

STATE STREET®

# ESG Report

2022



# CONTENTS

<b>3</b>	<b>Our Purpose</b>	<b>17</b>	<b>GOVERNANCE</b>	27	Human rights in our supply chain	<b>42</b>	<b>Employee Experience</b>	<b>56</b>	<b>ENVIRONMENT</b>	<b>82</b>	<b>APPENDIX</b>
<b>4</b>	<b>Statement from Ron O’Hanley</b>	<b>18</b>	<b>Stakeholder Engagement</b>	27	Operational and Cyber Resilience	43	Our culture	<b>57</b>	<b>Environmental Footprint</b>	<b>83</b>	<b>Sustainability Accounting Standards Board (SASB) Report</b>
<b>6</b>	<b>A Letter from Rick Lacaille</b>	19	Materiality assessment	28	Operational resilience	43	Listening to our employees	58	Progress against our operational sustainability goals	84	Asset management and custody activities
<b>8</b>	<b>2022 at a Glance</b>	19	History of ESG engagement	29	Cyber resilience	44	Bravo employee recognition	58	Measuring our environmental impact	<b>92</b>	<b>GRI Index</b>
<b>10</b>	<b>CLIENTS</b>	<b>21</b>	<b>Board Governance and ESG Management</b>	<b>31</b>	<b>Data Privacy</b>	44	Employee networks	59	Reducing our environmental footprint	<b>113</b>	<b>U.N. Sustainable Development Goals</b>
<b>11</b>	<b>Asset Management</b>	21	Board governance	31	Global data policy and compliance training	45	A culture that values learning and advancement	59	Maintaining carbon neutrality	<b>116</b>	<b>EU Directive on Non-Financial Reporting</b>
12	Insights, engagement, and proxy voting	22	Policies and charters	<b>33</b>	<b>SOCIAL</b>	45	Supporting employee health and well-being	59	Reduced water consumption	<b>118</b>	<b>EEO-1 Report</b>
<b>14</b>	<b>Investment Servicing</b>	22	ESG management	<b>34</b>	<b>Diversity, Equity, and Inclusion</b>	46	Flexible work	59	Reducing our waste	<b>120</b>	<b>U.N. Global Compact</b>
15	State Street Total ESG™	22	Focus on climate risk at the Board level	35	Black Equity at Work Certification	47	Developing talent	59	Sustainable building design	<b>124</b>	<b>Assurance Letter</b>
16	ESG research and thought leadership	22	Recruitment for greater Board diversity	36	10 Actions to Address Racism and Inequality	48	Internal mobility through our talent marketplace	<b>60</b>	<b>Task Force on Climate-related Financial Disclosures</b>	<b>126</b>	<b>State Street Worldwide</b>
		24	Shareholder engagement	37	Equity in Action Month	49	State Street Foundation	61	Governance		
		24	Consolidated leadership forum	37	Disability and veteran inclusion	50	State Street Volunteers	62	Strategy		
		<b>25</b>	<b>Risk, Ethics, and Compliance</b>	38	Diversity Inc. Top 50	<b>52</b>	<b>Corporate Balance Sheet Management</b>	62	Risk management		
		25	Risk management	38	Gender equality	52	Sustainability Bond	77	Metrics and targets		
		26	Navigating the shifting world of compliance	40	Enhancing supplier diversity	53	Treasury ESG and funding strategies				
		26	Integrating ethical conduct into our culture	41	Pay equity disclosure	53	Tax-advantaged investments				
		27	Our Conduct Standards Committee	41	Civil Rights Audit	53	Global Credit Finance				
		27	Compliance training			54	Leveraged loans				
						55	Commercial real estate				
							Municipal finance				

OUR PURPOSE IS CLEAR:

To help create better outcomes for the world's investors and the people they serve.

As one of the world's largest service providers and managers of institutional assets, our success depends on the success of our stakeholders — our clients, employees, investors, and the communities we serve. We believe that considering environmental, social, and governance (ESG) issues supports our purpose.

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

**RONALD P. O'HANLEY**

Chairman and CEO

## STATEMENT FROM RON O'HANLEY

Welcome to our 2022 Environmental, Social, and Governance (ESG) Report, which sets out State Street's approach to managing and measuring ESG considerations.

2022 was an especially dynamic year in the ESG space, marked by several significant events, including Russia's invasion of Ukraine in February, and the war's impact on fuel prices, transition finance planning, ESG ratings, and ESG-focused exclusionary investment screening. Asset managers responded to new and proposed regulation, including the EU Sustainable Finance Disclosure Regulation, the SEC's proposed rule to require climate-related disclosures, and an increase in reporting expectations around climate and ESG risks, including the Corporate Sustainability Reporting Directive.

During a year in which the topic of ESG spurred divided political and policymaker views, particularly in the U.S., we maintained our commitment to ESG and remained consistent in our approach, which is underpinned by value.

We believe that ESG supports State Street's purpose to help create better outcomes for the world's investors and the people they serve. Through our service of global clients, we have acquired a broad understanding of how E, S, and G issues may affect investors and the value they derive from investments. State Street employs a three-pronged approach to ESG:

1. As a corporation, we identify the ESG impacts we have as a company and are attentive to the effective management of those impacts. We aim to reduce our environmental impacts and manage climate-related risks for our business, and we carefully consider and manage our impact on employees, communities, and society. ESG oversight is underpinned by robust processes and controls, recognizing the interests of clients, employees, and shareholders.
2. As an investment manager, we believe that incorporating ESG factors into our investment risk framework can have

a positive impact on long-term value creation. This belief influences our engagement and stewardship activity, our development of investment choices for our clients, and the design of our investment processes.

3. As an investment servicer, we support our clients in their ESG activities, enabling them to be effective in their management of ESG opportunities and regulatory requirements through the provision of timely reporting research, data, and analytics.

In 2022, we continued to progress our corporate ESG agenda through the launch of our inaugural [Sustainability Bond framework](#) and [issuance of our first Sustainability Bond](#), the proceeds of which will be exclusively allocated to projects with positive environmental impacts and/or positive social outcomes aligned to one or more of the U.N. Sustainable Development Goals. State Street Global Advisors, our investment management business, [extended proxy voting choice](#) to more index fund investors, which will enable those investors to direct how shares they hold in index funds are voted. We advanced the goals of our 10 Actions to Address Racism and Inequality, and have conducted an independent civil rights audit, the results of which will be announced in the second quarter of 2023. And, we continued to take a leadership role with global

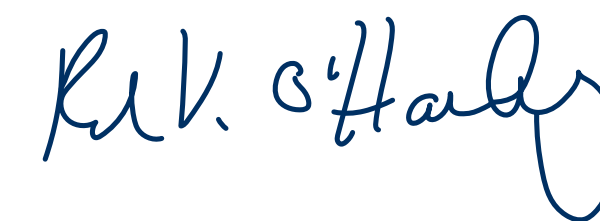
organizations that include: the Council for Inclusive Capitalism, a group of global leaders doing business in ways that benefit people, their communities, and the planet; FCLTGlobal, which focuses capital on the long term to support a sustainable and prosperous economy; and the Sustainable Markets Initiative, launched by the then-Prince, now King Charles III of the United Kingdom at the World Economic Forum in 2020 to provide recommendations to world leaders to accelerate the energy transition to a more sustainable future, which last year introduced a [transition finance framework](#).

Consistent with prior reporting, State Street discloses our activities according to the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosures (TCFD), and the Global Reporting Initiative (GRI) frameworks. This report also fulfills State Street's obligations under the EU Non-Financial Reporting Directive and as a signatory to the United Nations (U.N.) Global Compact, and describes how our ESG-related activities support progress toward U.N. Sustainable Development Goals.

Given that the political polarization around ESG does not look to abate any time soon, where do we go from here? We believe that ESG need not be a divisive issue. Rather, we view it as an evaluation and assessment of long-term risk for investors and

the associated implications for companies and policymakers. It is a more comprehensive view of value creation and risk mitigation. We will serve and operate as a responsible corporate citizen, which includes considering ESG factors as a lens for long-term decision-making and carefully managing the impacts we have on colleagues, communities, the environment, and society. Along with our peers, we seek to manage the regulatory, client, shareholder, and wider stakeholder interests around ESG issues, and we are working on behalf of our clients to bring greater coherence to competing standards and frameworks.

As ESG considerations evolve, we will continue to partner with clients — and work alongside our peers and regulators, broader stakeholder audiences, and the communities in which we live and work — to navigate this changing landscape and the complexities that regulations and market dynamics may bring. State Street is well positioned to help clients address this complex set of issues while creating value for its stakeholders and shareholders.



**RONALD P. O'HANLEY**  
Chairman and CEO

**RICK LACAILLE**

Executive Vice President and  
Global Head of ESG

## A LETTER FROM RICK LACAILLE

To our valued stakeholders:

State Street has three principal ways in which it delivers impact to its stakeholders. One way is through its business operations, including its physical footprint and consequent environmental and social impacts. Another way is through products and services — we offer products that can help our clients achieve their sustainability goals. The third way that State Street delivers impact is as a large-scale institutional investor on behalf of a global client base with a significant ownership stake in thousands of portfolio companies.

We believe that carefully managing our own ESG impacts can create long-term value for our key stakeholders. Furthermore, by providing our clients with insight and choice in their management of environmental, social, and governance factors, we enhance the quality of our service.

Our status as a global systemically important bank, the nature of our business operations, and our role as an investor create a complex array of impacts. In order to gauge how we can be most effective and deliver value for our key stakeholders — clients, investors, employees, and communities — we conduct a biannual materiality assessment. In this report, the use of the term “materiality” and other similar terms is intended to reflect matters that we judge to be of most significance to our key stakeholders in terms of impact or creating long-term value. We are not using such terms as they are used under the securities or other laws of the United States or any other jurisdiction, or as these terms are used in the context of financial statements and financial reporting. Through the materiality assessment and analysis, we identify these ESG topics, which are shared with our Board of Directors, and they inform our ESG strategy, approach, and reporting. We conducted our last assessment in 2021, which resulted in eight focus areas for our ESG strategy.

We look forward to conducting our next assessment this year, where we will review a number of inputs from multiple reporting frameworks and benchmarking exercises, as well as feedback gathered from stakeholder surveys, interviews, and shareholder engagement.

Looking back over 2022, many of our clients faced significant new regulatory demands, particularly with the introduction of the Sustainable Finance Disclosure Regulation in Europe, requiring transparency on portfolio composition. We provided clients with insight and comprehensive data about their portfolios, enabling them to go beyond compliance with the regulation and improve their ability to communicate clearly with their clients.

We also responded to proposals regarding mandatory ESG disclosure from both the Securities and Exchange Commission in the United States and the Financial Conduct Authority in the United Kingdom, among others, offering our perspectives on effective climate-related financial disclosures for the benefit of investors. Given these developments, we consider the establishment of the International Sustainability Standards Board (ISSB) and publication of two Exposure Drafts, including the IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and Exposure

Draft IFRS S2 Climate-related Disclosures, to be a crucially important development. As regulations continue to evolve and new regulations emerge, helping our clients adapt and stay ahead of these requirements will be an important priority.

Our global client base gives us insight not only into how ESG issues affect investors, but also the disparate environments in which our clients operate and the competing objectives they seek to manage. Often, meeting our clients' needs means providing a range of options from which they can choose according to their particular goals, constraints, and other imperatives. In our investment products, that includes strategies with a specific ESG focus as well as others that employ ESG criteria in their research processes.

Given the scale and global reach of our business, managing our own environmental impacts is relevant to all our stakeholders. We are committed to a high standard for global environmental stewardship and as a result have set goals and targets to help reduce our environmental impacts. We continue to make progress toward our operational sustainability goal targets for carbon reduction and water consumption reduction. In 2022, we maintained carbon neutrality on Scope 1 and Scope 2 emissions through the purchase of renewable energy certificates and carbon offsets. Externally, we are an engaged



**We believe that carefully managing our own ESG impacts can create long-term value for our key stakeholders — clients, investors, employees, and the communities where we operate.**

industry voice, and our participation with the Sustainable Market Initiative<sup>1</sup> enables us to bring clients together in a dialogue to share actionable ideas for facilitating the transition to a low-carbon economy, and to enhance the sustainability of the environment on which we depend.

Over the past year we made important progress on internal initiatives and achieved higher levels of engagement within our company. For example, we have over 100 employee network chapters worldwide. Among the largest are the Professional Women's Network, whose goal is to elevate and empower female employees throughout our organization, and the Environmental Sustainability Employee Network, which has branches across the globe to share ideas and actions to support their local communities. Perhaps the most significant initiative is our 10 Actions to Address Racism and Inequality. It has had many impacts, going beyond a focus on human capital management to consider for example procurement practices and our role in the financial system, best exemplified by our successful fixed income issuance program underwritten by minority-owned brokers.

## 2022 AT A GLANCE

### ESG SNAPSHOT<sup>2</sup>

#### ENVIRONMENTAL

**25%**

carbon emissions reduction  
(Goal: 27.5% by 2030)

**40%**

water reduction  
(Goal: 25% by 2030)

**1,754 mt<sup>3</sup>**

annual carbon savings from  
2022 projects

**100%**

carbon neutrality<sup>4</sup>

**18**

ISO 14001 sites<sup>5</sup>

#### SOCIAL

**\$3.8B**

senior debt issued in 2022 using  
diverse syndicates<sup>6</sup>

**\$20.2M**

total giving by State Street  
Foundation

**145,222**

"Bravo" program employee  
recognition moments recorded

**\$141M**

spend in supplier diversity  
program

**95,494**

hours volunteered by employees

#### GOVERNANCE

**30%**

female Board  
members

**23%**

racially diverse Board  
members

**92%**

independent Board  
members

**\$500M**

bond issuance under  
Sustainability Bond Framework

**7**

new independent directors  
added since 2017

<sup>2</sup> All data as of December 31, 2022, unless otherwise noted. Environmental goals are against 2019 baseline.

<sup>3</sup> Metric tons of carbon dioxide equivalent.

<sup>4</sup> For Scope 1 and 2, based on independently reviewed data and resultant investment in renewable energy credits and carbon offset projects.

<sup>5</sup> State Street maintains ISO 14001 Environmental Management certification in 18 global offices. ISO is the International Organization for Standardization and ISO 14001 sets out the criteria for an environmental management system and can be certified to. It maps out a framework that a company or organization can follow to set up an effective environmental management system.

<sup>6</sup> Diverse syndicates include veteran, Black, Latinx, and women-owned firms. \$3.8B senior debt issued includes \$500M bond issuance under the Sustainability Bond framework.

<sup>1</sup> Launched by the former Prince of Wales, at the World Economic Forum 2020 Annual Meeting in Davos, the Sustainable Markets Initiative's mission is to build a coordinated global effort to enable the private sector to accelerate the transition to a sustainable future.



Another prominent accomplishment was the release of our inaugural [Sustainability Bond Framework](#) and issuance of our first [Sustainability Bond](#). The proceeds received from the Sustainability Bond issuance will be exclusively allocated to projects with positive environmental impacts and/or positive social outcomes, that are aligned to one or more of the internationally recognized United Nations Sustainable Development Goals, thus underlining our commitment to operating responsibly as part of our corporate-wide ESG strategy. The achievement reflected cross-functional collaboration across the firm and was the product of a yearlong effort.

As a preview of this report, in the following pages we detail State Street's approach to ESG aligned to four primary areas: Clients, Environment, Social, and Governance. Within these sections, we will cover our ESG strategy and our approach to measuring and managing our eight ESG material issues: climate change; employee experience; diversity, equity, and inclusion; board governance and ESG management; risk, ethics, and compliance; operational and cyber resilience; data privacy; and ESG integration, which encompasses how State Street defines and approaches ESG, and is a common thread throughout the report.

In 2023, we are preparing for future regulatory reporting requirements that will impact our corporate reporting deliverables. We are also refining our internal governance structure and oversight of ESG issues and activities, in close partnership with our Risk, Legal, Finance, Compliance, and Marketing colleagues.

In closing, our enterprise ESG strategy, and our goal to deliver long-term value for our key stakeholders, remains consistent despite the evolving external ESG landscape. Our foundational objectives with respect to E, S, and G likewise remain constant:

- **Environmental:** We aim to reduce environmental impacts from our business operations and manage climate-related risks for our business.
- **Social:** We carefully consider and manage our impact on employees, communities, and society.
- **Governance:** Our Board of Directors exercises independent oversight of all matters including those relating to environmental and social factors.

In 2022, the definition, merits, and realm of ESG were continually challenged and debated. We believe that these stress factors and pressures — even the expression of political perspectives about ESG — provide an opportunity to affirm the validity of ESG as an important lens and consideration for decision-making, not only for clients, but also for our own operations as a responsible corporation.

Sincerely,



**RICK LACAILLE**  
Executive Vice President and Global Head of ESG

# CLIENTS

- 11 ASSET MANAGEMENT
- 14 INVESTMENT SERVICING



# ASSET MANAGEMENT

State Street Global Advisors is the asset management business of State Street Corporation. Our ESG strategy and stewardship approach arise from our fiduciary duty to drive long-term value for our clients. To that end, we engage with companies and boards on long-term risks and opportunities, including ESG factors and issues. To pursue value for our clients, we encourage companies to assess, manage, mitigate, or capitalize on financially material risks and opportunities.

In 2022, State Street Global Advisors centralized ESG governance by creating a senior level committee to oversee its ongoing commitments to ESG and sustainable investing, related business practices, and public policy matters relevant to the firm, as well as to oversee the Asset Stewardship team's proxy voting and issuer engagements. We also issued our first Task Force on Climate-related Financial Disclosures (TCFD) report.

Over the past year we set interim targets for our in-scope assets for the Net Zero Asset Managers initiative (NZAM).

## PORTFOLIO COVERAGE 100%

Increase assets under management (AUM) invested in assets in material sectors (carbon-intensive sectors) that are (i) achieving net zero or (ii) aligned to net zero to 100% by 2040.

## ENGAGEMENT 90%+

Ensure that at least 70% of financed emissions in material sectors are net zero, aligned with a net-zero pathway, or the subject of direct or collective engagement and stewardship actions, and increase this ratio to at least 90% by 2030.

## SCOPE 1+2 EMISSIONS REDUCTION 50%

Reduce financed Scope 1+2 carbon emissions intensity 50% by 2030 relative to 2019 baseline at portfolio level.



Because our aggregate portfolio broadly reflects the market itself, our perspective is that of a universal owner of assets. That means that real-economy carbon emissions reductions, across all sectors and all regions, are critical for our ability to meet our [net zero goals by 2050](#).

As near-permanent holders of capital where divestment is not an option, we take a partnership approach in our relationships with portfolio companies and boards, using our stewardship tools to engage with portfolio companies to seek long-term value. Through thought leadership, engagement, and proxy voting, we take an outcome-oriented approach to managing ESG risks and opportunities to our clients' investments.

### **Insights, engagement, and proxy voting**

State Street Global Advisors' approach to proxy voting and issuer engagement is premised on the belief that companies that adopt robust, effective governance and sustainability practices will be better positioned to generate long-term value and manage risk. As long-term 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 for creating value for our clients. Accordingly, our stewardship program proactively identifies companies for engagement and voting to mitigate ESG risks in our portfolios.

### **Insights**

Our stewardship program utilizes a risk-based approach to identify material topics deemed likely to have the greatest impacts on the long-term value of our portfolio companies. We publish articles and papers on topics such as climate, stewardship, and executive compensation.

See below for some of our recent publications:

- [Asset Stewardship Report 2021](#)
- [Making It Plain: Our Asset Stewardship Approach](#)
- [The Role of Long-Term Shareholder Voice](#)

### **Engagement**

We hold more than 12,000 listed issuers across our global portfolios. Therefore, the success of our engagement strategy is built on our ability to prioritize and allocate resources to focus on companies and issues that have the greatest potential impact on shareholder returns. To support this process we have developed proprietary in-house screening tools to help identify companies for active engagement based on various financial and ESG indicators.

Factors considered in identifying target companies include:

- Size of absolute and relative holdings
- The top holdings of our investment
- Input from our active equity and fixed income investment teams
- Companies with poor long-term financial performance
- Companies identified as lagging market and industry standards on ESG matters
- Outstanding concerns from prior engagement
- Priority themes based on an assessment of emerging ESG risks

The intensity and nature of our engagement with portfolio companies are determined by our holdings, engagement culture in a market, and an assessment of the materiality of ESG concerns. We endeavor to build geographic diversity within our engagement activities to reflect our economic exposure to global markets.

### Proxy voting

We vote at approximately 22,000 meetings annually and prioritize companies for review based on factors including the size of our holdings, past engagement, corporate performance, and voting items identified as areas of potential concern. Based on this assessment, we will allocate appropriate time and resources to shareholder meetings and specific ballot items with the expressed purpose of maximizing value for our clients.

In 2022, State Street Global Advisors announced that it would offer more investors the ability to direct how shares held in the funds they own are voted. The proxy voting choice program offers eligible investors in certain institutional funds in the U.S. and the U.K. a range of voting policies that will be applied to the voting of shares held in those funds. Voting policies offered as part of the new program will be made available to investors through Institutional Shareholder Services (ISS), a recognized independent proxy voting provider. State Street Global Advisors' clients in separately managed accounts already have the ability to either vote their own shares directly or delegate proxy voting of their shares to State Street Global Advisors' Asset Stewardship team.

# INVESTMENT SERVICING

At State Street, our Investment Servicing line of business performs core custody and related value-added functions, providing institutional investors with clearing, settlement, and payment services. As one of the world's largest asset servicers, we have responded to the growing interest in ESG investing with State Street Total ESG™ — an interactive, web-based platform that provides streamlined ESG research, data management, analytics, and reporting tools for clients in all stages along their ESG journeys. Our comprehensive ESG solution equips clients with a flexible and comprehensive capability to analyze ESG data from multiple data providers, identify portfolio risks, and generate ESG reports aligned with various regulatory schemes, in a variety of formats, and on both fund and entity levels. As an established investment custodian and depository services provider, State Street enables the turnkey overlay of fund holding data across a wide range of asset classes on top of multiple third-party ESG data sets; this data can be combined with client proprietary ESG scores, allowing clients to create both standardized regulatory

and other customizable reports that help them to identify new investment opportunities and focus their time on alpha-generating activities — forming the most comprehensive, customizable, and end-to-end solution in the ESG asset servicing industry.

Our clients' most significant ESG issues are data management, climate risk and regulatory risk management, and reporting commitments to collaborative global targets such as Net Zero 2050. By combining our strategic relationships in the ESG data field, our research and analytics expertise, and our ability to address client needs across the front, middle, and back office, we have the capability to help our clients with all of these key concerns.

While competitors like data providers, data management companies, or consultants may be able to address a single element of these concerns, State Street has the unique ability to provide an end-to-end, comprehensive solution — State Street

Total ESG — that includes portfolio construction, portfolio and risk management, and regulatory reporting. We have built a team of ESG subject-matter experts who engage with clients and regulators to translate upcoming needs into technology solutions, perform diligence on dozens of emerging ESG data vendors, and support clients with implementations and ongoing guidance to establish ESG best practices.

## STATE STREET TOTAL ESG™

Our solution provides industry-leading ESG data sets from multiple vendors to meet investment and reporting needs across asset classes, enabling:

- Centralized portfolio and multi-vendor ESG data management, so clients can spend more time optimizing active and passive investment opportunities
- Measurement of carbon footprint and carbon intensity, scenario analysis, and other risk exposures
- Compliance rule-setting customized to client oversight models across asset classes
- Access to industry-leading ESG research and regulatory engagement, making it easy to stay on top of the latest developments

- Alignment of client portfolios to comply with regulatory reporting such as the EU Sustainable Finance Disclosure Regulation (SFDR) and the Task Force on Climate-related Financial Disclosures (TCFD)

It is important to note that State Street Total ESG does not advance a perspective on ESG issues; instead we provide data and analytics to our clients to help them fulfill the approach they have identified for themselves.

In recent years, many of our clients faced significant regulatory change, particularly with the introduction of the SFDR in Europe and the global adoption of TCFD standards, requiring transparency on portfolio composition.

State Street Total ESG is a dynamic solution that has adapted with the dynamic nature of the ESG industry. As clients look to add more sophistication to their ESG analysis and subsequent disclosures, State Street Total ESG continues to anticipate clients' needs and adapts to meet these growing demands.

For the TCFD, our solution offers clients risk management, metrics, and target reporting capabilities, allowing clients to effectively measure various climate-related metrics — including carbon footprint and intensity, scenario analysis, Paris alignment, and climate Value-at-Risk — enabling reporting at any frequency needed, including on-demand.

As the needs for the SFDR are quite large in scope, State Street Total ESG further offers comprehensive end-to-end support for this framework, with capabilities such as risk management, Principal Adverse Impacts (PAI) reporting, European ESG Template (EET) support, web disclosures, pre-contractual and periodic reporting as well as language translation services. These reporting capabilities are all supported by our team of subject-matter experts, who stand ready to help clients adapt the reports to their needs.

The platform also benefits from our active engagement with regulators. For example, we responded to proposals under consideration by the Securities and Exchange Commission in the U.S. and the Financial Conduct Authority in the U.K. As regulations and cooperative initiatives evolve, we will continue to assist our clients in adapting to change and staying ahead of these requirements.

ESG and climate risks pose significant financial risks and opportunities, now and in the future. Through Total ESG, we are well positioned to provide solutions that ease the challenge of ESG measurement, allowing clients to focus on identifying ESG risks and opportunities within their portfolios.

## ESG RESEARCH AND THOUGHT LEADERSHIP

One of our goals in 2022 was to continue delivering practical thought leadership as a way to further engage with clients and provide timely insight on important ESG issues.

### State Street Associates' partnership with Harvard Business School

We build lasting relationships with thought leaders in academia and look for ways to translate academic theory into business practice. In 2022, State Street Associates, the research arm of State Street Global Markets, continued its partnership with renowned ESG Professor George Serafeim of Harvard Business School. Professor Serafeim's research has been instrumental in illuminating how ESG issues are critical drivers of long-term value and defining frameworks for ESG investing. The joint work by Professor Serafeim and State Street Associates researchers Alex Cheema-Fox and Megan Czasonis helped provide practical approaches for our clients to further integrate ESG criteria into investment management utilizing different approaches and across asset classes. Through its partnership with Professor Serafeim, State Street Associates continues to build on its initial findings, produce a wide range of ESG thought leadership, and provide clients with actionable insights.

### 2022 ESG RESEARCH

Papers published and accepted in leading financial journals in 2022 included:

- "Climate Change Vulnerability and Currency Returns" (published in the *Financial Analysts Journal*) — An approach to allocate currency pairs according to a country's vulnerability to climate change
- "Climate Solutions Investments" (accepted by the *Journal of Portfolio Management*) — We develop a methodology to identify "pure-play" climate solutions companies and construct portfolios from these companies

In other new research, Professor Serafeim and State Street Associates researcher Alex Cheema-Fox, investigated the performance of various decarbonization strategies in a year that saw strong performance for carbon intensive assets, publishing the results in "Decarbonization Demonized."

Going beyond developed markets, the team examined how ESG investing performs across asset classes within emerging markets in "ESG Investing in Emerging Markets: An Introductory Survey."

The team also investigated the degree to which ESG has influenced the holdings of institutional investors and their

engagement over proxy votes, and the borrowing of short sellers in "The Effect of ESG on the Global Equities Lending Market."

In addition to the research and publication of thought leadership, in 2022 Professor Serafeim and State Street Associates researchers met with more than 450 clients via roundtables and one-on-one client meetings with CEOs, CIOs, and senior investment management executives. They also presented to more than 1,350 clients and prospects globally through conferences, seminars, fireside chats, and State Street Associates Summer Session ESG webinars.

The team is actively engaging with clients on insights from their thought leadership. Our researchers offer high-value ESG consultative analysis, beta-testing relative carbon exposure analysis for client asset allocation, trading, and engagement efforts. On our Global Markets Insights platform, new proprietary ESG indicators will be added to help investment professionals understand how appetite for decarbonization is changing on both a daily and longer-term basis. Moreover, we will launch publicly available carbon indicators that measure the average carbon intensity and emissions of institutional investors' portfolio holdings, globally.

In 2023, we expect to publish new insights examining how climate change, physical risks, and transition risks may impact inflation, and how employee diversity and other factors may impact a firm's profitability and therefore valuation.



