

RAISING THE BAR

LEADERSHIP

INCLUSION

DEDICATION

GOVERNANCE

INTEGRITY

GROWTH

RESPONSIBILITY

VALUE

OPPORTUNITY

SUCCESS

State Street Corporation

2008 Corporate Social Responsibility Report



STATE STREET.

State Street's strong commitment to social and environmental responsibility and our belief in giving back to the communities in which we live and work are critical to our long-term success. We recognize that sustainable growth comes from operating with absolute integrity and in a way that respects our shareholders, customers, employees, communities and the environment. We are committed to the principles of sound governance and to helping our customers succeed. We are dedicated to ensuring a global and inclusive workplace where employees feel engaged and valued. We believe we have a responsibility to enrich our communities, and to be a leader in environmental sustainability, both in the way we carry out our operations and in the products and services we offer.



INTRODUCTION

About this Report

State Street Corporation's annual Corporate Social Responsibility (CSR) Report reflects our firm belief that being a responsible citizen contributes to our success as a business and is essential to our long-term sustainability. It also illustrates our commitment to increased transparency and goal-setting to measure our progress in this area. This report covers State Street's global activities and performance relative to CSR for calendar year 2008. (Our 2007 report was published in April 2008.) The report includes information on all our wholly owned subsidiaries but excludes suppliers and joint ventures, unless specifically mentioned. The environmental data includes expanded reporting on our major office locations in Europe and the majority of our owned and leased facilities in North America. It does not include environmental data relevant to our operations in the Asia-Pacific region where we expect to begin capturing information in 2009. Where actual data from leased facilities is unavailable, estimated usage in US locations is based on a US Environmental Protection Agency (EPA) formula; for Canadian locations, estimated usage is based on an Ontario Power Generation formula. Throughout the report, any restatements of data have been footnoted with explanation of the reason for restatement. In general, the reason for restatement is improved reporting accuracy as our data collection systems mature.

State Street's 2008 Sustainability Honors

- State Street Global Advisors' (SSgA) Meritas Jantzi Social Index Fund named Socially Responsible Investment Fund of the Year at the Canadian Investment Awards.
- Named a Top Employer by *Careers & the disABLED* magazine.
- Named to the *Boston Globe* 100 Top Places to Work list.
- Listed as one of *BusinessWeek's* Best Places to Launch a Career.
- Ranked No. 12 among *Corporate Responsibility Officer* magazine's 100 Best Corporate Citizens.
- Named to *Corporate Knights'* Global 100 list of the most sustainable companies worldwide.
- For the third consecutive year, received top rating of 100 percent in the Human Rights Campaign Foundation's annual Corporate Equality Index for policies and practices pertinent to the gay, lesbian, bisexual and transgender (GLBT) community.
- In the *Here Is the City* Best Places to Work rankings, placed No. 6 in the UK, No. 1 in Scotland and No. 4 in London.
- Ranked No. 23 in the US Environmental Protection Agency's Fortune 500 Top Green Power List.

GRI Indicators

2.10	Awards received	3.6	Boundary of the report	3.8	Basis for reporting on joint ventures, subsidiaries, etc.	3.10	Explanation of restatements
3.1–3.3	Reporting period and cycle	3.7	Specific limitations on the scope or boundary	3.9	Data measurement techniques and the basics of calculations	Return to GRI Content Index	

State Street is registered as a bank holding company under the Bank Holding Company Act of 1956, as amended, and has elected and successfully maintained financial holding company status. It is organized under the laws of the Commonwealth of Massachusetts. State Street is a publicly held company; its common stock is listed on the New York Stock Exchange under the ticker symbol STT. The company conducts business principally through our wholly owned subsidiary, State Street Bank and Trust Company, a Massachusetts-chartered trust company. While no significant changes occurred during 2008 with respect to size or structure of the corporation, the US Treasury invested \$2 billion in State Street pursuant to the Troubled Asset Relief Program (TARP) capital purchase program in October 2008.

Structure and Content of the Report

In addition to statements from Chairman and Chief Executive Officer Ronald E. Logue and Director of Community Affairs George A. Russell, Jr., the report has five main sections. “Governance” describes how we ensure the safety of our investors’ assets through corporate governance/compliance and risk management, and how we serve our shareholders. “Business” focuses on our customers and suppliers. “Environment” describes the environmental impact of our daily operations. “Employee” reports on our commitment to our employees and how we strive to be an employer of choice. “Community” highlights our active engagement in the communities where we do business.

This report adheres to Global Reporting Initiative (GRI) principles and criteria, a comprehensive set of guidelines that helps us report on issues material to both State Street and its stakeholders, and makes our reporting more transparent. This report is based on Version 3.0 of the GRI guidelines, as well as the GRI Financial Services Sector Supplement approved in 2008.

As a leading provider of financial services to institutional investors around the world, we help our customers carry out their global investment strategies. Because of the nature of our business and the locations in which we operate, some GRI indicators are not applicable and are not included in this report. To determine applicability, State Street’s CSR team, which has been involved

since 2006 in the development of the GRI Financial Services Sector Supplement and is an organizational stakeholder, reviews the indicators and assesses the extent to which State Street’s business or operations aligns. Since we are a financial services company that does not manufacture products, nor are we a retail bank, we have determined that the following indicators are not applicable: EN1-2, EN6, EN9-10, EN15, EN21, EN24, EN25-27, PR1-3, FS3, FS7-8, and FS13-16. Data is unavailable for EC8 and EN29.

No global management system is in place for the full range of corporate social responsibility issues, although we view our CSR Working Group and Environmental Sustainability Committee as important steps toward creating a comprehensive system. Our Community Affairs division champions improved CSR reporting and spearheads the information-gathering effort, soliciting input and data from all levels of the corporation around the world. For the second consecutive year, we utilized a Web-based service to enhance and centralize our information-gathering process. This centralized service helps us increase the transparency of and accountability for our reporting. While we have made every effort to respond to all relevant GRI guidelines, in some cases a lack of relevant data, regulatory restrictions or competitive or legal considerations has precluded us from doing so. Responsibility for the reliability and accuracy of the information provided rests with the business units that generate it.

Also for the second year in a row, we engaged an independent firm — Det Norske Veritas (DNV) — to assure and verify the information contained in the report. Headquartered in Oslo, Norway, DNV is an independent foundation whose objective is safeguarding life, property and the environment. Founded in 1864, DNV currently has 300 offices in 100 countries. Its core competence is identifying, assessing and advising on risk management, with an aim toward improving business performance. DNV has no other business relationship with State Street. Its assurance statement appears on page 53 of this report. At DNV’s suggestion and with its assistance, in 2009 we conducted a two-day materiality workshop with a cross section of our employees to understand, consider and validate the opinions, perceptions and concerns

2.1 Name of organization
2.3 Operational structure
2.6 Ownership
2.9 Changes regarding size, structure or ownership

3.5 Process for defining report content
3.11 Significant changes from previous reporting periods

3.13 Policy and practice with regard to seeking external assurance for report
EC4 Financial assistance received from government

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of State Street employees with respect to CSR issues, as well as the wider sustainability agenda that has been defined for and by State Street. The results of the workshop were shared with our CSR Working Group and were used to inform this CSR report, as well as the overall CSR strategy. Key topics and concerns raised by internal stakeholders included State Street's role as a fiduciary, marketplace issues in the current environment, business conduct, community impacts, and fraud and corruption.

Since 2006, we have engaged Ceres and a team of external stakeholders to review our CSR reports. Ceres is a network of investors, environmentalists and other public interest groups that works with companies and investors to address sustainability challenges. Companies that are part of the Ceres network agree to work with a stakeholder team selected by the Ceres Corporate Accountability office. The Ceres stakeholder team is an independent group of individuals drawn primarily from the Ceres coalition and includes investors, environmentalists, labor union representatives, academics and community leaders. State Street and Ceres work together to identify appropriate team members and seek to have participants representative of our main stakeholders: shareholders, customers, employees and the community. We also recognize the environment as a primary area of focus. Through the Ceres review process, we received extensive feedback that was considered in the preparation of this report. Specific recommendations included more reporting on risk management procedures, as well as the need to spell out specific CSR goals and our progress toward achieving those goals.

For more information on State Street's CSR initiatives or reporting, contact Richard Pearl at rwpearl@statestreet.com.

Who We Are

State Street traces its roots back to 1792, when its oldest ancestor bank, the Union Bank, was founded in Boston, Massachusetts. Today, with \$12.0 trillion in assets under custody and \$1.4 trillion in assets under management as of December 31, 2008, State Street is the world's leading provider of financial services to institutional investors. Our strategy is to provide our customers with the investment tools and services they need to be successful.

Headquartered at One Lincoln Street in Boston, State Street has operations in 27 countries and an investment network that spans more than 100 markets.¹ With more than 28,000² employees worldwide, State Street delivers the tools and services that global institutional investors need to be successful.

Our Values³

- We are a global, culturally diverse company with a proud heritage of commitment to our customers, employees, shareholders, strategic partners and society.
- We understand that we succeed only when our customers succeed.
- We strive to achieve a consistent level of excellence in everything we do.
- We operate with absolute integrity.
- We manage our company to achieve long-term growth.
- We respect the dignity of every employee and believe that our differences make us strong.
- We actively engage with our communities around the world, both as a partner and as a leader.

¹ A full list of State Street's office locations is available at www.statestreet.com/company/company_information/locations/list.html.

² As of December 31, 2008.

³ Developed in 2001 and distributed to our employees worldwide.

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2.5	Countries of operations
2.7	Markets served
2.8	Scale

3.4	Contact
4.8	Internally developed statements of mission or values
4.14–4.17	Stakeholder engagement

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Sustainability Snapshot

	2008	2007	% Change
Governance			
Operating-basis income from continuing operations per diluted share	\$5.61	\$4.57	up 23%
Business			
Total operating-basis revenue (billions)	\$10.5	\$8.4	up 25%
Non-US revenue	35%	41%	down 15%
Operating-basis net income available to common shareholders (billions)	\$2.3	\$1.7	up 40%
Number of countries with State Street offices	27	26	up 1
Number of customers worldwide	3,000	3,000	
Assets under custody (trillions)	\$12.0	\$15.3	down 21%
Assets under management (trillions)	\$1.4	\$2.0	down 27%
ESG investment strategies			
Assets under management (billions)	\$60.0	\$80.0	down 25%
Number of accounts	250	215	up 16%
Total spending with suppliers and third parties (billions)	\$4	\$3	up 33%
Expenditures to minority- and women-owned suppliers (millions)	\$75.0	\$71.5	up 5%
Environment¹			
Electricity consumption (GWh)	198	143	
Electricity consumption per person (kWh) ²	11,000	8,700	
Gas consumption (therms)	805,000	818,000	
Gas consumption per person (therms) ²	70	75	
Oil consumption (gals.)	23,000	22,000	
Oil consumption per person (gals.) ²	2.0	1.6	
Direct CO ₂ emissions from operations (metric tons) ³	5,000	4,600	
Indirect CO ₂ emissions from operations (metric tons)	90,000 ⁴	103,000	
Water consumption (cu. ft. in millions)	12.6	11.0	
Water consumption per person (cu. ft.) ²	900	790	
Recycled paper per person (tons)	215	217	
Reclaimed IT equipment (pieces)	7,000	5,000	

¹ 2007 data includes North American operations only. 2008 data includes North America and Europe (except oil consumption). Year-over-year comparisons unavailable. See pages 30-31 for detailed environmental impact from operations.

² 2007 data does not include Massachusetts data centers. See page 33 for year-over-year comparisons for data centers.

³ 2007 carbon emissions from direct energy usage restated due to increased accuracy in reporting.

⁴ Includes emissions savings from renewable energy purchase. See page 35 for further information on State Street's renewable energy purchase.

Sustainability Snapshot

	2008	2007	% Change
Employee			
Number of employees worldwide	28,389	27,100	up 4%
Global payroll (including incentive compensation, billions) ⁵	\$3.8	\$3.4	up 12%
Performance evaluation			
Development plan completed	92.0%	90.0%	up 2%
Year-end review completed	91.6%	91.5%	
Training courses completed	29,500	29,500	
Total turnover rate	17.2%	22.2%	down 23%
Community			
Income taxes paid (millions)	\$1,118	\$593	up 89%
Community Reinvestment Act rating	Outstanding ⁶	Outstanding	
Investment in small business growth capital (millions)	\$1.5	\$3.0	down 50%
United Way contributions			
Employee (millions)	\$2.6	\$3.1	down 16%
Foundation (millions)	\$2.6	\$2.7	down 4%
State Street Foundation philanthropic gifts (millions)	\$18.8	\$18.2	up 3%
Foundation-directed grants	\$17.3	\$17.5	down 1%
Foundation match of employee gifts	\$1.5	\$0.7	up 114%
Number of employee gifts matched	2,535	1,604	up 58%
State Street Global Outreach™ program			
Number of volunteer service hours	60,000	51,800	up 16%
Savings to our charitable partners ⁷	\$1,170,600	\$954,000	up 23%

⁵ The increase in employee benefits and salaries for 2008 compared to 2007 was driven primarily by the acquisition of Investors Financial Services, higher staffing levels, higher average salaries and benefits expense and increased contract services spending. These increases were partly offset by a decline in incentive compensation.

⁶ As of February 2009.

⁷ Independent Sector value of volunteer time, www.independentsector.org.

Note: Throughout this report, amounts are shown in US dollars, except where noted, and N/A indicates information not available.

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*Indicates GRI Indicator is partially met.

CREATING VALUE

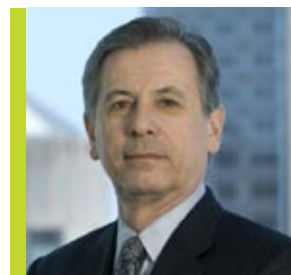
Letter from the Chairman

Extraordinary events, like those we experienced across the financial industry in 2008, are a true test of strength and perseverance. Despite the enormous challenges, State Street remained focused on serving our core constituencies — shareholders, employees, customers and the communities in which we live and work around the world. It is this commitment that drives every decision we make and every goal we aim to meet.

One of these goals is to consistently create value for our constituencies and to promote sustainability across all of our business operations. Even in the face of unprecedented market turmoil, State Street has not lost sight of that goal. We continue to make a meaningful impact in significant ways.

Creating a more eco-friendly workplace is one such accomplishment. Early in 2008, we formed an executive-level Environmental Sustainability Committee to ensure that State Street adheres to best practices in our environmentally related business activities. To help us do that, we established an Office of Environmental Sustainability.

We also developed another executive-level committee to strengthen the company's emphasis on flexible work arrangements, further underscoring our commitment to provide employees with flexibility in their work schedules. As a result, we created an Office of Flexibility with a goal to encourage one-third of our workforce to participate in some type of alternative work arrangement by 2011.



Ronald E. Logue

Chairman and Chief Executive Officer

- 1.1 Senior management statement
- 1.2 Key risks and opportunities

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Despite a downturn in the global financial markets, our philanthropic and volunteer efforts increased in 2008, with the State Street Foundation investing \$18.8 million in charitable organizations and employees donating 60,000 hours of their time during the year — a 16 percent increase over the previous year.

We also achieved record results in 2008 in terms of revenue and earnings per share growth. These achievements, however, could not shield us from the effects of market events.

As markets deteriorated, the unrealized mark-to-market losses in our investment portfolio and in the asset-backed commercial paper conduits we administer increased primarily due to continuing illiquidity in the market. We have been very transparent about our investment portfolio and the conduit program, and continue to believe that the assets remain strong.

During 2008, the US Treasury recognized State Street's role in sustaining the health and stability of the industry, selecting us as one of nine lead institutions to participate in its Capital Purchase Program (CPP). Following our commitment to participate in the CPP, we set a goal with our Asset and Liability Committee to immediately deploy the \$2 billion in additional credit and liquidity to our institutional investor customers.

To calibrate the company to a slower growth environment, State Street took a number of steps, including a reduction in our global workforce. Impacting approximately 2,000 positions, the reduction — completed by the end of the first quarter in 2009 — was largely achieved by consolidating senior and middle management and staff positions.

