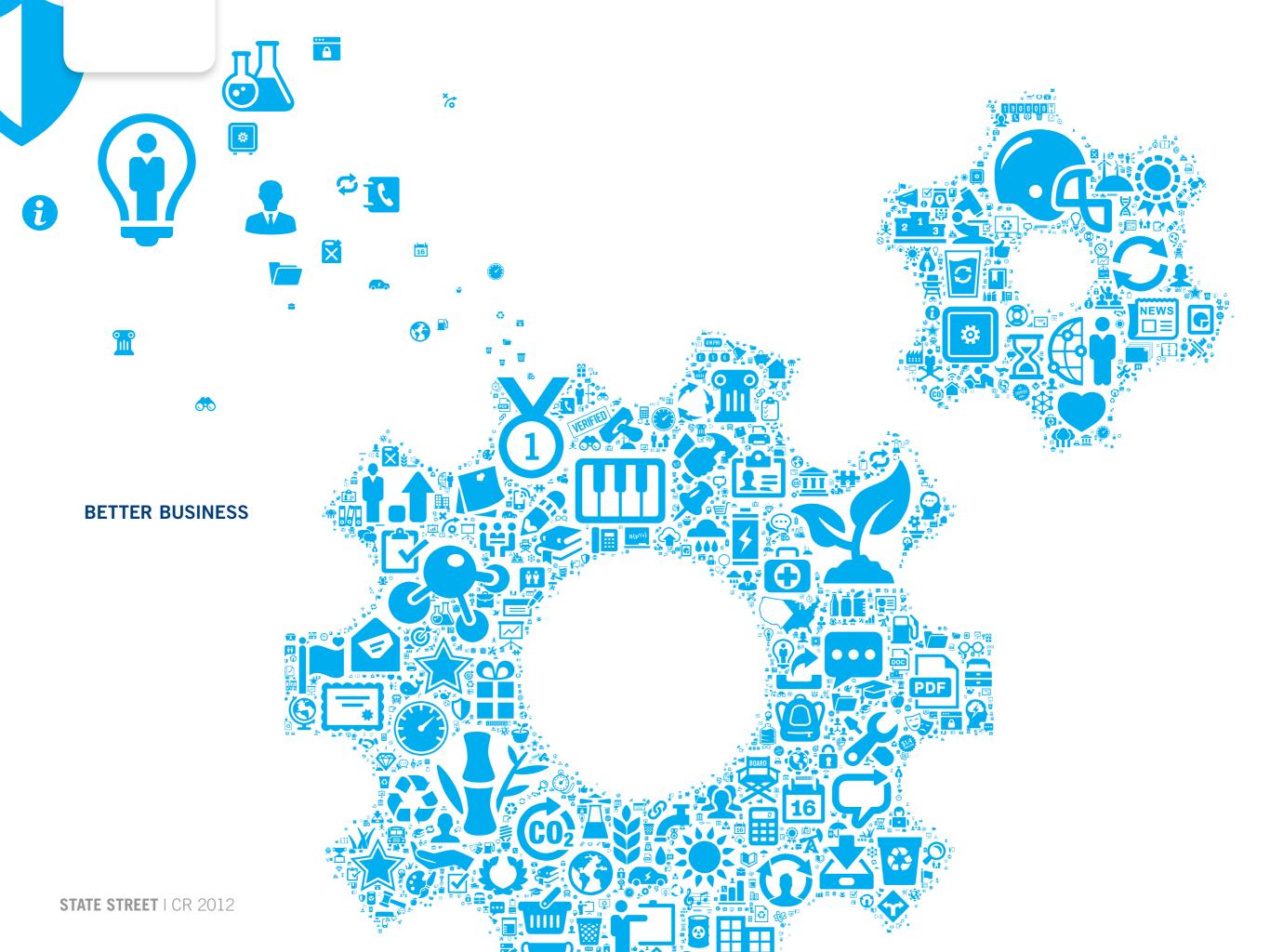


We believe in making decisions that create better outcomes. And we know that being accountable, ethical and proactive makes a meaningful difference. Being a responsible corporate citizen is not going above and beyond — it is how we operate every day. We do it for our clients, shareholders, employees and communities. We do it because when we work to make the world a better place, we create real value. And when we protect our future generations, we build a stronger business.