# GOVERNANCE

- 18 STAKEHOLDER ENGAGEMENT
- 21 BOARD GOVERNANCE AND ESG MANAGEMENT
- 25 RISK, ETHICS, AND COMPLIANCE
- 28 OPERATIONAL AND CYBER RESILIENCE
- 31 DATA PRIVACY





# STAKEHOLDER ENGAGEMENT

State Street regularly engages with stakeholders, including employees, clients, shareholders, communities, and regulators. These engagements enable us to understand what matters to them and can inform how we deliver value to our key stakeholders.

**Employees** — We facilitate employee engagement by fostering a supportive and inclusive culture and through training and development opportunities, regular employee engagement surveys, employee networks, flexible work programs, and comprehensive benefits.

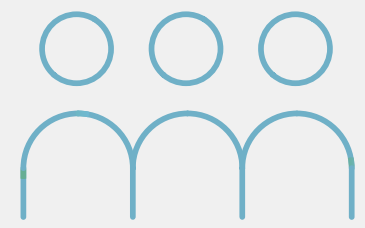
**Clients** — We work closely with our clients to understand their needs and objectives, and deliver value through investment products and servicing capabilities.

**Shareholders** — We regularly engage with our shareholders on ESG subjects such as corporate governance, human capital, and climate issues.

**Communities** — We strengthen communities through partnerships, affiliations, volunteering, and grants from State Street Foundation.

**Regulators** — We connect with regulators on proposed legislation, which enables us to understand the evolving regulatory landscape.

## STATE STREET'S MATERIAL TOPICS



**BOARD GOVERNANCE  
AND ESG MANAGEMENT**



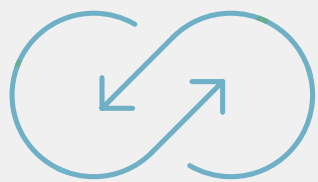
**CLIMATE  
CHANGE**



**DATA  
PRIVACY**



**EMPLOYEE  
EXPERIENCE**



**ESG  
INTEGRATION**



**DIVERSITY, EQUITY,  
AND INCLUSION**



**OPERATIONAL AND  
CYBER RESILIENCE**



**RISK, ETHICS,  
AND COMPLIANCE**

## MATERIALITY ASSESSMENT

A critical component of our stakeholder engagement is our materiality assessment. This exercise is an integral part of our own ESG management.

In this report, the use of the term “materiality” and other similar terms is intended to reflect matters that we judge to be of most significance to our key stakeholders — clients, shareholders, employees, and communities — in terms of impact or creating long-term value. We are not using such terms as they are used under the securities or other laws of the United States or any other jurisdiction, or as these terms are used in the context of financial statements and financial reporting.

Every two years, we conduct a robust materiality mapping process to help us understand the ESG issues we face and what is most important to our stakeholders. The results help inform how we report on our performance. Our assessment process includes an analysis of potentially material issues, resulting from the review of inputs from multiple reporting frameworks and benchmarking exercises, as well as feedback gathered from surveys and stakeholder interviews.

Our last materiality assessment, conducted in 2021, identified the following ESG topics:

- Board governance and ESG management
- Climate change

- Data privacy
- Employee experience
- ESG integration
- Diversity, equity, and inclusion
- Operational and cyber resilience
- Risk, ethics, and compliance

## HISTORY OF ESG ENGAGEMENT

State Street has maintained a long-standing belief that ESG topics are important to consider in delivering value to clients and other stakeholders. State Street Corporation participates in a range of industry partnerships and initiatives to engage and collaborate on ESG topics.

The Sustainable Markets Initiative has been State Street Corporation's primary external climate-related partnership for the past couple of years. Our chairman and CEO, Ron O'Hanley, leads the Asset Manager and Asset Owner Task Force within the Sustainable Markets Initiative. The task force's purpose is to find more effective ways of deploying institutional capital to accelerate the transition to a net-zero world. Through our work with the Sustainable Markets Initiative in 2022, we contributed to the introduction of a [transition finance framework](#).

## STATE STREET CORPORATION ESG AFFILIATIONS

State Street Corporation participates in a range of industry partnerships and affiliations, often for collaborative purposes and to share research and ideas. We highlight a selection of these affiliations below. We maintain our right to hold independent positions and views and we do not necessarily endorse the views of the affiliations.

- Boston College Center for Corporate Citizenship
- Boston Women's Workforce Council
- Cambridge Institute for Sustainability Leadership (CISL)
- CDP
- Ceres Investor Network
- Council for Inclusive Capitalism
- CSR Europe
- FCLTGlobal
- Investment Leaders Group (part of CISL)
- Investor Leadership Network
- ISSB Investor Advisory Group
- Sustainable Markets Initiative
- The Task Force on Climate-related Financial Disclosures
- United Nations Environment Programme Finance Initiative
- World Economic Forum Transition Finance Steering Committee

## STATE STREET GLOBAL ADVISORS COLLABORATION WITH OTHER MARKET PARTICIPANTS

It is important to note at the outset that, in order to properly exercise the fiduciary duties that we owe to our asset management clients, State Street Global Advisors must always act independently when making decisions regarding how to invest our clients' assets and how to vote with respect to the equity securities in which we invest those assets. While we always make our own independent investment and voting decisions when managing our clients' assets, we have joined various industry groups, discussed in more detail below, so that we can participate in conversations, discussions, and information sharing with respect to issues that impact global and local markets and that impact the long-term value of our clients' assets. We believe that this approach, remaining independent but joining industry groups to participate in industry-wide efforts to drive long-term shareholder value creation, is consistent with the fiduciary duty that we owe to our clients while also allowing us to remain in compliance with the variety of laws and regulations applicable to State Street Global Advisors across the globe.

The reasons that we participate in various multi-national organizations and industry initiatives are to expand our knowledge of certain thematic issues and share our views with other industry members and to seek the best available

information regarding sustainability and systemic risks that may help us serve our clients. The following is a non-exhaustive list of the industry organizations and initiatives that we have joined, which are designed to address and explore topics related to material sustainability risks and the development of more sustainable capital markets.

- 30% Club
- CDP
- Ceres Investor Network
- Climate Action 100+
- Climate Bonds Initiative
- Council of Institutional Investors
- International Financial Reporting Standards Foundation Sustainability Alliance
- Institutional Investors Group on Climate Change
- Investor Leadership Network
- Investor Stewardship Group
- International Sustainability Standards Board Investor Advisory Group
- Japan Stewardship Code
- Net Zero Asset Managers initiative
- One Planet Asset Managers initiative
- Responsible Investment Association Canada
- Sustainable Trading
- Task Force on Climate-related Financial Disclosures
- Transition Pathway Initiative
- United Nations Principles for Responsible Investment

# BOARD GOVERNANCE AND ESG MANAGEMENT

As a global systemically important bank, it is critical that we embed strong corporate governance standards and seek to limit potential negative impacts on our economy, society, and stakeholders. Our corporate governance structure is designed to promote the responsible management of the ESG issues we have identified.

## BOARD GOVERNANCE

Our Board of Directors, in their role of overseeing the sound management of the company, have the responsibility to

exercise their business judgment in what they believe to be in the best interests of the company and the shareholders, taking into account our regulatory obligations, the interests of the employees, clients, and the community at large, and in so doing enhancing the long-term value of the company. To effectively govern and carry out the business of the company, our Board meets regularly. The Board oversees the strategies, policies, corporate responsibility initiatives, and objectives that inform our operational management.



## POLICIES AND CHARTERS

State Street's Board of Directors takes guidance from the [Corporate Governance Guidelines](#) and the [Standard of Conduct for Directors](#) on the role of the Board and its responsibilities, functions, and conduct expectations. The Board has several committees to assist in carrying out its responsibilities. The mandates of these committees are set out in the charters below:

[Examining and Audit Committee](#)

[Executive Committee](#)

[Human Resources Committee](#)

[Nominating and Corporate Governance Committee](#)

[Risk Committee](#)

[Technology and Operations Committee](#)

More information on our current Board committee composition can be found [here](#).

## ESG MANAGEMENT

State Street has for some years had a Corporate Responsibility Committee to provide oversight for material ESG issues, which, in 2021, evolved into an ESG Executive Oversight Committee. Reflecting the growing awareness that consideration of ESG issues can impact value creation, in 2022 we continued to review our internal ESG governance processes to strengthen integration of such issues throughout the business. During 2023, we plan to develop and implement an enhanced ESG management model to complement and augment the strengthening of ESG at the Board level.

This overarching view reflects how ESG is increasingly woven throughout our business and how we connect our operational initiatives through the ESG lens.

## FOCUS ON CLIMATE RISK AT THE BOARD LEVEL

Climate is a major issue of focus for our stakeholders. During the year we worked to develop our climate program to more clearly assess potential climate impacts and manage and mitigate these risks. As part of our first-ever climate risk

identification process, we developed methodologies for measuring these potential impacts, and a climate risk policy and key risk indicators will be implemented later this year. The Risk Committee of the Board receives regular updates in relation to climate risk and State Street's work in this regard.

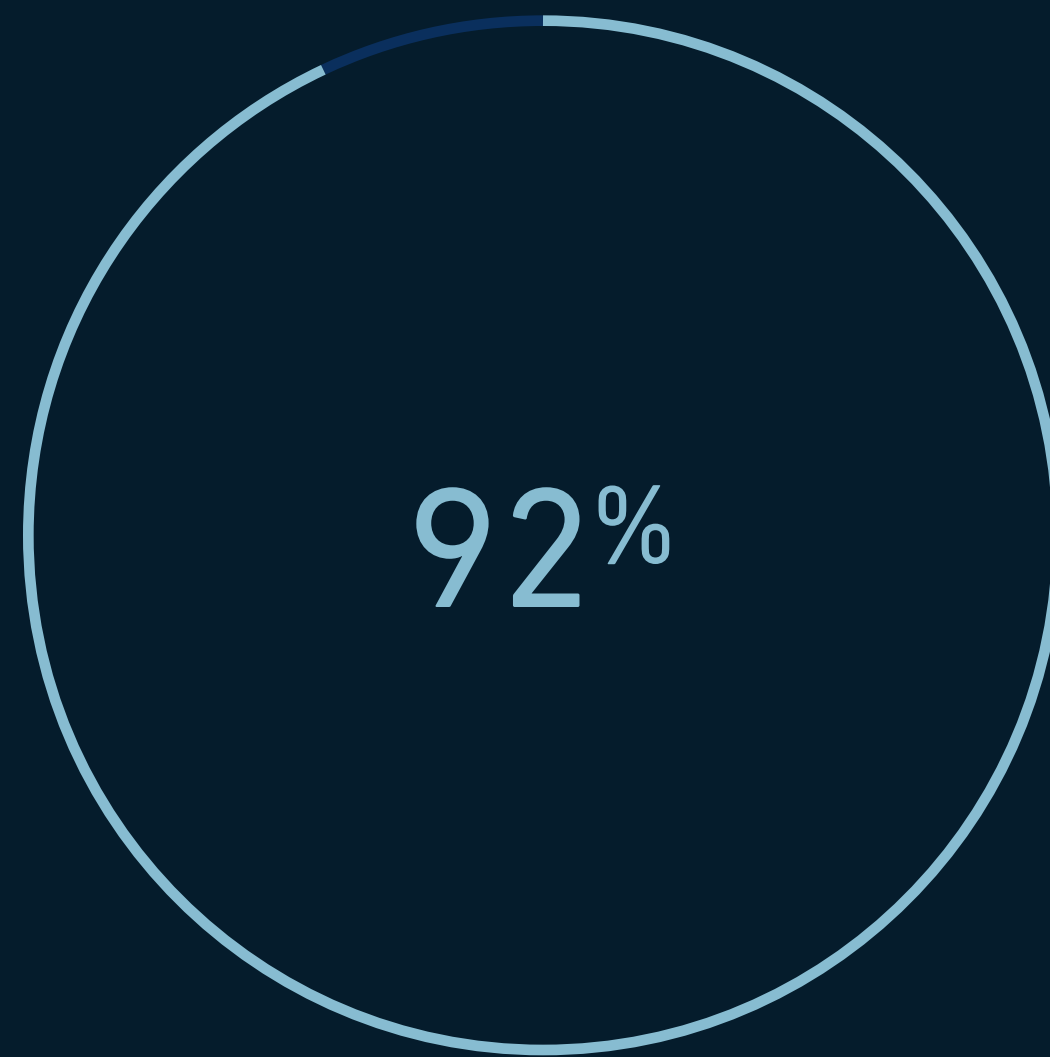
## RECRUITMENT FOR GREATER BOARD DIVERSITY

We are very aware of the benefits of increased diversity at State Street. It is one of our central culture pillars helping to reflect the diversity of the markets in which we operate, and bringing greater diversity of thought to support constructive decision-making.

The Nominating and Corporate Governance Committee and the Board give consideration to a series of attributes when assessing potential director nominees and new candidates, including demographics such as gender identity, race, and ethnicity, in addition to relevant experience and professional skill sets. In 2022, in line with our strategy for improved inclusion, our Board expanded its criteria for diversity beyond race and gender to include disability and other characteristics related to diversity.

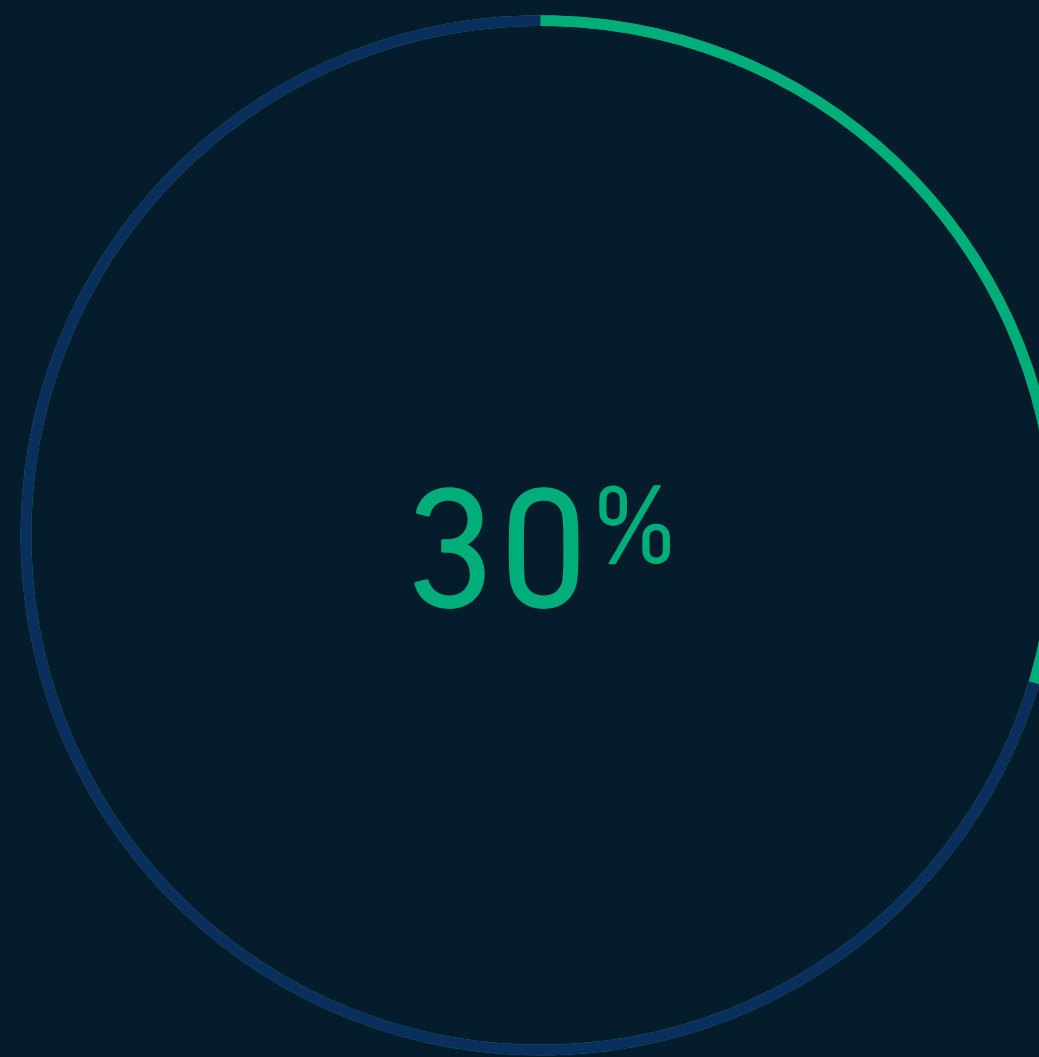
## BOARD DIVERSITY

### INDEPENDENT DIRECTORS



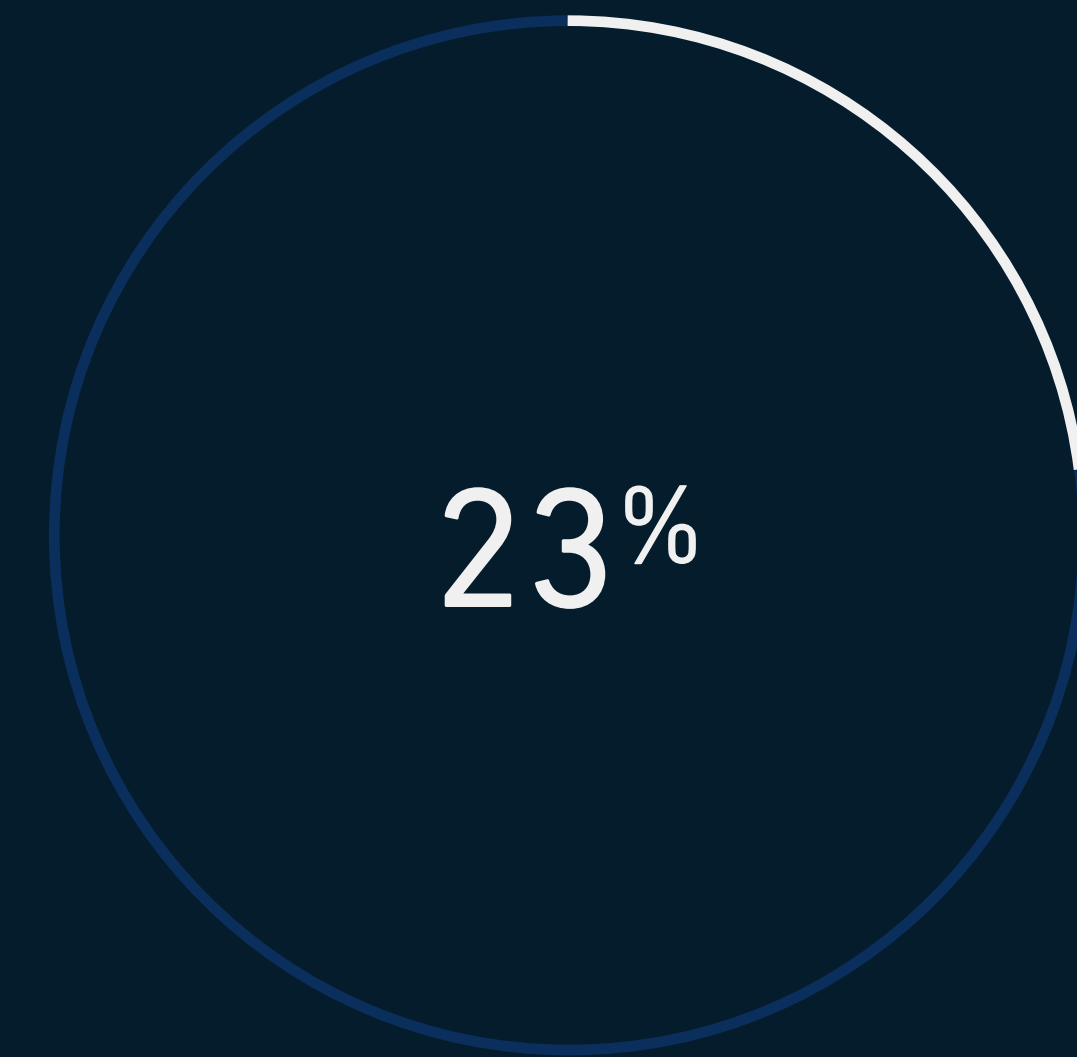
Are independent directors  
(12 out of 13)

### FEMALE DIRECTORS



Self-identify as female  
(4 out of 13)

### RACIALLY DIVERSE DIRECTORS



Self-identify as racially diverse  
(3 out of 13)

## SHAREHOLDER ENGAGEMENT

Throughout the year we conducted a series of meetings with a number of our major shareholders, an important opportunity for our leadership and the Board to hear their perspectives on issues related to ESG. Topics discussed included our approach to diversity, climate risk, employee engagement, and remuneration.

## CONSOLIDATED LEADERSHIP FORUM

During 2022, State Street implemented a series of organizational changes to further align our management team structure and processes to simplify, deepen, and increase accountability.

These changes are important for effective decision-making and execution. We organized the company around three core businesses, with Lou Maiuri, president and chief operating officer, responsible for the Investment Servicing business and Eric Aboaf, vice chairman and chief financial officer, responsible for our balance sheet businesses. Cyrus Taraporevala retired as chief executive of State Street Global Advisors (our Investment Management business) at the end of 2022, and we appointed Yie-Hsin Hung as his successor.

The result was a streamlining of our management processes and bodies, including the composition of our management oversight structure. The new framework operates with four aligned and accountable management bodies:

1. Executive Committee, our enterprise strategy-setting and decision-making body, comprising the leaders of our three core businesses (Investment Services, Global Advisors, and

balance sheet businesses), as well as corporate function and key global enterprise roles.

2. Investment Services, balance sheet businesses, and Investment Management leadership teams, comprising the key and strategic leaders from the previous Management Committee and beyond who will set the priorities for each of our three core businesses.
3. Executive vice presidents (EVPs), representing the executive leadership of our company, responsible for the delivery of our strategic, financial, risk management, talent, and culture objectives.
4. Operating Group, comprising all senior vice presidents (SVPs) and EVPs, which brings together this cohort to ensure timely understanding, alignment, and effective management and execution of our priorities.



STOCK EXCHANGE

# RISK, ETHICS, AND COMPLIANCE

## RISK MANAGEMENT

In the normal course of our business activities, we are exposed to a variety of risks, some that are inherent in the financial services industry, and others that are more specific to our business activities. Our risk management framework focuses on material risks. Many of these risks, as well as certain factors underlying each of them, could affect our businesses and our consolidated financial statements, and are discussed in detail under "Risk Factors" in our [Form 10-K](#).

The identification, assessment, monitoring, mitigation, and reporting of risks are essential to our financial performance and successful management of our businesses. Accordingly, the scope of our business requires that we consider these risks as part of a comprehensive and well-integrated risk management function. These risks, if not effectively managed,

can result in losses to us as well as erosion of our capital and damage to our reputation. Our approach to risk management, including Board and senior management oversight and a system of policies, procedures, limits, risk measurement, monitoring, and internal controls, allows for an assessment of risks within a framework for evaluating opportunities for the prudent use of capital that appropriately balances risk and return. Our objective is to optimize our returns while operating at a prudent level of risk. In support of this objective, we have instituted a risk appetite framework that aligns our business strategy and financial objectives with the level of risk that we are willing to incur.

## We know that a balanced, inclusive, and measured culture helps underscore ethical conduct.

### NAVIGATING THE SHIFTING WORLD OF COMPLIANCE

As a global financial institution with operations around the world, State Street is subject to laws, rules, and regulations in numerous jurisdictions and by numerous regulatory bodies. Further, our designation as a global systemically important bank — a reflection of State Street's size, complexity, global footprint, and interconnectedness across the financial system — comes with heightened supervisory expectations. To address compliance risk<sup>7</sup> and the evolving regulatory landscape, our Compliance Risk Management Policy and supporting framework ("Compliance Program") sets forth enterprise wide standards for identifying, assessing, monitoring, and reporting on compliance risk.

Our Compliance Program applies a risk-based approach to ensure both management and control function resources are directed to those risks, regulations, and regulators that represent the greatest exposure and therefore require the greatest level of engagement. Our regulatory change management programs are designed to identify changes to the regulatory environment that impact our legal entities, the products and services they provide, and the operations they conduct. Management and control functions work in concert to ensure that relevance and applicability to State Street are understood and that internal processes, procedures, and controls are designed to address changes in the external regulatory environment.

The regulatory landscape is dynamic and continuously evolving. To navigate compliance in this complex environment, we continually seek opportunities to enhance our programs. For example, in 2022, we invested in a reg-tech vendor solution that will be implemented in a phased, firmwide approach to optimize the current regulatory change management processes. The solution is AI-enabled and will provide more timely identification and classification of regulatory changes

impacting our company, as well as workflow functionality to manage the associated impact and readiness assessments in a more operationally efficient manner. Further, in 2022 we designated Corporate Compliance personnel with responsibility for creating an agile approach to ESG compliance risk management that contemplates the quickly evolving global regulatory landscape, proactively identifying and assessing new regulatory obligations, and implementing responsive compliance risk monitoring and management practices.

### INTEGRATING ETHICAL CONDUCT INTO OUR CULTURE

The value we create for clients is supported by a strong culture of ethical decision-making. We know that a balanced, inclusive, and measured culture helps underscore ethical conduct. To help build that culture, we are consistent and strategic in how we approach and reward compliance and risk excellence. We have both individual rewards programs and disciplinary response mechanisms in place.

<sup>7</sup>Defined as the risk of legal or regulatory sanctions, material financial loss, or loss to reputation resulting from failure to comply with regulatory obligations (i.e., applicable final rules, laws, statutes and regulations, formal regulatory guidance, and self-regulatory organization standards that regulate State Street's legal entities, financial services activities and functions that support those activities).

## OUR CONDUCT STANDARDS COMMITTEE

Our Conduct Standards Committee is responsible for overseeing State Street's program for the enforcement of employee conduct standards. This committee, made up of senior leaders, is tasked with ensuring that we have a consistent approach to applying our conduct standards framework to all matters throughout the organization.

As the body responsible for overseeing and reviewing all employee conduct matters, it reviews these matters and decides appropriate responses. In the spirit of transparency and to underscore our culture of risk excellence, we compile an annual report for all employees that highlights noteworthy committee activities, detailing the types of matters that the committee has dealt with and the respective outcomes. Importantly, it highlights conduct examples that fall short of our expectations.

## COMPLIANCE TRAINING

We carry out compliance training for our employees to ensure that they understand the standards that have been set for conduct as well as our culture and values. We provide the tools necessary to ensure that our teams are fully aware of how to engage with our clients, prospects, business partners, peers, and other stakeholders.

This training curriculum covers a broad spectrum of topics including our Standard of Conduct, Anti-Bribery and 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.

**We hold our suppliers to the highest standards when it comes to human rights and closely monitor our supply chain.**

## HUMAN RIGHTS IN OUR SUPPLY CHAIN

As a leading global organization with significant geographic reach, we need to ensure that our ethical standards are upheld in our procurement practices and that our suppliers are fully compliant with all human rights laws and regulations. We hold our suppliers to the highest standards when it comes to human rights and closely monitor our supply chain. Further detail on how we manage human rights in our supply chain can be found in our [Human Rights Statement](#) and in our commitment to the U.N. Global Compact and our [Modern Slavery Statement](#).

# OPERATIONAL AND CYBER RESILIENCE

With offices in 30 countries, our operations are geographically widespread and diverse. As our business and the financial services industry sector increase in scale and complexity, so does our potential exposure to business continuity and operational threats. How we mitigate the risk of these threats is of paramount importance and a cornerstone of our strategy. Our vigilant approach to building resilience in our operations reflects the high value we place on protecting our stakeholders — clients, shareholders, partners, and employees.

## OPERATIONAL RESILIENCE

At State Street, we define operational resilience as *the ability of the firm to prevent, adapt, respond to, and recover and learn from operational disruptions*. Given the global interconnected financial markets in which we operate and the changing nature of threats that could impact operations — particularly with respect to geopolitical events and increasing cyber threats — ensuring we are continuously assessing the resilience of our operations is of paramount importance.



We therefore take a proactive, ongoing, holistic approach to identifying a range of disruption threats, be they natural, technical, or adversarial in nature. This includes continuous assessment of geopolitical, cyber, and climate-related threats both near- and longer-term in nature. The potential impact of this is also examined, which may result in the identification of vulnerabilities in the resilience of our operations. Where appropriate we seek to remediate these through a variety of means. These may be short-term in nature (e.g., the transfer of work from one location to another, establishing split operations capabilities) or longer-term in nature (e.g., through the careful repositioning of resources to minimize impact where possible).