We enhanced our already strong risk management culture and company-wide systems in early 2008, appointing industry veteran Maureen Miskovic as chief risk officer to advance the strategy for our global risk organization and conduct ongoing reviews of our risk governance and management processes.

We also made other significant leadership appointments. Scott Powers joined the company as president and chief executive officer of State Street Global Advisors. David Puth was hired to lead our global investment research, securities finance and trading activities. State Street veteran Jay Hooley was promoted to president and chief operating officer responsible for all our asset servicing activities worldwide.

I am proud of State Street's 2008 performance, our perseverance through difficult times, and the continued tenacity and loyalty of our employees around the world. Though we expect 2009 to present industry-wide challenges, we are confident that the strength of our business will help us maintain momentum.



Ronald E. Logue

Chairman and Chief Executive Officer

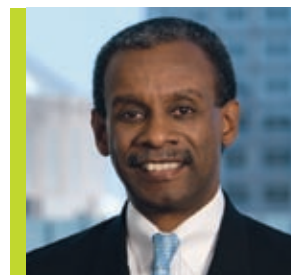
MAKING PROGRESS

Letter from the Director of Community Affairs

During this historically challenging period for the financial services industry, a commitment to corporate social responsibility (CSR) is more important than ever. I am pleased to report that State Street continued to strengthen its CSR commitment during 2008. Increased transparency remains a top priority. In collaboration with an external stakeholder group in 2008, we sought their views on “big-picture” sustainability issues concerning the current environment, and our report reflects their responses. We also conducted a workshop with a cross section of our staff to understand their views on CSR, identify and prioritize key CSR issues from their perspective, and assess the relative significance of those issues for State Street. To ensure even greater transparency and accuracy in our reporting, we again engaged an independent firm to provide assurance verification of the information contained in this report.

In addition to continuing the global rollout of our Environmental Management System (EMS), we revised our Corporate Environmental Sustainability Policy Statement, developed a Corporate Environmental Sustainability Strategic Statement and created an Office of Environmental Sustainability to be housed in Community Affairs and reporting to our CSR officer.

Building on the thoughtful work that led to the development of our Human Rights Statement, we continued to explore ways to ensure that our employees — wherever they are located — are treated with respect for their dignity and their individual rights.



George A. Russell, Jr.
Executive Vice President and
Director of Community Affairs

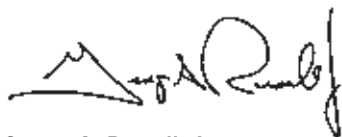
- 1.1 Senior management statement
- 1.2 Key risks and opportunities

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Challenging times call for more creativity in providing support to our communities. Increasingly, we try to capture the whole picture of a charitable organization's needs, recognizing that volunteer efforts may mitigate some of the need for financial support. In our strategic grantmaking efforts, we are moving toward an approach that focuses largely on programs addressing education, especially workforce development and employability. Our ultimate intention is that 70 percent of State Street Foundation grants will go to these types of initiatives. Recognizing the significant human and community needs during the current economic crisis and understanding that organizations need time to adapt to our new focus, we are proceeding cautiously in restructuring our grant portfolio to achieve this 70/30 ratio.

In keeping with State Street's Global Inclusion initiative, we continue to explore ways to make employee workplace giving programs available globally. In 2008, we expanded our Matching Gift Program to include Germany, Austria and South Africa, and we formed an advisory committee to look at organizations around the world that can provide opportunities for our employees to participate in giving campaigns. Our goal is to make this program available to all employees throughout the Europe/Middle East/Africa (EMEA) region by the end of 2009.

In good times, companies such as State Street are called upon to do a lot. In difficult times, we are called to do even more. Our commitment to CSR is unwavering at all times.



George A. Russell, Jr.

Executive Vice President and Director of Community Affairs



GOVERNANCE

State Street's financial objective is to create value for our shareholders. We seek to deliver consistent profitability highlighted by a disciplined expense culture. State Street manages the risks inherent in our business with systems, procedures and oversight that ensure transparency and long-term sustainability. The way we conduct business not only underscores our long-standing reputation for quality, integrity and consistency, but it also impacts those who rely on us to fully comply with laws that regulate our company. Our adherence to these standards is reflected in our established corporate governance approach and in the work we do every day across all business operations, from compliance to risk management to product development. Corporate governance is part of the very fabric of our company.

Meeting the Challenges in 2008

In light of the challenges resulting from the global financial crisis, we raised \$2.5 billion in equity capital for general corporate purposes, providing additional support for our tangible common equity (TCE) ratio in 2008. Although State Street has one of the highest regulatory capital ratios in the industry, the market has increasingly focused on the impact of *pro forma* consolidation of the commercial paper conduits that we administer on our TCE ratio. In February 2009, we announced a plan to strengthen this *pro forma* ratio, which includes a reduction in the dividend on our common stock to \$0.01 per share and a more conservative investment approach for our investment portfolio.

Given that our shareholders are making sacrifices through dividend reductions, we believe that we must also be willing to make our own sacrifices. Therefore, certain members of senior management did not receive incentive compensation for 2008. We also reduced 2008 incentive compensation by 50 percent for all but our most junior employees.

2008 Initiatives

- Achieved \$5.61 in operating earnings per share (31st consecutive year of growth).
- Bolstered our capital by reducing our dividend, cutting bonuses and directing more money into conservative investments.
- Conducted a systematic review of our operational, risk and compliance infrastructure, procedures and resources.
- Developed the CSR Policy Statement and a Corporate Environmental Sustainability Strategic Statement, continued work on our Human Rights Statement, revised our Corporate Environmental Sustainability Policy Statement, developed a plan for more effective internal communications on CSR issues, and began a strategic sourcing best-practices analysis.

In addition to focusing on our capital structure, we enhanced our risk management team and company-wide systems in 2008. We appointed Maureen Miskovic as chief risk officer to advance the strategy for our global risk organization, which includes identifying and addressing capital adequacy requirements, as well as business risks and emerging opportunities.

As an outcome of our risk review, we reallocated resources within SSgA, suspending our fundamental active equity team to focus on core disciplines, including indexing and quantitative strategies. We are also taking a more centralized approach to assessing the opportunities and risks associated with new products and services. As an example, we formed a New Business and Product Committee that brings together senior management from a range of business and functional units to evaluate proposals for new products and services, acquisitions and the formation of subsidiaries and affiliates, as well as branches. The committee's goal is to streamline the process of bringing new products to market and completing transactions while evaluating our ability to offer the proposed product and its associated business, reputational and other risks. Approved proposals are periodically reported to State Street's Operating Group, the highest ranking executives in the company.

In connection with certain SSgA active fixed-income strategies, during the fourth quarter of 2007, we established a reserve of approximately \$625 million to address legal exposure and related costs in connection with such strategies. We made settlement and related payments totaling approximately \$417 million as of the end of 2008.

2008 Board of Directors Oversight

In early 2009, State Street appointed two new directors to its board: Robert Kaplan, professor of management practice at Harvard Business School and former vice chairman of The Goldman Sachs Group, and Patrick de Saint-Aignan, 30-year veteran of Morgan Stanley who held several positions as a managing director, including head of the firm's global risk management function. With the addition of these new directors, the composition of our board continues to reflect a globally diverse range of experiences and market knowledge.

2008 Board of Directors Profile

Board Membership (subject to annual reelection)¹

Women	2
Minorities	1
Foreign nationals	2
Total number of directors	12

Permanent Committees:

Examining and Audit ²
Nominating and Corporate Governance ³
Executive Compensation ³
Executive Committee ⁴

¹ 11 independent; chairman is also CEO; independent lead director appointed.

² All members are independent and financially literate under NYSE standards.

³ All members are independent.

⁴ May include non-independent directors who also serve as officers of the corporation.

- 4.1 Governance structure of the organization
- 4.2 Independence of chairman
- 4.3 Number of independent and/or non-executive members

- 4.7 Qualifications of governance body

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Additional information relative to corporate governance, including governance guidelines, Standards of Conduct and biographical information on directors, can be found at www.statestreet.com/company/corporate_governance/overview.html.

Building on our long-standing Standard of Conduct for employees and Code of Ethics for senior financial officers, our Standard of Conduct for directors promotes honest and ethical conduct and the avoidance of conflicts of interest. The board insists directors, officers and employees adhere to the applicable code of conduct and to act ethically, honestly and with integrity at all times. Board members are required to avoid any business activity, employment or professional service that competes with State Street or conflicts with State Street's interests. They are also expected to manage their personal finances responsibly, including complying with applicable law concerning personal trading in securities, as well as the standards described in the State Street Securities Trading Policy. Any situation that presents a conflict or the appearance of a conflict with State Street must be disclosed to the corporation's chief legal officer or general counsel. Board members who change their principal business affiliation are required to offer to tender their resignation for evaluation by the Nominating and Corporate Governance Committee, which then recommends to the board whether to accept the offer to tender resignation. Members are also required to notify the chair of the Nominating and Corporate Governance Committee prior to accepting an invitation to serve on another public company board so that a determination can be made as to whether the new directorship would compromise the member's independence under board guidelines. Service on boards and/or committees of other organizations must comply with the corporation's conflict-of-interest policy as outlined in the Standard of Conduct.

The Nominating and Corporate Governance Committee of the board of directors is responsible for reviewing with the board the requisite skills and characteristics of prospective board members, and the composition and size of the board as a whole. This assessment includes qualification of independence, as well as consideration of diversity, skills and experience in the context

of the board's needs. The committee recommends nominees to the board and considers those recommended by shareholders, upon timely written notice under the by-laws. Each director's independence is determined annually by the board.

The board conducts an annual self-evaluation to assess whether it and its committees are functioning effectively. The Nominating and Corporate Governance Committee receives comments from all directors and assesses the board's performance, with particular focus on the board's contribution to the corporation and areas for improvement. The committee's report is reviewed and discussed by the full board. The committee also assesses and reports on whether each of the committees of the board has a functioning self-evaluation process.

Board members engage in ongoing communication with senior management and have full access to all employees. With facilitation from an independent firm, employees can report any concerns about business conduct, accounting practices, internal accounting controls or auditing matters to the lead director of the board. State Street prohibits any retaliatory action against any employee for good faith reporting of suspected violations of law or company policy.

Compliance Risk

The board of directors and senior managers promote a culture of compliance across the organization. Compliance is the responsibility of every State Street employee. The Corporate Compliance department supports senior management and the board of directors in managing compliance risk.

Business and corporate functional areas are required to implement compliance programs that are linked to our strategic plan and provide for risk assessment in multiple categories of risk including compliance with laws and regulations. Components of State Street's Compliance Program include identifying and assessing the risk of applicable laws and regulations, monitoring and testing, and reporting of issues, breaches, and results of the compliance program, as well as training employees.

- 4.4 Mechanisms for feedback to governance structure
- 4.6 Processes to ensure conflicts of interest are avoided
- 4.9 Procedures of governance body

- 4.10 Processes for evaluating highest governance body's performance

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The Standard of Conduct includes policies that respect the local laws, customs and business practices where we do business while embracing certain fundamental values embodied in a set of standards that remains constant. Those values include no improper payment to a government official or other person for the purpose of obtaining business; full, fair and accurate accounting for any expenses associated with doing business; and spending customary and reasonable amounts relating to gifts and customer entertainment, with full, fair and accurate accounting for those expenses.

Anti-money laundering policies, approved annually by the board, set forth a framework for ensuring that State Street is not used to facilitate money laundering or the financing of terrorist or other illegal activities and include our Anti-Money Laundering Policy, Bank Secrecy Act Policy and Guidelines, Know Your Customer Guidelines and Global Suspicious Transaction Reporting Guidelines. Our Standard of Conduct for employees provides clear guidelines on treating customer-related and State Street information as private and confidential.

Our Monitoring and Testing Program establishes a corporate-wide compliance framework with standard procedures for inventorying laws and regulations, assessing risks and conducting tests. These standards provide a comprehensive, consistent approach to managing compliance risks. The program uses a compliance risk assessment model, a uniform method for determining the likelihood and consequences of compliance risks, across the corporation. Use of the model is critical because it provides evidence that our regulatory compliance risks are being identified, reviewed thoroughly and addressed globally.

Suspected incidents of unlawful activities, such as money laundering, employee fraud and computer intrusion, are investigated internally, and a Suspicious Activity Report is filed with the Financial Crimes Enforcement Network or the relevant regulatory or law enforcement authority outside the US.

State Street's risk management efforts include business continuity planning, as well as a broad spectrum of social and governance factors, some of which are overseen by our board of directors. Our executive-level Environmental Sustainability Committee, established in 2008, is giving high-level attention to the risks posed by climate change and other environmental factors, and will report annually to top-level management and the board of directors. At this time, State Street does not use the precautionary approach with regard to environmental concerns as part of our risk model, and no formal audits are performed to assess the implementation of environmental and social policies and risk assessment procedures.

Business Continuity

Our Global Continuity Program is designed to ensure timely, secure recovery of our data processing systems, data communications facilities, information, data and business functions. The program policy, reviewed and approved annually by the board's Examining and Audit Committee, applies to all State Street and customer data. Reporting to the head of our Service Delivery Management Group, the Global Continuity Services department is responsible for developing and maintaining the policy and associated program.

Risk assessment, business disruption prevention, avoidance and recovery are critical components of the planning process. In the event of a natural disaster or other widespread emergency, our position as one of the world's leading financial services companies necessitates our ability to recover business and technology functions quickly. To that end, we maintain multiple data centers in geographically diverse areas in the US. Designed to meet the same security standards that the US State Department requires for American embassies, the data centers house backup systems for each primary facility infrastructure component and are designed to operate independently from external power sources for extended periods of time. In addition, each business unit is charged with developing a continuity plan for its operations and supporting technologies.

4.11 Use of precautionary approach
FS9 Environmental and social policies assessment audits
SO2 Business units analyzed for corruption risks

SO4 Response to incidents of corruption

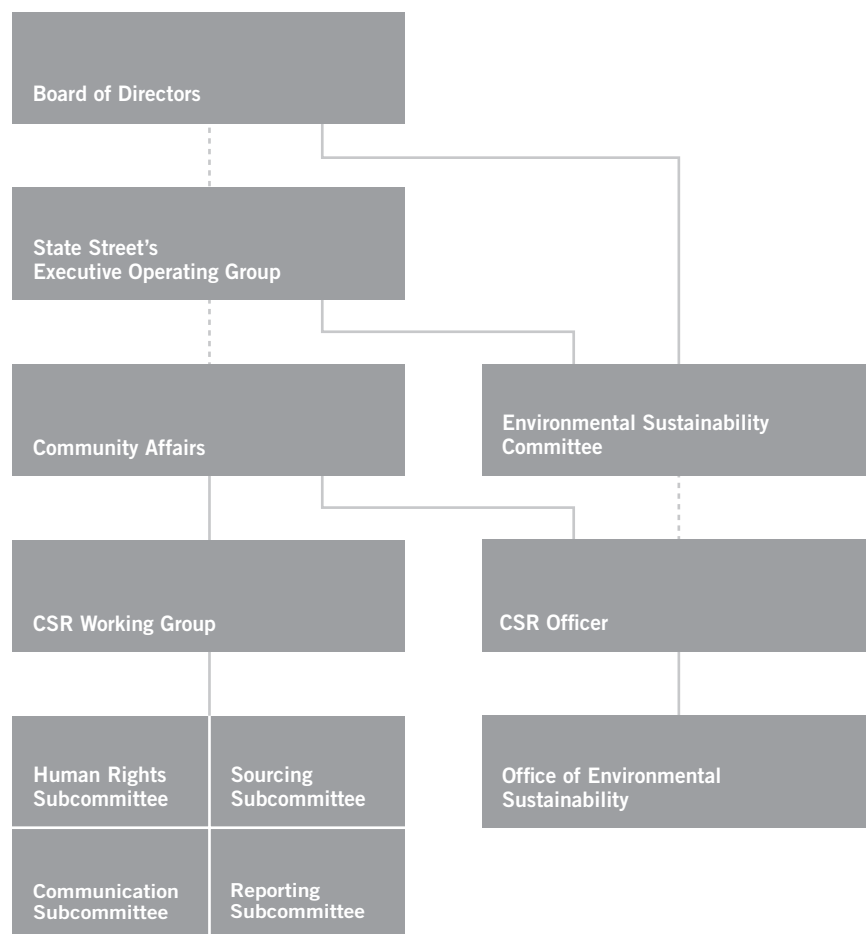
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CSR Integration

Central to our CSR governance structure is our CSR Working Group, established in 2007 to provide a system for assessing and managing sustainability issues within the company. The working group consists of 42 members who represent State Street's business units, corporate functions and distinct geographic regions. Working group subcommittees collaborate throughout the year to develop and help execute CSR initiatives related to human rights, sustainable sourcing, communication and reporting. In 2008, the

working group developed the CSR Policy Statement, continued work on the Human Rights Statement (formally approved in January 2008), contributed to the revision of our Corporate Environmental Sustainability Policy Statement and our Environmental Sustainability Strategic Statement, created a plan for more effective internal communications on CSR issues, and began a strategic sourcing best-practices analysis.