STATE STREET | CR 2012

STATE STREET CORPORATE RESPONSIBILITY 2012 REPORT

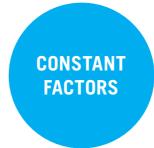


BETTER BUSINESS

State Street provides financial services to institutional investors all over the world. We aim to create value for all our stakeholders — our clients, shareholders, employees and communities. While value is often associated with financial returns, stakeholders are increasingly defining value in other ways, such as risk mitigation, employee well-being and community partnerships. So considering all of the ways we can have a positive impact on our stakeholders makes good business sense. And it's why we're looking to integrate corporate responsibility (CR) into everything we do. This report shows how we've made progress in 2012, what challenges we face, and where we're going in 2013 and beyond.

Determining Materiality

We consider three categories of material issues to help determine the CR factors we will focus on and to shape our reporting:



Relevant to our industry and viewed as material, regardless of the current internal and external environment



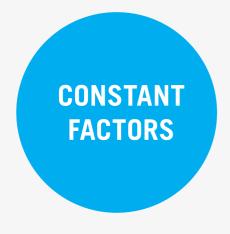
May vary based on the environment during a particular reporting year and may overlap in importance to external and internal stakeholders



Deemed important by management or our CR groups in a particular year

We continue to use the results of a 2011 workshop, facilitated by a global CR consultant, to determine our priority and emerging materiality issues. The workshop engaged a cross-section of our employees from all regions, including operational and functional business units. In 2012, we hosted an in-person external stakeholder meeting convened by Ceres, a nongovernmental organization (NGO) focused on sustainability issues. The meeting informed this year's report and will help shape our overall management of CR issues in 2013. Full results of the stakeholder session are included on page 10 of this report.

STATE STREET'S PRIORITY AND EMERGING MATERIAL CR ISSUES



- Business ethics
- Competitive behavior
- Information/data privacy
- · Recruitment and retention
- Regulatory compliance
- Responsible marketing/sales
- Risk management



- · Executive compensation
- Government affairs/lobbying
- Climate change
- ESG products/services
- Human rights (supply chain)
- Sustainable development



- · Jobs/layoffs/outsourcing
- Environmental, social and governance (ESG) investment principles
- Talent management
- Economic impact

High Priority Issues:

Regional Variation:

Employee engagement is a priority in EMEA

Executive compensation is not a priority in APAC

Emerging Issues:

Regional Variation:

Supply chain diversity emerging in APAC

Legislation on external (ESG) considerations for corporations in EMEA

STATE STREET'S MATERIALITY MATRIX

Financial inclusion

HIGH

Importance to Stakeholders

Waste and recycling ESG products/services Bus		Government affairs, lobbying siness ethics		
Supporting c	lients in tough economy	Jobs/layoffs/outsourcing		
	Diversity and inclusion enewable energy ESG sourcing Climate change	Regulatory compliance Responsible marketing and sales Executive compensation		
Research/trade Philanth	hropy/employee volunte	ering ESG investment principles		
Tax Commuting Business tr		Recruitment and retention		
Human rights	Energy resources	Risk management		
Sustainable development Economic impa		pact Competitive behavior		
	Energy efficiency	Information/data privacy		
Biodiversity Carbon footprint	Human rights/labor issues t	Learning and development		
Responsible suppliers	Labor relations	Customer experience/relations		
Supplier diversity ESG sourcing P	Proxy voting	Employee engagement		
Fair treatment of suppliers		Compensation		

PROCUREMENT

Products and services

OPERATIONS

Economic contribution

Governance

Environment

Employee welfare

MARKETPLACE

Products and services

Community

Clients

LOW Impact on the Company

Health, safety and well-being

STATE STREET | CR 2012 BETTER BUSINESS

Flexible working

HIGH

Engaging Stakeholders

State Street has long defined its constituents as clients, shareholders, employees and the community. We communicate with each stakeholder group in a variety of ways on the issues that matter most to them. To respond to stakeholder demand and to fully incorporate CR into our business strategy, we are incorporating CR into more of our company-wide messaging.

A stakeholder engagement workshop was facilitated by Ceres in November 2012. While this was our first in-person stakeholder session focused on our overall CR strategy and performance, we have received regular feedback on our annual CR report via a similar stakeholder meeting since 2006. Alison Quirk, chief human resources and citizenship officer, hosted the workshop and was joined by other State Street attendees, including Executive CR Committee members and representatives from Corporate Citizenship. Stakeholder comments have been used to help guide this report and will be formally reviewed by the Executive CR Committee in 2013 for further follow-up and to determine action plans as necessary.