Our business continuity and disaster recovery programs are key to ensuring that we can absorb disruptions should they occur. These programs set standards that require recovery strategies to be in place and regularly tested. These standards, by way of example, include consideration of attributes of the locations of our global workforce and related public infrastructure, and climate and geopolitical factors that could impact their work.

This continuous threat assessment and mitigating actions, coupled with regulator incident and crisis management testing

and exercises help to ensure that operational resilience is continuously improved, responsive to changing inherent risks, and embedded as a key tenet of our daily operations.

### CASE STUDY — SUPPLY CHAIN DIVERSITY

We have pursued a policy of supply chain diversity over several years, and we know there is merit in continuing to do so. It is one of the most fail-safe mechanisms for supporting supply chain resilience and therefore business continuity.

We also maintain processes for ensuring that our suppliers uphold our own high standards of equity and fair treatment, and maintain compliance with local laws and regulations. We regularly review our more than 5,418 preferred suppliers for compliance with relevant human rights laws and regulations, including clauses prohibiting human trafficking and modern slavery.

In 2022, we expanded our supplier risk criteria to evaluate vendors for resilience, financial health, and risk exposure, to strengthen our supply chain overall and identify any new areas of potential risk.

### CASE STUDY — RESILIENCE FOLLOWING COVID-19 AND THE UKRAINE WAR

While the COVID-19 pandemic was generally less of an operational threat in 2022, the war in Ukraine served to highlight the impact of geopolitical events on financial markets, whether through energy supply disruptions or the potential for broader escalation of the regional conflict, and to reinforce the importance of business resilience.

## CYBER RESILIENCE

The nature of our business means we have custody of extensive amounts of data and information related to our clients and employees. We have identified the potential for data compromise as one of the greatest threats to our business. We recognize the threat posed by cyber breaches and the importance of protecting the data of all our stakeholders.

Cyber resilience is foundational to our business strategy — it is not an adjunct to what we do, but an integral part of our offering. We regard our secure approach to data and the digital assets we manage, and our commitment to online safety, as a hallmark of our trusted stakeholder relationships.

We take a strategic approach to managing cyber resilience. We continue to follow our multiyear roadmap of proactively managing potential threats through a combination of world-class cyber intelligence capabilities and skill building throughout our organization. Our cyber defense is led by our Global Cybersecurity (GCS) team, who are tasked with continually improving our cybersecurity, enhancing the skills of our teams, and maximizing operational effectiveness to keep our defenses strong.

Our cyber fusion approach is proactive, intelligence-led, and integrated with other parts of our organization. Intelligence-led means we have detailed insights into potential threats and leverage our global capabilities to protect and defend our clients' interests.

A key development of the year was the opening of our Cyber Fusion Centers in Ireland and the U.S. The implementation expanded our global cyber resilience footprint and provided a 24/7 intelligence gathering and incident response process that provides insights and visibility to our greatest cyber threats. These centers reflect our proactive, pragmatic, and value-driven approach to identifying and managing cyber risks. Combining enhanced intelligence gathering with our industry-

leading team of cyber talent provides better insight and management of potential cyber threats.

Our Cyber Defense Center (CDC) provides continuous security detection and incident response capabilities, monitoring threats in real-time across the entire State Street corporate network. Its role is to minimize risk to our company, utilizing effective incident response procedures combined with highly trained personnel and the latest industry-leading security tooling. The CDC operates two Fusion Centers in Kilkenny, Ireland, and Phoenix, Arizona, providing nonstop services with full failover and redundancy capabilities. The Cyber Defense Center is a core component of our comprehensive and multidisciplinary cyber security program.

Throughout 2022, we continued to increase our cyber resilience resources, investing significant effort to attract, develop, and retain top talent. We worked in close partnership with our Global Human Resources team to strengthen our global talent bench, building teams in multiple locations to provide a seamless global resource, particularly in the Cyber Threat Intelligence Group, our advanced threat teams, and our security operations and defense teams. Knowing that the market for skilled cyber talent is highly competitive, we invested in training

and development programs to help ensure that our employees are furnished with the right tools to remain at the forefront of cyber resilience.

The India GCS Architecture and Engineering Center of Excellence is an extension of the Global GCS function, delivering as one cohesive team co-located with other State Street critical business functions. The team comprises highly skilled and trained cyber professionals, with years of expertise and certification in diverse multidisciplinary skills in areas of identity and access management, cloud security, application security, cyber data and analytics, network security, cyber engineering, automated testing, and security administration.

The center allows us to provide critical cyber engineering capabilities strategically on a 24/7 basis, and provides crucial access to talent in today's tight cybersecurity labor market.

In 2022, we also saw an increase in collaboration across multiple disciplines within the cyber community, with the common goal of countering potential cyber threats. This gave rise to a significant increase in public-private partnerships to effectively address and combat risks, which we expect to continue as potential threats become more widespread.



# DATA PRIVACY

The complexity and geographic reach of our business means we have custody of significant quantities of data belonging to our clients, vendors, employees, and shareholders, across numerous jurisdictions. Our commitment to protecting that data demonstrates the trust at the heart of our relationships with our clients and our people.

We have developed frameworks, programs, and policies to manage and protect data transparently and securely. These frameworks, programs, and policies help ensure that we comply with the respective data protection regulations applicable to regions of operation, including the EU General Data Protection Regulation (GDPR). Within State Street, data protection is managed jointly by our Global Cybersecurity (GCS) team and our Privacy Office. As the line between data privacy

and data protection blurs, we work ever more closely with our cybersecurity colleagues to protect client data.

## GLOBAL DATA POLICY AND COMPLIANCE TRAINING

Our Privacy Office oversees the governance of personal data, including its use, retention, and disclosure. Through it we have enforced a Global Privacy and Personal Data Protection Standard for all State Street personnel since 2018. All employees attend compliance training on the standard, which also addresses the many variations and differences in local privacy and data protection regulations in our operating regions.

It is every employee's responsibility to safeguard the data entrusted to us, regardless of whether the data subject is an employee, client, or other individuals. In addition to our Privacy Standard and the work of the Privacy Office, individual business units and corporate functions review privacy risks and our ability to mitigate them through our non-financial risk assessment programs. GCS works with State Street information technology, control functions, and business units to support the confidential nature, integrity, and availability of information assets.

Over the past few years, we have responded to a significant number of data subject rights requests by individuals, such as California residents and EU data subjects, along with those in other jurisdictions. These data requests most commonly involve data deletion or "right to be forgotten" requests and are of crucial importance to the data subject, so in addition to responding within the prescribed regulatory timeframe, we are committed to providing the best customer service in fulfilling these requests.

In 2022, we created a privacy engineering team to support the Privacy Office and enterprise data privacy efforts. Members of the team have a unique combination of knowledge and experience in the privacy compliance and information technology areas. They perform data protection impact assessments (required by the EU and U.K.) providing a significant capability for our data protection and risk management efforts.

As the world transitions to "normal operations" in a post-pandemic era, the dispersed workforce of an emerging hybrid work model creates new challenges for data privacy. State Street will continue to evolve our systems and processes for the safe handling and protection of the personal data of all our stakeholders.

### CASE STUDY: AN ADVOCATE FOR INVESTORS AND INDIVIDUAL EMPLOYEES

Within our organization the Privacy Office has a unique role as an advocate for the data subject, speaking on behalf of an employee or investor seeking to correct or remove inaccurate data, or an individual whose data has been impacted by an event. In cases requiring rectification, the Privacy Office acts as an advocate helping to facilitate the data subject's ability, within our established procedures, to obtain a resolution.

### LOOKING AHEAD

We have identified and are monitoring several emerging data privacy issues that are likely to gain prominence in 2023, including changes to data privacy laws in China, issues of data privacy during data transfers, and data localization — in which local governments or authorities claim sovereign jurisdiction over data.

**It is every employee's responsibility to safeguard the data entrusted to us, regardless of whether the data subject is an employee, client, or other individual.**

We believe that data localization is a significant concern. A number of individual jurisdictions around the world have implemented their own privacy laws, claiming sovereign rights over certain data they consider to be local. Such claims pose substantial challenges for State Street and other businesses with a broad global footprint. We are developing policies to manage this, educate our people on the implications, and reassure them that their data is safe. In China specifically, significant changes to the nation's data privacy laws have been made and, given the strategic development of our business in the region, we continue to take steps to comply with these developments.

The role of data privacy in data transfers continues to attract broad interest. We continue to advocate for our people and our clients in developing a level of understanding about this to ensure that we have transparency around the protection of data in the transfer process.





# SOCIAL

- 34 DIVERSITY, EQUITY, AND INCLUSION
- 42 EMPLOYEE EXPERIENCE
- 48 CORPORATE CITIZENSHIP
- 52 CORPORATE BALANCE SHEET MANAGEMENT

# DIVERSITY, EQUITY, AND INCLUSION

At State Street, diversity, equity, and inclusion (DEI) are fundamental to our culture, strategic approach, and how we operate our business. We want our employees to bring their whole selves to work and to feel comfortable and safe in doing so. Promoting a diverse and inclusive workspace brings us a broader range of perspectives and life experiences that encourage innovation and make teams more effective. We believe that our focus on DEI creates value for our clients, our shareholders, our employees, and our communities.

As a financial services leader with a global footprint, we also have a responsibility to set an example by our actions and behaviors and to help our clients pursue DEI best practices. Our 10 Actions to Address Racism and Inequality were launched in June 2020, and we continue our efforts to integrate the Actions into our culture and to make progress toward achieving their goals across our operations, in our interactions with clients and stakeholders, and in society as a whole.



## 2022 GLOBAL FEMALE EMPLOYEES

Position	% Female	5-Year 2022 Goal for Global Female Employees
Senior Vice President and above (SVP+)	35%	36%
Managing Director (MD)	32%	37%
Vice President (VP)	32%	38%
Assistant Vice President (AVP)	41%	44%

## 2022 U.S. EMPLOYEES OF COLOR

Position	% Employees of Color	5-Year 2022 Goal for U.S. Employees of Color
SVP+	21%	22%
MD	22%	22%
VP	32%	33%
AVP	37%	35%

We know that we have further to go. This year we incorporated DEI priorities into every manager's performance review and offered all employees the option of adding DEI to their goals.

Leading with inclusion, we take a global approach to our initiatives, acknowledging regional differences while pursuing the shared goal of a culture where everyone feels they belong and has the opportunity to succeed. This puts momentum behind our diversity efforts and helps our employees feel proud to be working at State Street.

We strive to challenge our assumptions about our own behaviors, an effort that can raise important issues or identify unconscious habits or beliefs that may be holding us back. As our surveys provide a fundamental measure of employee sentiment, we recently targeted focus groups of employees from underrepresented groups to gauge their sense of belonging.

To help employees better understand and address unconscious bias and racism, we worked with strategic learning partners to create best-in-class content and increase access to workshops. Across our learning and development opportunities, we incorporate best practices for inclusive training curricula. See [A Culture That Values Learning and Advancement](#).

Our more than 24 global employee networks provide opportunities for people of diverse backgrounds to connect and

share their distinct cultures, identities, and experiences in a supportive environment. See [Employee Networks](#).

## BLACK EQUITY AT WORK CERTIFICATION

Building on prior years' work with [Management Leadership for Tomorrow](#), in 2022, State Street achieved Black Equity at Work Certification. The designation is a first-of-its-kind, clear standard and roadmap for employers committed to a systematic, results-oriented approach to Black equity in the workplace. State Street is the first global systemically important financial institution to earn this designation and one of only 11 companies to ever receive the Bronze Black Equity at Work Certification.

In 2022 we also announced our commitment, as one of the first in the industry to do so, to pursuing the Management Leadership for Tomorrow (MLT) Hispanic Equity at Work Certification, which sets clear, measurable standards for companies to achieve Hispanic equity within their organizations and for contributing to Hispanic equity in society. We have developed a rigorous plan to measurably promote Hispanic equity in five core areas, including: Hispanic representation at every level; an inclusive, anti-racist work environment; compensation equity; racially just business practices; and racial justice contributions and investments. Our plan has been approved by MLT, which is the first step toward earning certification.

## 10 ACTIONS TO ADDRESS RACISM AND INEQUALITY

Our 10 Actions to Address Racism and Inequality are key drivers of better outcomes within our organization and in society as a whole. While there is more to do, we have made important progress.

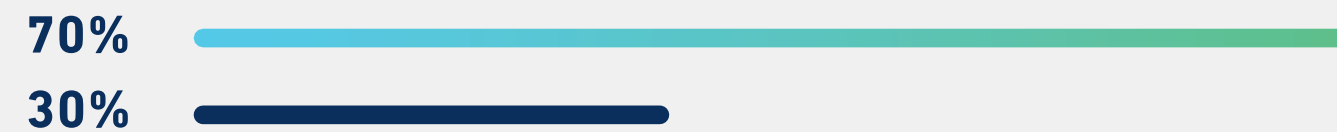
In 2022, we focused on reinforcing this framework across our global businesses. Our leadership in Europe, the Middle East, and Africa (EMEA) and Asia-Pacific (APAC) took an intentional approach to ensure that the 10 Actions were understood and adapted to regional and local environment and historical situations. Our APAC Diversity, Equity, and Inclusion Council considered how the initiatives could be best applied in Asia, and similar well-attended conversations were held in EMEA. We also identified a need to continue the momentum by expanding conversations about inclusive behaviors across our business, accelerating these programs in APAC and EMEA, and gathering more data in other regions.

Progress against the 10 Actions include:

1. Improved Black and Latinx senior employee representation
2. Sharpened our focus on Black and Latinx talent development through the launch of the Black Leaders Cohort (BLC) and the Latinx Leaders Cohort (LLC), which comprise our most senior Black and Latinx leaders, those at or above managing director level. In addition to providing a sense of community for these leaders, the two groups partner with the strategic organizations to provide insight into themes of employee attraction and retention, and help promote State Street as an employer of choice
3. Conducted ongoing anti-racism conversations led by key business managers and mandatory unconscious bias training for all employees
4. Implemented DEI practices such as annual inclusive behaviors survey and evaluation of members for management committees
5. Increased spend with Black and Latinx suppliers, an example includes distribution of a total of 41 percent of deal economics from \$3.75 million bond issuance to diverse capital firms (see [Treasury and ESG Funding Strategies](#))
6. Improved Black and Latinx Board representation, increasing racial diversity to 23%
7. Leveraged State Street Global Advisors' Asset Stewardship efforts by partnering with Russell Reynolds Associates and Ford Foundation to issue a report on best practices for effective oversight of DEI. Read the report [here](#)
8. Improved Black and Latinx representation across our industry by establishing strategic partnerships with organizations such as Black Women in Asset Management (BWAM), who is helping to identify diverse talent in the UK, and Association of the Luxembourg Fund Industry (ALFI), a similar organization in Luxembourg. Learn more about our partnerships [here](#)
9. Established combating racism as a priority for our State Street Foundation, including Racial Equity and Social Justice studies of our Grantee Partners in key geographic locations. Learn more about our Massachusetts study [here](#)
10. Increased civic engagement and reflection, providing World Anti-Racism Reflection Moments (W.A.R.M.) for employees and families through monthly global opportunities for reflection and community service to engage on anti-racism and social justice issues

## GENDER DIVERSITY OF STATE STREET'S BOARD AND EMPLOYEES

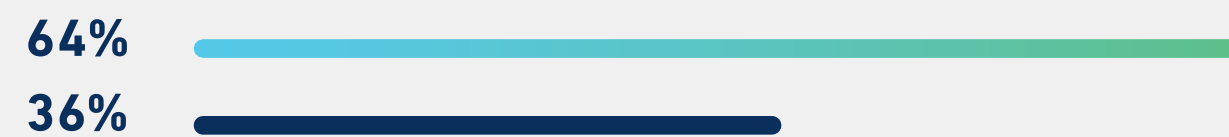
### BOARD



### SENIOR MANAGEMENT (EVP and SVP/SMD)



### MANAGEMENT (MD, VP, and AVP)



### ALL OTHER (Officer and Associate)



● Male ● Female

## EQUITY IN ACTION MONTH

Throughout the world, there are systems that privilege some groups over others. In recognizing that reality we also accept a collective responsibility to work for solutions that help to balance these systems so that all stakeholders — including our workforce, our clients, and our communities — can achieve their best outcomes.

During Equity in Action month, which launched in June 2022, we empowered our employees to take action to create a more equitable world. Each week we focused on a specific culture trait with opportunities to engage with Global Diversity, Equity and Inclusion, State Street Volunteers, and BeWell.

To honor Juneteenth, for example, we promoted a 10-day Take Action with Your Wallet Challenge. Throughout the month our initiatives focused on:

- Finding ways of working better together toward an inclusive, diverse, and equitable workplace, business, and community
- Helping others to succeed in our communities through global volunteer events

- Celebrating those who volunteered their time to create impact
- Challenging ourselves to break through personal and professional silos and expand our networks

A collaboration between our culture team, employee engagement team, corporate citizenship resource, and global inclusion teams, the program demonstrated our interconnected approach to building a more equitable organization.

## DISABILITY AND VETERAN INCLUSION

In keeping with U.N. Convention on the Rights of Persons with Disabilities, State Street regards employees and individuals with disabilities as full and equal members of society. As an inclusive organization, we seek systemic solutions that guarantee accessibility, and combat stereotypes and unconscious bias through training and education that helps all our employees understand the challenges faced by people with disabilities, and work with community groups and other partners to create a mutually supportive framework for progress.

## In recognition of our commitment to diversity, State Street was ranked #44 among the 2022 Diversity Inc. Top 50 — the only asset manager to make the list.

In 2022 we relaunched our Self-ID program to capture a truer picture of disability within our workplace by asking employees to voluntarily describe their disability status (and other categories such as veteran status, race, ethnicity, etc.)

State Street signed the Disability IN CEO Pledge, attended the Disability IN Conference, and partnered with Work Without Limits to conduct disability awareness training for our Talent Acquisition staff.

We continued our work on the Global Disability Taskforce, which launched in 2020, attended Military Recruitment events, and continued to support Massachusetts Fallen Heroes. We also launched the Military Recruitment and Retention Taskforce.

## DIVERSITY INC. TOP 50

In recognition of our commitment to diversity, State Street was ranked #44 among the 2022 Diversity Inc. Top 50 — the only asset manager to make the list. The survey is the leading assessment of diversity management in corporate America, with more than 1,800 participating companies. The recognition is an endorsement of the body of work we have done as an organization to achieve greater equity. We were rated according to the following criteria:

- **Human Capital Metrics:** gender and racial/ethnicity breakdown of representation in overall workforce representation, overall management, senior management, new hires, promotions, and 10 percent highest paid populations
- **Leadership Accountability:** CEO/senior leadership commitment and accountability, Board of Directors, office of diversity and inclusion, diversity council practices, and representation metrics
- **Talent Programs:** employee resource groups, mentoring, high potential and sponsorship programs, practices, and participation metrics

- **Workplace Practices:** talent acquisition, talent management, onboarding, diversity training, workforce development and engagement, LGBTQ, people with disabilities, military community, and employee benefits policies and practices
- **Supplier Diversity:** spend with companies owned by people from underrepresented groups, accountability, and practices
- **Philanthropy:** contributions to nonprofit organizations focused on people from underrepresented groups, employee volunteerism, and matching programs and practices

## GENDER EQUALITY

Our focus on promoting racial and gender equality helps broaden perspectives, demonstrate best practices, and nurture our teams.

We support gender equality in the workplace through our flexible work culture and benefits, providing parental and caretaker support by offering child, elder, and personal care programs, referrals and resources, emergency backup daycare for our employees, and paid parental leave benefits, as well as adoption and fertility assistance (all vary by location).

Over the past year, we continued to partner with Boston Women's Workforce Council's 100% Talent Compact, through which companies commit to closing the gender pay gap. We also worked with the 30% Club to improve our efforts to increase female representation at the highest levels of the organization. For the 16th consecutive year, State Street was the presenting sponsor of the 2022 Massachusetts Conference for Women, the world's largest women's conference.

Our Professional Women's Network established the Sponsorship Program in 2019 to build and support a pipeline of leaders for the organization and help bridge the male/female achievement gap.

In 2022 we continued our partnership with [Kahilla](#), an online women's resource group dedicated to helping women (particularly women of color) develop the mindsets and skill sets to advance and attain leadership positions. Kahilla provides access to scalable leadership development resources and curated content on a single digital platform. Following a comprehensive utilization review to ensure that Kahilla training and events were being actively used, we increased our participation by providing memberships to 108 additional employees. We plan to promote Kahilla broadly across the

organization in 2023 and make the curriculum available to more women than ever before.

As a component of our commitment to gender equity, State Street is also taking steps toward greater transparency for its pay structures. See [Pay Equity Disclosure](#).

We participate in several initiatives to promote inclusion and gender equity at State Street and in the asset management industry. We worked with external partners to develop new learning options for our Degreed platform, such as "Beyond Equality: Engaging in Equity," which helps employees better understand gender inequity from an organizational and external perspective, and to deliver a training called the Privilege Project, which uses scenario-based discussions to explore gender privilege in the workplace and other environments. We also partnered with Kaplan Mobray to provide workshops on inclusive leadership and its importance to the organization, including examples in which leaders engage with employees from underrepresented groups (including women). In 2022, we also engaged with the following organizations:

- **Anita Borg Institute for Women and Technology (Grace Hopper Celebration)** connects, inspires, guides, and

supports women in computing and technical fields, as well as the organizations that employ them and the academic institutions training the next generation.

- **Black Women in Asset Management (BWAM)** champions the positive impact of the talented Black women who work in asset management and provides tools that will enable them to thrive.
- **Conferences for Women (CFW)** is the largest network of women's conferences in the U.S. The mission of the Conferences for Women is to promote, communicate, and amplify the influence of women in the workplace and beyond.
- **Women in Banking and Finance (WiBF)** is a not-for-profit membership association aimed at increasing the representation of female leaders in the banking and finance sector. The program includes enhanced learning, leading to improved performance for employees, and knowledge transfer from experienced leaders to less experienced.

## ENHANCING SUPPLIER DIVERSITY

Building on the successful initiatives and progress of the past two years, in 2022 we continued our efforts to increase diversity within our supplier base.

Our active partnerships with key organizations led to a substantial increase in spending with diverse suppliers in both the U.S. and the U.K. In 2022, our Tier 1 addressable spend from vendors owned by individuals with disabilities increased more than 50-fold year-over-year, while our spending from Black- and Latinx-owned businesses experienced an approximately 9% year-over-year increase. To further enhance our Tier 2 efforts, we implemented automation in key areas and encouraged our primary suppliers to source from diverse businesses through our Tier 2 program. This initiative successfully generated more than \$68 million in additional diverse spend in 2022.

State Street performed well against industry benchmarks and was included among the Top 50 Best-of-the-Best corporations in America for our commitment to diversity and inclusion by

the National LGBT Chamber of Commerce and partners in the National Business Inclusion Consortium.

In 2021, State Street became the first major bank to issue debt through a diverse syndicate, and, at that time, we committed to using at least one minority-owned firm per deal. Over the past year our Global Treasury team surpassed that commitment, issuing approximately 41% of \$3.8 billion in total issuance via diverse firms.<sup>8</sup> We launched our Sustainability Bond Framework in the fourth quarter of 2022 to enable the issuance of Green, Social, and Sustainability Bonds. A portion of total debt issuance in 2022 included a \$500 million sustainable bond issuance, which was underwritten by a syndicate that included veteran-, Black-, women-, and Hispanic-owned firms.

In 2022 we established important relationships with new industry partners, including:

- Women's Business Enterprise National Council
- National LGBT Chamber of Commerce
- National Veteran's Business Development Council
- United States Hispanic Chamber of Commerce
- Finance Services Roundtable for Supplier Diversity

**We encouraged our primary suppliers to source from diverse businesses, which generated more than \$68 million in additional diverse spend in 2022.**

**State Street performed well against industry benchmarks and was included among the Top 50 Best-of-the-Best corporations in America for our commitment to diversity and inclusion by the National LGBT Chamber of Commerce and partners in the National Business Inclusion Consortium.**

<sup>8</sup> Veteran-, Black-, women-, and Latinx-owned firms



We continued to work with the Greater New England Minority Supplier Development Council, the Massachusetts Competitive Partnership, the Boston Chamber of Commerce Pacesetter program, and the Minority Supplier Development UK in EMEA. These organizations leverage their members' purchasing power to increase opportunities for local, ethnic minority-owned businesses.

Our partnership with the Management Leaders of Tomorrow led to State Street earning a Cycle 1 Bronze-level certification from Black Equity at Work. Our Hispanic Equity at Work plan has been approved and we are pursuing similar efforts to achieve certification for that initiative.

## PAY EQUITY DISCLOSURE

A significant part of our approach to achieving gender equity is in closing the pay gap between men and women. As part of our commitment to equal pay for work of equal value, we regularly assess how women are paid compared to men on a global basis, and in the U.S., how employees of color are paid compared to their peers.

Our annual Pay Equity Review process compares pay between "like-for-like" roles, adjusting for factors such as job level, location, and job function that make one role different from another. In April 2022 we issued the findings of our most recent review process, which can be found on State Street's [public website](#). We also conducted an unadjusted pay gap analysis, which compares the median pay of all men with the median pay of all women globally, and, in the U.S., the median pay of all employees of color with the median pay of all white employees.

## CIVIL RIGHTS AUDIT

As part of State Street's commitment to transparency, accountability, and action, and following important and productive discussions with a range of internal and external stakeholders, in 2022 we undertook an external civil rights audit to assess our business practices and services from that perspective. While the report did not identify any systemic issues, we found areas and opportunities for improvement and intend to publish the results in the first half of 2023.

**As part of State Street's commitment to transparency, accountability, and action, and following important and productive discussions with a range of internal and external stakeholders, in 2022 we undertook an external civil rights audit to assess our business practices and services from that perspective.**



## EMPLOYEE EXPERIENCE

When employees are engaged, supported, and feel valued, everyone benefits. Employees are able to reach their full potential, employers retain their best talent, and client service is at its best. The desire to create this optimal work environment has been consistent for years at State Street. We strive to maintain a supportive culture — one that emphasizes connection and caring for our colleagues, our clients, and our communities. We regard our culture as essential to achieving our business objectives and connecting employees to our company's purpose.

In recent years, the challenges of the global COVID-19 pandemic and the momentum toward social justice have led employees to seek a greater connection to purpose and the core values of their employer. We facilitate this connection through our supportive and inclusive culture, effective internal communications, intentional learning and development, and opportunities for engagement in the community.

In 2022, we continued our efforts to maintain an environment where employees can excel personally and professionally and where a healthy work-life balance is encouraged. We promote employee health and well-being through our benefits, wellness initiatives, and flexible work offerings. We continued to encourage employee interaction and foster a sense of connection through regular Q&A calls with management, employee forums, and surveys to help our leaders listen and understand our employees' concerns and experiences.

## OUR CULTURE

We link our corporate strategy and values to desired everyday behaviors that reinforce our culture traits (see sidebar). These traits are aligned to our values and set the stage for how employees interact with each other and our clients. When reinforced in the workplace, these behaviors serve to strengthen an atmosphere in which employees can thrive, which is essential to achieving our business goals.

## LISTENING TO OUR EMPLOYEES

Fostering a positive employee experience is only possible when employees feel included, valued, and heard. One way we ensure this happens is by our commitment to employee listening and action through several mechanisms.

Each year, we conduct a comprehensive survey with our entire employee population to measure and understand what drives engagement. We also look for factors that, when responded to, will influence positive business outcomes. We also use the findings as part of our action planning to better respond to employee needs and inform organizational improvements for the coming year. State Street managers have access to an online tool to analyze their team results, which are aggregated anonymously to preserve confidentiality of employee feedback,

## STATE STREET CULTURE TRAITS

We employ a behavior-based approach to culture that focuses on amplifying the desired behaviors associated with our five culture traits.

### OUR CULTURE TRAITS

**CHOOSE TO OWN IT**

**BREAK THROUGH SILOS**

**DELIVER RESULTS WITH INTEGRITY AND SPEED**

**DO BETTER EVERY DAY**

**CARE FOR OUR COLLEAGUES, CLIENTS, AND COMMUNITY**

### OUR BEHAVIORS

Take the initiative to deliver business objectives

Collaborate across teams to reach our shared goals

Drive outcomes for clients, employees, and shareholders while managing risk

Seek better ways of working and adopt new solutions

Help others to succeed

and they can examine or respond to suggestions to enhance team engagement and track progress over time.