CSR Governance Structure at State Street



Serving Our Shareholders

State Street creates value for shareholders by consistently delivering strong financial performance. We have achieved growth in operating earnings for 31 consecutive years. Institutional investors hold approximately 80 percent of State Street stock with the remainder held by individual investors.

2008 Financial Performance

Metric	2009 Goal	2008 Performance	Long-Term Goals
Operating earnings per share growth	(12)–(16)%	23%	10–15%
Operating revenue growth	(8)–(12)%	25%	8–12%
Operating return on shareholders' equity	14–17%	19.3%	14–17%

In accordance with US Securities and Exchange Commission (SEC) regulations, we provide quarterly and annual reports of financial results. Our senior executives brief securities analysts on a regular basis. Shareholders can make inquiries via our corporate website. Our Investor Relations group updates senior management quarterly on shareholder concerns; typical questions concern stock performance and market analysis.

With investors increasingly concerned about CSR issues, strong performance as a socially responsible company, and our excellent financial results, makes our stock particularly attractive. We are proud to be included in a variety of investment portfolios with a socially responsible mandate:

- Calvert Social Index
- Dow Jones Sustainability Indexes
 - Global
 - North America
- ECPI Ethical Index Global
- FTSE4Good US Index
- FTSE ISS Corporate Governance Index
- KLD
 - Broad Market Social Index
 - Catholic Values 400 Index
 - Domini 400 Social Index
 - Global Sustainability Index
 - Large Cap Social Index
 - North American Sustainability Index
 - Select Social Index
- Oekom Research
- Storebrand Investments
- Vigeo

Government Relations

State Street participates in public policy dialogue around the world, primarily supporting policies that encourage expanding retirement and savings vehicles, recognizing the unique position and needs of institutional investors, enhancing market structure through efficiency and innovation, reducing cost and risk in the clearing and settlement of securities, improving access to global markets for institutional investors and service providers, and promoting effective regulation of global markets.

In 2008, State Street participated in public policy discussions with elected and appointed officials in Massachusetts on two key matters: corporate tax reform and data security regulations. With regard to corporate tax reform, we advocated for a corporate tax system that promotes fairness and fiscal stability while being supportive of economic development and job creation. As an industry leader in protecting the data we manage, we

gained additional insight into how the regulations protecting Massachusetts residents' consumer data applied to our global, business-to-business service environment. In both cases, we worked with the Massachusetts Bankers Association, Associated Industries of Massachusetts and the Greater Boston Chamber of Commerce to weigh in on the creation of statutes and regulations in these policy areas.

State Street executives make periodic, voluntary contributions of personal funds to two US political action committees (PACs) — one federal and one in Massachusetts. Under the State Street Bank and Trust Company Voluntary Political Action Committees, campaign contributions are not made outside the US. During 2008, contributions to PACs totaled \$22,050, which did not include in-kind political contributions. Full information on our Campaign Finance Reports and data is available at www.fec.gov and www.mass.gov/ocpf.

State Street's Largest Shareholders

2008 (as of December 31)	Shares (in millions)	% of Total Shares Outstanding	2007 (as of December 31)	Shares (in millions)	% of Total Shares Outstanding
State Street Global Advisors*	23.0	5.3	T. Rowe Price Associates	27.8	7.2
MFS Investment Management	19.0	4.4	Fidelity Management & Research	26.2	6.9
Wellington Asset Management	17.8	4.1	Wellington Asset Management	17.0	4.4
T. Rowe Price Associates	15.6	3.6	State Street Global Advisors*	16.6	4.3
Barclays Global Investors	15.0	3.5	Barclays Global Investors	15.1	3.9
Vanguard Group, Inc.	14.1	3.3	MFS Investment Management	13.3	3.4
Fidelity Management & Research	11.2	2.4	Vanguard Group, Inc.	11.5	2.9
Capital Research Global Investors	9.9	2.3	GE Asset Management	8.0	2.1
Legg Mason Capital Management	9.7	2.2	Capital Research & Management Co.	6.2	1.6
GE Asset Management	8.1	1.9	Viking Global Investors	5.4	1.4

* Includes shares in the State Street Salary Savings program (approximately 5 million shares).

S05 Positions and participation
in lobbying

S06 Political financial and
in-kind contributions

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BUSINESS

State Street's customers are among the largest institutions in the world, including governments, corporations, insurance companies, mutual funds, hedge funds, investment managers, central banks and monetary authorities, endowments and foundations, nonprofit organizations, health care institutions and unions. Our broad and integrated range of financial services spans the entire investment spectrum, including research, investment management, trading services and investment servicing — with investment servicing accounting for 82 percent of our total revenue and our investment management services representing 18 percent. By using any combination of these services, our customers can deliver more value to their clients, control costs, launch new products and expand globally.

Because of the close relationships we've developed with our customers, we understand the tremendous role CSR plays in the competitive bidding process. We help some of our investment servicing customers meet their own CSR objectives by analyzing their investments based on environmental, social and governance (ESG), compliance and risk criteria. For our investment management customers, we have developed ESG investment opportunities. We also extend the reach of our CSR commitment by setting CSR standards for our strategic sourcing practices.

2008 Initiatives

- Launched a Dow Jones Sustainability Index strategy that invests in companies leading sustainability efforts globally.
- Agreed to provide funding for a State Street CSR Doctoral Research Fellow at Bentley College to complete a doctorate in business with a CSR focus.
- Spent \$75 million with US minority- and women-owned businesses.

Geographic Breakdown

While global investing offers significant opportunities for enhanced returns, our customers' assets invested in certain parts of the world may represent increased environmental or social risk.

Assets Under Custody

\$ billions

December 31	2008	2007
United States	\$9,506	\$11,792
Other Americas	498	698
Europe/Middle East/Africa	1,524	2,163
Asia-Pacific	513	646
Total	\$12,041	\$15,299

Assets Under Management

\$ billions

December 31	2008	2007
United States	\$1,020	\$1,353
Other Americas	24	36
Europe/Middle East/Africa	272	427
Asia-Pacific	128	163
Total	\$1,444	\$1,979

Culture of Compliance

The increased scrutiny in today's business climate requires a compliance program that ensures absolute adherence to current laws and regulations. At the same time, companies must conduct global business activities and functions while anticipating regulatory changes. State Street's Corporate Compliance Program seeks to cultivate a culture in which compliance is an integral part of our business environment. The program includes establishing, monitoring and overseeing the testing of an integrated framework of compliance controls, policies and procedures across our business operations, promoting compliance with applicable and relevant legal and regulatory requirements and their implementation in corporate policies.

We foster an environment of timely and open communication and escalation of compliance-related matters. Program activities include oversight of our anti-money laundering program, educating employees engaged in broker/dealer activities about the requirements of various securities regulations, assessing and reporting the adequacy of information technology controls, and ensuring the privacy of all customer and employee data.

Our Standard of Conduct provides guidelines for doing business in full compliance with the laws that regulate our activities and with honesty and fairness in how we conduct ourselves. Among the topics covered in the Standard of Conduct are confidentiality of information, competition, political affairs, and gifts and entertainment. All employees are required to provide annual certification of their review of and compliance with the Standard of Conduct. In 2008, the completion rate was 99.9 percent.

With respect to antitrust and monopoly practices and product responsibility, including consumer privacy and loss of customer data, State Street was not involved in a court decision or case in 2008. Additionally, State Street was not subject to fines or non-monetary sanctions for noncompliance with laws and regulations that would be expected to have a material adverse effect on our financial position, results of operations or ability to perform the services we offer.

Taking the Lead

State Street participates in a variety of industry organizations around the world, advocating for adherence to industry best practices and encouraging the highest ethical standards by all industry participants. Our involvement includes, among others:

In the US: American Bankers Association (ABA), ABA Securities Association (Board Member), American Benefits Council (Board Member), Association of Global Custodians, Associated Industries of Massachusetts, Boston Municipal Research Bureau, Boston College Center for Corporate Citizenship, Business for Social Responsibility, Ceres, Community Encouraging Corporate Philanthropy (CECP), Council of Institutional Investors, Financial Services Forum, Financial Services Roundtable,

S03 Employees trained in anti-corruption
S07 Legal actions for anti-competitive behavior
S08 Sanctions for noncompliance

PR8 Complaints regarding customer privacy
PR9 Noncompliance with laws concerning use of products and services
FS6 Portfolio breakdown

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Greater Boston Chamber of Commerce, Institute of Supply Management, International Swaps and Derivatives Association, Investment Company Institute, Investor Network on Climate Risk, Massachusetts Bankers Association, Securities Industry and Financial Markets Association

Outside the US: American Chamber of Commerce Beijing and Shanghai, American Chamber of Commerce Japan, Asia Securities Industry and Financial Markets Association (Board Member), British American Business Inc. (Board Member), British Bankers Association, CSR Europe, Canadian Capital Markets Association, Carbon Disclosure Project, Forum of European Asset Managers, French Asset Management Association, German Bankers Association, Global Reporting Initiative (active participant in forming the Financial Services Sector Supplement), Institute of International Finance, International Bankers Association, International Business Leadership Forum, Irish Funds Industry Association (Board Member), Luxembourg Bankers Association (Board Member), United Nations Environment Programme Finance Initiative (Steering Committee and North American Task Force Co-Chair)

In October 2008, State Street hosted UNEP FI's North American Task Force's annual conference, which attracted more than 25 financial services companies from Canada and the US. The conference featured 20 experts in the field of sustainability disclosures and key highlights from the task force's commissioned paper on understanding corporate sustainability disclosure requests. For more information, visit www.unepfi.org/regional_activities/north_america/index.html.

Helping Customers Invest Responsibly

With heightened awareness around environmental issues, investors are increasingly focused on investing responsibly. In our investment servicing business, we help our institutional customers analyze their investments by providing tools and basic information about their investments, as well as compliance and risk information, to give them a better understanding of their portfolios and how their investments are being managed. We currently provide these analytics for 12 customers on approximately \$285 billion in assets.

Our investment management arm, State Street Global Advisors (SSgA), introduced its first institutional, socially screened portfolio in 1986. We currently manage over 200 separate accounts and more than a dozen commingled vehicles, according to one or more ESG criteria. Collectively, these investments span the range of both ESG investment approaches, including negative and positive screening, best-in-class sustainability and ESG factor integration, and the risk/return spectrum. This approach underscores the breadth and depth of SSgA's capabilities, but also the varied ESG criteria and approaches of our global customer base.

In addition, our ESG team maintains active industry connections to stay abreast of best practices and supports internal staff competency with respect to ESG policies and procedures. For non-ESG funds, no policies with specific environmental and social components are in place. At year-end 2008, we were managing \$60 billion in assets incorporating ESG factors, representing 4 percent of our total assets under management.

In 2008, we developed a Dow Jones Sustainability Index strategy that invests in companies that are global leaders in sustainability efforts. The fund launched in early 2009. To ensure the most effective allocation of investment management resources, SSgA sharpened its focus in 2008 on core strengths and areas where we are best positioned to serve customers, such as cash, equity, active fixed income and fixed income beta, as well as active and enhanced quantitative equity products. To maximize its focus, SSgA suspended the Global Fundamental Strategies group, which focused on individual stock selection, and closed the Global Environmental Opportunities Strategy (GEOS) fund, an ESG investment product.

Today, companies recognize that incorporating ESG factors into their business models not only improves their standards of corporate behavior, but may also enhance shareholder value. We believe companies that strengthen their environmental business practices may ultimately produce greater returns on shareholder capital than competitors who are not prepared. In the years ahead, we see climate change significantly impacting capital markets and related investment opportunities continuing to emerge. Specifically, carbon regulation will require more

4.12	Externally developed initiatives
4.13	Memberships in associations or advocacy organizations
EC2	Climate change risks and opportunities

FS1	Policies with environmental and social components applied to business lines
FS2	Screened assets
FS4	Improving staff competency in business lines

FS10	Interactions on environmental and social issues
FS11	Percentage of assets subject to screening

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transparency in the reporting of carbon emissions, enhancing our ability to assess the investment choices we make on behalf of our customers.

State Street makes an ongoing effort to help investors manage ESG factors across the risk/return spectrum by developing passive ESG strategies and identifying new markets and asset classes. We do this by working with a variety of external research agencies with subject matter expertise. Examples of customer-directed negative screens include Sudan-free, cluster munitions, Burma-free, MacBride Principles, environmental, US State Department List of State Sponsors of Terrorism and other qualitative human rights issues such as child labor. We also manage assets implementing positive screens, including community involvement, diversity, employee relations and the environment.

As part of the decision-making process in selecting an investment manager, investors routinely include questions about how ESG considerations are taken into account in the investment process. Apart from satisfying an investor's values or ethical preferences, such questions are asked because many believe that a logical link exists between ESG behaviors and investment performance. To study the relationship between investment performance and ESG exposure, it is necessary to have a reasonably long data set of ESG exposures, or the long-term effect could be masked by other short-term drivers. Importantly, enough time series of global ESG data now exist to attempt to empirically answer the questions of whether good ESG behavior results in superior investment returns, and whether the logical link that is assumed to exist between ESG behavior and returns is supported by historical evidence.

In searching published literature on the investment returns of ESG factors, SSgA failed to discover any analysis sufficiently broad enough to answer the question as to whether ESG-based investment can be financially rewarding. To that end, we sourced and tested multiple time-series data sets from numerous ESG data vendors to enable a single, comprehensive study of the linkages between ESG exposures and investment returns. We found that, in general, highly ranked ESG companies do not outperform poorly ranked ESG companies. It may be possible, however, to

achieve superior investment returns by incorporating ESG views into the investment decision process if the investor is prepared to be very selective about how and where ESG criteria are used.

SSgA does not engage directly with companies on ESG issues, as we act as a fiduciary for certain institutional customers. We can introduce outside organizations to our customers that can engage on their behalf, provided the assets are placed in a separate account.

State Street participates in a variety of initiatives focused on environmental issues, including Columbia University's Global Roundtable on Climate Change, the Investor Network on Climate Risk (a Ceres organization), the United Nations Environment Programme Finance Initiative (UNEP FI) and the Global Reporting Initiative. Since 2003, we have been a signatory to the Carbon Disclosure Project, a group of 415 institutional investors that seeks disclosure by more than 3,000 of the world's largest publicly traded corporations of their greenhouse gas emissions, and we have endorsed the Extractives Industry Transparency Initiative, a project initiated in the United Kingdom to improve the disclosure of compensatory arrangements between the natural resource industries and the governments of resource-rich developing countries.