STATE STREET PARTICIPANTS IN STAKEHOLDER MEETING

November 15, 2012 — Boston

Patrick Centanni, EVP, Global Services, Chair of State Street's Executive Corporate Responsibility Committee

Jim Collins, VP, Product Strategy and Customization

Peter DeBruin, VP, Office of Environmental Sustainability, Corporate Citizenship

Mahesh Jayakumar, Officer, Portfolio Manager, State Street Global Advisors

Mark McDivitt, Managing
Director, Head of US Hedge
Fund Sales

Chris McKnett, VP, Head of ESG Strategy, State Street Global Advisors

Pamela Paton, SVP, CAO of Corporate Development and Global Relationship Management

Richard Pearl, VP, CR Officer, Corporate Citizenship Michael Polya, Director,
Project Management and
Training, Europe, State Street
Global Advisors (participating
via phone)

Alison Quirk, EVP, Chief Human Resources and Citizenship Officer

George Russell, EVP, Director of Corporate Citizenship, Chairman of the Board and President of the State Street Foundation

Michael Scannell, SVP, Global Head of Talent Acquisition and Global Inclusion

Molly Tabernik, Senior Associate, Community Engagement and Sustainability, Corporate Citizenship

Rebecca Wilkinson, AVP, CR Report and Communications Manager, Corporate Citizenship

The Corporate Citizenship department's CR team spearheads the collection of other stakeholder feedback and determines its applicability for CR reporting. Examples of such feedback include a formal review of our CR report by CSR Europe and CSR Asia — networks of business people at the forefront of corporate social responsibility issues in their respective regions of the world. These groups also reviewed the management report prepared by our third-party assurance verifiers following the annual CR report audit process. Additionally, the company's CR working group, which provides a system of assessing and managing sustainability issues within the company, provides further oversight and suggests approaches to address issues.

EXTERNAL PARTICIPANTS IN STAKEHOLDER MEETING

November 15, 2012 — Boston

Jameela Pedicini, CalPERS

Andrea Moffat, Ceres

Veena Ramani, Ceres

George Bachrach, ELM — Environmental League of Massachusetts

Marisa Buchanan, JPMorgan Chase

Camilla Seth, JPMorgan Chase

Victoria Willard, Maryland State Retirement Agency

Holly Fowler, Sodexo North America

Sheila Oviedo, Sustainalytics

Paul Hilton, Trillium Asset Management

Peg Sprague, United Way

David Foster, Westpath Investments

Tim Hassett, World Wildlife Fund — US

STAKEHOLDER ENGAGEMENT FEEDBACK

Торіс	Summary Feedback
Sustainability strategy	Establish an overarching, enterprise-wide sustainability strategy that connects initiatives and aligns with our core business
Materiality	Continue good work on determining materiality and consider external feedback more fully in the process
Impact	Identify the impacts of our CR initiatives on key sustainability issues and demonstrate progress where appropriate
Risk management	Formally incorporate environmental and social factors into enterprise-wide risk management systems
Integration	Incorporate ESG considerations into all products and investments
Create demand	Focus on direct communication and education with investors; include key material sustainability data in financial disclosure statements
Leadership	Lead the industry by calling for strong climate and energy policies
Employee engagement	Further engage employees in philanthropic efforts; incentivize employees to be sustainable outside the office

STATE STREET'S 2012 SUSTAINABILITY HONORS



For the seventh year in a row, listed on the Dow Jones Sustainability World and North America Indices



Listed on *Newsweek's* Green Rankings and "Most Transparent Companies in the US" lists



Won the International Association for Volunteer Effort's Global Volunteer Program Award



Listed on all four of the STOXX Global ESG Leaders indices — Environmental, Social, Governance and Global ESG Leaders — for the second consecutive year



Certified to the Environmental Partnership Foundation's green office standard in Krakow, Poland



Ranked on *Corporate Responsibility Officer* magazine's list of 100 Best Corporate Citizens for the sixth consecutive year



Ranked No. 26 on the US Environmental Protection Agency's National Top 50 Partner list