Another way we listen to all of our employees is through intermittent pulse surveys. These shorter surveys solicit feedback on the progress of our engagement efforts as well as seek employee opinion on other ongoing company efforts. The goal is to identify how important elements of our culture show up in our daily interactions and work with our colleagues, peers, and leaders, to identify where improvement is occurring, and where more work remains to be done.

Other mechanisms for creating a dialogue with employees are regular blogs from senior executives on our intranet and online discussions with strategic initiative leads on our internal social networking site.

In addition, employees have told us they want more structured opportunities to interact with colleagues and management. In response, we host bi-monthly employee calls and monthly manager calls in most regions, along with Town Halls and Leader Forums worldwide for our business groups and regional locations. We also work with our employee network leaders to offer a host of in-person and hybrid networking, learning, and engagement opportunities to foster a sense of community and belonging.

## BRAVO EMPLOYEE RECOGNITION

Throughout the year, employees are encouraged to recognize and celebrate colleagues who live our culture traits via our global peer reward and recognition program called Bravo. This program is increasingly important, as the hybrid working model and global team structure do not always allow for face-to-face recognition opportunities. Bravo encourages employees to recognize their colleagues for good work, good deeds, or good ideas — anything that reflects our culture traits. Employees have greatly appreciated the opportunity to highlight the work and success of their teammates and amplify those positive stories across the entire State Street global network. In 2022, our employees experienced more than 145,000 recognition moments, which include not just awards received but also the number of times employees thanked or congratulated one another.

## EMPLOYEE NETWORKS

Our 24 employee networks provide forums and opportunities for individuals to come together to share their unique perspectives and experiences, learn from one another, and build community. These affinity relationships help employees feel they belong and are empowered to bring their authentic selves to work. Over 110 chapters worldwide offer in-house networking, mentorship, career development, and training

opportunities as well as cultural experiences that reflect the unique interests and goals of each network. Sponsored by senior executives, the networks are managed by volunteer employees and organized around the 4C model: *culture, career, commerce, and community*.

## A CULTURE THAT VALUES LEARNING AND ADVANCEMENT

Effective learning opportunities provide career development for our talent, helping us to be higher performing. We empower our employees to define and select learning and career pathways for themselves, in addition to required training. Ultimately, we believe that effective learning opportunities may reduce our business risk and fuel our growth.

We provide a wide range of development and training initiatives that help employees increase their skills and progress toward their professional goals. Our training library includes over a million different learning opportunities, including online courses, videos, posts, and articles.

One of our focus areas in 2022 was to increase awareness and use of our learning platforms and resources. The predictive capabilities of the platforms become more effective as user volume increases. Our Degreed Enterprise Learning Platform is a great example. Degreed helps employees

navigate our educational library through targeted, AI-driven recommendations based on an employee's specific interests and skill profile, helping to ensure that individuals continue to develop in areas most relevant to their role. In addition, individuals and managers can recommend to their colleagues specific training that they have completed to reinforce peer learning. Almost half of the global workforce accessed the Degreed platform 10 or more times in 2022.

Our Web Content Accessibility Guidelines provide educational resources and best practices for building and adapting more inclusive training curricula, particularly for those with vision or hearing impairments. Over the past year we began to embed this approach to ensure that newly created resources will be accessible to all.

We continued to seek opportunities to drive engagement with our learning platforms, including for example a pilot partnership with a virtual coaching company. It provides mobile device technology that is scalable and convenient, particularly for middle management. In 2023 we plan to continue rolling this out, in conjunction with other innovative solutions, to further expand access to learning resources.

In addition to the vast range of vendor-sourced learning opportunities available on Degreed, we have continued to curate and develop new programs to address the evolving needs of the organization. These include leadership development programs

(for example, the "Journey to Leadership Excellence" program, developed in partnership with Harvard Business Publishing, which recently won the bronze award from the Brandon Hall Group for Best Advance in Education Delivered Through Technology), Data Analytics, Digital and Crypto Asset pathways, New Ways of Working in a Hybrid Environment, Executive Presence and Storytelling for Business Impact, and the development of technical business-aligned modules. There has been a particular focus on enhancing our learning experience for new joiners, for example our flagship Global Delivery Academy that provides new hires with a comprehensive multi-week onboarding program that combines core financial industry knowledge, State Street processes and technology, and professional skills, through live instructor-led sessions, online learning, and videos.

## SUPPORTING EMPLOYEE HEALTH AND WELL-BEING

We take a comprehensive approach to employee health and well-being. We consider physical, emotional, and financial wellness under our global well-being program, BeWell. To support this, we offer a wide array of benefits to meet the diverse needs of our global workforce and their families.

The benefits vary from country to country but may include wellness coaching, exercise and meditation classes, fitness

reimbursements, childcare support, financial planning and education, tuition assistance, and online wellness programs. We also sponsor "healthy challenges" to create enthusiasm and support employees with achieving their wellness goals.

- State Street provides a Mental Health Hub where employees can find all stress management tools and other mental health resources. The hub includes access to our free and confidential global Employee Assistance Program, designed to support employees' mental health and well-being. This service is available 24/7, throughout the world.
- State Street also strives to support employees in dealing with events beyond the workplace. For instance, specialized crisis support and increased SOCIAL FUND financial aid has been provided to help employees impacted by the war in Ukraine.

## FLEXIBLE WORK

State Street is committed to attracting and retaining a performance-driven workforce in order to achieve its business goals and to provide a high-level of service to its clients. State Street recognizes that maintaining flexibility in how, when, and where work is done can be key in meeting these objectives.

**“This is an innovative way for all employees to access new roles, skills, and opportunities and for managers to recruit internal talent. By broadening every employee’s access to roles and by showing managers the full breath of talent at State Street, our goal is to provide better pathways to success for all employees. We also want to deploy a marketplace as a way to drive greater diversity at all levels of the company.”**

– Ron O’Hanley

**4,600+**

employees hired into roles through  
internal mobility in 2022

As we collectively support the company in transforming the way we work, and with the shift to a hybrid working model, State Street’s commitment to flexibility continues through the evolution of flex work. Alternative Work Arrangements is a new approach to flexible work and an opportunity to enhance the policy, governance, and resources to address the flexibility needs of our workforce today and as part of our workplace of the future.

Employees may work with their managers to propose an alternative work arrangement that helps achieve business objectives while allowing flexibility for the individual employee, in alignment with our hybrid work model.

## DEVELOPING TALENT

In alignment with our philanthropic focus on education and workforce development, we offer a variety of early-in-career and talent pipeline programs including the following:

- In partnership with the Boston Private Industry Council (PIC), we offer 6-week summer internships for Boston high school students
- We also offer a 10-week summer intern program for college students, hosting students from universities across the US for experiential learning and a full curriculum of

professional topics with exposure to senior leaders who share details about State Street’s businesses

- In addition, State Street welcomes college students to participate in two 6-month co-op programs each year allowing for a deeper understanding of the company and key business areas
- Globally, we offer intern programs in a number of countries around the world, aligned with the institutions of higher education in those countries
- In India, we also offer a 1-year apprenticeship program with more than 250 participants each year

The programs indicated above represent a great opportunity for students and other early-in-career individuals to experience State Street’s environment, culture, and brand, while company managers and leaders gain exposure to young talent. The programs are part of our talent pipeline whom we look to convert into full-time positions based on performance and role availability.

College intern programs in particular represent feeder pools into our Professional Development Program, which places high-performing recent college graduates into a two-year rotational program of tailored immersion across a range of business areas. In 2022, we introduced business tracks

## EMPLOYEE NETWORK MENTORING

Our employee networks also provide mentorship programs and opportunities for professional development:

- **Professional Women's Network (PWN) Sponsorship Program** — The PWN Sponsorship is helping build and support a pipeline of leaders by pairing a mid-career participant with one of our senior leaders.
- **Latin American Professionals Group (LAPG) Mentoring Program** — This program combines targeted professional development with networking in a development plan to help early- to mid-career participants build on their current skills.
- **Disability 4 Disability Mentoring Program** — A peer-to-peer mentoring program by the Global Disability Awareness Alliance, Disability 4 Disability matches members throughout the world for mentoring relationships that strive towards a focused outcome.

into this program which allows participants to rotate within business areas before receiving a full-time position within the business area. We also offer several mentorship programs designed to develop the next generation of talent. Our Diversity Mentorship Program helps candidates move from operational roles into sales and client management. The annual program is sponsored by our head of sales and other senior leaders who provide mentoring and education in those areas. Our Leadership Development Program provides rotational assignments for current high performing and high potential Assistant Vice Presidents, allowing them to leave their current positions and experience a variety of business areas, before landing a new role in a different business area. Participants receive targeted development, exposure to executive leaders, and coaching. There were nine participants in the AVP Leadership Development Program in 2022.

In addition to the above, we offer multiple regional sessions of a 6-month VP Accelerator program for high performing and high potential VPs. Participants are nominated by their managers or other leaders and selected based on a variety of factors to ensure we have diverse representation from key business areas. The program offers mentoring, project work,

leadership panels, coaching, development related to level-appropriate topics, and much more. 90 VPs participated in the program in 2022.

## INTERNAL MOBILITY THROUGH OUR TALENT MARKETPLACE

In 2020, State Street introduced the Talent Marketplace, an innovative approach designed to increase our focus on internal mobility by enabling employees' access to new roles and on the job learning opportunities while also encouraging internal mobility throughout our organization globally. This approach focuses on providing programs, tools and resources designed to develop existing skills and provide upskilling through training to increase an employee's readiness to advance their career.

# CORPORATE CITIZENSHIP

At State Street, we strive to make a positive and lasting impact in communities where we have a business presence. Our Corporate Citizenship programs provide comprehensive support to our communities through grants, volunteerism, and

visibility. We also empower and resource our employees to be part of this purpose-driven work, helping them feel a sense of pride in State Street.





## STATE STREET FOUNDATION

Since the 1970s, State Street Foundation has made grants to hundreds of nonprofits and non-governmental organizations throughout the world, seeking to create deep-rooted economic benefits through education and workforce development initiatives. The Foundation supports high-performing nonprofits reducing gaps in educational achievement and employability due to race, ethnicity, and socioeconomic status. By providing unrestricted grants to support the core functions of organizations whose missions, activities, and strategies align closely with our own, State Street Foundation enables these organizations to determine their spending priorities.

We updated our grant making guidelines for our Massachusetts grants portfolio in 2021 to better reflect our commitment to racial equity and social justice, and extended these guidelines to the rest of the United States and Canada in 2022. Expanding this work across our global locations will inform our future giving in Europe, the Middle East, Africa, and the Asia-Pacific regions. Over 60 percent of the charities State Street Foundation supports in our eastern Massachusetts headquarters region are led by Black, Indigenous, or people of color (BIPOC).

In 2022, State Street Foundation expanded its commitment to Early College in Massachusetts, a college readiness initiative that enables underserved high school students to earn college credits free of charge while completing their high school

## STATE STREET FOUNDATION GIVING



**4**

Annual paid volunteer days for every employee

**1:1**

Matched employee donations and fundraising efforts

**\$500**

Granted for every 16 hours volunteered with a single community organization

**\$10,000**

All employees have access to at least annually in matching gifts

graduation requirements. Overseen by the Massachusetts Department of Elementary and Secondary Education, this state-accredited joint venture pairs high schools with higher education institutions to close student achievement gaps in college completion. State Street Foundation made significant investments in four high schools in Boston and Quincy, and funded a technical assistance organization to help each unique school environment navigate its program's approval and designation process, which enables further access to public funding. In 2022, we seed-funded an additional Boston Public high school to bring our support of Early College to a total of five high schools within the cities of Boston and Quincy.

State Street Foundation's wide reach and impact around the globe is due to the work of our Community Support Program (CSP), employee-led volunteer committees that support local charitable organizations in the communities where State Street has a business presence. These committees provide employees the opportunity to give back by unleashing their professional talents and expertise. CSP committees are responsible for providing grant funding to local charitable organizations in accordance with Foundation guidelines and facilitating volunteer projects for their colleagues.

Additionally, we encourage State Street employees to support the charities that they care about, and we amplify their donations through a robust matching gift program. We match 1:1 employees' personal donations of \$25 or more to charities and accredited schools, and in 2022 offered a 2:1 match for select organizations supporting Ukraine relief efforts. In 2022, 64 percent of employees whose donations were 2:1 matched for Ukraine relief efforts were first-time participants in the program.

To complement our 1:1 match of personal donations, we offer a 1:1 match of employees' charitable fundraising efforts and monetize their volunteer time. For every 16 hours an employee volunteers with a single organization, the organization is eligible to receive a grant of \$500. Through our matching gift program, employees can access up to \$10,000 annually to amplify their community impact.

## STATE STREET VOLUNTEERS

Our employee volunteer program, State Street Volunteers, aims to help our communities thrive via service that helps close social and racial equity gaps, while also up-skilling our employees by engaging them in this critical work. State Street Volunteers utilizes an open-platform approach, encouraging

employees to volunteer with organizations they care about. We actively support our volunteer ambassadors and Community Support Programs globally to provide meaningful volunteer opportunities locally. Additionally, we provide highly strategic and impactful skills-based volunteer opportunities to our State Street Foundation grant partners, engaging teams of volunteers to help build organizational resilience. We strive to incorporate volunteering as a core part of our corporate culture, ensuring it is equitable, accessible, and maximizes community and employee impact through the intersection of our communities' needs, State Street resources, and employee interests.

### SKILLS-BASED VOLUNTEERING

The State Street Volunteers program continues to focus on and scale our skills-based volunteer efforts, in which our community partners self-identify their needs and are matched with subject-matter experts from across State Street. These skills-based projects are typically virtual, ensuring the ability for all our community partners to access the very best of State Street regardless of where the employee or charity is located. As we continue to highlight the impact of skills-based volunteering and listen to the needs of our community partners, employees have increasingly engaged with our global projects and begun to develop their own skills-based service opportunities. Of the total volunteer hours recorded by our employees in 2022, 55 percent were skills-based in nature.

We continue to scale our skills-based volunteer programs through two annual signature programs. In 2022, State Street Volunteers partnered with State Street's Executive Leadership Development Program to provide year-long volunteer engagements to top-performing senior employees. Program participants led 10 skills-based volunteer projects with State Street Foundation grantees, each lasting 8-11 weeks, providing valuable service and resources to the grantee partners. Program participants expanded their professional experience by working on challenges with highly skilled and capable volunteers from around the world.

The second signature program is our annual Day of Service, which takes place during Global Volunteer Week, a week focused on inspiring and motivating State Street employees for volunteer service. The Day of Service is comprised of 10 hack-a-thon style projects that partner State Street Foundation grantees with a wide array of employees globally to solve problems, brainstorm new ideas, and engage in diverse thought and conversation.

### SUPPORT TO UKRAINIAN REFUGEES

We are humbled by the support and solidarity that our colleagues globally, and particularly in Poland, have shown to those affected by the war in Ukraine. Our employee volunteers, primarily in Poland but across Europe, have gone above and beyond to support those impacted by this humanitarian crisis,

IN 2022

**95,000+**

employee volunteer hours

**55%**

of volunteer hours were skills-based in nature

spending thousands of hours at train stations to welcome the people of Ukraine, provide them with food and essential items, offer them translation services, and help assimilate them into their new homes. Additionally, our Polish colleagues offered employment support through assistance with writing job applications, paying language tuition, and providing access to necessary IT equipment. The support that our employee volunteers provided to Ukrainian refugees embodies the goals of our Corporate Citizenship program and our culture trait: "Care for our Colleagues, Clients, and Community."

# CORPORATE BALANCE SHEET MANAGEMENT

## SUSTAINABILITY BOND

In November 2022, our Corporate Citizenship and Diversity, Equity, and Inclusion (DEI) teams worked with our treasury, finance, and investor relations groups to launch our first Sustainability bond, another demonstration of our tangible support for ESG investing. We announced the issuance of \$1 billion of senior unsecured bonds, including an inaugural \$500 million bond issued under our Sustainability Bond

Framework, which enables the financing of green, social, and sustainability projects. The syndicate included a veteran-owned firm as a bookrunner, and included Black-, women-, and Hispanic-owned firms as co-managers. The framework is an element of State Street's broader ESG strategy.

## TREASURY ESG AND FUNDING STRATEGIES

In 2022, we furthered our commitment to Diversity, Equity, and Inclusion by continuing partnerships with minority-, women-, and veteran-owned institutions. During the year, we achieved our commitment of using at least one diverse firm per deal as a bookrunner as well as having multiple diverse co-managers. We have distributed approximately 41% of deal economics to diverse firms across \$3.8 billion in 2022 issuances. In February 2022, State Street announced it would partner with Black-owned businesses to underwrite \$1.5 billion of senior unsecured debt. In line with our ongoing DEI policy, this reinforces our commitment to strengthening Black-owned businesses and partnering with Black- and Latinx-owned investment firms.

Our Treasury and Global Credit Finance (GCF) divisions have established ESG-related guidelines for their balance sheet investing and lending practices. For example, there has been a concerted effort to increase exposure to ESG bonds. This type of impact-based investment strategy underscores our commitment to responsible investing.

## TAX-ADVANTAGED INVESTMENTS

Our commitment to ESG investing extends to initiatives to help finance public investments that support our communities. In 2022, our tax-advantaged investments group maintained two lines of tax-advantaged sustainable investments, in affordable housing and renewable energy. The combined impact of these investments totals \$183 million.

In an era of housing instability, institutional investment in low-income and affordable housing has been a bright spot, and our focus in this area has helped to create a market for investing supported by the low-income tax credit. The impact of the 2022 Inflation Reduction Act is just starting to be felt for energy infrastructure, but should be positive for adding energy capacity ranging from wind and solar to hydrogen and carbon capture assets.

## GLOBAL CREDIT FINANCE

Global Credit Finance (GCF)'s mandate is to attract, serve, and retain State Street's clients through the extension of credit, while optimizing the profitability of a diversified portfolio of loans constructed within the confines of our balance sheet.

GCF accomplishes this by offering a broad range of products that meet our clients' credit needs, for example by providing

commercial real estate lending, or municipal financing. As a result, we cultivate and maintain strong long-term relationships with many of State Street's largest clients.

## LEVERAGED LOANS

In addition, State Street invests in a portfolio of leveraged loans, which are privately arranged debt instruments that provide capital to a company, usually with a rating below investment grade. Global Credit Finance has built a portfolio of large, liquid, syndicated loans to corporate borrowers, denominated in euros and U.S. dollars. Environmental risks, social track record, and governance structures have historically been factors considered in the Leveraged Loans team's credit in order to assess the potential impact they would have to the credit profile of our borrowers.

The Leveraged Loans portfolio is naturally tilted towards more environmentally friendly sectors, given our high credit quality and hold-to-maturity investment strategy. The portfolio is underweight cyclical sectors, which are some of the most impactful on the environment, such as Chemicals (4.21 percent), Industrials (2.52 percent), and Energy (0.35 percent) as of December 31, 2022. Negative social considerations are highlighted with mitigants. Governance risk remains important given the typical characteristics of our borrowers, such as high leverage, mid-cap, private ownership, and sponsor held. As a result, the Leveraged Loans analysis includes a trust and

## 33% of our \$2.8 billion real estate portfolio investments represent buildings with LEED and EnergyStar certifications.

competency assessment focusing on the managing bodies of each borrower.

In 2022, the Leveraged Loans team incorporated ESG third-party analytical ratings and analyst ESG assessment interpretations into its credit appetite paper for both its existing and prospective loans. Each borrower is carefully analyzed of its ESG risks. The aim is to highlight material ESG risk considerations in the credit opinion and rationale for investment. The team also participated in a pilot regulatory Climate Risk Stress Test exercise and developed an internal method to estimate GHG emissions for companies that do not publicly disclose such data.

For 2023, the team is expanding its evaluation of ESG risks for all new and existing borrowers. For example, from a climate change perspective, specifically physical and transition risks, the team will begin using an internally developed "climate risk scorecard." The aim is to use the scorecard findings to build out and calibrate State Street's climate risk stress

testing capabilities and improve upon the credit risk management framework.

## COMMERCIAL REAL ESTATE

In 2022, the commercial real estate team developed a climate risk scorecard to assess both physical and transition risks related to climate change at each property in our portfolio.

This scorecard measures climate risk for each loan quantitatively, based on the probabilities of various weather events, and qualitatively, based on the severity of the impact of each event according to a team member's judgment. The team now incorporates this scorecard into its investment decision-making process.

To better understand the environmental risk to the portfolio, the group cataloged property-level environmental certifications. Through this effort, the team identified that 18 of the 54 loans (33%) in our \$2.8 billion real estate portfolio involve buildings, representing \$1.2 billion in loan values, with some sort of environmental certification — five have both Leadership in Energy and Environmental Design (LEED) and ENERGY STAR ratings, another eight have LEED ratings, and five others have

Energy Star ratings. Of the 13 LEED-certified buildings, four are LEED Platinum, the highest certification level, while nine are LEED Gold.

LEED certifications are more concentrated in the office sector (11 of the portfolio's LEED loans representing \$857 million of loan value involve offices), while two multi-family loans with \$101.5 million of loan value involve LEED certification.

In addition to the focus on environmentally conscious lending, State Street also strives to promote the availability of affordable housing in the U.S. Currently, nine of the portfolio's 23 loans backed by multi-family properties have a percentage of units with an affordable designation. As of January 2023, roughly 5% of all apartment units forming the collateral of a State Street loan are affordable housing, and we continue to look for lending opportunities to support this important mission.

ESG considerations have and will continue to serve as important drivers in the commercial real estate team's investment decision-making process. Executed in mid-2022, the team closed a large direct investment, a \$132 million loan to support a client in their purchase of residential property in New York City with 365 apartments, 73 of which are affordable housing units.

## MUNICIPAL FINANCE PORTFOLIO BREAKDOWN

Our municipal finance group provides credit enhancement and direct lending facilities to help U.S. municipal and not-for-profit clients finance vital infrastructure projects that serve social and environmental needs.

### \$3.4B STATE AND LOCAL GOVERNMENT

#### \$425M PUBLIC POWER

#### \$1.65B WATER AND SEWER

#### \$210M HIGHER EDUCATION

#### \$238M AIRPORTS

#### \$249M HOUSING AUTHORITIES

#### \$763M TRANSPORTATION SERVICES

#### \$125M HEALTH CARE

#### \$8M OTHER

## MUNICIPAL FINANCE

Our municipal finance group provides credit enhancement and direct lending facilities to help U.S. municipal and not-for-profit clients finance vital infrastructure projects that serve social and environmental needs. Our clients include state and local governments; essential service providers like water, sewer, and public power utilities; airports; transportation agencies; affordable housing authorities; public higher education systems; and not-for-profit hospital systems.

The municipal finance group evaluates portfolio investments according to our risk guidelines, which our enterprise risk

management team oversees and reviews annually. ESG considerations have and will continue to be important factors within the investment decision-making framework. Portfolio exposures are subject to analysis and monitoring for issues including susceptibility to climate events and natural disasters, water and wastewater management, energy management (including transition to renewable energy for power generation), cost of legal and regulatory compliance, demographic and socioeconomic trends, affordability of service, and strength of governance framework.

# ENVIRONMENT

- 57 ENVIRONMENTAL FOOTPRINT
- 60 TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES REPORT





# ENVIRONMENTAL FOOTPRINT

Climate change continues to be one of the single largest issues impacting our global society. It is at the center of political debate, social discourse, and economic policy. Managing the risks associated with climate change and helping to find a solution are a priority for organizations throughout the world. At State Street we view climate change as a material risk we need to manage in line with global best practices. We not only have a role in helping our clients and partners address this issue, it is also imperative that we lead by example in tackling climate change throughout our operations.

In addition to managing potential climate change risks to our business, we have also developed a strategy to reduce our environmental footprint. This is not only the right thing to do, it also makes sound business sense. Diminishing our impact on the environment reduces our costs, engages our personnel, and demonstrates best practice to our clients and portfolio companies.

In 2022, we appointed Richard Hamilton to lead State Street's approach to ESG strategy, risk, governance, and disclosure as Senior Vice President for ESG. One of his key focus areas is climate and our approach to managing climate risks, which has become an area of intense focus throughout the world, particularly from regulators. We have a significant global footprint and each territory is looking to organizations like ours to provide guidance and leadership on climate change.



## PROGRESS AGAINST OUR OPERATIONAL SUSTAINABILITY GOALS

We continue to set a high standard with regard to our global targets and ongoing commitment to environmental stewardship. We recently announced that in line with global best practice, we have updated our science-based carbon target to a 1.5 degree scenario from our prior well-below 2 degree level. This bullish goal is to be achieved over the same timeline, namely by 2030 for Scope 1 and Scope 2 emissions. This translates to a reduction of 46 percent from the 2019 baseline, rather than 27.5 percent.

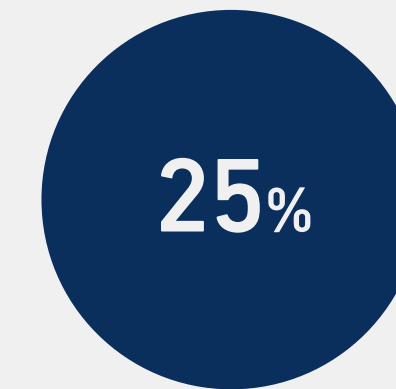
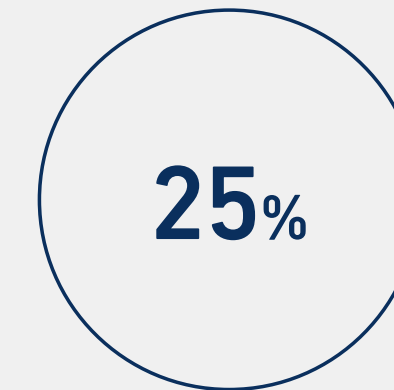
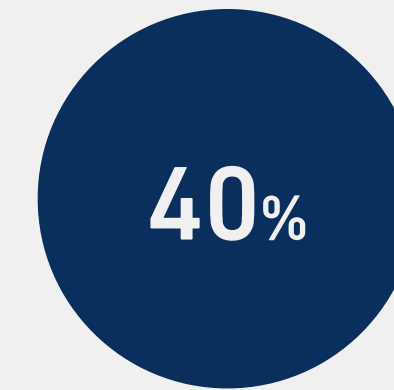
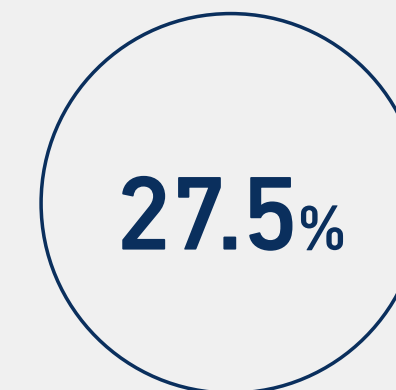
Our strategy for achieving this remains unchanged; we have simply committed to being more aggressive.

## MEASURING OUR ENVIRONMENTAL IMPACT

We consider the impacts of climate change in relation to our real estate portfolio. We take a programmatic approach to reviewing emissions and take steps to move further toward our environmental goals. In line with our financial reporting, each quarter we assess our environmental footprint at all our locations to determine if we are in line with expectations and analyze the impact of our mitigation strategies. This is an integral part of our climate risk management objectives and part of our overall business approach.

## PROGRESS AGAINST ENVIRONMENTAL GOALS

**2030 GOAL**



CARBON



WATER

<sup>1</sup> Goals are against 2019 baseline.

## REDUCING OUR ENVIRONMENTAL FOOTPRINT

In 2022, we reduced our absolute carbon footprint by 25%. This success was largely the result of a series of programs we have implemented, including right sizing our real estate portfolio to accommodate a hybrid workforce and energy savings opportunities. These programs include optimizing our IT hardware and upgrading our boilers to reduce our natural gas consumption. Furthermore, we realized the full benefit of several projects we implemented at the end of 2021, including lighting, chiller, and UPS upgrades.

## MAINTAINING CARBON NEUTRALITY

This year we continued to maintain carbon neutrality for Scope 1 and Scope 2 emissions. At State Street, we seek to minimize our location-based emissions via our science-based target, and by procuring renewable energy credits (RECs) and offsets for our residual energy and emissions. Through careful management and carbon offsets, we also continue to achieve carbon neutrality for all our corporate travel.