Proxy Voting and Issuer Engagement

SSgA votes proxies in a way that we believe will maximize the monetary value of each portfolio's holdings with respect to proposals reasonably anticipated to influence the current or potential value of a security. Voting in a manner consistent with maximizing the value of our customers' holdings will benefit our direct customers (i.e., investment funds) and, indirectly, the ultimate owners and beneficiaries of those customers (i.e., fund shareholders). As an active shareholder, SSgA's role is to ensure that corporate policies serve the best interests of the corporation's investor-owners. We meet directly with corporate representatives and participate in conference calls and third-party inquiries to obtain as much information as possible. Through membership in various governance networks, as well as contact with corporate pension plans, public funds and unions, SSgA also communi-

cates extensively with other shareholders regarding events and issues relevant to individual corporations, general industries and current shareholder concerns.

SSgA meets regularly with issuers to discuss a variety of corporate governance issues. Our goal in these meetings is to convey to issuers the governance principles and practices that drive our voting decisions. These discussions with boards and management teams are intended to strengthen the quality of corporate governance and ultimately shareholder value. We focus on governance attributes and practices that we believe enhance the quality of corporate governance at issuers, including takeover defenses, merger transactions, proxy contests, board elections, executive compensation, equity plans and other issues important to shareholders.

SSgA voting policy and vote results are not in the public domain, but are available to clients. Vote results for our 40 Act funds are publicly filed with the SEC. SSgA has the capacity to facilitate custom voting on behalf of customer separate accounts. In these instances, we use either the baseline ESG voting policy provided by RiskMetrics Group or coordinate with customers and RiskMetrics to develop customized proxy voting guidelines. The proxy voting policy is reviewed at least annually by a senior-level team.

Voting audits are continually performed to monitor the votes cast and assess whether they are consistent with our voting policy. The staff member responsible for governance and proxy voting is a member of our ESG team. Further guidance on SSgA's proxy voting policy can be found online at www.ssga.com/library/capb/SSgA_Proxy_Voting_Summary_3.13.09CCRI1240598129.pdf.

Protecting Our Brand

State Street's marketing communications are primarily directed at institutions oriented to investment management and servicing. This preference influences our marketing strategy and the manner in which all marketing communications are produced. Our editorial standards dictate a style and approach that emphasizes high-quality editorial, rather than promotional content. The same is true for our visual language guidelines.

Also, all materials are reviewed by local experts for cultural translation. This corporate priority is supported by the Global Marketing team, which includes a significant proportion of employees based in Europe and the Asia-Pacific region.

Virtually all of our marketing communications undergo a rigorous legal and compliance review. A small proportion of marketing materials is regulated by the Financial Industry Regulation Authority (FINRA) and the SEC in the US and the Marketing in Financial Instruments Directive (MiFID) in Europe. These materials are reviewed and approved by State Street's legal and compliance divisions consistent with those regulations. Upon completion, those materials are filed with FINRA. Marketing communications that fall outside FINRA, SEC and MiFID regulations, such as press releases, product brochures, advertisements and the like, are also reviewed by the legal and compliance areas. To date, we have not identified any incidents of noncompliance with regulations and/or voluntary codes concerning marketing communications.

Communicating to Meet Customer Needs

We use a variety of communication methods to nurture customer relationships. For example, we hold annual face-to-face meetings with customers to formally review our service levels and receive ongoing feedback via direct contact and monthly reports. Our Quality Office sends online surveys to all customers annually to assess satisfaction with our services, our contribution to customers' goals and how well we meet their requirements. Typically, the response rate is 70 percent. We also host annual conferences with our largest customers to share information about our services, learn about their emerging needs and concerns and explore important industry topics, as well as our signature Vision conferences highlighting current trends important to our customers.

Internally, State Street strives to update employees with industry and customer information. In addition to our employee publications, *State Street World* and *State Street Digest*, we publish valuable industry data, as well as news about our products, services and organizational structure in a variety of other media. We also hold Town Halls featuring presentations from executive management,

PR4 Noncompliance with labeling regulations
PR5 Customer satisfaction
PR6 Adherence to laws related to marketing

PR7 Marketing noncompliance

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including the CEO and CFO. Employees are encouraged to submit questions anonymously via the State Street intranet or during the live broadcast. Town Halls are held quarterly and at various times to accommodate employees in all global locations.

To ensure customer needs are being met, we provide dedicated relationship teams with multiple methods to communicate, including our internal Global Marketing Support Center website. To further advance internal education efforts, State Street's Relationship Management group conducts an annual program that educates employees about selected customer organizations. The program includes market trend discussions that feature our customers' challenges and how State Street helps address them, as well as ongoing efforts to engage employees and customers on community outreach projects.

Collaborating with Strategic Partners

We believe relationships with our strategic partners should be mutually beneficial. Our Social Responsibility Standard of Conduct for Vendors and Third Parties Doing Business with State Street articulates our expectations for conducting business in a socially responsible manner. It is also included in outgoing requests for proposals (RFP), which include questions about suppliers' and potential suppliers' social responsibility policies. We review our supplier database quarterly against guidelines provided by the US Office of Foreign Asset Control. To date, no suppliers have been identified as unacceptable. The standard of conduct statement can be read in its entirety at www.statestreet.com/utility/vendor_contact_us.html.

Strategic Sourcing Guidelines ensure a fair and equitable bidding process where appropriate. We have no policy stipulating use of local suppliers but actively spend with local, regional and global suppliers consistent with our bidding process. The proportion of our procurement budget spent with local suppliers at significant locations of State Street operations is 95 percent. No discrimination is allowed in the selection of suppliers; they are covered under State Street's Equal Employment Opportunity Policy Statement.

Our US Supplier Diversity Program is an example of doing good business while strengthening local communities. Established in 1983, the program provides opportunities for minority- and women-owned businesses to establish mutually profitable relationships with State Street. The Strategic Sourcing Department, which oversees the Supplier Diversity Program, is a full corporate member of the National Minority Supplier Diversity Council. It also plays an active role, including board representation, in the New England Minority Supplier Development Council.

Supplier and Third-Party Spending

\$ millions

Location	2008	2007	2006
Austria	\$1	\$1	\$1
Canada	151	134	62
Germany	67	55	50
Ireland	242	458	117
Italy	5	8	11
United Kingdom	642	383	234
United States	2,987	1,954	1,820
Total	\$4,095	\$2,993	\$2,295

	2008	2007
Supplier Diversity Program spending (US)	\$75.0*	\$71.5

*Increase driven primarily by two minority-owned vendors.

The strategic sourcing sub-group of our CSR Working Group is examining ways to mitigate risk, especially with respect to regulatory requirements when vendors have a material impact on our operations, and increase our spend transparency. The group's current focus is studying best practices, particularly in the areas of the environment, human rights, diversity, ethics and safety. In particular, we are engaging customers who are also suppliers and are known for their strategic sourcing practices. Also, State Street is a member of the US-based Institute of Supply Management, which has developed CSR-related codes/policies and benchmarking metrics.

- EC6 Policy and proportion of spending on locally based suppliers
- HR2 Supplier screening on human rights

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ENVIRONMENT

Given the nature of our business, State Street's aim is to be an environmental leader among our peers within the industry. We believe our environmental practices have a direct effect on our ability to attract and retain customers, on our efforts to operate more cost-effectively and on our long-term sustainability. With this in mind, we look creatively at all of the ways we can affect our physical surroundings, taking actions that minimize negative impacts and maximize the positive ones. The company is gradually introducing a formal Environmental Management System (EMS) that tracks and monitors our environmental performance from an operations perspective. In recognizing the threat of climate change, we have also made it a corporate imperative to increase our efforts to reduce the use of fossil fuels.

2008 Initiatives

- Launched executive-level Environmental Sustainability Committee to evaluate our current ES practices and establish a permanent structure to ensure effective oversight and ES leadership.
- Collected data on direct and indirect energy usage, CO₂ emissions, water consumption and recycling efforts in the EMEA region as part of EMS rollout.
- Began environmental benchmarking in the Asia-Pacific region.

The source for energy and carbon saving equivalencies used in this section can be found at www.epa.gov/cleanenergy/energy-resources/calculator.html.

Letter from the Chairman of the Environmental Sustainability Committee

Over the past several years, important work has been done at State Street at the “grassroots” level to improve our environmental footprint and make our reporting more transparent. The establishment of an executive-level Environmental Sustainability (ES) Committee in 2008 reflected a corporate commitment to not only expand these efforts but to broaden their scope while ensuring they reflect the interests of all of our stakeholders. Our initial charge was to evaluate State Street’s current ES practices against environmental “best practices,” develop goals, action plans, and reporting metrics and processes for 2008 and beyond, as well as recommend a permanent approach in the oversight of our ES activities.

As our work progressed, we implemented an ES organizational and governance structure that includes a permanent, executive-level ES Committee with representatives from key operational departments and business areas, the already-existing ES Working Group and an Office of Environmental Sustainability housed in the Community Affairs division with a new, full-time ES staff member reporting to our CSR officer. I am especially pleased to report that the ES Committee will report annually to top-level management and to our board of directors.

Having established an overall structure for our ES program, the committee’s focus for 2009 and beyond is threefold: operational issues, opportunities arising from demand for ES-related products and services, and employee engagement and communication.

As a first step, we revisited the current Corporate Environmental Sustainability Policy Statement and updated it to reflect our more comprehensive approach to ES. We also implemented several recycling and renewable energy initiatives.

In the meantime, the rollout of a global environmental data collection program continued, and we are on track for full implementation during 2009. By 2010, State Street will be able to report on our environmental impact across our global portfolio. Included in planned initiatives for 2009 are an increase in the percentage



Joseph W. Chow
Executive Vice President

of our renewable energy purchase in direct-metered buildings in North America from 20 percent to 50 percent, increasing the percentage of recycled paper purchases, replacing a third of our remaining cathode ray tube computer monitors with flat screens (as part of a three-year phase-out plan), and expanding shower facilities and bike racks to encourage bicycling to work.

Looking back, we are proud of our accomplishments in making our company more environmentally sustainable. Looking ahead, we see great opportunities for even more improvement.

Joseph W. Chow
Executive Vice President

Corporate Environmental Sustainability Policy Statement

State Street is committed to being a leader in environmental sustainability, both in the way we carry out our operations and in the products and services we offer. Environmental sustainability at State Street means conducting our business in a manner that acknowledges, measures and takes responsibility for our direct and indirect impact on the environment. This means that we will conserve energy, dispose of waste responsibly, and reduce pollutants and other byproducts our activities may generate. By conducting our business in this manner, we align our long-term success with the earth's ecological well-being and create enduring benefits for our shareholders, customers, employees and the communities in which we live and work.

Corporate Environmental Sustainability Strategic Statement

Guiding Principles

- We will conduct our businesses and activities in an environmentally sustainable manner that incorporates the interests and expectations of our constituencies, including our shareholders, customers, employees and communities.
- We will manage Environmental Sustainability (ES) in a comprehensive way that addresses various aspects, including corporate governance, management structure and process, operations and resource management, products and services, communications, public disclosure, employee and community involvement, and public policy engagements.
- We will establish measurable ES goals, and track, verify and report our progress in meeting our goals.

Strategic Objectives

GOVERNANCE, INFRASTRUCTURE AND ORGANIZATION

- **Corporate Governance:** Elevate environmental sustainability as a governance priority by strengthening board and management oversight for ES-related policies and initiatives.
- **Management Structure and Process:** Formalize management structure and process so that ES initiatives are managed in a comprehensive, coordinated and consistent way.
 - Define roles and responsibilities for ES decision making, implementation and reporting.
 - Incorporate ES into State Street's multi-year strategic planning process.

- **Measurement:** Measure our progress against our ES goals.
 - Develop comprehensive internal measurements, including global carbon footprint metrics, to track our progress in meeting our ES goals.
 - Select and utilize a number of key external criteria to monitor and review our ES progress and make necessary enhancements.
- **Operations and Resource Management:** Further reduce impacts of State Street's operations on the environment.
 - Reduce emissions of pollutants and greenhouse gases.
 - Improve efficiency in waste management and overall resource consumption.

PRODUCTS, SERVICES AND INVESTMENTS

Explore and develop, as appropriate, products and services to help customers manage environmental risks and seize new business opportunities related to environmental sustainability.

COMMUNICATIONS, EMPLOYEE INVOLVEMENT AND PUBLIC POLICY ENGAGEMENT

- **Communications:** Communicate ES progress and accomplishments to shareholders, customers, employees and communities.
- **Public Disclosure:** Improve the transparency of ES-related public disclosure and communications.
 - Identify and disclose material risks and opportunities.
 - Continue to utilize external review to validate our reports and results on environmental quality and the human condition.
 - Develop employee involvement and community outreach programs.
 - Engage in philanthropic efforts and community investments.
- **Public Policy Engagement:** Continue to participate in public policy dialogue and support public policies that we believe are effective in addressing ES.

Our Operations and the Environment

State Street's EMS manual, created in 2006 and currently undergoing revision, provides a template for environmental management throughout all functional areas of our company. We enlisted our facilities managers, CB Richard Ellis (CBRE) in North America and Serco in the Europe/Middle East/Africa (EMEA) region, to implement the EMS program in our offices, and we use EnTech's electronic reporting system to validate all utility information. We began our efforts to create a baseline for the program in Eastern Massachusetts, where approximately 75 percent of our North American employees (50 percent of all employees worldwide) are housed and where we have the biggest "footprint." Since then, we expanded the program to include our operations in the rest of North America and Europe. We expect to roll the system out in Asia-Pacific in 2009.

We have chosen to report on five areas we believe have the most significant environmental impacts from our operations: direct energy (oil and gas), indirect energy (electric) and travel, water usage, and waste and paper recycling. Our utilities reporting covers approximately 4.8 million square feet of real estate in the US and Europe. Per person metrics include data centers in Massachusetts for 2007 and 2008 with the exception of waste and paper recycling. Monitoring of our utilities usage varies from site to site based on landlord agreements and the accuracy of the data available. Both absolute and per person metrics have been rounded in this report. Per person metrics were calculated using weighted averages.

Oil Usage¹

Gallons Overall

North America



Gallons Per Person

North America²



Gas Usage

Therms Overall

North America



EMEA³



Total



Therms Per Person

North America



EMEA³



Total⁴



¹ No oil burned in EMEA; represents total oil purchased.

² Covers 37 percent of global employees.

³ Not tracked in 2007.

⁴ Covers 43 percent of global employees.

Electric Usage

Gigawatt-Hours Overall

North America



EMEA²



Total



Kilowatt-Hours Per Person

North America



EMEA²



Total³



Total Waste

Pounds Overall

North America



EMEA²



Total



Pounds Per Person

North America



EMEA²



Total⁴



Water Usage

Cubic Feet Overall

North America



EMEA²



Total



Cubic Feet Per Person

North America



EMEA²



Total



¹ Includes consumption from base buildings of two large offices.

² Not tracked in 2007.

³ Covers 64 percent of global employees.

⁴ Covers 50 percent of global employees.

As we expand tracking and monitoring of our environmental footprint across our global locations, we continue to monitor progress toward our original goals set in 2006 for our Massachusetts operations. We will revise our environmental goals for global locations when benchmarking is completed in North America, EMEA and Asia-Pacific.

In 2008, we transitioned to using gas only for heating our Massachusetts buildings. This caused a significant increase in our gas usage, but helped us work toward meeting our goal of reducing carbon emissions from operations.

State Street leases space in all but four of the buildings it occupies in North America. Sub-metering and sole tenancy allow us to track actual usage in several locations throughout North America. For all other leased space, we estimate usage in US locations based on a formula provided by the Environmental Protection Agency; total consumption based on this standard for 2008 equates to 26,990,000 kilowatt-hours, representing 31 sites. In Canadian locations, we use a formula provided by Ontario Power Generation. It has not been our policy in the past to negotiate sub-metering in our lease agreements, and landlords are generally unwilling to incur the additional costs required to sub-meter under existing leases. Going forward, we expect to explore sub-metering on a case-by-case basis as we negotiate new and renewal leases.

In Quincy, Massachusetts, three of State Street's properties are adjacent to biodiverse lands representing 900,000 square feet of property. Our snow removal process allows for all snow to be plowed away from the surrounding wetlands, waterways, salt marshes, mudflats and shellfish beds. We have not identified other areas of operations with impacts on protected habitats or biodiversity.