Listed on the Maplecroft Climate Innovation Index



Listed on MSCI's ESG Indices for the fifth consecutive year



Received the Green Financial Institution Award from Green Awards in Ireland



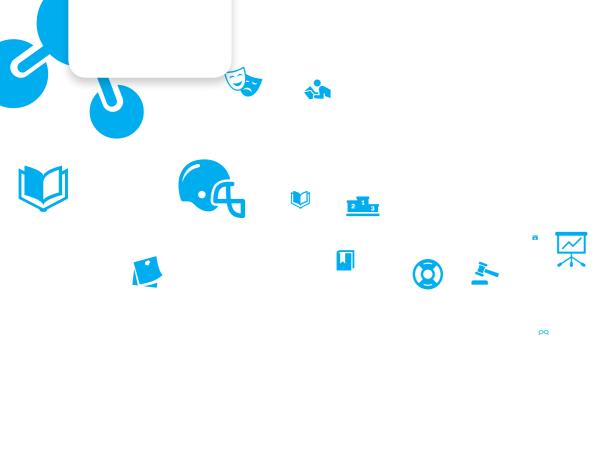
Received the bronze ranking in the Business in the Community's Corporate Responsibility Index



Finished second in Boston's Recycler of the Year Award contest in the large business category



Recognized as one of *InfoWorld's* Green 15 companies



ABOUT THIS YEAR'S REPORT



ABOUT THIS YEAR'S REPORT

We aim to provide information to our stakeholders that is timely, material and easy to understand. So we have consolidated this report from previous years to cover only our priority and emerging material CR issues relative to 2012 performance, with a view toward 2013. We have also continued the use of tables and graphics wherever possible, in response to positive stakeholder feedback.

Each year, information contained in the report is gathered primarily through in-person interviews with our managers and subject-matter experts. This year's interview process included an overall focus on 2012 performance, challenges, stakeholder engagement and value creation. Interviews were supplemented with policies, charters, public documents and information available on our corporate intranet, to give a complete picture of our management approach and performance.

Global Reporting Initiative (GRI)

State Street reports in adherence to the GRI's principles and criteria. We declare ourselves at the B+ application level for the GRI. New this year, we are reporting all of our GRI criteria online. Only the GRI criteria that are most material to us will be included in this report. Our full GRI report can be found at http://www.one-report.com/report/gri-index2.html?companyid=605;year=2 013;rid=Mzk3MzM0MzM5.

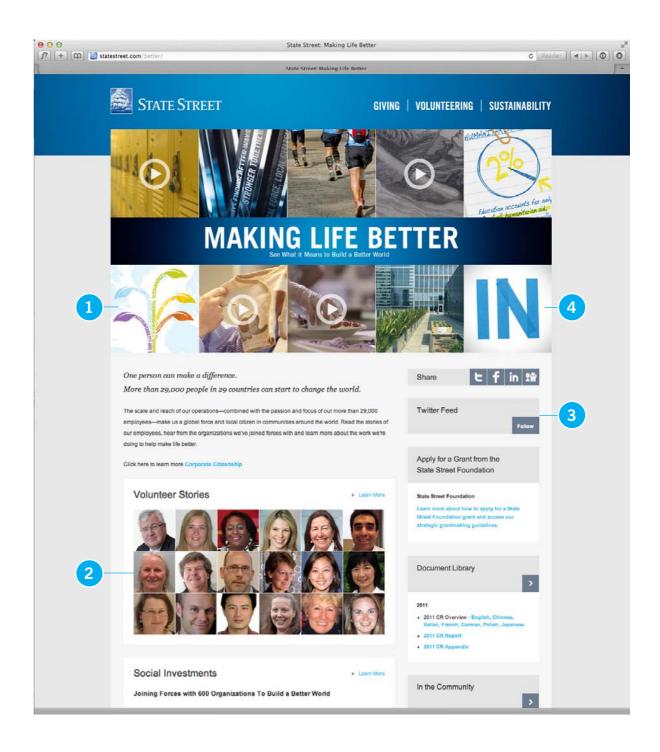
For the sixth consecutive year, we engaged an independent firm to assure and verify the information contained both in this report and our GRI report. In 2012, we contracted a new firm, Environmental Resources Management (ERM), in accordance with verification best practices. ERM is a leading global provider of environmental, health, safety, risk, social consulting and sustainability-related services. ERM had no other business relationship with State Street in 2012. The assurance statement begins on page 95 of this report.

