBCSD/WRI GHG Protocol (2004, as updated January 2015)</p> <p>State Street's internal reporting criteria and definitions.</p>
Assurance standard	ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements ISAE 3000 (Revised).
Assurance level	Limited assurance.
Respective responsibilities	<p>State Street is responsible for preparing the Report and for the collection and presentation of the information within it.</p> <p>ERM CVS' responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.</p>



## Our conclusions

Based on our activities, and noting the exclusions explained in the 'Limitations' paragraph below, nothing has come to our attention to indicate that the following statements are not correct:

- the Report presents a complete and balanced presentation of State Street's ESG activities and performance in the 2020 reporting year in accordance with the GRI Standards ('Core' option);
- the 2020 data for the following indicators are fairly presented, in all material respects, in accordance with the reporting criteria:
  - Total Scope 1 GHG emissions in metric tonnes CO<sub>2</sub>e
  - Total Scope 2 GHG (location and market-based) emissions in metric tonnes CO<sub>2</sub>e
  - Total Scope 3 GHG emissions in metric tonnes CO<sub>2</sub>e for the following four categories: Category 3 - Fuel-and-energy-related activities (not included in Scope 1 or Scope 2); Category 5 - Waste generated in operations; Category 6 - Business travel; and Category 7 - Employee commuting
  - Total Water usage - absolute (million cubic feet) and per employee
  - Total Waste - absolute (short tons) and recycling rate percentage.
- the Report includes information required by the European Union Directive on Non-Financial Reporting, as well as information for the Taskforce on Climate-related Financial Disclosure (TCFD) and the United Nations Global Compact (UNGC).

## Our assurance activities

We planned and performed our work to obtain all the information and explanations that we believed were necessary to provide a basis for our assurance conclusions. A multi-disciplinary team of corporate responsibility and assurance specialists performed the following activities:

- A review of external media reporting relating to State Street to identify relevant sustainability issues in the reporting period.
- Attendance at regular teleconference meetings with the reporting team and report writers throughout the writing process to understand the development of the Report and issues raised during the process.
- Virtual interviews with management representatives responsible for the sustainability strategy implementation.
- Virtual interviews with relevant staff to understand and evaluate the data management systems and processes (including IT systems and internal review processes) used for collecting and reporting the 2020 performance data and related disclosures for the topics covered in the Report.
- A review of a sample of corporate level qualitative and quantitative evidence supporting the reported information.
- For the 2020 data on GHG emissions, water usage and waste, virtual interviews with the external company responsible for collecting and consolidating utility data across State Street's operations as well as a review of the completeness and accuracy of the data including unit and emission conversion factors for GHG emissions, the reasonableness of estimations and extrapolations and the accuracy of the data consolidation.
- A check on whether the Report is in accordance with the GRI Standards ('Core' option) and includes relevant information for the European Union Directive on Non-Financial Reporting, TCFD and the UNGC.
- A check of the consistency of the financial performance data disclosed in the Report with State Street's 2020 Form 10-K, where relevant.

### The limitations of our engagement

Due to travel restrictions relating to COVID-19, our assurance activities consisted of desktop reviews of data and related information, and virtual meetings and interviews with State Street personnel responsible for the content of the Report.

For the financial performance data disclosed in the Report, we have restricted our work to checking the consistency of those data with the audited State Street Annual Report on Form 10-K for the year ending 31 December 2020. We have not assured the personal views expressed in the CEO Statement or the Letter included in the Report.

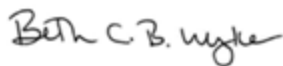
While we have confirmed that the Report is 'in accordance' with the GRI Standards ('Core' option), we have not assured the additional information in the GRI Table in the Appendix.

The reliability of the assured information is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

### Our observations

We have provided State Street with a separate Management Report with our detailed (non-material) findings and recommendations. Without affecting the conclusions presented above, we have the following key observation:

- The Report includes disclosures based on a range of reporting frameworks and guidelines, including GRI, SASB and TCFD; each of these emphasizes a focus on issues and topics that are material. In addition to material topics, the Report also includes information regarding topics which have been assessed as not material but deemed important to State Street's corporate culture. Structuring the Report to differentiate between disclosures relating to material topics and to other, non-material topics would enhance the relevance and accessibility of the Report for State Street's stakeholders.



Beth Wyke  
Head of Corporate Assurance  
14 April 2021



ERM Certification and Verification Services  
[www.ermcvs.com](http://www.ermcvs.com) Email: [post@ermcvs.com](mailto:post@ermcvs.com)

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Brussels

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Saint Helier

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OF CHINA**

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*Georgia*

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Chicago

Hoffman Estates

*Indiana*

Indianapolis

*Massachusetts*

Boston

Burlington

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Quincy

*Missouri*

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*New Jersey*

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**State Street Corporation**

One Congress Street, Boston, MA 02114-2016

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