In the EMEA region, recording and tracking of gas, electricity and water is beginning for all State Street properties larger than 1,000 square meters. Those sites are also required to introduce recycling programs to capture and measure waste streams of paper, plastic, food, glass and aluminum. During 2008, independent sustainability audits of three of our major European sites — Edinburgh, Kilkenny and Luxembourg — helped us to identify ways to make the buildings more energy-efficient. As a result, we initiated water-saving measures, improvements to recycling and recovery practices, development of solutions that allow better measurement of waste output, and the introduction of "green" procurement options. Monthly updates by our Global Realty Services group to the European Executive Board now include environmental and sustainability reporting.

In 2008, State Street had no instances of non-compliance with environmental laws or regulations and incurred no significant fines for these issues.

Progress Toward Original Environmental Improvement Goals in Massachusetts Locations

Per Person	2008	2007	2006	Goal by 2010	2006–2008
Oil (gallons)	5.7	3.6	36.8	5% reduction	85% reduction
Gas (therms)	71.5	82.5	52.6	5% reduction	36% increase
Electricity (kilowatt-hours)	13,270	11,660	11,500	5% reduction	15% increase
CO ₂ emissions from oil, gas and electric usage (tons)	Oil: 0.06 Gas: 0.4 Electric: 10.2	Oil: 0.04 Gas: 0.5 Electric: 8.8	Oil: 0.4 Gas: 0.3 Electric: 8.8	5% reduction	13% increase
CO ₂ emissions from oil, gas and electric usage with renewable energy purchase (tons)	Oil: 0.06 Gas: 0.4 Electric: 6.2	Oil: 0.04 Gas: 0.5 Electric: 4.8	Oil: 0.4 Gas: 0.3 Electric: 8.8	5% reduction	31% reduction
Paper recycled (pounds)	201	186	Not tracked	5% increase	8% increase (2007–2008)

EN11 Land adjacent to protected areas
 EN12– Significant impact of activities
 EN14
 EN28 Monetary and non-monetary sanctions

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Energy Conservation

During 2008, our energy conservation initiatives in Eastern Massachusetts represented an annual savings of \$365,000 and ranged from converting light fixtures to retrofiting stairwell heaters to upgrading to energy-efficient dishwashers. These initiatives helped us save 550,000 gallons of water a year and more than 2 million kilowatt-hours, which is equivalent to eliminating the average carbon emissions of 200 households for one year.

We launched a pilot program at our Kansas City location to power down desktop computers during periods of non-use. For the 1,600 workstations included in the program, we reduced annual power consumption by 672,000 kilowatt-hours and annual CO₂ emissions by 961,000 pounds. Global deployment to 33,000 desktops in 2009 is expected to reduce annual power consumption by 13.9 million kilowatt-hours and lower CO₂ emissions by 19.8 million pounds, the equivalent of removing 1,645 passenger cars from the road.

State Street's Global Infrastructure Services (GIS) group has identified several new opportunities to meet business requirements and deliver an environmental benefit. In 2008, GIS implemented the Zero Footprint, Maximum Impact strategy that reduces our IT infrastructure footprint in local offices and instead relies strongly on regional data centers. The virtualization of approximately 50 percent of our servers offsets some of our increased power needs and provides annual energy savings of more than \$2 million, reducing our carbon emissions by more than 19,000 metric tons — the equivalent of taking 3,500 cars off the road or planting 488,000 trees. Also, transitioning to a more highly optimized computing technology will save significant floor space, deferring the need to expand our data centers' physical footprint. In addition, the utilization of outside air for cooling, the installation of energy-efficient lighting and a 50 percent reduction in computer room lighting in our data centers save the company more than \$500,000 annually.

Massachusetts Data Centers

Gas Usage (total therms)



Oil Usage (total gallons)



Electric Usage (total gigawatt-hours)



Carbon Emissions (metric tons)



BREEAM Rating for New-Building Construction

In developing two new facilities in London and Dublin, State Street and the building developers aimed to achieve a Building Research Establishment Environmental Assessment Method (BREEAM) rating of "excellent" or "very good." The BREEAM rating system was developed by the British Research Establishment in 1990 and has evolved into a comprehensive assessment tool used in various stages of a building's life cycle. It is recognized as the national benchmark for assessing a building's environmental performance and is equivalent to the US Leadership in Energy and Environmental Design (LEED) rating system developed by the US Green Building Council to accelerate the adoption of green building practices, as well as Australia's Green Star rating system. BREEAM assesses the performance of buildings in the following areas:

- Resources (building materials, water consumption and water efficiency)
- Health and well-being (indoor and external issues)
- Air and water pollution
- Transport-related CO₂ (car park spaces, access to alternate transportation, etc.)

EN5 Energy saved
EN7 Initiatives to reduce indirect energy consumption

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- Energy efficiency in design
- Land use and impact on local ecology (species protection, etc.)
- Long-term building management

State Street's London office in Canary Wharf achieved an "excellent" rating for building design and operating model in 2008. The building, which was commissioned in December 2008, has planned a phased-in occupation for January through May 2009. For the new office building in Dublin, which will be occupied by early 2010, we are on target to achieve a "very good" BREEAM rating.

Climate Change Risks and Initiatives

With input from the ES Committee, our Office of Environmental Sustainability assesses State Street's risks and opportunities due to climate change. Our current exposure to regulatory risks related to climate change is minimal. As a financial services firm, we do not produce a large amount of direct carbon emissions and would not likely be the target of early legislation in the US. Nevertheless, we have taken steps over the years to both measure and reduce our carbon footprint, which prepares State Street for any legislative changes affecting the US financial services industry.

Headquartered in a coastal region of the US, State Street is exposed to physical risks from climate change should sea levels rise significantly in the Atlantic Ocean. We also operate major offices in other coastal cities. However, we are not dependent on operating in a particular physical location and can operate remotely from anywhere in the world. Moreover, our data centers have multiple backups to protect customer and financial market data.

State Street is committed to reducing environmental waste by displacing non-renewable sources from the electric grid with renewable equivalents to further reduce our carbon footprint. Energy consumed through a renewable source, such as hydro or wind power, equates to less environmental waste. During 2008, 24,500 Green-e¹ renewable energy credits were retired on behalf of State Street as a result of a three-year energy purchase agreement in 2007 with SUEZ Energy Resources NA, the US retail energy business of SUEZ Energy North America, from Green-e certified National Wind. National Wind operates utility-scale community wind farms that are 50 megawatts or larger and generate clean energy, replacing CO₂-emitting fossil fuel-based electricity. Another 35,333 renewable energy credits were retired on State Street's behalf through a similar agreement with Maine Hydro, which operates hydroelectric power plants that generate clean energy, replacing CO₂-emitting fossil fuel-based electricity. As a result of these commitments, State Street has reduced its carbon emissions from indirect energy by nearly 37 percent in North America and qualified for the EPA Green Power Leadership Club. Our estimated carbon emission savings is the equivalent of preserving 289 acres from deforestation.

In 2009, we plan to purchase additional Green-e certified renewable power in the form of renewable energy credits through National Wind. This purchase will represent 50 percent of our total electric load for locations we control in Massachusetts.

¹ Green-e is a US-based, independent certification and verification program for renewable energy and greenhouse gas emission reductions in the retail market.

State Street's Estimated Carbon Footprint (North America and EMEA)

metric tons

Carbon Emissions ¹	Scope 1	Scope 2 (Measured)	Scope 2 (Estimated)	Scope 3	Total
North America	4,800	74,000	17,000		
EMEA	200	16,000	N/A		
Business Travel				13,700	
Total	5,000	90,000	17,000	13,700	125,700

¹ Carbon emissions are reported based on the Greenhouse Gas Protocol. Scope 1 includes emissions from sources owned or controlled by State Street. Scope 2 Measured includes emissions calculated from metered utility consumption and Scope 2 Estimated emissions are associated with estimated utility consumption based on EPA and Ontario power formulas for North American properties where metering is not available. Scope 3 includes emissions from State Street's tracked business travel. *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard*. www.ghgprotocol.org

Carbon Emissions

metric tons

	Scope 2 (Measured)	Scope 2 (Estimated)	Total
Total indirect emissions without savings from renewable energy purchase	131,000	17,500	148,000
Savings from renewable energy purchase	–	–	42,000

State Street also actively pursues investments in renewable energy projects eligible for federal tax benefits (production tax credits or investment tax credits). Without such financing, many of these projects would not be economically viable. During 2008, we laid the framework for a \$12.3 million investment in a biomass-fired power plant in Arizona, bringing the number of such plants in which we hold an interest for our own account to eight. Environmental advantages of biomass over fossil fuel include its renewability, lower CO₂ emissions and minimal amounts of sulfur and heavy metals. The Arizona project is expected to generate approximately \$11 million in production tax credits.

During the second half of 2008, we considerably scaled back on nonessential travel to help reduce our expenses for the year.

We are also exploring ways to reduce travel while maintaining the communication essential for doing business effectively. One example is our investment in video and audio telecon-

Estimated Carbon Emissions from Business Travel in 2008²

metric tons

	Miles	Emissions
Air	73,740,000	13,200
Rail	930,000	300
Car	530,000	200

² Business travel data as shown is provided by one of State Street's primary travel vendors. The data includes travel by most North American employees and significant portions of the EMEA and Asia-Pacific regions. State Street employees who travel using another vendor are not included in this data. Improved data collection and carbon emission calculation methods in 2008 make 2007 data incomparable.

ferencing equipment over the past several years. Since 2006, State Street has nearly tripled the amount of new systems built annually and increased the average monthly videoconferences by more than 60 percent.

As a financial services firm, State Street does not directly emit significant volumes of ozone-depleting substances or other greenhouse gases.

Monitoring Air Quality

CBRE has contracted with Environmental Hygiene Services, a division of Nalco Company, to conduct annual testing of the indoor air quality in State Street's North American operations. The assessments include five major factors: attributes, comfort, air pollutants, moisture and bioaerosol samples.

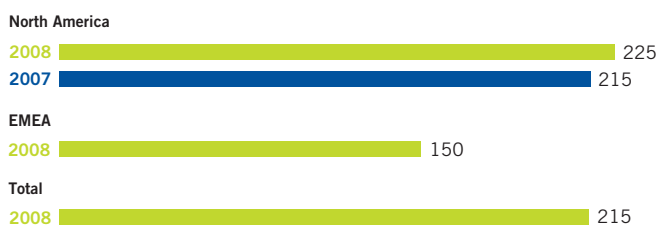
EN16 Total direct and indirect greenhouse gas emissions

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Waste and Recycling Initiatives

State Street tracked recycled paper waste across North American operations in 2008 and for the first time in Edinburgh and Luxembourg, two of the largest offices across our EMEA region. Bottle and can recycling is available throughout most of State Street's global offices; however, tracking and monitoring of this waste is only available in select locations.

Recycled Paper Pounds Per Person



In the US, recycled paper represented 7.3 percent of our total paper purchases in 2008, compared with 2.83 percent in 2007. In our mutual fund servicing business, we have made dramatic progress in managing our use of paper more effectively. Since 2002, we have saved more than \$3 million by reducing the print volume on our mainframe computers, as well as removing and “rightsizing” equipment. We have also avoided an estimated \$16 million in costs from not printing 800 million pages as a result of customized formatting, more than 150 decentralized mainframe printers not needed and 250,000 archive boxes not submitted. Between 2002 and 2007, while mutual fund assets under State Street's custody rose by 32 percent, the number of related pages sent to mainframe printers decreased by more than 60 percent. We are currently exploring ways to expand these efforts globally and across other business lines.

State Street's operations in Massachusetts recycled 3,866 printer toners from May through December 2008. Although toner recycling has been an ongoing endeavor at State Street, formal tracking commenced in May 2008.

In our offices in Eastern Massachusetts, Kansas City, Edinburgh and London, State Street reclaimed 7,000 pieces of IT equipment for safe disposal. In the London and Edinburgh offices, 9 tons of IT equipment were re-used and 5.4 tons were recycled. The equipment was processed using the best available treatment, recovery and recycling techniques, and in accordance with all current environmental legislation.

In September 2008, CBRE and State Street's food service vendor implemented a pilot program to recycle organic waste from the cafeteria kitchens at One Lincoln Street in Boston. Wet and dry food waste is hauled to a composting yard, where biodegradable trash is separated and combined with nitrogen and yard waste, a source of carbon. After six months of heating and turning, the mixture is turned into nutrient-rich, organic compost that is sold to local businesses for landscaping projects. During the first three months of the program, 11.5 tons of food waste was recycled. Also in 2008, cafeteria supplies manufactured with recycled content constituted 40 percent of the total volume purchased.

In 2007, State Street began an initiative to implement “green” cleaning programs and associated equipment and materials in the properties where State Street directly manages cleaning services. In 2008, we replaced restroom paper in Massachusetts locations with products that meet or exceed the EPA Comprehensive Procurement Guideline Standards with regard to recycled content, and we replaced hand soap with Green Seal Certified products. We expect to implement these changes throughout North America in 2009.

The vendor for managing hazardous waste removal for State Street's North American operations utilizes reputable disposal, recycling and remediation companies. It has developed the most current and cost-effective procedures for cleanups, maintenance and handling of hazardous and non-hazardous waste disposal. During 2008, State Street experienced no reportable spills or incidents in our North American operations, nor did we have any reported fines for non-compliance with environmental laws and regulations.



EMPLOYEE

We recognize that highly skilled, productive employees are essential to our success. In all of our locations, we aim to be an employer of choice by offering competitive compensation and benefits, personal and professional development opportunities, and a work environment that promotes a diverse array of people, ideas and job skills. Because we operate in countries with a variety of cultural norms, our Human Rights Statement emphasizes our commitment to respecting the dignity of all our employees. We understand that our long-term sustainability depends on our ability to attract and retain talented, dedicated employees. In periods of business downturn, we strive to balance the need for cost reductions with our commitment to investing in the skills and well-being of our employees.

Promoting Diversity

Diversity and inclusion are fundamental, strategic imperatives at State Street. Knowing that our strength comes from the variety of ideas and perspectives in our global workforce, we strive to be a company where all employees are engaged and valued. At every level of our organization, diversity emerges from human differences — age, ethnicity, gender, physical and mental ability, race, sexual orientation, spiritual practices, and family status — and is representative of the communities in which we operate. Individually and collectively, our differences make us stronger, and they make a measurable difference in our organization's performance by:

- Creating a more rewarding work environment for all employees
- Enabling us to attract and retain an increasingly diverse workforce
- Engaging qualified employees from all types of backgrounds
- Enhancing personal and professional development
- Encouraging creativity and diversity of thought
- Improving employee pride, commitment and contributions

2008 Initiatives

- **Provided \$3.8 billion in employee salaries and benefits worldwide.**
- **Established an executive-level committee to focus on flexible work arrangements and include them in strategy development, goal-setting and reporting.**
- **Adopted Human Rights Statement and continued to ensure that it reflects international best practices.**

Our company-wide Global Inclusion initiative launched in 2004 aims to ensure that our employees have the opportunity to do their best work in an environment where they feel valued and engaged. Global Inclusion consists of employee teams led by senior managers and supported by regional groups representing every business unit and staff function. The teams focus on three goals: provide managers with best-practices support for developing skills in managing people; build the infrastructure needed to attract and retain a diverse employee population; and increase openness and transparency in communications.

Given that we employ such a diverse workforce, we recognize that working traditional hours may not always be convenient for everyone. When business needs allow, flexible work arrangements

can be a creative solution. In 2008, we formed an executive-level committee to focus on flexible work arrangements at State Street. The committee conducted focus groups and an all-employee survey to gauge current perceptions of work flexibility at State Street and develop a framework for further implementation of flexible work arrangements. The committee's work resulted in the establishment of an Office of Flexibility, and guidelines were established for managers and employees to explore and implement flexible work arrangements — offering significant benefits from a business, employee and environmental perspective. By 2011, our goal is to encourage 33 percent of our workforce to participate in some type of alternative work arrangement, such as flex-place, reduced hours or flex-time.