## REDUCED WATER CONSUMPTION

We have continued to exceed our water target of a 25% reduction from a 2019 baseline with a 40% reduction in 2022. This reduction is less than we recorded in 2021, which we anticipated, given our increased in-person attendance in 2022. As we continue to return to pre-pandemic in-office attendance, we anticipate this level to continue to decline. To reduce our water consumption, we continue to pilot xeriscaping (landscaping that reduces the need for irrigation) and investigate other water reduction activities.

## REDUCING OUR WASTE

Having achieved our recycling target in 2021, we are currently pursuing alternative waste reduction targets, metrics, and certifications, specifically starting with our new headquarters at One Congress Street in Boston, Massachusetts. We anticipate then exporting these building operations, processes, and programs to other locations throughout our global portfolio.

## SUSTAINABLE BUILDING DESIGN

Where we can, we make decisions in our real estate portfolio to address our footprint and where we have leased premises, we choose sustainable real estate.

One of our leading achievements in sustainable building design and carbon reduction infrastructure is the operation of solar panels in our John Adams Building, which is a large building in Quincy, Massachusetts, and one of the few we own. The array can provide enough power for the building's demand and the initiative demonstrates our ability to progress toward energy grid independence.



# TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

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 transparency into our own activities regarding how we approach and manage issues related to climate change.

Since 2017, State Street has supported the mission and objectives of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD was set up in 2015 by the Financial Stability Board to develop recommendations on the types of information that companies should provide to their investors and other stakeholders to appropriately assess risks related to climate change. 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 approach across these four areas.

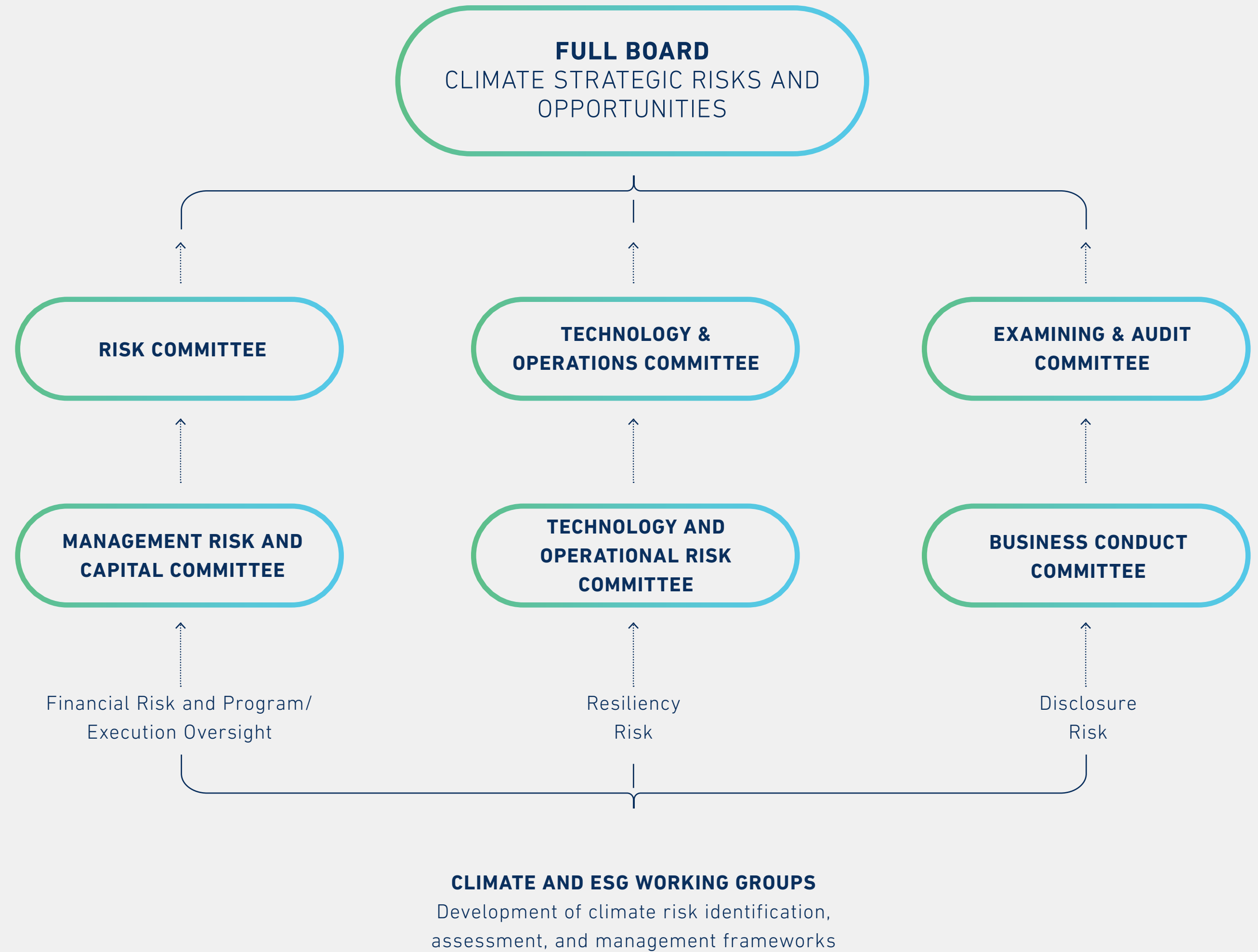
State Street Global Advisors, our Investment Management business, published its first [TCFD Report](#) in 2022, and will publish its next TCFD Report in 2023.

## GOVERNANCE

In 2018, our Board of Directors assumed responsibility for oversight of environmental, social, and governance (ESG) obligations, initiatives, and strategies. In 2021, we formalized our existing governance over ESG initiatives and activities by specifically including oversight responsibilities in the charters of each of the following Board committees: Examining and Audit, Human Resources, Nominating and Corporate Governance, Risk, and Technology and Operations. During this process, the Risk Committee of the Board of Directors added responsibility for the risk management components (including climate risk) of State Street's ESG obligations, initiatives, and activities to its mandate.

State Street's climate risk management efforts are overseen by the Management Risk and Capital Committee (MRAC), which is the senior oversight and decision-making body for financial risk and capital and liquidity management, which oversees the firm's management of climate risk and climate risk regulatory requirements. Climate and ESG working groups provide oversight for the development of climate risk identification, assessment, and management frameworks.

## CLIMATE RISK GOVERNANCE STRUCTURE



## STRATEGY

Climate change has the potential to impact 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.

Across our company, we incorporate climate change into our business strategy and planning in the following ways:

- **Assessing climate-related risks and opportunities on our balance sheet.** We evaluate the impacts of climate-related factors on the assets we invest in on our balance sheet to avoid the negative near- and long-term impacts of climate change and to ensure we are prepared to invest our balance sheet in assets that align with our climate change goals over our investment horizon. In 2022, we released our Sustainability Bond Framework and issued our first Sustainability Bond. Issuances under the Sustainability Bond Framework may support one or more of eight U.N. Sustainable Development Goals, including climate action. In addition, our tax-advantaged investments group maintained two lines of tax-advantaged sustainable investments, in affordable housing and renewable energy.
- **Protecting the resiliency of our infrastructure and operations.** Given the global interconnected financial markets in which we operate and the changing nature of

threats that could impact operations — particularly with respect to geopolitical events and increasing cyber threats — ensuring we are continuously assessing the resilience of our operations is of paramount importance. We, therefore, take a proactive, ongoing, holistic approach to identifying a range of disruption threats, be they natural, technical, or adversarial in nature. This includes continuous assessment of geopolitical, cyber, and climate-related threats both near- and longer-term in nature. The potential impact of this is also examined, which may result in the identification of vulnerabilities in the resilience of our operations. Where appropriate we seek to remediate these through a variety of means. These may be short-term in nature (e.g., the transfer of work from one location to another, establishing split operations capabilities) or longer-term in nature (e.g., through the careful repositioning of resources to minimize impact where possible). Our business continuity and disaster recovery programs are key to ensuring we can absorb disruptions should they occur. These programs set standards that require recovery strategies to be in place and regularly tested. These standards, by way of example, include consideration of attributes of the locations of our global workforce and related public infrastructure, climate, and geopolitical factors that could impact their work.

- **Transitioning to a low-carbon economy.** We continue to set a high standard with regard to our global targets and ongoing commitment to environmental stewardship. We

recently announced that in line with global best practice we have updated our science-based carbon target to a 1.5-degree scenario from our prior well-below 2-degree level. This bullish goal is to be achieved over the same timeline, namely by 2030 for Scope 1 and Scope 2 emissions. This translates to a reduction of 46.2 percent from the 2019 baseline, rather than 27.5 percent.

- **Supporting client needs around climate risk management.** As a custodian of and service provider for client assets, we are committed to providing our custody clients with information that enables them to assess the climate change risks present in their portfolios and thereby enable them to assess their risk exposures today and in the future, fulfill their own TCFD goals, and comply with any relevant disclosure or regulatory obligations. Through State Street Total ESG™, we are well positioned to provide solutions that ease the challenge of ESG data measurement, allowing clients to focus on identifying ESG risks and opportunities within their portfolios.

## RISK MANAGEMENT

Our approach to risk involves all levels of management, from the Board and its committees, to each business unit and each employee. Responsibility for risk oversight is allocated so that risk decisions are made at an appropriate level and are

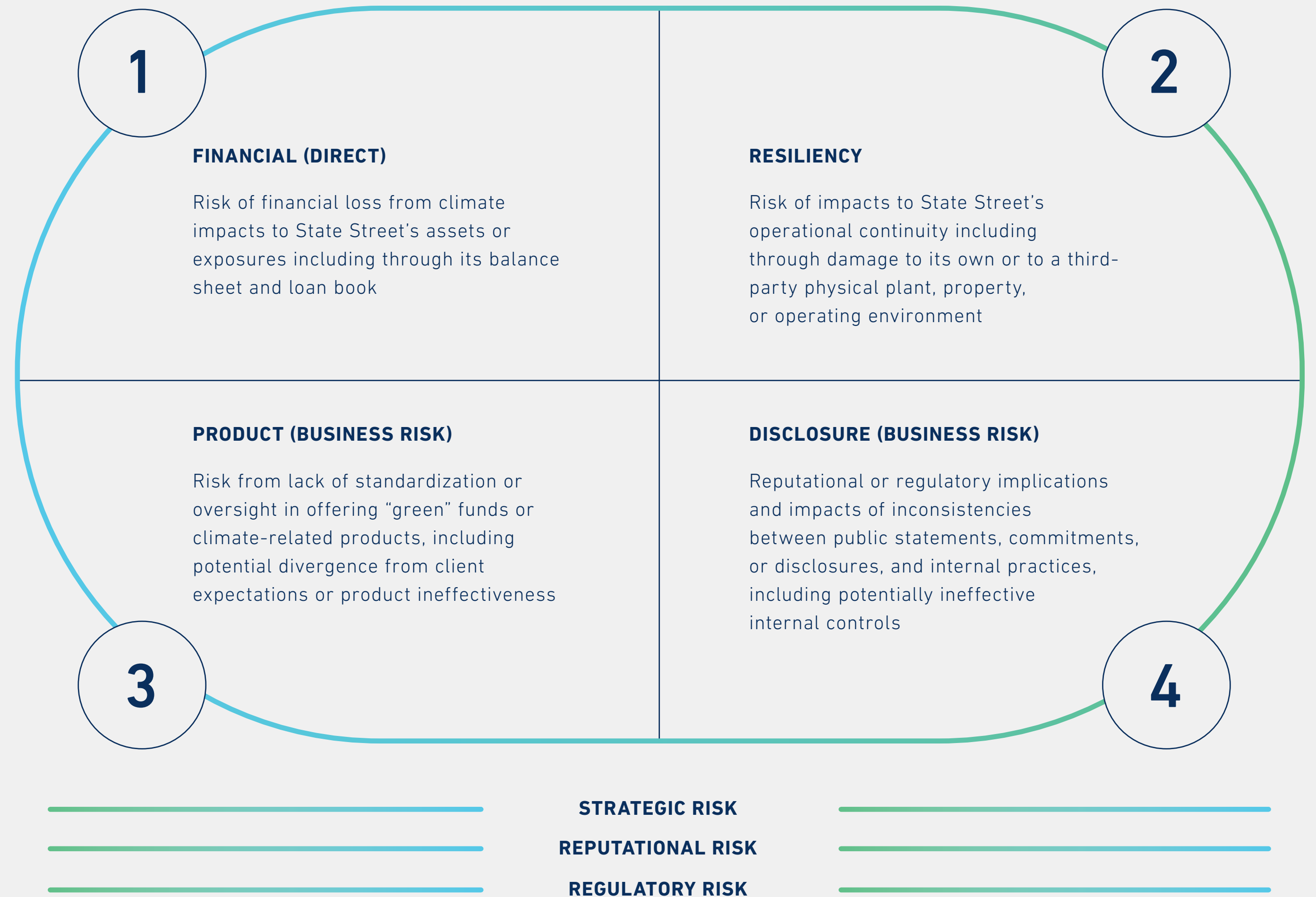
subject to robust and effective review and challenge. Risk management is the responsibility of each employee and is implemented through three lines of defense: (1) business units, which own and manage the risks inherent in their business, are considered the first line of defense; (2) Enterprise Risk Management and other support functions, which provide the second line of defense; and (3) Corporate Audit, which assesses the effectiveness of the first two lines of defense.

**CLIMATE CHANGE AND RISK CONSIDERATIONS**

Based on common definitions established by the global network of central bankers and supervisors, climate risks are defined as including physical risks, related to the physical impacts from climate change, and transition risks, related to the process to adjust to a net-zero emission economy.

As a global financial institution and service provider, climate change has the potential to impact us broadly, including through the impacts of climate-related risks on our balance sheet, our physical footprint and operations, the assets we custody and service, and the assets we manage. In addition, climate-related risks may impact our strategy and reputational standing, and evolving regulatory requirements may create new regulatory compliance risks. The key channels through which climate-related risks may impact us are illustrated in the graphic on the right.

**CLIMATE RISK QUADRANTS**



## CLIMATE RISK PROGRAM COMPONENTS

In 2021, in recognition of the potential for climate-related risks to impact State Street through these channels, the firm began incorporating climate-related risk considerations into its risk management framework.

These efforts have coalesced into the establishment of a climate risk management program that includes the key pillars illustrated on the right.

### RISK IDENTIFICATION

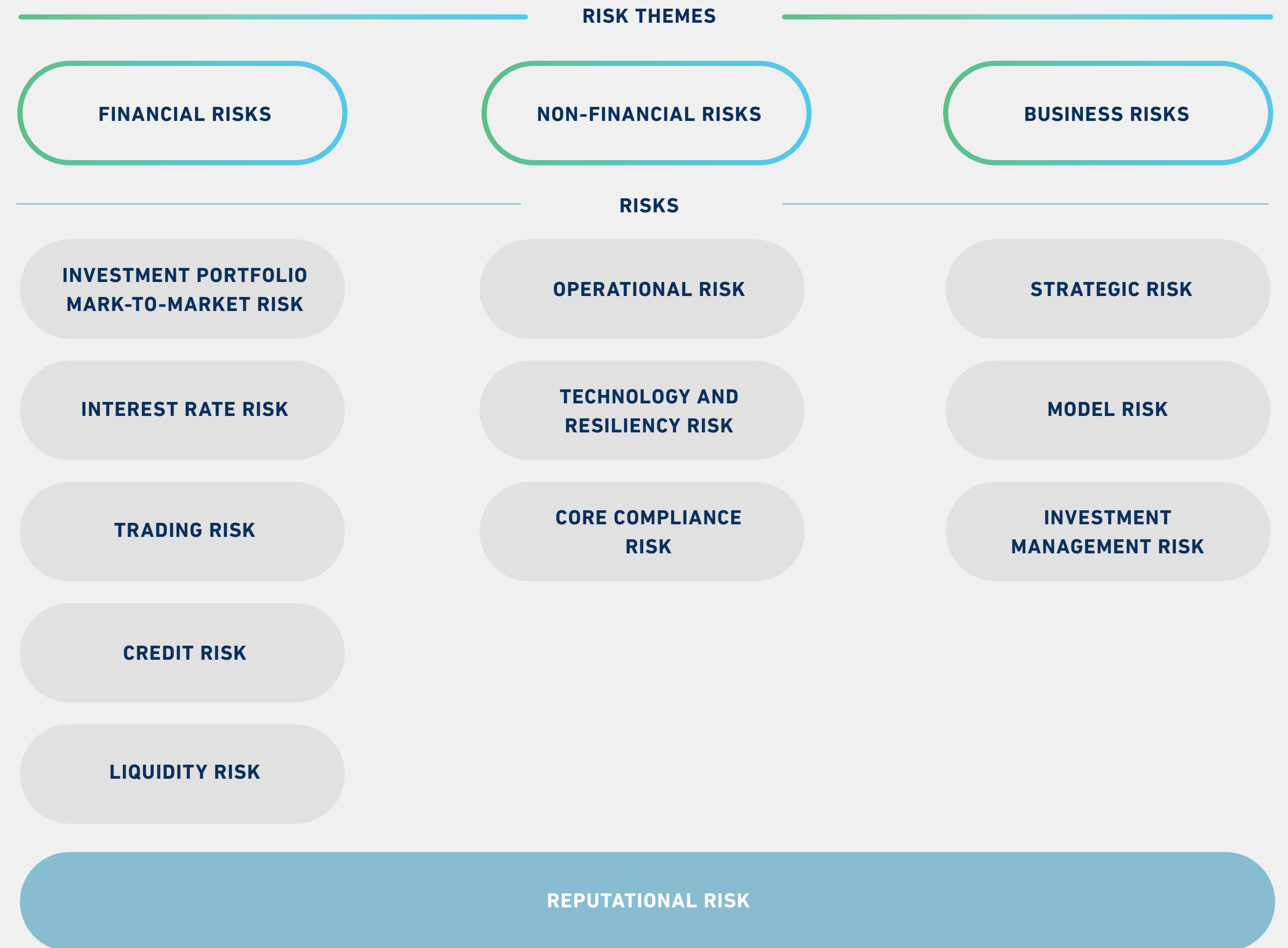
Because risks evolve over time, risk identification is an iterative activity that requires input from across the firm. State Street’s established process for risk identification, the Material Risk Identification (MRI) process, utilizes a bottom-up approach to identify the firm’s most significant risk exposures, focused on the risks that can have a material impact on the firm. The resulting inventory of material risks is organized into State Street’s Top Risk Framework, depicted on the following page.





Climate risk drivers can impact these top risks through the two transmission channels described above: (1) physical risk, which may arise from near-term changes in weather patterns and result in more frequent or more powerful or acute weather events, or from longer-term changes in the physical environment such as rising sea levels or sustained average temperature increases, and (2) transition risks, which may arise from the regulatory, policy, legal, technology, and market changes that occur in support of the transition to a net-zero economy and which may include carbon taxes, regulatory changes, and shifting consumer preferences, among others. The impact of climate risk drivers through these transmission channels may vary in their manifestation or intensity depending on how climate-related events, i.e., the speed of physical climate changes or of a climate transition, evolve, but illustrative examples of how physical and transition risks can act as transmission channels are shown in the table on the next page.

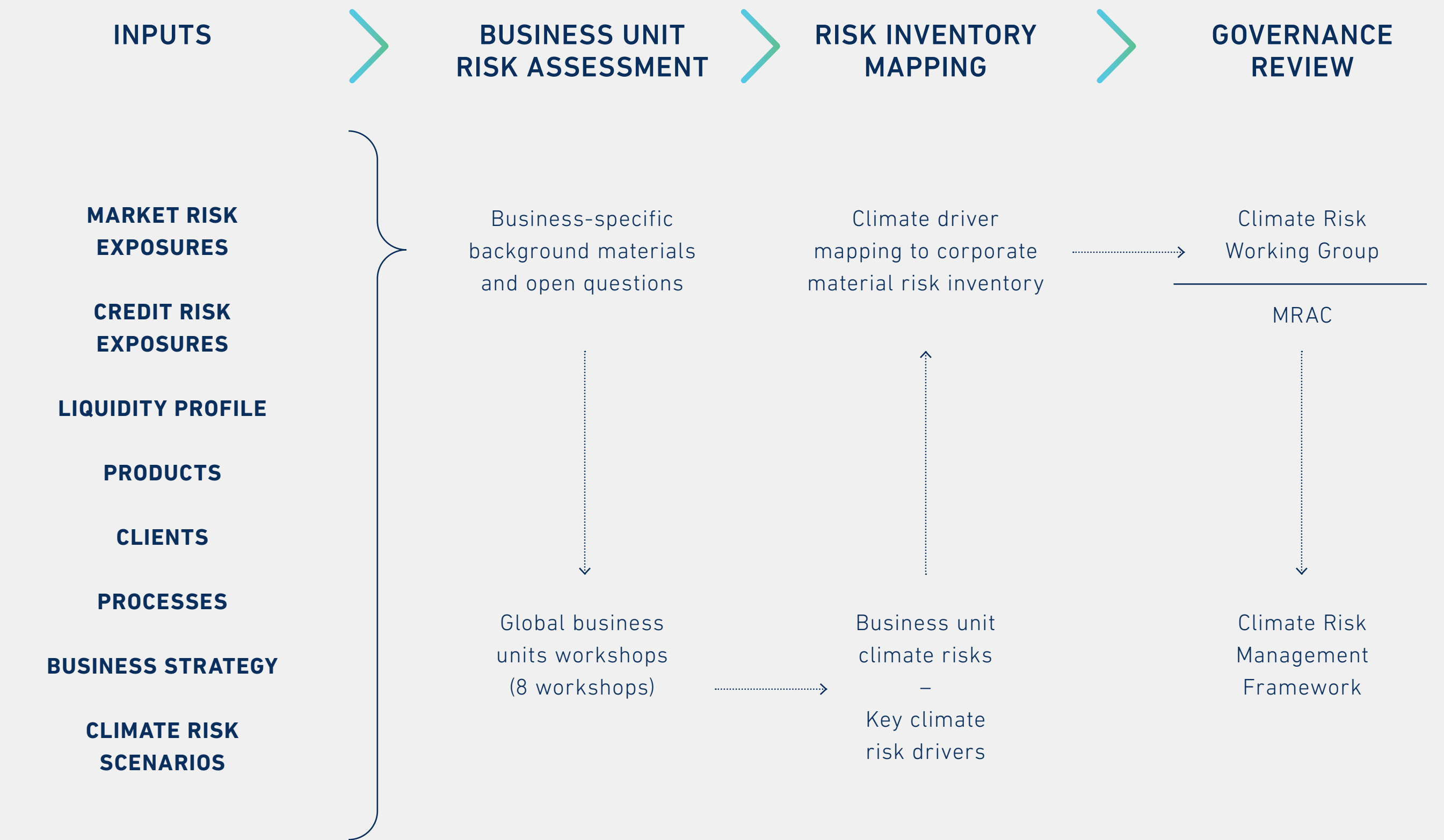
## TOP RISK FRAMEWORK



Top Risk	Transmission Mechanism	
<b>Financial Risks</b>	Mark-to-Market	Climate-related risks may impact the value of assets in which we invest, including through higher credit spreads in geographies or sectors exposed to higher physical or transition risks
	Interest Rates	Climate-related events may result in repricing of risks that may impact interest rates, resulting in unexpected rate changes or impacts to net interest income
	Trading	Climate-related risks may impact the value of assets in which we make markets or where we have exposure to clients and counterparties
	Credit	Counterparties to whom we extend credit may be impacted by climate-related risks, which may impact their creditworthiness and ability to repay
	Liquidity	Climate disruptions may impact the ability of our clients and counterparties to access capital or funding markets and cause them to draw on liquidity facilities we provide Climate risks may result in decreases in client assets, resulting in lower levels of client deposits on our balance sheet
<b>Non-Financial Risks</b>	Operational	Increasing frequency or severity of climate-driven events may disrupt our operations or those of our third parties, leading to a higher potential for operational errors or losses
	Technology and Resiliency	Climate issues could impact our technology environment through operational disruptions or data center outages Increasing frequency or severity of climate-driven events may disrupt our operational resiliency through impacts to our critical services, including damage to physical assets, disruptions to employees, or impacts to our third parties
	Core Compliance	Regulatory fines or other sanctions that may result in financial impact may result from failures to comply with applicable laws, regulations, public commitments, or internal policies and procedures Climate-related litigation may increase in light of growing scrutiny around climate-related disclosures (including fund disclosures) and commitments, resulting in legal liabilities
<b>Business Risks</b>	Strategic	Mismanagement of physical and transition risks by our clients may result in declining levels of assets under custody or administration, leading to impacts on our fee revenues Inability to provide best-in-class climate risk-related products and services may erode our competitive position in the market, impacting fee revenues
	Model	Lack of historical experience with modeling climate risk or a lack of appropriate climate data may result in the mispricing of climate risk impacts
	Investment Management	Our climate-related funds may underperform their benchmarks, eroding our competitive position in the market and impacting fee revenues
<b>Reputational</b>	Increasing stakeholder focus on corporate behavior with regard to climate stewardship and climate commitments may lead to increased reputational exposure; failure to make and meet commitments may result in loss of clients, employees, or investors	

## CLIMATE RISK IDENTIFICATION PROCESS

In 2022, State Street utilized the MRI process to identify the climate transmission channels relevant to our material risk inventory, utilizing a series of structured global workshops across the firm. The full workshop process is illustrated in the graphic on the right.