Making Life Better Site

State Street's Corporate Responsibility 2012 Report is supplemented by additional CR-related information, all accessible via our Making Life Better website at www.statestreet.com/better:

- 1. Updates on the company's latest CR efforts
- 2. Volunteer profiles
- 3. Live feed to our Twitter handle, @StateStreet
- 4. State Street's 2011-2012 Global Inclusion Report, which details the company's efforts to create an environment where all employees feel engaged, valued and respected

For more information on our CR initiatives or reporting, contact the company's CR Officer, Richard Pearl, at rwpearl@statestreet.com or by phone at +1 617 664 3107. To comment on our CR report, please click here.



SUSTAINABILITY SNAPSHOT

GOVERNANCE	2010	2011	2012	2011-2012 % Change
Operating-basis income from continuing operations per diluted share	\$3.40	\$3.79	\$4.20	10.82%
BUSINESS				
Total operating-basis revenue (billions)	\$8.70	\$9.59	\$9.65	0.62%
By business line — Generally Accepted Accounting Principles (GAAP)				
Investment Servicing	\$8.20	\$8.43	\$8.47	0.47%
Investment Management	\$1.10	\$1.16	\$1.22	5.17%
Non-US revenue	42%	42%	40%	-4.76%
Operating-basis net income available to common shareholders (billions)	n/a	\$1.90	\$2.06	8.42%
Number of countries with State Street offices	26	29	29	0.00%
Assets under custody and administration (trillions)	\$21.50	\$21.80	\$24.37	11.79%
Assets under management (billions) ESG investment strategies	\$119.00	\$108.00	\$146.70	35.83%
Number of accounts (approximate) ESG investment strategies	160	150	201	34.00%
Total spending with suppliers and third parties (billions)	\$1.92	\$2.18	\$2.50	14.68%
EMPLOYEES				
Number of employees worldwide	28,600	29,700	29,660	-0.13%
Global payroll, including incentive compensation (billions)	\$3.50	\$3.80	\$3.80	0.00%
Employee Engagement Survey				
Employee participation	68%	n/a	64%	n/a

ENVIRONMENT	2010	2011	2012	2011-2012 % Change
Indirect energy consumption (gigawatt-hour) ¹	256	252	247	-1.98%
Indirect energy consumption per person (kilowatt-hour) ¹	8,448	7,980	7,850	-1.63%
Renewable energy purchased (gigawatt-hour)	n/a	175	199	13.71%
Direct CO ₂ emissions from operations (metric tons) ²	5,683	4,890	10,009	104.68%
Indirect CO ₂ emissions from operations (metric tons) ^{3,4,5}	141,072	139,007	98,756	-28.96%
CO ₂ emissions per person (metric tons) ^{3,4,6}	4.84	4.56	3.45	-24.34%
Water consumption (cubic feet in millions) ^{7,8}	13.76	12.85	14.96	16.42%
Water consumption per person (cubic feet) ^{7,8}	809	696	475	-31.75%
Recycling per person (tons)	318	243	189	-22.22%
Reclaimed IT equipment (pieces)	8,400	20,300	8,858	-56.36%
Total waste (tons)	1,533	1,499	2,387	59.24%
Total waste per person (pounds)	165	144	135	-6.25%
COMMUNITY				
Global Giving Campaign (millions)	n/a	\$3.50	\$3.40	-2.86%
Employee Contributions	n/a	\$1.30	\$1.50	15.38%
Foundation Contribution	n/a	\$2.20	\$1.90	-13.64%
State Street Foundation philanthropic gifts (millions)	\$17.80	\$20.50	\$19.40	-5.37%
Foundation-directed grants	\$15.80	\$18.30	\$16.90	-7.65%
Foundation match of employee gifts	\$2.00	\$2.20	\$2.50	13.64%

COMMUNITY (continued)	2010	2011	2012	2011-2012 % Change
Number of employee gifts matched	4,800	5,300	6,100	15.09%
Contributions as a percent of net income before tax	1.2%	1.07%	0.94%	-11.84%
State Street Global Outreach program				
Number of volunteer service hours	78,000	85,500	87,300	2.11%
Volunteer hours per person	2.7	2.9	2.9	0.00%
Savings to our charitable partners ⁹	1,635,000	1,850,000	1,933,000	4.49%

¹ Includes estimated kilowatt-hours based on a benchmark from the US Environmental Protection Agency.