Global Inclusion

2008 Global Inclusion Goals

Ensure that employee and manager engagement in and support for Global Inclusion is recognized as key performance behavior and linked to the annual Performance Planning and Review (PPR) Process and incentive compensation.

Ensure flexible work policies are implemented across the organization.

Institutionalize mentoring programs.

Achieve a heightened level of internal recognition for Global Inclusion.

2008 Global Inclusion Accomplishments

Established mandatory Global Inclusion goals for every employee beginning in 2009 PPR cycle.

Developed an Office of Flexibility, established workstreams to explore the implementation of flexible work arrangements at State Street and conducted an all-employee survey to understand their views on the company's flexibility offerings.

Number of formal mentoring programs at State Street increased in 2008 by 36 percent and now includes nearly 1,000 participants.

Incorporated the Global Inclusion message more fully into existing internal communication channels and created Global Inclusion identity to increase employee awareness, and to include more inclusive and diverse values in hiring efforts. Our efforts helped to grow employee networks by 65 percent globally.



State Street Corporation's Human Rights Statement

An early focus of our CSR Working Group was the development and adoption of a Human Rights Statement. The statement references the United Nations Universal Declaration of Human Rights and establishes foundational principles for respecting individual rights and dignity in the countries in which we operate. During 2008, the human rights subcommittee of the CSR Working Group continued its work to ensure that the statement reflects international best practices while balancing our ability to meet and monitor those standards.

Our commitment to diversity and inclusion is underpinned by a variety of other practices. The Employee Handbook sets out all corporate policies, and our Standard of Conduct provides guidelines for how business is to be conducted and how employees are to conduct themselves. In the US, our Equal Employment Opportunity (EEO) Policy Statement is distributed to all employees annually; non-compliance is grounds for disciplinary action. Other policies distributed to US employees annually include Discrimination/Harassment, EEO/Affirmative Action, Drugs/Alcohol and Hours of Work/Overtime.

Sexual harassment and discrimination are not tolerated in the workplace. We offer training on policies and practices concerning diversity in the workplace, sexual harassment and human resource laws.

Companies providing security personnel to State Street are required to provide classroom training in sexual harassment, discrimination, powers of arrest, workplace violence and dealing with aggressive individuals. The current security personnel are 95 percent compliant with this requirement.

Diversity priorities include increasing the representation of women, minorities and non-US nationals at the senior management level. Recruiting efforts are focused on local markets and use a variety of mechanisms, including advertising in local and regional media and on the Internet, recruiting at local schools and universities, advertising on job boards, using local recruitment agencies and incentive-based employee referral programs.

State Street Corporation's Human Rights Statement

- State Street Corporation is committed to providing a work environment that emphasizes respect for the dignity of all our employees.
- We maintain policies designed to comply with local laws concerning employment and individuals' rights in every country in which we operate.
- Our commitment to an inclusive, safe and ethical workplace is included within the provisions of our Employee Standard of Conduct and across our human resources policies.
- We do not tolerate corruption, discrimination, harassment, or forced or child labor in any form.
- In addition, we support fundamental principles of human rights, such as those adopted in the United Nations' Universal Declaration of Human Rights.
- We believe that upholding these principles is an important component of our culture and values.

HR3	Employee training on human rights
HR4	Incidents of discrimination
HR8	Security personnel human rights training

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We sponsor employee networks that focus on career and educational advancement, as well as the concerns of various constituencies among our employees, including disability awareness, issues facing working parents, professional women and the experiences of African-American, Asian, Christian, GLBT, Jewish, Latino and Muslim employees.

State Street addresses employee turnover through a number of levers designed to attract and retain key talent in our organization. We follow a strategy that offers competitive compensation levels to our employees, with a focus on total compensation, not just base salary. All employees are eligible for an annual incentive award in addition to their base pay, allowing managers to differentiate employee compensation based on performance.

Progress Toward Senior Management Diversity Goal¹

2008 Goal	Performance Against Goal
100%	108.5%

State Street Worldwide Workforce²

	2008	2007
Number of employees	20,954	21,325
Number of supervised workers	7,435	5,813
Total workforce	28,389	27,138
United States	17,741	17,013
OECD countries (includes US)	26,943	25,940
Non-OECD countries	1,446	1,198
Full-time permanent employees	27,658	26,490
Part-time permanent employees	731	648

Composition of State Street Workforce²

Female Employees by Title (Worldwide)	Total Females	Total Employees	% of Total Females
Associates	8,026	16,359	49.1%
Officers	1,804	4,334	41.6%
AVP	1,287	3,247	39.6%
VP	1,234	3,954	31.2%
SVP	92	422	21.8%
EVP/ECC	17	73	23.3%
TOTAL	12,460	28,389	44.5%

Minority Employees by Title (US only)	Total Minorities	% of Total Minorities
Associates	2,904	30.8%
Officers	653	24.4%
AVP	521	22.0%
VP	378	13.1%
SVP	21	6.4%
EVP/ECC	5	7.5%
TOTAL	4,482	25.3%

Employee Age Group by Title (Worldwide)	% <30 yrs. old	% 30-50 yrs. old	% > 50 yrs. old
Associates	57.1%	37.4%	5.5%
Officers	22.2%	69.9%	7.9%
AVP	5.8%	81.2%	13.0%
VP	0.9%	82.5%	16.6%
SVP	0.0%	66.1%	33.9%
EVP/ECC	0.0%	35.6%	64.4%

¹ Three-year diversity goal is to increase by 50 percent the number of women, people of color and non-US passport holders in senior vice president or higher positions by year-end 2008. From a baseline of 147 as of December 31, 2005, the number rose to 244 as of December 31, 2008.

² As of December 18, 2008.

Worldwide Employee Turnover¹

Employees Leaving Employment	2008		2007	
	Number	Rate	Number	Rate
Total	4,891	17.2%	5,415	22.2%
Men	2,724	17.1%	3,067	22.7%
Women	2,167	17.3%	2,348	21.5%
Under 30 years old	2,524	23.8%	2,900	35.2%
30-50 years old	1,986	13%	2,323	16.3%
Over 50 years old	381	15.1%	192	9.9%
Leaving in home country ²	2,847	15.9%	3,022	19.8%
Leaving in OECD countries	4,639	17.1%	5,130	22.0%
Leaving in non-OECD countries	252	18.7%	285	24.7%

¹ Calculated using average headcount for the full year.

² 2007 data restated for accuracy.

Employee Contractual Relationships

State Street complies with the applicable employment, labor and employee privacy laws where we do business. We have no formal global policy for granting preference to local residents when hiring in significant locations of operations. However, some examples of hiring practices for senior managers (vice president and above) include the following: in Australia and Korea, 100 percent hired locally; in Japan, 94 percent of a total of 84 managers are local; in Hong Kong, 67 percent of a total of 59 managers are local.

Due to the nature of our business and reliance on skilled, professional workers, we have identified no operations with significant risks associated with freedom of association or forced or child labor, and we have had no incidents of violations involving the rights of indigenous people.

All employees are expected to adhere to our Standard of Conduct. We have adopted employment-related policies applicable to one or more business units within a geographic area and, in some cases, may have also entered into contractual relationships with worker representatives regarding workplace rules. Specific employment-related appeals processes exist, and any employee may raise an issue with any member of management

or a member of the Global Human Resources staff. We provide all employees with a reporting system that allows them to formally raise these concerns. Some of our country-specific contractual relationships are described below.

Asia-Pacific: No collective bargaining agreements/trade unions. Two and a half to 4 percent of our workforce in Japan is represented in a joint management-worker health and safety committee, which meets monthly to monitor and advise on occupational health and safety programs.

Austria: A collective bargaining agreement for banks covers 100 percent of the staff.

Belgium: No staff delegation is required because fewer than 50 people are employed. We are bound by the rules of the “commission paritaire 310” for companies performing banking services.

France: The Banking Collective Agreement covers 100 percent of employees. Negotiations are conducted with union representatives and a Workers’ Council. Monthly Workers’ Council/management meetings are held, and a health and security council representing all employees meets four times per year.

EC7 Procedures for local hiring and proportion of senior management
LA2 Employee turnover
LA4 Collective bargaining agreements

LA6 Management-worker health and safety committees
LA9 Health and safety topics
HR5 Operations in which freedom of association is at risk

HR6–7 Operations where child labor and forced labor are a risk
HR9 Violations involving indigenous people

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Germany: Works Council is implemented at employee request; there is a nine-member council in Frankfurt and no council in Cologne or Munich. A committee with representatives from TUV (organization for occupational safety), Global Realty Services, management and a doctor specializing in occupational health meets twice per year on occupational health and safety issues. TUV holds regular information sessions on topics related to occupational health and safety. Eye tests and flu vaccinations are provided.

Italy: Local employee representatives are involved with two major unions; local agreement supplements National Collective Bargaining. Health and safety practices comply with local laws. We consult trade unions on health and safety issues. Specific agreements cover issues such as use of video cameras and attendance systems.

Luxembourg: The Collective Labour Agreement for the Banking Sector covers 85 percent of employees. The Agreement is represented by staff delegation and is comprised of members of the lead banking sector union (Association Luxembourgeoise des Employés de Banque et Assurance). Banking and Insurance sector trade union is represented by Staff Delegation. Joint Works Council has representatives from management and non-management staff, and continually reviews health and safety issues. A full-time, trained health and safety representative advises senior management on health and safety matters, supervises security equipment, controls security register, organizes related training sessions, and liaises with governmental authorities. A safety representative works closely with staff delegation's appointed safety delegate who inspects working conditions, makes proposals on risk prevention, performs consultative role in assessing health and safety risks, reports issues to government authorities and implements actions with health and safety implications.

Netherlands: Employees are covered under the Collective Labor Agreement, represented by the Union and Works Council.

North America: There are no collective bargaining agreements/trade unions.

Switzerland: Staff delegation is not required. We are bound by the rules of the Swiss Code of Obligation, as well as the Swiss Employment law.

United Kingdom: Information and Consultation Committees are in place in each UK location, representing all UK staff (not including the Channel Islands). A UK health and safety board ensures consistency of compliance with relevant legislative provisions, such as eye tests, workstation assessments and annual flu vaccinations.

Compensation

Our compensation and benefits practices, as well as personal and professional development opportunities, help State Street attract and retain the best employees. These employees contribute to our success while striving to achieve their individual performance goals. The Executive Compensation Committee of the board of directors is responsible for setting incentive compensation based in part on achievement of financial goals, State Street's overall performance, corporate governance and social factors. Incentive plans are funded against net income before taxes and incentive compensation.

Incentive compensation awards for the chairman and chief executive officer are based on the board of directors' assessment of overall State Street performance, including measurement against financial and non-financial goals. Regarding equity incentives, the value of stock appreciation rights and stock awards is driven by stock price, while the value of performance awards is driven by the achievement of return-on-equity and earnings-per-share goals.

Under SEC rules, State Street is required to report the annual and long-term compensation of the five highest paid executives. For these executives, the severance period is 52 weeks (including a two-week notice period) of base salary plus four weeks of base salary per completed year of services up to a maximum of 104 weeks of base salary. Only one member of the board of directors is an employee of State Street and he does not receive any compensation for serving on the board. Non-management

directors receive compensation based on their service on the board. Directors' compensation is reviewed annually by the Executive Compensation Committee, which makes a recommendation to the board for approval.

In early 2009, the Executive Compensation Committee met with senior risk officers, the chief risk officer, the chief legal officer, the head of Global Human Resources and external counsel to the board to review the 2008 incentive compensation arrangements for our senior executive officers, within the context of the rules for the US Treasury's TARP program. State Street's CEO Ron Logue formally requested to the board that he not be awarded any incentive compensation for 2008. The board and CEO also concluded that certain other executive officers, including all of the named executive officers, would not receive any 2008 incentive compensation. More information on board and executive compensation is available in State Street's proxy filing at phx.corporate-ir.net/phoenix.zhtml?c=78261&p=irol-IRHome.

In the US, entry-level wages are significantly above minimum wage by a factor of two to two and a half times. The average rate of pay for female employees in the US was 87 percent of the average for male employees in 2008, up from 83.4 percent in 2007. Worldwide, that figure was 90 percent, up from 87 percent.

Benefits

State Street provides a variety of programs, resources and benefits that support our employees as they encounter challenges in their daily lives, work lives and in caring for themselves and others. Our flexible benefits program includes medical and life insurance, as well as flexible spending accounts for health care and dependent care. Employees with contagious diseases are, at a minimum, covered by short-term disability policies worldwide.

Our Benefits and Work/Life program, described in full at www.statestreet.com/company/careers/careers_overview.html and available to employees in the US, is designed to help employees balance the requirements of their work and personal lives.

The company funds retirement programs, held and maintained separately from corporate resources where permissible, including a 401(k) plan featuring a company match. As of December 31, 2008, defined benefit plan liabilities met by State Street's general resources were estimated at \$333 million. For the \$735 million of liabilities for pension plans with separate funds, the majority of which are for US plans, there were \$692 million of assets. For funded plans with assets not fully covering liabilities, there were \$604 million of liabilities, \$521 million of assets and \$83 million of unfunded status deficit. The plans are funded as required in each local jurisdiction to meet or exceed minimum funding requirements.

With some exceptions, temporary employees and regular employees who work fewer than 20 hours per week are not eligible for benefits. Permanent part-time employees who work between 20 and 28 hours per week are eligible for benefits with some limitations; those working 29 hours or more are eligible for full benefits. Benefits provided to full-time, and most temporary or part-time, employees in the US include life insurance, health insurance, medical care for families, accident insurance, disability/invalidity insurance, pension plans/retirement provision, maternity and/or paternity leave, child care, employee assistance program, flexible work schemes, death benefits, healthy living programs, private rooms for new mothers, adoption assistance and home buyer's program. Information on State Street benefits may be found at the following Web addresses:

United States:

www.statestreet.com/company/careers/careers_overview.html

Australia:

www.statestreet.com.au/benefits.html

Canada:

www.statestreet.ca/company/careers/overview.html

Ireland:

www.statestreet.ie/en/careers/training_culture.html

State Street Global Advisors:

www.ssga.com/about_ssga/culture.html

EC3 Coverage of the organization's defined benefit plan obligations

EC5 Wage ratio range

LA3 Benefits provided to full-time employees not provided to temporary or part-time employees

LA14 Compensation ratio

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Developing Our Talent Pipeline

To ensure we are attracting and developing quality employees, State Street offers a comprehensive program for recognizing, rewarding and encouraging talented individuals through our annual Performance Planning and Review (PPR) process. Every year, each business unit sets goals for employee development, and employees work with their managers to develop individual performance plans. Employees receive mid-year and end-of-year reviews on their progress toward their goals, and their compensation is linked directly to the individual's performance review.

Our learning development programs focus on building the management and leadership capabilities of all State Street employees to improve organizational and business performance, foster a passion for the business that encourages people to give their best, and create a fulfilling workplace. Our Global Curriculum is a learning and development program that provides access to targeted and relevant training that is consistent across all State Street locations. Aligned with the 16 core competencies used in the PPR process, the curriculum consists of online,

classroom and experiential learning opportunities covering a wide range of disciplines and topics and available in multiple languages. Targeted development opportunities are offered to key performers. State Street also provides an educational assistance program, which helps employees obtain continuing education and business-specific and technical skills training.

Volunteerism at Work

We believe employees are drawn to companies that have a commitment to community service and provide opportunities for personal involvement in making the world a better place. Volunteerism is an important aspect of work/life balance at State Street. As a company that strives to be an employer of choice, we have made volunteerism an important part of our corporate identity. Consistent with that philosophy, volunteer activities are included in the development goals section of our PPR process.