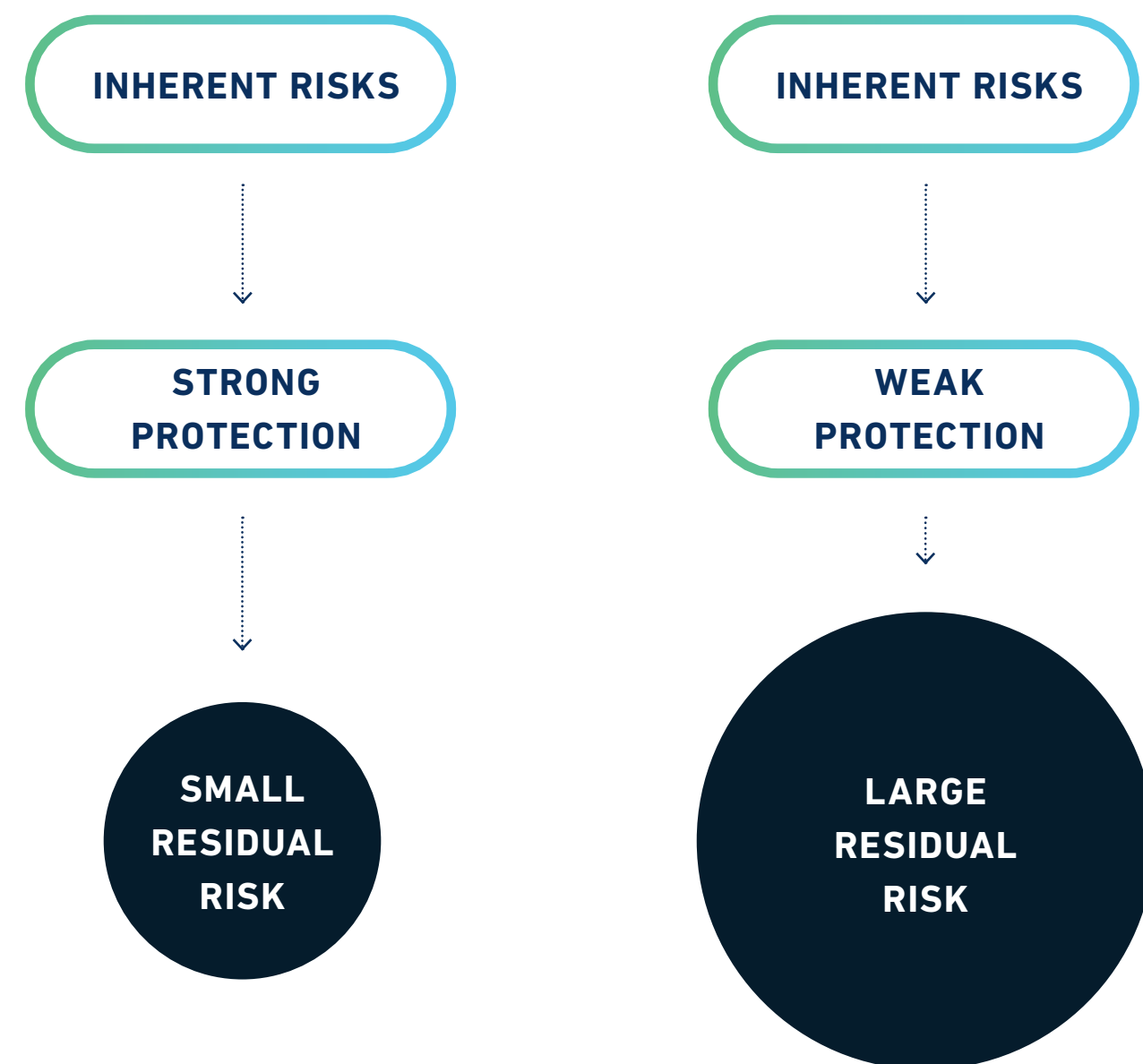
The climate risk identification process utilizes a bottom-up approach to identify State Street's most significant risk exposures across all on- and off-balance-sheet risk-taking activities

Key climate risk transmission mechanisms identified through this process were organized based on their potential impact areas and mapped to State Street’s material risks across the Top Risk Framework categories as shown in the table on the right:

Source	Risk Driver	Top Risks Impacted	Direct Financial	Operational Resiliency	Product	Disclosure
Market	Acute climate event impacting our counterparty(s)	• Credit	■			
	Market repricing of climate risk	• Mark to Market	■			
	Secular declines in regional economies or sectors	• Interest Rate • Liquidity	■			
Operational	Resiliency of critical operations to climate risks	• Technology & Resiliency • Strategic • Reputational		■		
	Climate model risk	• Model Risk	■		■	
	Climate data availability		■		■	■
Strategic	Misaligned climate strategies across business lines	• Strategic			■	■
	Sustainability concerns around our clients or operational footprint	• Technology & Resiliency • Strategic • Reputational		■		■
	Making and meeting climate commitments					■
	Internal consistency of climate commitments					■
	Green product strategy/design	• Compliance • Strategic • Reputational				■
Misselling/improper disclosures					■	■
Regulatory	Meeting our regulatory obligations		■	■	■	■

### RISK ASSESSMENT AND MEASUREMENT

All assets may face some level of inherent risk from climate-related factors. However, the residual risk of any asset, and, ultimately, the risk of financial loss for that asset, must take into account asset-specific characteristics and risk mitigants. See the illustrative diagram below:



### CLIMATE-RELATED RISKS TO OUR PHYSICAL ASSETS

To understand our operational vulnerabilities related to climate or environmental factors, we regularly evaluate the exposure

of our operations to changes in the physical environment. This includes assessing the frequency and severity of major weather events that may impact our operations, induce damage, disrupt our supply chain, or potentially hinder our ability to provide products or services.

We are committed to protecting our clients from any service interruptions including those related to climate change, in addition to taking responsibility for mitigating our climate impacts. The risks to our operational resilience addressed in our business continuity and disaster recovery strategies include:

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

Our building, operations, and technology teams also use this approach when exploring potential new business locations. If a property is in an area that has a higher risk of climate change effects, we assess the risks for our operations, and implement appropriate infrastructure to safeguard against any business interruptions that could occur as a result.

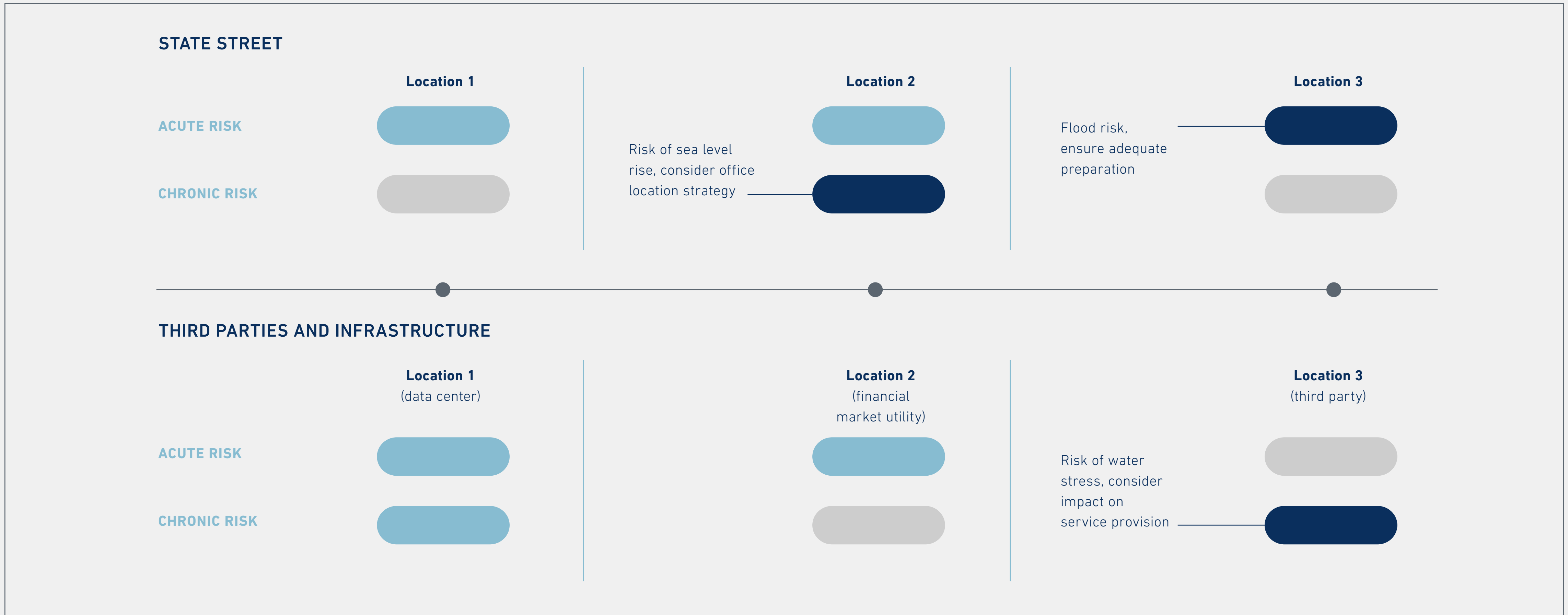
This approach forms the foundation for assessment of the longer-term risks of climate change on our operational resiliency through the mapping of key own locations, infrastructure, and third parties against the critical services we provide for clients. See illustrative map on the next page.

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

In addition to our existing assessments, we are evaluating climate-related scenario analysis as a tool to inform our decision-making, including evaluating the potential impacts to our buildings' critical systems as a result of specific climate scenarios (including sea level rise under a 3.6° C and a 1.5° C scenario), as well as potential severe weather event impacts and water stress resulting from the effects of climate change in the medium to long term. We also include the evaluation of climate-related event risks in our Operational Risk scenario analysis program, where such events are incorporated as part of our evaluation of potential operational risk losses.

# END-TO-END PROCESS MAP



Higher Risk    Medium Risk    Lower Risk

## CLIMATE-RELATED RISKS TO OUR FINANCIAL ASSETS

Climate-related risks to financial assets are influenced by a number of factors that may act as risk drivers or as risk mitigants, and include:

Risk Mitigants	Rationale
Asset Class	Asset class characteristics may increase or decrease inherent climate risk. For example, sovereign bonds may have lower inherent climate risk related to diversification of exposures and ability to levy taxes versus corporates, which may have more concentrated sources of repayment
Credit Quality	Counterparty credit quality is a key determinant of an entity's ability to withstand business fluctuations, including as related to climate drivers. An entity with poor credit quality may have limited ability to withstand the financial impacts of climate-related impacts
Tenor	Many climate risk drivers are expected to intensify over the medium to long term. Therefore, shorter-duration assets provide some level of protection given the ability to reevaluate risk and adjust exposures in light of changing climate factors
Diversification	Climate risk impacts can vary broadly across and within geographies and industries. Diversification of our balance sheet across and within geographies and sectors may help mitigate the impact of climate risks
Insurance	Insurance may provide some protection against physical climate risks
Risk Drivers	Rationale
Sector	Some sectors may have greater exposure to transition risks, particularly in a disorderly transition scenario
Correlation of Climate Risks	Physical and transition climate factors may occur in an interconnected manner, with higher correlations likely to result in higher losses, even in a diverse portfolio
Cost and Availability of Insurance	The availability and cost of insurance may shift as insurers become more sophisticated in modeling the impact of climate-related risks

In addition to these mitigants and drivers, the adaptive capacity and transition planning of counterparties are important factors to consider in understanding climate risk exposure, with these two factors able to act either as risk mitigants or risk drivers. Adaptive capacity is defined as the ability to adjust to reduce potential damage and to respond to the negative consequences of climate events, while transition planning is the act of putting in place strategies to harness that capacity to mitigate the relevant risks. Entities may or may not sufficiently plan for climate risks or have the capacity to follow through on their plans, so these factors may either decrease or increase their risk exposure. Given a lack of complete and comparable data on adaptive capacity and transition planning, these factors are not yet used consistently in evaluations of counterparty climate-related risk exposure.

## BALANCE SHEET RISK ASSESSMENT

We have assessed each asset class on our balance sheet considering the factors described above. The table on the following pages shows our assessment of the inherent and residual risks of our balance sheet by asset type, including consideration of the relevant risk mitigants. In addition, the table includes potential drivers of higher risk that could impact residual risk levels should they emerge.

Asset Type	Inherent Risk	State Street Portfolio	Exposure (\$B) <sup>9</sup>	Risk Mitigants	Residual Risk	Potential Drivers of Higher Climate-related Risk
Real Estate Mortgage	High – A real estate mortgage is a concentrated investment in a single physical location, which could be at risk of significant loss in extreme climate-related circumstances	Agency Residential and Commercial Mortgage-Backed Securities (MBS and CMBS)	\$51	<ul style="list-style-type: none"> <li>• High credit quality of senior tranches</li> <li>• Diversification by geography and obligor</li> <li>• Government agency guarantee</li> <li>• Insurance coverage</li> </ul>	Very Low	<ul style="list-style-type: none"> <li>• Availability and cost of insurance</li> <li>• Correlation across underlying exposures</li> </ul>
		Non-Agency Residential and Commercial MBS	\$2	<ul style="list-style-type: none"> <li>• High credit quality of senior tranches</li> <li>• Diversification by geography and obligor</li> <li>• Insurance coverage</li> </ul>	Low	<ul style="list-style-type: none"> <li>• Availability and cost of insurance</li> <li>• Correlation across underlying exposures</li> </ul>
		Commercial Real Estate Mortgages (CRE)	\$3	<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	<ul style="list-style-type: none"> <li>• Availability and cost of insurance</li> <li>• Correlation across exposures</li> </ul>
Corporates	High – Corporates are more highly leveraged than other investments and have complex exposures, but exposure to climate risk is highly dependent on sector	Corporate Bonds	\$2	<ul style="list-style-type: none"> <li>• High credit quality</li> <li>• Seniority of loans</li> <li>• Short tenor of exposures</li> </ul>	Medium	<ul style="list-style-type: none"> <li>• Sector</li> <li>• Corporate climate adaptation capacity and transition plans</li> </ul>
		Leveraged Loans	\$4	<ul style="list-style-type: none"> <li>• Seniority of loans</li> <li>• Short tenor of exposures</li> </ul>	High	<ul style="list-style-type: none"> <li>• Sector</li> <li>• Corporate climate adaptation capacity and transition plans</li> </ul>
		Collateralized Loan Obligations (CLOs)	\$8	<ul style="list-style-type: none"> <li>• Diversification by geography and obligor</li> </ul>	Low	<ul style="list-style-type: none"> <li>• Correlation across underlying exposures</li> </ul>



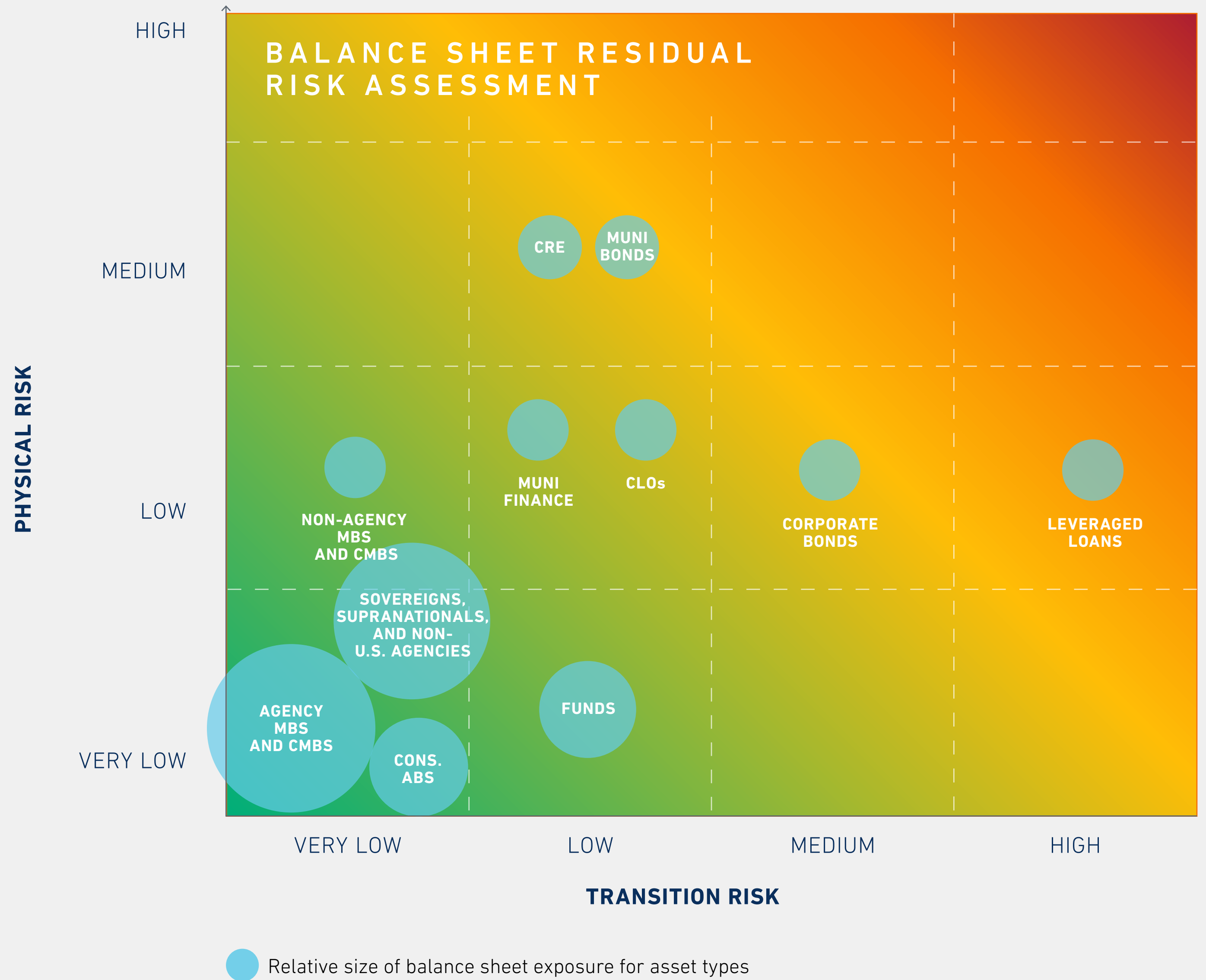
Asset Type	Inherent Risk	State Street Portfolio	Exposure (\$B) <sup>9</sup>	Risk Mitigants	Residual Risk	Potential Drivers of Higher Climate-related Risk
Consumer	Low – Drivers of default in consumer loans are only indirectly linked to climate risk drivers	Consumer Asset-Backed Securities (ABS)	\$5	<ul style="list-style-type: none"> <li>• High credit quality of senior tranches</li> <li>• Significant diversification by geography and obligor</li> </ul>	Very Low	Correlation of losses to climate
Sovereigns	Medium – These entities are generally large and have highly diverse income streams	Sovereigns and Non-U.S. Agencies	\$32	<ul style="list-style-type: none"> <li>• High credit quality</li> <li>• Exposure primarily to countries with strong climate adaptive capacity and transition planning</li> </ul>	Very Low / Low	Sovereign climate adaptation capacity and transition plans
		Supranationals	\$9	<ul style="list-style-type: none"> <li>• High credit quality</li> </ul>	Low	Regional concentrations of exposures, as relevant Sovereign climate adaptation capacity and transition plans
Municipalities	Medium – Municipals are concentrated in a single geographic area and may be vulnerable to extreme climate-driven circumstances	Municipal Bonds (Publicly Traded Bonds)	\$1	<ul style="list-style-type: none"> <li>• High credit quality</li> </ul>	Medium	Availability of federal disaster recovery funds Availability and cost of insurance Municipal climate adaptation capacity and transition plans
		Municipal Finance (Loans and Commitments)	<\$1	<ul style="list-style-type: none"> <li>• Extremely high credit quality</li> <li>• Short tenor of exposures</li> <li>• Majority of exposure is undrawn</li> </ul>	Low	Availability of federal disaster recovery funds Availability and cost of insurance Municipal climate adaptation capacity and transition plans
Funds	Medium – Diversification reduces risk relative to corporates	Fund Finance	\$16	<ul style="list-style-type: none"> <li>• Low leverage</li> <li>• Diversification</li> <li>• Collateral</li> <li>• High credit quality</li> <li>• Short tenor of exposures</li> </ul>	Low	Lack of a strategy to manage climate risk considerations at the fund sponsor level Potential concentrations in higher-risk sectors

<sup>9</sup> As of December 31, 2022

Based on the composition of our balance sheet, we have limited pockets of direct exposure to higher climate risk, and, given the risk mitigants cited above, we believe the risk of financial loss from climate risk-related factors to the assets on our balance sheet is limited and generally well-managed within our existing risk framework parameters. We also identified potential drivers of higher climate-related risk for each portfolio; these factors will be included in climate risk assessments on an ongoing basis to ensure we are capturing climate-specific downside risks to our balance sheet.

In 2022, we prioritized development of our understanding of the climate-related risks posed to balance sheet assets identified as having the most direct potential exposure to climate-related risks, developing structured bottom-up methodologies to assess the inherent and residual risk of corporate bonds, leveraged loans, municipal securities, and commercial real estate loans. These assessments have been incorporated into annual due diligence processes and have so far confirmed the limited nature of the vulnerability of our balance sheet assets to climate-related risk impacts.

In addition, State Street assesses country-level climate risks across a subset of 93 countries using a model that incorporates country-specific physical and transition risk metrics to evaluate countries' relative climate-related risk based on factors including vulnerability to natural disasters, emissions intensity, and economic reliance on fossil fuel revenues.



This model was used to assess relative climate risks for the sovereign, supranational, and non-U.S. agency segments of the balance sheet. In addition, the model was used to assess the remainder of the securities in our investment portfolio, which is our portfolio of publicly traded securities, based on the country of risk of the assets. Based on the model outputs, the majority of the assets in our investment portfolio are in countries with relatively low climate-related risks among the countries assessed (see table below).

Country Climate Risk Classification	Sovereigns, Supranationals, and Non-U.S. Agencies <sup>10</sup>	All Other Investment Portfolio Assets <sup>11</sup>
Low	93.6%	98.3%
Medium	5.9%	1.7%
High	0.5%	0%
Very High	0%	0%

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

Clients are assessed across various dimensions of their commitment to managing climate-related risks based on

their responses to the Climate Disclosure Project (CDP) questionnaire from the most recent calendar year, 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 73 percent of our exposure is to clients who the CDP deems to be at the “leadership” or “management” level for their integration of climate-related risks into their business practices, while approximately 8 percent of clients declined to respond to the CDP questionnaire in the timeframe evaluated.

## CARBON INTENSITY

For the publicly traded companies in our investment portfolio, where available, we evaluate the carbon intensity of our portfolio relative to the index average for the S&P 500. Our analysis covers 92 percent of the corporate bonds in our investment portfolio. Overall, the State Street portfolio is more carbon-intensive than the index. While State Street’s portfolio generally has a lower carbon intensity than the index on a sectoral basis, our higher overall carbon intensity is driven by a higher concentration in high-quality, liquid securities, pursuant to the objectives of a custody bank investment portfolio. Carbon intensity is measured as tons of CO<sub>2</sub> per million dollars of revenue.

	S&P 500	State Street
Weighted Average Carbon Intensity	217	247

## SCENARIO ANALYSIS

In 2022, we conducted an initial scenario analysis exercise to assess how climate physical and transition risk drivers might impact our financial and non-financial risks. Using a combination of qualitative analysis and subject-matter expert inputs, we assessed impacts to portions of our balance sheet and two key non-financial risks.

To assess credit risks in our corporate and CRE portfolios, we used existing credit risk modeling constructs, adjusting model inputs to simulate the impacts of climate-related stresses. These input adjustments were based on academic and industry research quantifying climate risk impacts under relevant scenarios, with expert review of the applicability of the data to the relevant credit segments. We tested a range of inputs to simulate both more stressful and less stressful scenarios. Our analysis stressed physical or transition risk based on which risk was deemed to be the primary driver of downside risk for the asset class, with this determination made during the climate risk identification process. For our CRE portfolio, we assessed physical risks, and for the corporate sectors tested, we assessed transition risks. Using this methodology, we found that while climate-related drivers could have significant

<sup>10</sup> Modeled results include 98% coverage of the Sovereigns, Supranationals, and non-U.S. Agencies exposures

<sup>11</sup> Modeled results include 97% coverage for all other assets in the portfolio

impacts under very stressful assumptions, credit losses for the portfolios remained limited due to the high fundamental credit quality of the investments.

For our non-financial risk assessments, we utilized the existing scenario analysis methodology used for quantifying non-financial risks for regulatory capital purposes, e.g., the Comprehensive Capital Analysis and Review and the Internal Capital Adequacy Assessment Process exercises. To adapt the methodology to address climate-related risks, we reviewed historical climate-related loss incidents impacting financial institutions and used this data to develop plausible climate-related loss scenarios where possible. For risk types where

historical data was not available or relevant, we created hypothetical scenarios modeled on available loss incident data but with the integration of climate risk components. These scenario approaches were supplemented by internal data to incorporate State Street-specific contextual information. Senior subject-matter experts across State Street participated in workshops to review the historical data, verify the applicability of the scenarios for State Street and assess the impacts of the scenarios across key drivers.

For resiliency risk, subject-matter experts ultimately determined that the risk of loss or interruption of service would be primarily driven by unanticipated gaps in our business continuity planning, acknowledging that such planning must

continue to evolve to take into account the changing severity or frequency of climate-driven events should these shifts impact the sufficiency of measures currently in place. The outcomes for compliance risks related to climate regulations were more challenging to assess given the evolving and globally divergent nature of the regulatory and market environments. Tail events involving material breakdowns of controls or significant changes in regulatory or legal views could have serious consequences, necessitating continued and heightened vigilance.

## METRICS AND TARGETS

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

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

### GREENHOUSE GAS EMISSIONS (METRIC TONS CO<sub>2</sub>E)

#### DIRECT AND INDIRECT GHG EMISSIONS (SCOPES 1, 2, AND 3)<sup>12</sup>

CO <sub>2</sub> e Emissions (Metric Tons)	2022	2021	2020	2019	2018
CO <sub>2</sub> Direct	4,956	4,427	4,993	6,582	7,335
CH <sub>4</sub> Direct	13	11.52	12.89	16.90	17.13
N <sub>2</sub> O Direct	3.17	2.71	2.92	3.73	4.60
HFCs Direct	1,859	2,26	2,411	2,340	2,458
<b>Total Direct (Scope 1)</b>	<b>6,831</b>	<b>6,709</b>	<b>7,420</b>	<b>8,943</b>	<b>9,814</b>
Biogenic CO <sub>2</sub>	0.70	0	1.42	4.39	4.50
<b>Total Indirect (Scope 2)</b>	<b>57,135</b>	<b>56,987</b>	<b>67,049</b>	<b>75,728</b>	<b>78,678</b>
<b>Total Indirect (Scope 3)</b>	<b>31,759</b>	<b>11,056</b>	<b>37,488</b>	<b>90,872</b>	<b>95,888</b>
<b>Total GHG Emissions</b>	<b>95,725</b>	<b>74,752</b>	<b>111,956</b>	<b>175,543</b>	<b>184,380</b>

<sup>12</sup> Scope 2 is location-based methodology

**GHG INTENSITY<sup>13</sup>**

	2022	2021	2020	2019	2018
GHG Emissions Intensity Ratio	1.59	2.08	1.85	2.02	2.21
List of Included Gases	Carbon Dioxide (CO <sub>2</sub> ), Methane (CH <sub>4</sub> ), Nitrous Oxide (N <sub>2</sub> O)				

**GHG REDUCTION**

	Denominator	2022	2021	2020	2019	2018
Total GHG Reductions in Metric Tons CO <sub>2</sub> Equivalent	Emissions Reduced: Direct (Scope 1) and Indirect (Scope 2)	1,754	1,336	1,025	1,333	1,652

<sup>13</sup> Intensity ratio is Scope 1 and Scope 2 (not Scope 3)

## ENERGY USE

## TOTAL INTERNAL AND EXTERNAL ENERGY CONSUMPTION

Consumption by Fuel Type	UNIT	2022	2021	2020	2019	2018
<b>Total Scope 1 Fuel Usage</b>						
Natural Gas	GJ	85,610	77,473	89,266	119,054	132,695
Diesel	GJ	7,069	5,273	4,785	5,308	5,960
<b>Total Direct Energy</b>	<b>GJ</b>	<b>92,679</b>	<b>82,746</b>	<b>94,051</b>	<b>124,361</b>	<b>138,655</b>
<b>Total Scope 2 Indirect Energy Usage</b>						
Electricity	GJ	674,231	684,706	753,866	807,157	815,297
Heating	GJ	20,273	23,298	26,113	39,222	34,608
Cooling	GJ	7,939	7,777	5,261	4,865	3,459
<b>Total Indirect Energy (Scope 2)</b>	<b>GJ</b>	<b>702,443</b>	<b>715,782</b>	<b>785,240</b>	<b>851,244</b>	<b>853,365</b>
<b>Total Scope 3 Energy Usage</b>						
Business Travel (Nonrenewable)	GJ	84,169	13,162	29,788	126,798	202,454
<b>Total Indirect Energy (Scope 3)</b>	<b>GJ</b>	<b>786,539</b>	<b>728,944</b>	<b>815,028</b>	<b>1,102,403</b>	<b>1,194,473</b>

**ENERGY INTENSITY RATIO**

	UNIT	2022	2021	2020	2019	2018
Numerator	KWH	220,867,291	221,813,319	244,247,646	271,001,367	275,560,881
Denominator	Occupants	40,306	30,552	40,200	42,001	39,996
Energy Intensity		5,480	7,260	6,076	6,452	6,890

**TOTAL ENERGY SAVED**

	UNIT	2022	2021	2020	2019	2018
Electricity	GJ	11,234	2,049	13,850	15,144	23,252
Heating	GJ	15,108	16,045	0	0	0
<b>Total Energy Saved</b>	<b>GJ</b>	<b>26,342</b>	<b>18,093</b>	<b>13,850</b>	<b>15,144</b>	<b>23,252</b>

**SCOPE 3**

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

1. Our operational footprint – As in previous years, we made relevant disclosures in our annual ESG Report.
2. Our asset management business – State Street Global Advisors is a member of the Net Zero Asset Manager initiative.
3. Our own balance sheet – As a custody bank, the majority of assets on our balance sheet are different from those of institutions that primarily provide direct financing to their clients. As of our last public filings, significant portions of our balance sheet included Agency MBS, ABS, Sovereign debt, and Municipal paper. These asset classes do not yet have industry-agreed methodologies to estimate financed emissions. As a result, our data providers have not yet been able to provide emissions estimates for more than a small proportion of the assets on our balance sheet. We are proactively engaging with industry participants as we work toward defining an appropriate framework for a custody bank and we continue to mature our own internal carbon accounting methodology. Over time, we expect that increased consistency in approaches to measure and report emissions will lead to advances that we can incorporate into our methodology and allow us to enhance our disclosures accordingly.