We provide a variety of outlets for employees to volunteer their time, talent and passion to make a difference in the lives of others. State Street Global Outreach,[™] our volunteer program that is available in 30 State Street offices in 18 countries, offers employees at least two paid days a year to participate in the program or their personal volunteer endeavors. Employees may also take advantage of our volunteer flextime policy for ongoing projects during the workday, such as school-based mentoring opportunities. An important aspect of the program is participation by managers, who are urged to volunteer with their employees. In Massachusetts, Global Outreach includes the Spirit of State Street Alumni Volunteer Program, connecting retired and former employees with one another and with current employees by providing meaningful opportunities for community service. We also give employees ways to make financial contributions to their communities. (For further details, see page 49.)

Worldwide Employee Development and Performance

Employee Development and Performance Goal	2008	2007	2006
Development plan completed	92.0%	90.0%	67.0%
Mid-year review completed	77.5%	71.5%	71.0%
Year-end review completed	91.6%	91.5%	80.0%

Classroom and Online Training

Number of training courses completed*	29,500	29,500	29,987
Average number of hours	3.7	3.7	3.5

*Includes classroom (historically 65 percent) and online (historically 35 percent). Most classroom courses are four hours long; a few run eight hours (one day) or 16 hours (two days).

- LA10 Average hours of training
- LA11 Skills management and lifelong learning
- LA12 Performance and development reviews

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Workplace Comfort and Safety

When a State Street employee in the US or Europe requests an ergonomic evaluation of their workspace, an ergonomic expert completes a comprehensive on-site review of the employee's workstation and a written report of suggestions, which may include, among others, a drop-down keyboard tray, wrist rest or head phones. Based on the report, we work with the employee to provide the necessary equipment for their workstation.

In the US, State Street has experienced no Occupational Safety and Health Administration (OSHA) claims in the past five years. Thirty-seven workers' compensation claims were filed in 2008. Based on the workers' compensation modification developed by the National Council on Compensation Insurance (NCCI) and applicable to all US employers, State Street's experience modification is 0.6, which means our experience is better than average and our company is a good risk with low frequency and severity of claims.

State Street employees are expected to self-report their time out of the office due to illness, bereavement and vacation through an online tool. As this data is voluntarily submitted, we do not report on absenteeism globally.

Being Prepared

State Street has a strong incident management program that includes an infectious disease response plan built around three key elements: incident management and communication, business continuity, and employee health and safety. During 2008, we enhanced communication through the deployment of a global employee status line and an all-employee notification system, developed supplemental programs for increased hygiene in the workplace and conducted "staying healthy" sessions with key members of the Incident Management Program. For 2009, we plan to offer online "staying healthy" training sessions to all employees, enhance the resiliency of our IT systems, continue to expand the Global Continuity Services program standards and criteria, improve our capabilities and deployment of continuity planning systems, and enhance our incident management employee deployment capabilities.

Managing Change

In a company-initiated restructuring, outsourcing of operations, closure, expansion, new opening, takeover or merger in which US employees are eliminated, our goal is to limit the impact on our business as much as possible by consolidating management functions and eliminating redundancies, targeting areas where we can consolidate positions and gain more efficiency without compromising our customer service and support. We are committed to supporting the employees who leave State Street as a result of a reduction in force. Employees receive a minimum of two weeks notice as part of the company severance plan. Additional severance benefits depend on an employee's grade level and length of service with the company. Minimum notice periods may also be extended due to regulatory requirements, such as the Worker Adjustment and Retraining Notification Act. In workforce reductions, we partner with premier outplacement service providers to support departing employees.

- LA5 Minimum notice periods
- LA7 Work-related injury
- LA8 Programs to assist workforce, families, community regarding diseases

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COMMUNITY

Active engagement with our communities around the world, both as a partner and as a leader, is a fundamental value at State Street. The very nature of our business means that long-term, sustainable success is linked to a strong global economy. We are committed to increasing the economic well-being of communities where we operate, especially by helping to equip the underserved with the resources to succeed. We provide monetary support through a variety of community investment initiatives, corporate donations and the State Street Foundation. Recognizing that our employees are a valuable resource in their communities, we encourage, support and celebrate their volunteer efforts. Our offices around the world take responsibility for developing relationships with their respective community leaders and organizations and, with the support of headquarters' resources, initiate programs appropriate for their locales. We take pride in our tradition of community support, and we believe our efforts help to create a safer, stronger, more vibrant world.

Corporate Support for the Community

Although commercial lending and project finance fall outside our core business strategy, we have made a corporate commitment to support initiatives that strengthen the economic fiber and cultural vitality of our communities.

During the past 18 years, we have invested more than \$96.5 million in low-income housing tax credits with the Massachusetts Housing Investment Corporation (MHIC), a financial intermediary that helps community-based developers and nonprofit organizations finance high-quality affordable housing projects by pooling financial resources provided by Massachusetts financial institutions. This public/private partnership has provided more than \$548 million in investments to help finance the

2008 Initiatives

- Awarded \$18.8 million in State Street Foundation philanthropic grants.
- Expanded our Matching Gift Program to include Germany, Austria and South Africa.
- Conducted internal survey and focus groups of community involvement programs in Boston, London and Munich.
- Completed an external community attitude assessment in Boston to identify community needs and understand perceptions of and expectations for our community affairs activities.
- Established two staff positions in Europe to support expanding community efforts.
- Provided 60,000 hours of employee volunteer service.

EC1 Direct economic value generated and distributed

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creation of more than 3,450 affordable housing units. In 2008, we invested an additional \$6 million with MHIC. We have also invested \$11 million in New Markets Tax Credit funds organized by MHIC, which provide financing for mixed-use developments that combine much-needed commercial and retail space in many markets in conjunction with affordable housing. More than 560,000 square feet of community facilities have been produced through this program. No additional new markets investments were made in 2008. State Street also holds a \$4.85 million investment in MHIC's affordable housing loan fund.

In 2008, State Street became the lead investor in a credit enhancement fund, managed by nonprofit Boston Community Capital, whose sole purpose is to facilitate alternative energy use, especially solar for hot water and electricity generation, and conservation improvements at existing Massachusetts affordable housing developments. Expected to be completed in the fall of 2009, the first three solar installments will represent nearly 20 percent of all solar capacity currently online in Massachusetts. State Street added a new investment of \$2 million to an existing \$1 million investment made by Investors Financial Services Corp. (purchased by State Street in 2007) and dedicated an additional \$2 million in funds committed to the Massachusetts Housing Partnership (MHP) as part of the acquisition. These moves increased our total commitment to \$5 million. In 2008, we advanced a total of \$3.4 million to MHP as part of our four-year, \$13.35 million commitment.

State Street made a capital investment of \$17 million in OneUnited Bank, a federally certified community development financial institution that serves the needs of low- and moderate-income neighborhoods in Boston and around the country. While profitable, OneUnited sustained significant losses in its investment portfolio due to market losses late in 2008. State Street's support for community-based projects in Massachusetts also includes \$840,000 in financing for the rehabilitation of the Brown School in Peabody, which will provide homes for low-income seniors, and a \$5.5 million commitment to Boston Healthcare for the Homeless for the rehabilitation of its Mallory Building.

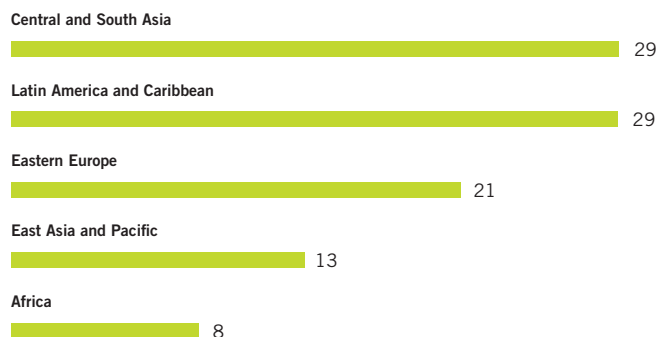
We also invest in low-income housing tax credits in projects throughout the US. In 2008, we invested more than \$66 million in five transactions.

Since 1998, State Street has invested more than \$22.5 million in small-scale venture capital funds to fuel economic growth and job creation in underserved US markets. Our 2008 small business investment totaled \$1.5 million. We also hold \$5 million in community development investments, primarily in Community Development Finance Institutions.

State Street has made investments in two global microfinance funds that provide small-business loans to specialized institutions offering credit to the self-employed around the world. The Global Commercial Microfinance Consortium (GCMC), a landmark \$75 million fund, includes a \$4 million investment by State Street, all of which has been funded. GCMC loan commitments total \$80 million in 20 countries. We have also made a \$500,000 commitment to Blue Orchard Microfinance Securities I, which provides loans to nearly 1.9 million people, primarily in Latin America.

Global Commercial Microfinance Consortium

percent of total investment



Blue Orchard

percent of total investment

South America



Central America and Caribbean



East Asia and Pacific



Russia, Central Asia and Caucasus



Income Tax Paid by State Street Corporation

net of refunds in \$ thousands

Country	2008	2007	2006
Australia	\$36,859	\$17,335	\$14,251
Austria	892	492	N/A
Belgium	228	1,827	694
Canada	49,622	35,012	21,134
France	7,926	8,887	7,435
Germany	43,886	27,279	53,467
Guernsey	N/A	49	23
India	218	N/A	N/A
Ireland	17,404	16,353	9,209
Italy	878	8,123	N/A
Japan	14,398	20,228	16,674
Jersey, C.I.	162	(31)	270
Luxembourg	5,206	6,959	1,614
Netherlands	96	868	2,095
PRC	39,723	7,125	9,825
Poland	702	-	-
Singapore	2,327	1,790	1,634
South Africa	525	1,093	397
South Korea	10,063	20,003	13,201
Switzerland	486	1,968	559
Taiwan	4,926	5,577	N/A
United Kingdom	121,501	94,713	59,071
United States	760,315	317,258	321,215
Total	\$1,118,343	\$592,908	\$532,768

We also participated in the Boston Summer Jobs Program, a major initiative of the Boston Private Industry Council, providing summer employment to 192 high school students and associated salaries, benefits and expenses totaling \$500,000.

High Marks for Meeting Community Needs

Classified as a “wholesale bank” under the Community Reinvestment Act (CRA) regulations in the US, State Street is evaluated every two years on its record of meeting the needs of the communities in which it operates, particularly in low- and moderate-income neighborhoods, by the Federal Reserve Bank of Boston (the Federal Reserve) and the Commonwealth of Massachusetts Division of Banks (the State). State Street’s CRA performance is rated “outstanding” by both the Federal Reserve and the State. The rating was most recently affirmed by the Federal Reserve and the State in early 2009. Our reputation as a responsible corporate citizen, supported by independent assessment such as the CRA rating, is important to our long-term success, as it affects our ability to make acquisitions that strengthen our market position and to open additional offices.

State Street Foundation, Inc.

In 1977, State Street established the State Street Foundation, a tax-exempt organization, to provide support for the less advantaged in the communities where we operate. Over the past three years, State Street directed more than 2 percent of its pre-tax profits to the foundation. In 2007, the foundation was incorporated to enhance our ability to make grants to qualified non-US nonprofit and charitable organizations, and its financial statements are now independently audited. State Street Corporation’s 2008 contribution to the State Street Foundation was \$36 million, providing funding for our corporate United Way contribution in North America, Matching Gift Program and Global Philanthropy Program.

United Way and Matching Gifts

Our Matching Gift Program goes beyond the traditional practice of matching financial contributions to charitable organizations or educational institutions and includes monetary grants that match volunteer efforts with charitable nonprofit organizations and matches for fulfilled pledges raised by an individual employee for an organized fund-raising event. We also match gifts to all qualified US charitable organizations and equivalent non-US organizations, giving employees even more options to give back to their communities. The program is now available to employees in Australia, Austria, Canada, Germany, Ireland, South Africa, the UK and the US.

In North America, State Street's 2008 corporate United Way gift of \$2.6 million combined with employee contributions of \$2.6 million to total \$5.2 million, marking the second year that total contributions exceeded \$5 million. We were the largest corporate contributor to the United Way of Massachusetts Bay and Merrimack Valley for the 18th consecutive year and number one in all of New England for the ninth straight year. Consistent with State Street's Global Inclusion initiative, we are currently exploring ways to make employee workplace giving programs available globally.

Matching Gift Program

	2008	2007	2006
Foundation matching funds	\$1,471,810	\$693,398	\$599,782
Number of employee contributions	2,535	1,604	1,434

Global Philanthropy

State Street Foundation, Inc. has made grants totaling \$150 million since its inception in 1977. In 2008, grants totaled \$18.8 million.

The focus of our Global Philanthropy Program is to ensure that less-advantaged citizens are equipped with the resources they need to thrive and succeed. As part of the program, we maintain

a Disaster Relief Emergency Assistance Fund (DREAF) providing grants in response to large-scale disasters around the world that have a significant, lasting impact and require a concerted relief and rebuilding effort. In 2008, DREAF gave \$500,000 to the American Red Cross as the third installment of a three-year, \$1.5 million commitment, \$250,000 of which was directed to China Earthquake Relief aid and \$250,000 of which helped advance disaster relief preparedness of the Red Cross. Additional grants of \$242,645 and \$157,921 were made to the Red Cross for China Earthquake Relief aid and Myanmar Cyclone Relief aid, respectively, including \$99,666 that matched employee donations.

Around the globe, 32 State Street community support committees evaluate and recommend funding for organizations that are making a difference in their communities. In 2008, we began a planning process to explore a more strategic approach to our community efforts. Using an outside consultant, we conducted interviews with community leaders from a variety of organizations in the Boston area to identify their needs and understand the perceptions and expectations of our community affairs activities. Internal interviews were conducted with senior executives and other employees in our Boston, UK and other European locations to assess community needs in their areas, as well as their awareness of and attitudes toward State Street's community activities. Based on the findings of the surveys, we are exploring new, tailored approaches to community involvement.

In our philanthropy efforts, we are moving toward an approach that focuses largely on programs addressing education, especially workforce development and employability. Our ultimate intention is that 70 percent of State Street Foundation grants will go to these kinds of initiatives, with 30 percent earmarked for other kinds of programs. Recognizing the significant human and community needs during the current economic crisis and understanding that organizations need time to adapt to our new focus, we are proceeding cautiously in restructuring our grant portfolio to achieve the 70/30 ratio.

For many years, the State Street Foundation has provided financial support to organizations serving at-risk youth. In the Boston area, we have chosen to focus on youth violence as a major hindrance to employability. In 2007, we hosted a Corporate Convening on Youth Violence call-to-action conference that brought together more than 150 community, corporate and nonprofit leaders in the Boston area. At the second gathering early in 2008, we announced a pledge of \$1 million for efforts to prevent youth violence and promote peace in Boston's neighborhoods. We subsequently engaged The Philanthropic Initiative to analyze local trends, identify relevant national and local models and initiatives, and develop potential strategies and recommendations for engaging key players in the effort. We are taking a leadership role by directly supporting specific violence prevention initiatives already in place and by spearheading a donor collaborative to help the community take a more strategic and sustained approach to solving the problem of youth violence.

In the EMEA region, we are collaborating with Microsoft-Europe, Cisco Systems, Randstadt and eight other organizations to sponsor and develop a pan-European job skills development program, particularly focusing on information technology. The program, European Alliance on Skills for Employability, works with European nongovernmental organizations to create or enhance current job training and placement programs, as well as to increase general awareness of the need to encourage more investment in training and education programs. The program is focused on helping the EU realize its mandate to provide technology training to 20 million additional workers by 2010. In 2008, we created two staff positions in Europe to support the burgeoning community efforts in that location.

In Asia, our challenge is to develop a regional approach to education, workforce development and employability. For example, much of our philanthropic support has been directed to organizations serving people with disabilities who are underserved by government programs. We are exploring ways to help those organizations respond to our developing focus on employability.

State Street Global Outreach™

Especially in these challenging times, we are looking more creatively at ways to support our communities. Increasingly, we try to capture the whole picture of an organization's needs, recognizing that volunteer efforts may mitigate some of the need for financial support. State Street Global Outreach™, our company-wide volunteer program, launched in 2001 as a way to extend the valuable skills of our employees and alumni to the communities in which they live and work. The program is designed to help create stronger communities while advancing business goals by building strong customer relationships through joint volunteer efforts and by fostering teamwork among our employees. It is currently available in 30 State Street offices in 18 countries and to alumni in Massachusetts. The program offers a menu of service models, including mentoring, consulting, building, serving and giving. Community needs are identified by Global Outreach staff or the local Community Support Program Committee.

State Street Global Outreach Statistics

	2008	2007	2006
No. of offices participating on an ongoing basis ¹	30	27	26
Total projects	3,847	1,052	532
No. of volunteers			
Asia-Pacific	1,269	1,052	533
Europe	752	1,693	798
North America	4,412	5,520	5,411
Total	6,433	8,265	6,742
Total volunteer hours	60,062	51,760	43,977
Savings to our charitable partners ²	\$1,170,600	\$954,000	\$793,345
Since 2001			
Total volunteers	43,398		
Total volunteer hours	276,199		
Total projects	6,814		

¹ Some locations have not formally joined Global Outreach.

² Based on the hourly wage for volunteers as determined by Independent Sector, a nonprofit and philanthropic advocacy research group.

In addition to ongoing volunteer efforts around the world, our Global Volunteer Month in December is a concentrated effort to get employees involved in their communities. Given the turbulent market conditions of 2008 and the increased demands facing our employees, we worked creatively to develop a variety of volunteer projects that could be accomplished on-site, individually or in smaller groups.

Outstanding Volunteer Efforts

To encourage broader volunteer participation by employees around the globe, we have a decentralized process for recognizing outstanding volunteer efforts. Three regional selection committees select recipients of the Chairman's Award and recommend their top candidates for other awards. Awards for the 2008 year were given in the following categories:

- Chairman's Award for Exceptional Volunteerism¹
- Volunteer Team of the Year¹
- Manager of the Year²
- Volunteer of the Year²
- Global Office of the Year¹
- Spirit of State Street Alumni Award³
- United Way HERO Award³

¹ Combines individual recognition with a \$10,000 grant to charitable organization(s) of winner's choice.

² Combines individual recognition with a \$5,000 grant to charitable organization(s) of winner's choice.

³ Combines individual recognition with a \$2,500 grant to charitable organization(s) of winner's choice.

2008 State Street Volunteer Project Highlights

In 2008, State Street employees in South Africa donated items, such as toiletries and bedding, to residents of the Durbanville Children's Home who have completed their education and are leaving the home. The "starting-off kits" help young people who are embarking on jobs and independent living.

In Irvine, California, the Academy of Business Leadership's Summer Business Institute provides underprivileged, high-potential middle- and high-school students with a firsthand look at corporate America. As part of the program, students visited State Street in 2008 to interact with senior and middle managers and attend employee-run workshops about leadership, communication and development training.

State Street Leaders in the Community

Ronald E. Logue, Chairman and Chief Executive Officer
 United Way of Massachusetts Bay and Merrimack Valley
 Metropolitan Boston Housing Partnership
 Committee to Encourage Corporate Philanthropy
 Museum of Fine Arts
 Institute of Contemporary Art

Joseph L. Hooley, President and Chief Operating Officer
 Boston College Corporate Advisory Board
 Boys and Girls Club of Boston
 International Business Leadership Forum

Joseph C. Antonellis, Vice Chairman
 Chairman, Boston Partners in Education
 Business Advisory Council of Bentley College

James C. Caccivio, Jr., Executive Vice President
 Advisor, Knitting for Angels

Jeffrey N. Carp, Executive Vice President and Chief Legal Officer
 Project Bread – The Walk for Hunger
 Habitat for Humanity of Greater Boston

Jeff D. Conway, Executive Vice President
 YMCA of Greater Boston

Maureen P. Corcoran, Executive Vice President
 Providence College Board of Trustees
 William T. Blackwell Charitable Foundation

Gary E. Enos, Executive Vice President
 President, William T. Blackwell Charitable Foundation
 Mutual Funds Against Cancer Expect Miracles Foundation
 Taunton Area Boys and Girls Clubs

Stefan M. Gavell, Executive Vice President
 Boston Symphony Orchestra Business Partners Committee

Alan D. Greene, Executive Vice President
 Urban League of Eastern Massachusetts

Hannah Grove, Executive Vice President
 Women's Lunch Place

David Gutschenritter, Executive Vice President and Treasurer
 Parmenter VNA & Community Care

Sharon E. Donovan Hart, Executive Vice President
 Stonehill College Visiting Committee on Business Administration

John L. Klinck, Jr., Executive Vice President
 Boy Scouts of America-Boston Minuteman Council
 Courageous Sailing Center

Madge M. Meyer, Executive Vice President
 Asian American Civic Association
 Simmons College School of Management
 Business Executive Council

Douglas J. Miller, Executive Vice President
 Mutual Funds Against Cancer Expect Miracles Foundation

David C. Phelan, Executive Vice President and General Counsel
 Greater Boston Legal Services
 New England Legal Foundation

Alison A. Quirk, Executive Vice President
 Atrius Health
 Ellis Memorial House

George A. Russell, Jr., Executive Vice President
 Tufts Health Plan Foundation

K.K. Tse, Executive Vice President
 Chair, Oxfam Hong Kong

Michael L. Williams, Executive Vice President
 Vice Chair, New England College of Finance Foundation

ASSURANCE STATEMENT

Det Norske Veritas Limited (DNV) has been commissioned by the management of State Street Corporation (State Street) to carry out an assurance engagement on its 2008 Corporate Social Responsibility Report (the Report) in its online downloadable format.



State Street is responsible for the collection, analysis, aggregation and presentation of information within the Report. Our responsibility in performing this work is to the management of State Street only and in accordance with terms of reference agreed with them. The assurance engagement is based on the assumption that the data and information provided to us is complete, sufficient and true.

Scope of Assurance

The scope of DNV's assurance engagement as agreed upon with State Street includes the verification of the content, focus and quality of the information presented in the report, covering calendar year 2008.

State Street's approach to independent third-party verification is incremental and follows the rollout of its environmental reporting program. Last year, DNV's verification approach focused on State Street's activities in North America, where the company's highest number of employees is present. This year, in agreement with State Street, DNV expanded the scope of the assurance engagement to include key European operations, which began gathering environmental data for the purposes of the Report for the first time in 2008.

All non-financial sections of the Report were verified via interviews and review of related internal documentation. The accuracy of particular quantitative information was verified, namely a selection of environmental data for North America and Europe, as follows: indirect and direct CO₂ emissions from operations, CO₂ emissions from business travel, electricity, gas and water consumption, paper recycling and waste. On-site verification work was conducted by DNV during February and March 2009 from State Street's North American headquarters in Boston and its European headquarters in London. These locations represent approximately 50 percent of State Street employees globally. Additional desktop verification work was performed from DNV offices.

Limitations

DNV's verification did not include financial data that had been previously audited by financial auditors (e.g., GRI Indicator EC1), the activities of State Street Foundation or statements related exclusively to activities outside the US or Europe. Furthermore, DNV did not interview any third parties, such as customers, suppliers or external stakeholders of State Street. Additionally, DNV has neither verified targets or goals listed in the Report nor any quantitative information other than the environmental data listed above.

Verification Methodology

DNV is a leading provider of sustainability services, including verification of sustainability reports. Our environmental and social assurance specialists work in more than 100 countries. Our assurance engagement was planned and carried out in accordance with the DNV Protocol for Verification of Sustainability Reporting.

In that respect, the Report has been evaluated against the following criteria:

- Adherence to the principles of Accuracy, Comparability, Materiality, Completeness, Neutrality, Reliability, Responsiveness and Stakeholder Inclusiveness, as set out in the DNV Verification Protocol for Sustainability Reporting
- The AA1000 (2006) Assurance Standard
- The Global Reporting Initiative 2006 Sustainability Reporting Guidelines Version 3.0 (GRI G3) and its Application Levels

As part of the verification, DNV has challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management systems, information flow and controls. For example, we:

- Conducted interviews with more than 25 senior State Street representatives from key divisions and functions, including Community Affairs, Procurement, Legal, Human Resources, Global Inclusion, Risk Management, Compliance, Global Realty Services, ESG Investment Team (State Street Global Advisors), Corporate Travel and Global Marketing. In addition, DNV engaged extensively with facilities managers CB Richard Ellis and Serco for the verification of environmental data for North American and European operations respectively.

- Carefully reviewed and examined all associated documentation made available to DNV by State Street, including confidential documentation. Document review was limited to US and European operations. Examples of documents DNV had access to include the Environmental Management System (EMS) manual, Global Inclusion and Global Outreach program information, the Strategic Sourcing Policy and procurement process, ESG investment program information, the Standard of Conduct, employment policies, collective bargaining/trade union agreements, corporate travel policies, the report of the executive-level Environmental Sustainability Committee and the new Environmental Sustainability Strategy, and the 2008/2009 annual corporate performance goals.
- Assisted State Street in facilitating a materiality assessment workshop with key internal stakeholders to understand their opinions, perceptions and expectations with respect to State Street's CSR performance and sustainability agenda. The purpose of the workshop was to enable the verification of material CSR risks and opportunities in this year's Report.
- Acted as an observer to the external stakeholder engagement process facilitated by CERES.
- Reviewed and performed sample-based audits of the processes for generating, gathering, aggregating and managing the quantitative and qualitative data included in the Report.
- Applied a risk-based approach during the assurance engagement, meaning that we concentrated our verification efforts on issues of greatest material relevance to State Street.

Conclusions

In DNV's opinion, State Street's 2008 CSR Report is an accurate and fair representation of the company's CSR and sustainability-related strategy, management systems and performance. We have evaluated the Report's adherence to the following principles:

Materiality

Following a recommendation in DNV's 2007 assurance engagement, State Street has undertaken a materiality assessment workshop with DNV's assistance (outlined above), which was effective in bringing out issues of significance, and has informed the focus and content of this report.

Completeness

The completeness of the information and data verified by DNV is dependent upon the maturity of State Street's management systems, which State Street strives to improve over time, as well as the level of control exercised by the reporter and the CSR team at headquarters.

DNV has identified that the collection of quantitative data with regards to business travel, waste management and environmental data for leased buildings is a challenge for State Street. However, we acknowledge that obtaining accurate and complete data in these areas is a challenge for the industry as a whole, and that State Street is committed to improving the quality and completeness of such data in the future.

As far as DNV can determine, the Report does not omit relevant information that would influence or inform stakeholder assessments or decisions, or that would reflect significant economic, environmental and social impacts.

Accuracy

The data measurement techniques and bases for calculations have been adequately described to DNV, and can be replicated with similar results.

As with completeness, the accuracy of data reported is directly dependent on the maturity of the data gathering systems in place and the degree of control the reporter exercises over operations. DNV found that State Street has made significant improvements to its environmental data-gathering systems for North American operations, resulting in increased accuracy and completeness relative to 2007.

While environmental data from European operations was observed to be less accurate and complete, this is the first year that State Street is gathering and reporting environmental data for European operations, and it is expected that the quality of this data will improve with time. State Street is to be commended for its efforts to continually expand its environmental data collection.

Neutrality

In DNV's opinion, the information contained in the Report is presented in a neutral and balanced manner.

Comparability

The information in the Report is presented in a format that allows readers to compare year-to-year performance and determine positive and negative trends. State Street's efforts to continuously improve the quality of its environmental data may affect the comparability of this data. However, State Street has been transparent about this issue, denoting where data differs from the 2007 report and why.

Reliability

As with completeness and accuracy, the reliability of the data that DNV verified is related to the maturity of data management systems. Several technical inaccuracies in the environmental data for State Street's European operations were identified due to limited internal monitoring arrangements and misunderstandings regarding the data-gathering system in place. However, State Street expended considerable effort to recalculate this data and ensure that all material inaccuracies were resolved.

Stakeholder Inclusiveness

State Street's stakeholder engagement process appears to effectively identify the expectations of stakeholders with regards to the Report.

DNV observed a meeting with State Street's stakeholder group, gathered and moderated by Ceres, at which stakeholders had an opportunity to discuss their expectations of State Street's reporting and disclosures for the Report. In contrast to last year, this meeting took place a month prior to the preparation of State Street's draft Report, rather than near the end of the process, allowing time for stakeholder views to shape the content of the Report. In addition, this year, for the first time, State Street engaged its internal stakeholders through the materiality assessment workshop described above.

GRI G3 Application Level

In our opinion, the report meets the content and quality requirements of the GRI G3. Among the different levels defined by the GRI, both State Street and DNV confirm that the GRI Application Level B+ has been met. DNV has adopted a fairly strict approach in applying the GRI application level check, including the use of related GRI guidelines. In the few cases where DNV considered that the indicators were partially met or not met, we have requested State Street to fully meet the indicator or explain why it has not been fully met.

Observations and Opportunities for Improvement

The following is an excerpt from the observations and opportunities reported back to the management of State Street. However, these do not affect our conclusions on the Report, and they are indeed generally consistent with the management objectives already in place.

- We commend State Street's continued focus on CSR and sustainability despite the economic uncertainties currently facing the financial sector.
- In particular, establishing the Office of Environmental Sustainability within the CSR team is a very positive step and will assist in making State Street's performance in this area more robust and reliable.
- We also commend State Street for deciding to make the executive-level Environmental Sustainability Committee permanent with a direct reporting line to State Street's Board of Directors (BoD), as well as with BoD oversight.
- We recommend the implementation of systematic monitoring and auditing of environmental and social data to help ensure more accurate and reliable data.
- We suggest that Global Realty Services expands requirements for facility lease contracts to include recycling and separate metering of utility consumption. This will help ensure the completeness of environmental data.
- We recognize that due to the nature of its business, State Street faces challenges and limitations that currently preclude joining the United Nations Principles for Responsible Investment (UN PRI). While we commend State Street for not signing a commitment to which it cannot fully adhere, we recommend the adoption of a public position in support of the UN PRI, explaining why State Street cannot currently become a signatory.
- We advise State Street to adopt objectives for its material CSR and sustainability performance with "SMART" targets (Specific, Measurable, Agreed-to, Realistic, Time-bound) to support continual improvement in meaningful reporting.
- We recommend the development of a standard reporting template along with guidelines for State Street's travel partners/suppliers. This will facilitate accuracy and completeness in the collection, analysis and reporting of data related to business travel.
- We suggest the development of a corporate travel policy that makes reference to State Street's environmental sustainability goals and includes incentives that encourage employees to avoid business travel where possible or give preference to environmentally sustainable modes of transport.
- We recognise the significant efforts of State Street's facilities managers and Global Realty Services in managing State Street's environmental impacts. In doing so, we encourage them to further engage State Street managers and staff in other departments to take responsibility for helping to ensure that State Street meets its environmental sustainability goals.
- As State Street expands its CSR reporting from North American operations to include more global operations, it is important to ensure that the Report accurately reflects CSR and sustainability policies, practices and performance from operations outside of North America. We thereby recommend that State Street assign responsibility to partners in other countries that will assist in the consistency of accurate and complete data collection, aggregation and reporting.
- DNV suggests extending the stakeholder engagement period from a three-month window prior to the reporting process into a more continuous process that takes place throughout the year. Also, in addition to existing discussions with State Street's CSR team, we suggest that the external Ceres stakeholder group discuss its concerns directly with relevant State Street business units.

DNV's Independence

DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV did not provide any services to State Street during 2008 and 2009 that could conflict with the independence of our work. DNV maintains complete impartiality toward stakeholders interviewed during the verification process.

DNV expressly disclaims any liability or co-responsibility for any decisions, whether investment or otherwise, a person or entity would make based on this Assurance Statement.

For
Det Norske Veritas



Nili Safavi
Lead Verifier



Gordon Halsey
Verifier



Paola Van Houten
Verifier

London
26 June, 2009

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STATE STREET®

State Street Corporation
State Street Financial Center
One Lincoln Street
Boston, Massachusetts 02111-2900
+1 617 786 3000

www.statestreet.com

NYSE ticker symbol: STT