## TARGETS

A 2030 science-based target of 27.5% reduction in metric tons of CO<sub>2</sub>e from a 2019 baseline was set in 2020 after State Street achieved our 2025 2°C-aligned carbon emissions reduction target at the end of 2019. We updated our target to a more stringent 1.5°C-aligned target, representing a 46.2% reduction in carbon emissions. Paired with State Street's commitment to be carbon neutral, which we achieved for a third year in 2022, this two-pronged approach involves procuring green power and carbon offsets for all energy consumption while looking to reduce overall energy consumption each year. The target covers all of State Street's Scope 1 and 2 emissions under operational control following the location-based method. Furthermore, State Street is continuing to pursue our water reduction target of 25% by 2030 following a 2019 baseline. While we exceeded the target in 2022, we will continue to monitor this as our office occupancy returns to pre-pandemic levels.

# APPENDIX

- 83 SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) REPORT
- 92 GRI INDEX
- 113 U.N. SUSTAINABLE DEVELOPMENT GOALS
- 116 EU DIRECTIVE ON NON-FINANCIAL REPORTING
- 118 EEO-1 REPORT
- 120 U.N. GLOBAL COMPACT

# 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 assets on behalf of institutional clients.

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

Our Investment Servicing line of business provides a range of services to our clients. Through State Street Investment Services, State Street Global Markets<sup>SM</sup>, State Street Alpha<sup>SM</sup>, and State Street Digital<sup>SM</sup>, we provide investment services for institutional clients, including mutual funds, collective investment funds and other investment pools, corporate and public retirement plans, insurance companies, investment managers, foundations, and endowments worldwide. Our financial services and products allow our large institutional

investor clients to execute financial transactions daily in markets across the globe. As most institutional investors cannot economically or efficiently build their own technology and operational processes necessary to facilitate all of their global securities settlement needs, our primary role as a global trust and custody bank is to help 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 provides a broad range of investment management strategies and products for our clients through State Street Global Advisors. Our investment management strategies and products for equity, fixed income, and cash assets, including core and enhanced indexing, multi-asset strategies, active quantitative and fundamental active capabilities, and alternative investment strategies span the risk/reward spectrum of these investment products. Our assets under management (AUM) is currently primarily weighted to indexed strategies. In addition, we provide a breadth of services and solutions, including ESG investing, defined benefits and defined contribution products, and Global Fiduciary Solutions. State Street Global Advisors is also a provider of exchange traded funds (ETFs), including the SPDR<sup>®</sup> brand.

### 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 0 State Street employees with a record of new investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings disclosed in 2022.

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

#### **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 2022, 0 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 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.

## **EMPLOYEE DIVERSITY AND INCLUSION**

### **FN-AC-330a.1**

*Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals,<sup>14</sup> and (4) all other employees*

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 [Diversity, Equity, and Inclusion](#) and [our website](#).

## **Global Racial/Ethnic Representation**

	<b>Female</b>	<b>Male</b>	<b>Not Disclosed/ Available</b>
Executive Management	10%	12%	—%
Non-Executive Management	12%	21%	—%
Professionals and All Other Employees	25%	18%	—%

<sup>14</sup>"Professionals" is defined as follows: 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 include those employees who are not classified as executive management, non-executive management, or professionals.

## US Racial/ Ethnic Group Representation

	Asian	Black or African American	Two or More Races	White	Hispanic or Latinx	American Indian or Alaska Native	Native Hawaiian or Other Pacific Islander	Not Disclosed/ Available
Executive Management	12%	4%	—%	75%	4%	—%	—%	3%
Non-Executive Management	25%	3%	—%	63%	3%	—%	—%	4%
Professionals	23%	11%	—%	54%	7%	—%	—%	3%

## GOVERNANCE FACTORS IN INVESTMENT MANAGEMENT AND ADVISORY

## FN-AC-410a.1

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

Asset Type	Screening	Sustainability Themed Investing	ESG Integration
Equities	\$395,700,000,000	\$49,400,000,000	\$17,400,000,000
Fixed Income	\$44,200,000,000	\$800,000,000	\$200,000,000
Cash	\$6,300,000,000	\$0	\$0
Other (Alternative Investment, Multi-Asset Class Solutions)	\$8,700,000,000	\$0	\$400,000,000

State Street Global Advisors currently has approximately \$458 billion in ESG assets under management (AUM), which comprise about 13% of State Street Global Advisors' assets under management as of December 31, 2022. Our methodology of reporting ESG AUM changed compared to the prior year. SSGA only reports AUM on accounts that are classified as ESG accounts per our internal policy. Screening assets include ESG accounts that utilize a negative or positive ESG screen. Sustainability Themed Investing assets include only those thematic strategies that utilize a negative or positive ESG screen or track a third-party ESG index. ESG Integration assets include only those strategies that incorporate ESG factors in the investment process and utilize a negative or positive ESG screen, or track a third-party ESG index.

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

*Description of approach to incorporation of ESG factors in investment and/or wealth management processes and strategies*

Whether clients are focused on risk management, responding to new regulations, making investments that align with their values, or seeking to enhance long-term performance, our ESG capabilities can support clients in achieving their ESG objectives and investment goals.

We do not take a one-size-fits-all approach to ESG investing. As set out below, our approach varies between asset classes to reflect the investment strategy. Our approach to investing by investment area is summarized below and detailed in our [ESG Investment Statement](#).

#### **Equity Index/Smart Beta**

Within our equity index strategies, ESG factors can be incorporated in multiple ways. An equity index itself may either incorporate ESG characteristics or seek to increase target exposure to sustainable investment opportunities. Alternatively, we may integrate ESG as a custom solution in response to client requests via our beta solutions capabilities. Indexing strategies with the sole objective of replicating the return of a non-ESG benchmark do not consider ESG factors in investment selection, as the primary driver of investment decisions is the objective of replicating the performance of the relevant index.

#### **Active Quantitative Equity**

The Active Quantitative Equity team has incorporated signals derived from ESG metrics into its forecasts of stock returns, where available, and uses these for all strategies managed by the team. The ESG signals are included in their model of expected return forecasts alongside measures representing other themes such as value, company quality, and investor sentiment. The team also has the capability to manage

exposure to other measures of ESG on behalf of clients when requested.

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

In their investment decision-making processes, the Active Fundamental Equity Growth and Core team uses R-Factor™ scores and other ESG data metrics to help isolate specific issues and assess the quality of companies and the sustainability of their growth. The Active Fundamental Equity Growth and Core team may invest in companies where the team has a positive view of company fundamentals despite a lack of ESG data and/or low ESG scores. Additionally, the team collaborates with the Asset Stewardship team to encourage investee companies to evaluate ESG factors and improve disclosure.

#### **Active Fundamental: Equity — Value**

The Active Fundamental Equity Value team seeks to identify and incorporate ESG Factors into its investment decision-making processes. Analysts with the Active Fundamental Equity Value team typically do not exclude companies on the basis of a low or challenged ESG assessment.

Instead, the team seeks to understand the underlying ESG factors and their potential impact on earnings power, balance sheet strength, and the value of the business. The team's

priority is long-term returns, focusing on the price paid versus the risk taken. Where, after analysis, the team has a positive view of both the fundamentals and valuation of a company, the team may still invest in the company despite a challenged ESG assessment. The team may also coordinate with the Asset Stewardship team to encourage investee companies to evaluate ESG factors and improve disclosure.

### Fixed Income

State Street Global Advisors manages both fixed income index strategies, including those seeking to minimize tracking error generally through a stratified sampling approach, as well as active strategies, some of which utilize credit research assessments as a part of an investment process.

In credit research processes, ESG factors may play a role in helping to better assess an issuer's creditworthiness. In particular, corporate governance can play a role in fixed income credit assessments. Governance structures drive risk policies and can safeguard proper checks and balances. Depending on a given security's sector and/or the underlying investment strategy, creditworthiness assessments may also consider environmental and social factors.

Integrating ESG factors into fixed-income investing can be complex given the wide spectrum of available security types. Entity-level ESG data now exists for a range of fixed income

securities issued by public corporations, but it can become more challenging to assess the ESG Factors in relation to other fixed income security types, such as sovereign bonds and securitized products.

Within our fixed income indexing capabilities, ESG factors can be taken into account in several 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 R-Factor scores and/or other ESG data. Fixed income mandates with the sole objective of replicating the return of a non-ESG fixed income benchmark do not consider ESG factors in investment selection, as the primary driver of investment decisions is the risk profile of the relevant index.

Our active fixed income teams may consider ESG factors in their credit research process by utilizing R-Factor scores and/or other ESG data to consider the impact of those ESG factors on an issuer's creditworthiness. In addition, State Street Global Advisors' Counterparty Risk Management team may consider ESG factors in the onboarding and oversight process to the extent that such factors materially affect the trading counterparty creditworthiness.

### Cash

The Cash Management investment process utilizes short duration, high-quality securities to achieve the dual objectives

of principal preservation and access to liquidity. The R-Factor score has been incorporated into our Global Cash systems and as a result, our investment professionals have access to issuers approved for use in the Cash Management strategies along with, when available, their corresponding R-Factor score. Similar to issuer ratings, the R-Factor score is an input to the cash credit research process but is not the primary driver of the overall investment decision. In addition, State Street Global Advisors' Counterparty Risk Management team may consider ESG factors in the onboarding and oversight process to the extent that such factors materially affect the trading counterparty creditworthiness.

### Currency

Currency hedging mandates are typically focused on removing the currency exposure in an underlying portfolio and thus do not take a view on the sustainability of the economies underlying the currencies. However, within certain active and enhanced strategies where the 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. In addition, an important part of currency management is the management of counterparty risk; our Counterparty Risk Management team may consider ESG factors in the onboarding and oversight process to the extent that such factors materially affect the trading counterparty creditworthiness.



### Multi-Asset, Customized Solutions and Alternatives

Our Investment Solutions Group (ISG) is responsible for building multi-asset and custom solutions to meet our clients' specific investment objectives. ISG is composed of different teams that perform the following complementary functions:

- Quantitative research, model developments and monitoring, and strategy development
- Portfolio construction and management with a specific focus on the design of investment strategy and the management of multi-asset products, tactical asset allocation, flexible asset allocation, exposure management and execution of the outsourced chief investment officer mandates
- Management of alternative investment asset classes with a focus on illiquid assets such as property investments, private equity, and alternatives only mandates
- Investment manager selection and oversight, which evaluates internal strategies and investment teams of State Street Global Advisors as well as external managers whose investment solutions are chosen to fulfill specific investment objectives and requirements. The team

has developed an ESG rating process aiming to identify best practice ESG integration to effectively capture ESG materiality within portfolios. The team is currently working toward establishing ratings for all existing managers across State Street Global Advisors.

- Client engagement with specific and dedicated teams on business strategy and development, operational support, and reporting. ISG is responsible for the design and construction of capital market assumptions on a large number of asset classes — equity, fixed income, liquid, and private alternatives — that are used to build strategic asset allocation recommendations for clients. These rely on long-term assumptions that ISG makes about future risks and returns on these asset classes. In Q3 2020, ISG decided to incorporate R-Factor within the equity asset class forecasts, ascertaining the R-Factor score of the different equity markets, and modifying the risk forecasts accordingly.

Given our observation that R-Factor scores for companies in some equity markets in aggregate are persistently higher than for others (due to structural differences in culture, law, persistent sector composition, or environment), we focus on how R-Factor scores for each equity market rise or fall over time, rather than the absolute levels. Improvements in the

R-Factor score may be rewarded by the market in the form of (1) higher returns, and (2) reduced risks. While ESG ratings may have a nuanced effect on returns, their impact on risk is expected to be more straightforward: Improved R-Factor scores may reduce tail risks associated with ESG factors, thereby delivering an overall lower level of risk (standard deviation). The inverse is true for equity markets of countries in which companies may have seen a deterioration in their R-Factor scores. To account for these relationships, we have developed a framework that associates countries where companies demonstrate increasing R-Factor scores with lower risk expectations, and vice versa.

As part of its broad mission, ISG engages directly with clients to create portfolios that meet the relevant client's specific objectives including, where relevant, ESG objectives. For portfolios where the client is pursuing an ESG objective, the portfolio construction process will include a review and an assessment of the ESG characteristics of the different underlying investment strategies and corresponding building blocks that will be selected. ISG will then incorporate these findings into the overall portfolio construction process, balancing the client's ESG goals with other considerations including risk constraints and return considerations to

construct a portfolio solution with the goal of addressing the client's overall investment objectives.

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

*Description of proxy voting and investee engagement policies and procedures*

At State Street Global Advisors, we use a risk-based approach to identifying issues that we believe have the most material impact on the long-term value of our clients' assets. We elevate outcome-oriented stewardship priorities each year based on factors such as market trends, financial materiality, and portfolio impact.

As near-permanent holders of capital, it is our responsibility as fiduciaries to consider elements that may impact long-term value creation. Our Asset Stewardship program includes:

### **Corporate Engagement**

- Engaging with companies on key challenges and opportunities pertinent to their region and industry
- Educating their boards and management on best practices

### **Proxy Voting**

- Leveraging the exercise of our voting rights, which provides a meaningful shareholder tool that we believe protects and enhances the long-term economic value of the holdings in our client account

### **CORPORATE ENGAGEMENT**

We engage with companies to drive improved standards and disclosure around financially material risks and opportunities. Our experience in Asset Stewardship has provided us with important lessons on constructively engaging with companies.

Our focus begins with governance, as we believe that strong, independent, and effective boards of directors can better address the issues affecting long-term strategy. We use sustained, multiyear engagements to drive improved disclosure and standards and seek the long-term preservation of the value of the companies in which we invest. We believe that our portfolio companies are best suited to understand what issues are most impactful for their business and, therefore, base our priorities for each portfolio company upon ongoing dialogue with company management and boards.

### **PROXY VOTING**

We have put considerable care and attention to developing proxy voting guidelines, which are approved and overseen by the ESG Committee. The general Global Proxy Voting and Engagement Principles and six market-specific guidelines are available for public review on our [website](#). These policies/guidelines were designed to foster enhanced governance practices at investee companies. They reflect our commitment to global principles of good governance, while simultaneously taking account of local market nuances and standards where appropriate.

### **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*

In 2022, there were \$0 total 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.

In the ordinary course of business, we and our subsidiaries are involved in disputes, litigation, and governmental or regulatory inquiries and investigations, both pending and threatened. These matters, if resolved adversely against us or settled, may result in monetary awards or payments, fines, and penalties or require changes in our business practices. The resolution or settlement of these matters is inherently difficult to predict. Based on our assessment of these pending matters, we do not believe that the amount of any judgment, settlement, or other action arising from any pending matter is likely to have a material adverse effect on our consolidated financial condition. However, an adverse outcome or development in certain of the matters could have a material adverse effect on our consolidated results of operations for the period in which such matter is resolved, or an accrual is determined to be required, on our consolidated financial condition, or on our reputation.

For further information regarding legal, governmental, and regulatory matters, or our approach to the management of these and related issues, please see page 162 of our [2022 10-K](#).

### **FN-AC-510a.2**

*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 highlighted in the State Street [Standard of Conduct for Employees](#). 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
- Conduct Risk Management team
- Global Human Resources
- Legal
- Global Security
- The confidential Speak Up line

# GRI INDEX

## GENERAL DISCLOSURES

### Statement Of Use

State Street Corporation has reported the information cited in this GRI content index for the period January 1 to December 31, 2022, with reference to the GRI Standards.

### GRI 1 used GRI 1: Foundation 2021

#### Organizational Profile

2-1	Organizational details	<p>State Street Corporation</p> <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> <p>State Street Financial Center, One Lincoln Street Boston, MA 02111</p> <p>We serve clients in more than 100 markets and have offices in 30 countries. For a list of office locations, see the About section of <a href="https://www.statestreet.com">statestreet.com</a>.</p>
2-2	Entities included in the organization's sustainability reporting	<p>All data presented in the report represents all wholly owned State Street Corporation operations, unless explicitly noted otherwise.</p> <p>Entities included in the report include our subsidiaries, including our principal banking subsidiary, State Street Bank and Trust Company. We deliver one consolidated sustainability report for State Street Corporation.</p>
2-3	Reporting period, frequency, and contact point	<p>ESG reporting period is January 1 to December 31, 2022, annual reporting.</p> <p>Financial reporting period is January 1 to December 31, 2022.</p> <p>May 17, 2023, publication</p> <p>Richard Hamilton, SVP, ESG</p>
2-4	Restatements of information	No restatements.
2-5	External assurance	We obtain independent assurance on our annual ESG reports. For details of the scope and basis of the assurance carried out by ERM-CSV on our 2022 ESG Report, please refer to ERM CSV's <a href="#">Assurance Letter</a> .
2-6	Activities, value chain, and other business relationships	We have two lines of business: Investment Servicing and Investment Management. See Form 10-K for details starting on page 7, "Lines of Business."

## Organizational Profile

2-6 cont. Activities, value chain, and other business relationships	<p>Supply chain categories that our Global Procurement Services (GPS) group focuses on for key products and services include:</p> <p>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;</p> <p>Financial Services: These deliver risk-mitigating business value to State Street within the sub-custody, insurance, and operation support areas;</p> <p>Information Technology: These include business applications, hosted applications, telecommunications, hardware and storage cybersecurity, and software;</p> <p>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;</p> <p>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;</p> <p>Outsourcing: This involves working with the business to source and negotiate onshore, near-shore, and offshore outsourcing arrangements;</p> <p>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</p> <p>Travel Management: This supports travel agencies that manage our business travel and employees conducting business travel.</p> <p>See <a href="#">Enhancing supplier diversity</a></p> <p>See our Human Rights Statement and Modern Slavery Act Statement for more information on how we manage risks within our supply chain. These are located on State Street's public website at <a href="https://www.statestreet.com/us/en/asset-manager/about/our-impact/2021-esg-report/corporate-responsibility-policies">https://www.statestreet.com/us/en/asset-manager/about/our-impact/2021-esg-report/corporate-responsibility-policies</a>.</p>
2-6 cont. Activities, value chain, and other business relationships	<p>In 2022, State Street decided to no longer pursue the Brown Brothers Harriman &amp; Co. (BBH) Investor Services acquisition.</p>

## Organizational Profile

2-7	Employees	<p>Total employees: 42,226          Female employees: 18,901 (18,216 full-time and 685 part-time)          Male employees: 23,213 (23,115 full-time and 98 part-time).          Prefer not to disclose or unknown gender of employees: 112 (108 full-time and 4 part-time)</p> <p>We do not disclose this breakdown further by gender and by region. See <a href="#">Diversity, Equity and Inclusion</a> and <a href="#">EEO-1 Report</a> regarding employee demographics.</p>
2-8	Workers who are not employees	<p>The majority of workers at State Street are full- and part-time employees. State Street also engages with contractors and other providers depending on business needs.</p>
2-9	Governance structure and composition	<p>State Street is governed by a Board of Directors that is responsible for acting in the best interest of State Street and its shareholders. State Street maintains a website at <a href="http://statestreet.com">statestreet.com</a> that contains information about our corporate governance, including Board Committee members and Board Committee Charters, along with Corporate Governance Guidelines and State Street's Governance Standards.</p> <p>State Street's Board of Directors is responsible for oversight of material ESG issues. In 2021, the Nominating and Corporate Governance Committee of the Board and the Board itself reviewed proposed changes to the charters of each of the committees of the Board to incorporate oversight for ESG activities, initiatives, and obligations for matters within each committee's specific remit. The Board, including through its committees, attends to specific functions, including overseeing the company's ESG obligations, initiatives, and strategies. In doing so, the Board delegates certain matters to the Examining and Audit, Human Resources, Nominating and Corporate Governance, Technology and Operations, and Risk committees. State Street also has an Executive ESG Oversight Committee.</p> <p>See <a href="#">Board Governance and ESG Management</a> section and Proxy, which can be found at this site: <a href="https://investors.statestreet.com/filings-and-reports/annual-reports/default.aspx">https://investors.statestreet.com/filings-and-reports/annual-reports/default.aspx</a>, regarding the composition of the Board</p>
2-10	Nomination and selection of the highest governance body	<p>See <a href="#">Recruitment for greater Board diversity</a> section regarding nomination and selection of Board members and "Director Qualifications and Selection Process" on State Street's public website for further details: <a href="https://investors.statestreet.com/corporate-governance/governance-guidelines/default.aspx">https://investors.statestreet.com/corporate-governance/governance-guidelines/default.aspx</a></p>

## Organizational Profile

2-11	Chair of the highest governance body	<p>The Chairman of State Street's Board of Directors is Ronald O'Hanley, who is also the Chief Executive Officer of State Street.</p> <p>After the independent directors' review and assessment, the Board of Directors continues to believe that Mr. O'Hanley's role as Chairman, together with a strong independent Lead Director, is currently the most effective leadership structure for State Street and is in the best interests of the Board, State Street, and its shareholders. Among the factors considered by the Board in determining that the current leadership structure is the most appropriate are:</p> <ul style="list-style-type: none"> <li>• As our Chief Executive Officer, and with his experience in various leadership roles at State Street, Mr. O'Hanley has extensive knowledge of our business and strategy and is well positioned to work with the independent Lead Director to focus our Board's agenda on the key issues facing State Street.</li> <li>• Oversight of State Street is the responsibility of our Board as a whole, which maintains a majority of independent directors (12 out of 13 directors), and this responsibility can be properly discharged with a strong, active, and engaged independent Lead Director.</li> <li>• The Chairman and independent Lead Director work together to play a strong and active role in the oversight of State Street's business strategy and operational management.</li> </ul>
2-12	Role of the highest governance body in overseeing the management of impacts	<p>Reflecting the growing awareness that consideration of ESG issues can impact value creation, in 2022 State Street undertook a review of its internal ESG governance processes to strengthen integration of such issues throughout the business. During 2023 we plan to develop and implement an enhanced ESG management model to complement and augment the strengthening of ESG at the Board level.</p>
2-13	Delegation of responsibility for managing impacts	<p>See 2-9 regarding delegation of ESG activities and initiatives at the Board level and 2-12 regarding the 2023 plan for an enhanced ESG management model. The Board regularly receives updates regarding ESG-related topics such as human capital management, climate risk, and corporate governance.</p>
2-14	Role of the highest governance body in sustainability reporting	<p>The Board reviews the material ESG topics resulting from the bi-annual materiality assessment. The material ESG topics inform our approach to ESG reporting. The Examining and Audit Committee has been briefed on our approach to ESG reporting.</p>
2-15	Conflicts of interest	<p>The Board is guided by Corporate Governance Guidelines, which contain categorical standards for determining director independence under New York Stock Exchange listing standards. In general, a director would not be independent under those standards if the director (and in certain circumstances, a member of the director's immediate family) has, or in the past three years had, specified relationships or affiliations with State Street, its external or internal auditors, or other companies that do business with State Street (including employment by State Street, receipt of a specified level of direct compensation from State Street—other than director fees—and compensation committee interlocks). The categorical standards also provide specified relationships that, by themselves, would not impair independence.</p> <p>The Board has adopted a written policy and procedures for the review of any transaction, arrangement, or relationship in which State Street is a participant, the amount involved exceeds \$120,000, and one of our executive officers, directors or 5% shareholders (or their immediate family members), who we refer to as "related persons," has a direct or indirect material interest. A related person proposing to enter into such a transaction, arrangement, or relationship must report the proposed related-person transaction to State Street's General Counsel. The policy calls for the proposed related-person transaction to be reviewed and, if deemed appropriate, approved by the Nominating and Corporate Governance Committee.</p>



## Organizational Profile

2-16	Communication of critical concerns	State Street's public website has a Corporate Governance section that addresses reporting of concerns. Anyone who has a concern about State Street or its conduct, including concerns about the Company's accounting, internal accounting controls, or auditing matters, may communicate that concern directly to the Lead Director. Such communications may be confidential or anonymous, and may be e-mailed, submitted in writing or through a web-based portal, or reported by phone to a special address or a toll free telephone number that is published on the Company's website. The Lead Director may, in his or her discretion, provide for handling of time-sensitive or emergency concerns, forward to the Examining and Audit Committee or to another appropriate group or department any concern for their review, and will report to the non-management directors as a group on a quarterly basis regarding concerns received during the preceding quarter. The Lead Director, the non-management directors, or the Examining and Audit Committee may direct special treatment, including the retention of outside advisors or counsel, for any concern addressed to them. See here for more information: <a href="https://investors.statestreet.com/corporate-governance/governance-guidelines/default.aspx">https://investors.statestreet.com/corporate-governance/governance-guidelines/default.aspx</a> .
2-17	Collective knowledge of the highest governance body	State Street's Board of Directors has been briefed on climate change and State Street's primary climate-related risks.
2-18	Evaluation of the performance of the highest governance body	See 2-9 and 2-12 regarding plans to enhance ESG management at the Board level.
2-19	Remuneration policies	The Human Resources Committee is appointed by the Board of Directors to have direct responsibility for the oversight of: <ul style="list-style-type: none"> <li>• the company's human capital management;</li> <li>• all the compensation plans, policies, and programs of the company in which Senior Executives participate;</li> <li>• the alignment of the company's incentive compensation arrangements with the company's safety and soundness, consistent with applicable related regulatory rules and guidance, and incentive, retirement, welfare, and equity plans in which certain other employees of the company participate.</li> </ul>
2-20	Process to determine remuneration	See 2-19 regarding the Human Resources Committee of the Board, which determines remuneration.
2-21	Annual total compensation ratio	See "CEO Pay Ratio Disclosure" in Proxy, which is available here: <a href="https://investors.statestreet.com/filings-and-reports/annual-reports/default.aspx">https://investors.statestreet.com/filings-and-reports/annual-reports/default.aspx</a> .
2-22	Statement on sustainable development strategy	See <a href="#">A Statement from Ron O'Hanley</a> and <a href="#">A Letter from Rick Lacaille</a> .

## Organizational Profile

2-23	Policy commitments	<p>State Street’s public website includes documents on standards of conduct and policies, including:</p> <ul style="list-style-type: none"> <li>• Standard of Conduct for Employees</li> <li>• Standard of Conduct for Directors</li> <li>• Code of Ethics for Senior Financial Advisors</li> <li>• <a href="https://investors.statestreet.com/corporate-governance/standards-of-conduct/default.aspx">https://investors.statestreet.com/corporate-governance/standards-of-conduct/default.aspx</a></li> </ul> <p>The following policies cover diversity and equal opportunity:</p> <ul style="list-style-type: none"> <li>• Global Diversity, Equity, and Inclusion Policy</li> <li>• Global Equal Employment Opportunity Policy</li> <li>• Global Non-Discrimination Policy</li> <li>• Global Remuneration Policy</li> <li>• US Pay Transparency Policy</li> <li>• US Affirmative Action Policy</li> <li>• US Americans with Disabilities Policy</li> </ul> <p>State Street’s Corporate Responsibility policies, including our Human Rights Statement, are available on our public website: <a href="https://www.statestreet.com/us/en/asset-manager/about/our-impact/2021-esg-report/corporate-responsibility-policies">https://www.statestreet.com/us/en/asset-manager/about/our-impact/2021-esg-report/corporate-responsibility-policies</a>.</p>
2-24	Embedding policy commitments	See links in 2-23. Individual policies detail how State Street embeds each of its policy commitments throughout its activities.
2-25	Processes to remediate negative impacts	State Street has two primary lines of business: Investment Servicing and Asset Management. We believe GRI Disclosure 2-25 is not applicable for our primary business.
2-26	Mechanisms for seeking advice and raising concerns	See Standard of Conduct references in 2-23.
2-27	Compliance with laws and regulations	In 2022, we had 0 instances of noncompliance.

## Organizational Profile

2-28 Membership associations

### State Street Corporation ESG Affiliations

State Street Corporation participates in a range of industry partnerships and affiliations, often for collaborative purposes and to share research and ideas. We highlight a selection of these affiliations below. We maintain our right to hold independent positions and views and we do not necessarily endorse the views of the affiliations.

- Boston College Center for Corporate Citizenship
- Boston Women's Workforce Council
- Cambridge Institute for Sustainability Leadership (CISL)
- CDP
- Ceres Investor Network
- Council for Inclusive Capitalism
- CSR Europe
- FCLTGlobal
- Investment Leaders Group (part of CISL)
- Investor Leadership Network
- ISSB Investor Advisory Group
- Sustainable Markets Initiative
- The Task Force on Climate-related Financial Disclosures
- United Nations Environment Programme Finance Initiative
- World Economic Forum Transition Finance Steering Committee

### State Street Global Advisors Collaboration With Other Market Participants

It is important to note at the outset that, in order to properly exercise the fiduciary duties that we owe to our asset management clients, State Street Global Advisors must always act independently when making decisions regarding how to invest our clients' assets and how to vote with respect to the equity securities in which we invest those assets. While we always make our own independent investment and voting decisions when managing our clients' assets, we have joined various industry groups, discussed in more detail below, so that we can participate in conversations, discussions, and information sharing with respect to issues that impact global and local markets and that impact the long-term value of our clients' assets. We believe that this approach, remaining independent but joining industry groups to participate in industry-wide efforts to drive long-term shareholder value creation, is consistent with the fiduciary duty that we owe to our clients while also allowing us to remain in compliance with the variety of laws and regulations applicable to State Street Global Advisors across the globe.

The reasons that we participate in various multi-national organizations and industry initiatives are to expand our knowledge of certain thematic issues and share our views with other industry members and to seek the best available information regarding sustainability and systemic risks that may help us serve our clients. The following is a non-exhaustive list of the industry organizations and initiatives that we have joined, which are designed to address and explore topics related to material sustainability risks and the development of more sustainable capital markets.

- 30% Club
- CDP
- Ceres Investor Network
- Climate Action 100+
- Climate Bonds Initiative
- Council of Institutional Investors
- International Financial Reporting Standards Foundation Sustainability Alliance
- Institutional Investors Group on Climate Change
- Investor Leadership Network
- Investor Stewardship Group
- International Sustainability Standards Board Investor Advisory Group
- Japan Stewardship Code
- Net Zero Asset Managers initiative
- One Planet Asset Managers initiative
- Responsible Investment Association Canada
- Sustainable Trading
- Task Force on Climate-related Financial Disclosures
- Transition Pathway Initiative
- United Nations Principles for Responsible Investment

## Organizational Profile

2-29	Approach to stakeholder engagement	<p data-bbox="599 330 3172 403"><a href="#">Stakeholder Engagement</a> <a href="#">Employee Experience</a></p> <p data-bbox="599 403 3172 440">2022 Proxy Statement, page 2 “Shareholder Engagement and Communications”</p> <p data-bbox="599 469 3172 515">Engagement with stakeholders to determine material topics occurs every two years, undertaken as part of the materiality assessment.</p>
2-30	Collective bargaining agreements	<p data-bbox="599 544 3172 615">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 five of our European offices participate in collective bargaining agreements, totaling 3% percent of State Street employees globally.</p>

## Disclosure on Material Topics

3-1	Process to determine material topics	<p data-bbox="599 782 3172 855"><a href="#">Materiality Assessment</a></p>
3-2	List of material topics	<p data-bbox="599 891 3172 1172">           Board Governance and ESG Management            Climate Change            Data Privacy            Employee Experience            ESG Integration            Diversity, Equity, and Inclusion            Operational and Cyber Resilience            Risk, Ethics, and Compliance         </p> <p data-bbox="599 1200 3172 1243">There were no changes to the list of material topics compared to the previous reporting period.</p>

## GRI 3: MATERIAL TOPICS 2021

The State Street material topic “Risk, Ethics, and Compliance” includes the GRI topics “205 Anti-Corruption,” “206 Anti-Competitive Behavior,” and “417 Marketing and Labeling.”

3-3	Management of material topics	<p data-bbox="599 1427 3172 1463"><a href="#">Risk, Ethics, and Compliance</a></p> <p data-bbox="599 1519 3172 1557">See 10-K regarding governance of Risk, Ethics, and Compliance, starting on page 81 “Risk Management.”</p>
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## GRI Topic-Specific Disclosures: 205 Anti-Corruption

205-1 Opportunities assessed for risks related to corruption Our business operations and every functional area are included in our annual risk assessment, which includes bribery and corruption risk as a standard item in our risk taxonomy.

205-2 Communication and training about anti-corruption policies and procedures Our anti-corruption policies and procedures have been communicated to our Board members and employees.

Region	Number of People	Completion rate
North America	11,727	99.69%
EMEA	10,947	99.39%
APAC	13,460	99.75%
Latin America	17	100.00%

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.

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 2022, there were 0 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	For further information regarding legal, governmental, and regulatory matters, or our approach to the management of these and related issues, please see page 162 of our 2022 10-K.
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### GRI Topic-Specific Disclosures: 417 Marketing and Labeling

417-3 Incidents of noncompliance concerning marketing communications	In 2022, we had 0 instances of noncompliance with regulations or our policies regarding marketing communications.
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### MATERIAL TOPIC: OPERATIONAL AND CYBER RESILIENCE

The State Street material topic “Operational and Cyber Resilience” covers our efforts to ensure resiliency and continuity of our business operations and IT systems.

#### Disclosure on Management Approach

3-3 [Operational and Cyber Resilience](#)

### MATERIAL TOPIC: DATA PRIVACY

The State Street material topic “Data Privacy” includes the GRI topic “418 Customer Privacy.” It covers our efforts to implement controls and ensure data protection and privacy of our data.

#### Disclosure on Management Approach

3-3 [Data Privacy](#)

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

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418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data State Street received 0 substantiated complaints concerning breaches of customer privacy and losses of customer data in 2022.

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### MATERIAL TOPIC: EMPLOYEE EXPERIENCE

The State Street material topic “Employee Experience” includes the GRI topics “401 Employment” and “404 Training and Education.”

### Disclosure on Management Approach

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3-3 [Employee Experience](#)

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### GRI Topic-Specific Disclosures: 401 Employment

401-1	New employee hires and employee turnover	Age Group	Percent Hired	Percent Turnover
		Under 30	45%	39%
		30-50	50%	56%
		50+	4%	6%
		Gender	Percent Hired	Percent Turnover
		Female	41%	41%
		Male	58%	59%
		Region	Percent Hired	Percent Turnover
		North America	19%	23%
		APAC	57%	49%
		EMEA	24%	28%
		Latin America	0.1%	0.1%

#### 401-3 Parental leave

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

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 these indicators.



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

404-1 Average hours of training per year per employee	Gender		Manager/Non-Manager	
		Average Hours Per		Average Hours Per
	Female	15.67	Non-manager	16.22
	Male	15.3	Manager	12.65
	Unknown/prefer not to disclose	10.32		
	Management Level		Non-required Training	
		Average Hours Per		
	Associate 1	34.02	% of employees who completed non-required training	64%
	Associate 2	20.76		
	Senior associate	16.24	Total employee hours spent on non-required training	260,438
	Officer	14.29		
	Assistant vice president	11.53	Most commonly taken non-required course	Global Employee Onboarding - Welcome to State Street
	Vice president	10.78		
	Managing director	10.95		
	Senior vice president/senior managing director	11.33		
	Executive vice president	9.77		
	Contractors/interns	23.63		

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

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404-2 Programs for upgrading employee skills and transition assistance programs	<a href="#">Employee Experience: Developing Talent</a> Internally, our Leadership Development Program (LDP) is a global, enterprise wide development and rotational program that offers unique professional development opportunities to high-potential, mid-career employees. Our Professional Development Program (PDP) selects high-performing recent college graduates, including former State Street interns, to participate in a tailored program that immerses them in different aspects of the business. These programs provide targeted rotational assignments and professional development. Participants gain hands-on experience across State Street's businesses.
404-3 Percentage of employees receiving regular performance development reviews	All full-time employees (100%) participate in our career performance management process and receive regular performance reviews.

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## Material Topic: Diversity, Equity and Inclusion

The State Street material topic “Diversity, Equity, and Inclusion” (DEI) includes the GRI topic “405 Diversity and Equal Opportunity.”

### Disclosure on Management Approach

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

405-1 Diversity of governance bodies and employees

##### Gender Diversity of State Street’s Board and Employees

###### Technical:

Age	Male	Female	Prefer Not to Disclose
Under 30	12%	19%	10%
30-50	67%	63%	67%
Over 50	22%	17%	24%

###### Administrative:

Age	Male	Female	Prefer Not to Disclose
Under 30	6%	3%	—%
30-50	63%	50%	100%
Over 50	31%	47%	—%

###### Other:

Age	Male	Female	Prefer Not to Disclose
Under 30	24%	29%	24%
30-50	64%	60%	63%
Over 50	12%	11%	12%

###### Employee Breakdown by Age:

Age	Male	Female	Prefer Not to Disclose
Under 30	21%	27%	21%
30-50	65%	61%	64%
Over 50	14%	12%	14%

405-2 Ratio of basic salary and remuneration of women to men

State Street provides pay equity disclosure on its public website: <https://www.statestreet.com/us/en/asset-manager/about/our-people/global-inclusion-diversity-equity/pay-equity-disclosure>

### Material Topic: Climate Change

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

### Disclosure on Management Approach

3-3

[Environmental Footprint](#)

[Task Force on Climate-related Financial Disclosures Report](#)

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.

We are subject to Article 8 of the EU Energy Efficiency Directive, and the U.K. Carbon Reduction Commitment legislation for our operations in the U.K. 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.

In 2022, we were able to reduce our carbon emissions by 25% from a 2019 baseline.

### GRI Topic-Specific Disclosures: 302 Energy

302-1	Energy consumption within the organization	Consumption by Fuel Type	UNIT	
		Total Scope 1 Fuel Usage		
		Natural Gas	GJ	85,610
		Diesel	GJ	7,069
		Total Direct Energy	GJ	92,679

### GRI Topic-Specific Disclosures: 302 Energy—continued

302-2	Energy consumption outside of the organization	Consumption by Fuel Type	UNIT	
		Total Scope 2 Indirect Energy Usage		
		Electricity	GJ	674,231
		Heating	GJ	20,273
		Cooling	GJ	7,939
		Total Indirect Energy	GJ	702,443
		Consumption by Fuel Type		
		Total Scope 3 Energy Usage		
		Business Travel (Non-Renewable)	GJ	84,169
		Total Indirect Energy	GJ	786,539
302-3	Energy intensity	Energy Intensity Ratio	UNIT	
		Numerator	kWh	220,867,291
		Denominator	Occupants	40,306
		Energy Intensity		5,480
302-4	Reduction of energy consumption	Total Energy Saved	UNIT	
		Electricity		11,234
		Heating	GJ	15,108
		Total Energy Saved	GJ	26,342

### GRI Topic-Specific Disclosures: 305 Emissions

305-1	Direct GHG emissions (Scope 1)	CO <sub>2</sub> e Emissions (Metric Tons)	
		CO <sub>2</sub> Direct	4,956
		CH <sub>4</sub> Direct	13
		N <sub>2</sub> O Direct	3.17
		HFCs Direct	1,859
		Total Direct (Scope 1)	6,831
305-2	Energy-based indirect GHG emissions (Scope 2)	CO <sub>2</sub> e Emissions (Metric Tons)	
		Biogenic CO <sub>2</sub>	1
		Total Indirect (Scope 2)	57,135
305-3	Other indirect GHG emissions (Scope 3)	CO <sub>2</sub> e Emissions (Metric Tons)	
		Total Indirect (Scope 3)	31,759
305-4	GHG emissions intensity	GHG Intensity	
		GHG Emissions Intensity Ratio	1.59
		List of Included Gases	Carbon Dioxide (CO <sub>2</sub> ), Methane (CH <sub>4</sub> ), Nitrous Oxide (N <sub>2</sub> O)
305-5	Reduction of GHG emissions	GHG Reduction	
		Total GHG Reductions in Metric tons CO <sub>2</sub> Equivalent	1,754

### Material Topic: Environmental, Social, and Governance (ESG) Integration

The State Street material topic “ESG Integration” refers to how ESG material topics are managed and addressed in the organization.

#### Disclosure on Management Approach

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3-3	<a href="#">Materiality Assessment</a> <a href="#">Board Governance and ESG Management</a> <a href="#">Environmental Footprint</a> <a href="#">Data Privacy</a> <a href="#">Employee Experience</a> <a href="#">Diversity, Equity and Inclusion</a> <a href="#">Operational and Cyber Resilience</a> <a href="#">Risk, Ethics and Compliance</a>
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### Material Topic: Board Governance and ESG Management

The State Street material topic “Board Governance and ESG Management” refers to our efforts related to the diversity of the Board of Directors, their oversight and management of ESG-related 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

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3-3	<a href="#">Board Governance and ESG Management</a>
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## GRI Topic-Specific Disclosures: 405 Diversity, Equity and Inclusion

### Disclosure on Management Approach

405-1 Diversity of governance bodies and employees

#### Gender

	Male	Female	Prefer Not to Disclose/ Unknown	Total
#	9	4	0	13
%	70%	30%	—%	

#### Race and Ethnicity

	#	%
African American/Black	1	7.7%
Native American	0	—%
Asian	1	7.7%
Caucasian/White	10	77%
Hispanic or Latinx	1	7.7%
Hawaiian/Pacific Islander	0	—%
Other/Not Disclosed	0	—%
Total	13	—%



# U.N. SUSTAINABLE DEVELOPMENT GOALS

State Street became a signatory to the United Nations Global Compact in December 2014. We have identified six of the United Nations Sustainable Development Goals (SDGs) where we contribute. In 2022, we continued to progress our corporate ESG agenda through the release of our [Sustainability Bond Framework](#) and [issuance of our first Sustainability Bond](#), the proceeds of which will be exclusively allocated to projects with positive environmental impacts and/or positive social outcomes aligned to one or more of the U.N. Sustainable Development Goals.

- SDG 4: Quality Education
- SDG 5: Gender Equality
- SDG 7: Affordable and Clean Energy
- SDG 8: Decent Work and Economic Growth
- SDG 10: Reduced Inequalities
- SDG 13: Climate Action

#### **SDG 4: QUALITY EDUCATION**

#### **SDG 8: 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, combat racism and inequality, and promote 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 partners with charities that operate in communities where we have a presence and are committed to reducing gaps in educational achievement and employability based on race, ethnicity, and socio-economic status, thereby promoting economic opportunity and racial equity and demonstrating leadership, innovation, and a genuine connection for our communities. We do this by providing grants to support the core business functions of organizations whose missions, activities, and strategies are aligned with these goals.

[State Street Foundation](#)

#### **SDG 5: GENDER EQUALITY**

##### **Gender Equality in the Workplace**

As part of our commitment to equal pay for work of equal value, we regularly review our pay practices to assess how women are paid compared to men. Our strategy to promote pay equity is available on the [Pay Equity Disclosure](#) website.

State Street's Professional Women's Network offers a Sponsorship Program, which aims to build and support a pipeline of leaders for the organization and help bridge the male/female achievement gap.

In 2022 — for the 16th year — we partnered with the Massachusetts Conference for Women, an organization that promotes, communicates, and amplifies the influence of women in the workplace and beyond.

##### **Gender Diversity on Boards**

[Recruitment for greater Board diversity](#)

**SDG 7: AFFORDABLE AND CLEAN ENERGY**  
**SDG 13: CLIMATE ACTION**

[Environmental footprint](#)

[Reducing our environmental footprint](#)

[Maintaining carbon neutrality](#)

[Sustainable building design](#)

[Municipal finance](#)

[Sustainability Bond](#)

**SDG 10: REDUCED INEQUALITIES**

[Diversity, Equity, and Inclusion](#)

[10 Actions to Address Racism and Inequality](#)

[Corporate Citizenship](#)

# 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 2022 Report, aligned with the requirements of the EU Directive.

<b>Environmental matters</b>	<ul style="list-style-type: none"> <li>• Environmental Footprint</li> <li>• Tax Advantaged Investments</li> <li>• SASB Report (Incorporation of Environmental, Social, and Governance Factors in Investment Management and Advisory)</li> <li>• TCFD Report</li> <li>• GRI (Material Topic: Climate Change)</li> </ul>
<b>Social and employee matters</b>	<ul style="list-style-type: none"> <li>• Diversity, Equity and Inclusion</li> <li>• Employee Experience</li> <li>• Corporate Citizenship</li> <li>• SASB Report (Employee Diversity and Inclusion)</li> <li>• GRI (Material Topic: Diversity, Equity and Inclusion)</li> <li>• GRI (Material Topic: Employee Experience)</li> </ul>
<b>Respect for human rights</b>	<ul style="list-style-type: none"> <li>• Environmental Footprint</li> <li>• Human Rights in Our Supply Chain</li> <li>• Diversity, Equity and Inclusion</li> <li>• SASB Report (Employee Diversity and Inclusion)</li> <li>• GRI (Material Topic: Diversity, Equity and Inclusion)</li> </ul>
<b>Anti-corruption and bribery matters</b>	<ul style="list-style-type: none"> <li>• Risk, Ethics and Compliance</li> <li>• GRI (Material Topic: Risk, Ethics and Compliance)</li> </ul>

# EEO-1 REPORT

	Hispanic		White		Black or African American		Native Hawaiian or Pacific Islander		Asian		American Indian or Alaskan Native		Two or More Races		Total		Grand Total
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	
Exec./Sr. level Officials and Managers	8	2	159	83	5	3	0	0	18	8	0	1	0	3	190	100	290
First/Mid-Level Officials and Managers	76	66	2,045	1,062	77	63	4	0	568	291	5	1	24	11	2,799	1,494	4,293
Professionals	168	122	2,250	1,528	170	189	6	5	1,057	805	4	3	49	29	3,704	2,681	6,385
Sales Workers	11	5	149	49	4	1	0	0	11	7	0	0	3	0	178	62	240
Administrative Support	31	45	169	217	43	73	2	1	67	89	2	3	5	5	319	433	752
2021 Total	294	240	4,772	2,939	299	329	12	6	1,721	1,200	11	8	81	48	7,190	4,770	11,960

# U.N. 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 in Our Supply Chain	We support fundamental human rights principles as outlined in the United Nations 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. 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.
<b>Principle 2:</b> Make sure that they are not complicit in human rights abuses	Human Rights in Our 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	GRI 2-30	State Street is committed to adherence to local laws regarding the freedom of association and collective employee action. State Street employees in five of our European offices participate in collective bargaining agreements, totaling 3% of State Street employees globally.

UNGC PRINCIPLE	REFERENCE	COMMENTARY
<b>Principle 4:</b> The elimination of all forms of forced and compulsory labor	Human Rights in Our 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 in Our 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	N/A	State Street's policies make qualifications, skill and experience the basis for recruitment and advancement include: Global Diversity, Equity and Inclusion Policy Global Equal Employment Opportunity Policy Global Non-Discrimination Policy Global Remuneration Policy US Pay Transparency Policy US Affirmative Action Policy US Americans with Disabilities Policy  Employees receive unconscious bias training.
<b>Environment</b>		
<b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges	Environmental Footprint	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.

UNGC PRINCIPLE	REFERENCE	COMMENTARY
<p><b>Principle 8:</b> Undertake initiatives to promote greater environmental responsibility</p>	Environmental Footprint	<p>We track our performance in energy use, greenhouse gas emissions, water use, waste generation, and recycling rate.</p> <p>We maintained carbon neutrality for Scope 1, Scope 2, and corporate travel GHG emissions through carbon offsets and continue investing in renewable energy in projects across the world.</p>
<p><b>Principle 9:</b> Encourage the development and diffusion of environmentally friendly technologies</p>	<p>Tax-Advantaged Investments</p> <p>Environmental Footprint</p>	<p>We provide R-Factor™, the first ESG scoring system that offers companies a roadmap on how to manage and disclose their ESG practices, to help our clients and portfolio companies better understand their ESG characteristics and see how well they meet the marketplace's expectations.</p> <p>Our Tax-Advantaged Investments team invests in wind and solar assets within the United States promoting and furthering the market for those technologies.</p> <p>State Street utilizes many environmentally friendly technologies looking to reduce our carbon, water, and waste impacts. These include renewable energy technologies and high-efficiency HVAC equipment and lighting.</p>
<b>Anti-corruption</b>		
<p><b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery</p>	GRI 2-23	<p>State Street's documents on Standards of Conduct are available <a href="#">here</a> on State Street's public website.</p> <p>All State Street employees are expected to comply with anti-bribery and anti-corruption laws in countries where our company conducts business, including the US Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act.</p> <p>Anti-bribery and corruption policy prohibits all forms of bribery and corruption — including facilitation payments, pay-to-play, abuse of authority, or misappropriation of company assets.</p>

# ASSURANCE LETTER

## Independent Limited Assurance Statement to State Street Bank and Trust Company

ERM Certification & Verification Services, Inc. (“ERM CVS”) was engaged by State Street Bank and Trust Company (“State Street”) to provide limited assurance in relation to State Street’s 2022 Environmental, Social and Governance (“ESG”) Report (the “Report”) as set out below.

Engagement summary	
<b>Scope of our assurance engagement</b>	<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 2022 reporting year in accordance with the GRI Standards;</li> <li>the 2022 data for the following indicators are fairly presented in the Report, in all material respects, in accordance with the reporting criteria:                             <ul style="list-style-type: none"> <li><b>Total Scope 1 Greenhouse gas (“GHG”) emissions</b> (metric tonnes CO<sub>2</sub>e)</li> <li><b>Total Scope 2 GHG emissions (location-based and market-based)</b> (metric tonnes CO<sub>2</sub>e)</li> <li><b>Total Scope 3 GHG emissions</b> (metric tonnes CO<sub>2</sub>e) from 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> <li>the Report includes the relevant disclosures required for material issue categories, as defined in the SASB Materiality Map, for the Asset Management &amp; Custody Activities industry, disclosures aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and disclosures required by the EU Directive on Non-Financial Reporting.</li> </ul>
<b>Reporting period</b>	2022 (1 <sup>st</sup> January 2022 to 31 <sup>st</sup> December 2022)
<b>Reporting criteria</b>	<ul style="list-style-type: none"> <li>GRI Sustainability Reporting Standards (“GRI Standards”)</li> <li>WBCSD/WRI GHG Protocol A Corporate Accounting and Reporting Standard and Corporate Value Chain (Scope 3) Standard</li> <li>SASB Asset Management &amp; Custody Activities Sustainability Accounting Standard</li> <li>Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)</li> <li>EU Directive on Non-Financial Reporting</li> <li>State Street’s internal reporting criteria and definitions.</li> </ul>
<b>Assurance standard and level of assurance</b>	<p>We performed a limited assurance engagement, in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised) ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Standards</p> <p>The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.</p>

### Respective responsibilities

State Street is responsible for preparing the Report and for the collection and presentation of the information within it, and for the designing, implementing and maintaining of internal controls relevant to the preparation and presentation of the Report.

ERM CVS’ responsibility is to provide conclusions to State Street on the agreed scope based on our engagement terms with State Street, the assurance activities performed and exercising our professional judgement. We accept no responsibility, and deny any liability, to any party other than State Street for the conclusions we have reached.

### Our conclusions

Based on our activities, as described below, 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 2022 reporting year in accordance with the GRI Standards;
- the 2022 data for the following indicators are fairly presented in the Report, in all material respects, in accordance with the reporting criteria:
  - Total Scope 1 Greenhouse gas (“GHG”) emissions (metric tonnes CO<sub>2</sub>e)
  - Total Scope 2 GHG emissions (location-based and market-based) (metric tonnes CO<sub>2</sub>e)
  - Total Scope 3 GHG emissions (metric tonnes CO<sub>2</sub>e) from 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
    - Category 7 – Employee commuting
  - Total water usage – absolute (million cubic feet) and per employee
  - Total waste – absolute (short tons) and recycling rate percentage
  - Total Waste – absolute (short tons) and recycling rate percentage.
- the Report includes the relevant disclosures required for material issue categories, as defined in the SASB Materiality Map, for the Asset Management & Custody Activities industry, disclosures aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and disclosures required by the EU Directive on Non-Financial Reporting.

### Our assurance activities

Considering the level of assurance and our assessment of the risk of material misstatement of the Report and the 2022 data for the selected indicators a multi-disciplinary team of ESG and assurance specialists performed a range of procedures that included, but was not restricted to, the following:

- Assessing the appropriateness of the reporting criteria for the Report.
- A review of external media reporting relating to State Street to identify ESG issues in the reporting period that may be relevant to the assurance scope.
- 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 2022 performance data and related disclosures for the topics covered in the Report.
- A review of samples of qualitative and quantitative evidence supporting the information disclosed in the Report.
- For the 2022 GHG emissions, water usage and waste data, conducting virtual interviews with the external company responsible for collecting and consolidating utility data across State Street’s operations and testing samples of the data to underlying evidence, as well as conducting reviews of the completeness and accuracy of the data, including the unit and emission conversion factors used in the calculation of the GHG emissions, the reasonableness of estimations and extrapolations and the accuracy of the data consolidation.
- A check on whether the Report has been prepared in accordance with the requirements of the GRI Standards, and whether the Report includes relevant disclosures required for material issue categories, as defined in the SASB Materiality Map, for the Asset Management & Custody Activities industry, disclosures aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and disclosures required by the EU Directive on Non-Financial Reporting.
- A check of the consistency of financial performance data disclosed in the Report with State Street’s 2022 Form 10-K, where relevant.

### The limitations of our engagement

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.

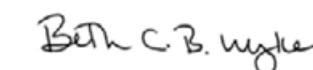
For the financial performance data disclosed in the Report, we have restricted our work to checking the consistency of those data with the audited State Street Annual Report on Form 10-K for the year ending 31<sup>st</sup> December 2022.

### Our independence, integrity and quality control

ERM CVS is an independent certification and verification body accredited by UKAS to ISO 17021:2015. Accordingly we maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our quality management system is at least as demanding as the relevant sections of ISQM-1 and ISQM-2 (2022).

ERM CVS applies a Code of Conduct and related policies to ensure that its employees maintain integrity, objectivity, professional competence and high ethical standards in their work. Our processes are designed and implemented to ensure that the work we undertake is objective, impartial and free from bias and conflict of interest. Our certified management system covers independence and ethical requirements that are at least as demanding as the relevant sections of Parts A & B of the IESBA Code relating to assurance engagements.

The team that has undertaken this assurance engagement has extensive experience in conducting assurance on environmental, social, ethical and health and safety information, systems and processes, and provides no consultancy related services to State Street in any respect.



Beth Wyke  
Partner  
Malvern, PA

April 21, 2023

ERM Certification & Verification Services Incorporated  
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# STATE STREET WORLDWIDE

**AUSTRALIA**

Melbourne  
Sydney

**AUSTRIA**

Vienna

**BELGIUM**

Brussels

**BRAZIL**

Sao Paulo

**BRUNEI DARUSSALAM**

Bandar Seri Begawan

**CANADA**

Montreal  
Toronto  
Vancouver

**CAYMAN ISLANDS**

Grand Cayman

**CHANNEL ISLANDS**

Guernsey  
Saint Peter Port  
*Jersey*  
Saint Helier

**CHILE**

Santiago

**FRANCE**

Paris

**GERMANY**

Frankfurt  
Leipzig  
Munich

**INDIA**

Bangalore  
Chennai  
Coimbatore  
Hyderabad  
Mumbai  
Pune  
Vijayawada

**IRELAND**

Dublin  
Kilkenny  
Naas

**ITALY**

Milan  
Turin

**JAPAN**

Fukuoka  
Tokyo

**LUXEMBOURG**

Luxembourg

**MALAYSIA**

Kuala Lumpur

**NETHERLANDS**

Amsterdam

**NORWAY**

Trondheim

**PEOPLE'S REPUBLIC  
OF CHINA**

Beijing  
Hangzhou  
Hong Kong  
Shanghai

**POLAND**

Gdansk  
Krakow

**SAUDI ARABIA**

Riyadh

**SINGAPORE**

Singapore

**SOUTH KOREA**

Seoul

**SWITZERLAND**

Zurich

**TAIWAN**

Taipei City

**THAILAND**

Bangkok

**UNITED ARAB EMIRATES**

Abu Dhabi

**UNITED KINGDOM**

*England*  
London  
*Scotland*  
Edinburgh

**UNITED STATES**

*Arizona*  
Scottsdale

*California*

Irvine  
Los Angeles  
Redwood City  
Sacramento  
San Francisco

*Connecticut*

Stamford

*Georgia*

Atlanta

*Illinois*

Chicago  
Hoffman Estates

*Indiana*

Indianapolis

*Massachusetts*

Boston  
Burlington  
Cambridge  
Quincy

*Missouri*

Kansas City

*New Jersey*

Clifton  
Jersey City  
Princeton

*New York*

New York City

*North Carolina*

Charlotte

*Pennsylvania*

Berwyn

*Texas*

Austin



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