² 2012 figure includes estimated usage of natural gas.

³ Carbon factors were updated in 2012 and were the major component for these decreases.

⁴ Includes estimated electric use based on a benchmark from the US Environmental Protection Agency.

⁵ Excludes renewable energy credit purchase.

⁶ Scope 1 and 2 only.

⁷ Includes water usage for Enterprise Data Centers.

⁸ Includes estimated water usage.

 $^{^{\}rm 9}$ Independent Sector value of volunteer time (www.independentsector.org).



LETTER FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Each year, corporate responsibility (CR) becomes a bigger part of our culture. Making decisions that will positively impact the world around us is not just a consideration. This is the way we do business. And the success of our business is one of the reasons we place so much emphasis on CR. We know that CR leads to more efficient processes and lower costs. It makes for happier employees, more satisfied clients and stronger communities. Simply put, making life better makes us a better business.



CR is incorporated into our business strategy, and risk management is one area where this is evident. CR risks include environmental, social and governance. When we consider these risks in our business decisions, we are protecting and enhancing value for our stakeholders.

In 2012, our investment management business signed the United Nations' Principles for Responsible Investment, showing our commitment to building responsible investment portfolios and helping our clients manage CR-related



Joseph (Jay) L. Hooley Chairman, President and Chief Executive Officer

"Simply put, making life better makes us a better business."

risks. We're also staying focused on regulatory reform developments — such as the Dodd-Frank Wall Street Reform and Consumer Protection Act — to help our clients comply with evolving requirements.

Environmental Sustainability

This year our team also showed its dedication to doing what's right for the environment. We achieved ISO 14001 certification — a global standard for environmental management systems — for seven of our office buildings, bringing the total number with this certification to 10.

Meanwhile, our Business Operations and IT Transformation program has proved to offer benefits in several areas of CR, including both risk management and environmental sustainability. For example, by virtualizing systems and increasing cloud-computing capacity, we are better protecting our clients' information, reducing operating costs and saving energy.

Employee Impact

Our employees' involvement in all areas of corporate responsibility continues to impress me. This year, the International Association for Volunteer Effort presented

us with its inaugural Global Volunteer Program Award, which recognizes a global company with an exemplary approach to global corporate volunteering. Illustrating this achievement was more than 87,000 hours of volunteer time our employees donated to nonprofit organizations in 2012.

A CR Leader

Our wide global reach puts us in a unique position to make a real difference. In 2012 we were listed on all four of the STOXX Global ESG Leaders indices for the second consecutive year. We were also the only financial services company named as one of *Newsweek's* "Most Transparent Companies in the US."

Our 2012 actions in the area of CR, which you will read in the following pages, speak for themselves. CR just makes sense — for our employees, our clients, our communities and our business.

Joseph L. Hooley

LETTER FROM THE CHAIR OF THE EXECUTIVE CORPORATE RESPONSIBILITY COMMITTEE

State Street's corporate culture and values reflect our belief in doing what's right for our stakeholders and the world around us. The Executive CR Committee's primary charge — formalizing CR governance and further integrating it into our day-to-day operations — supports this long-held conviction. As chair of the committee, I'm proud of our progress in 2012 to make CR truly integrated into our business.



In November of 2012 we held a CR stakeholder engagement meeting. Most of our stakeholders were represented, including clients, employees, shareholders and members of the community, as well as peers from the financial services industry. In this productive session we reflected on our performance and outlined our future strategy and objectives.

One of our key achievements this year was developing an Executive CR Committee charter that outlines the committee's purpose, responsibilities, composition and operations. The charter underscores our reliance on various internal networks, such as the CR working group, to engage employees.



Patrick Centanni
Executive Vice President, Global Services
Chair of State Street's Executive
Corporate Responsibility Committee

"I'm proud of our progress in 2012 to make CR truly integrated into our business."

We also devoted much of the committee's time to making sure our environmental, social, governance and products (ESG+P) framework was the right model for managing our CR efforts. We established subcommittees for each pillar of ESG+P that focus on programmatic and policy-level recommendations. And we plan to use these subcommittees to continue to cultivate interest and spread knowledge about CR among employees.

Employee Participation

In 2012, employees became more connected to CR with the launch of State Street Collaborate, our internal social networking tool. Collaborate facilitates information exchange and was the forum for our Innovation Rally, a three-day virtual event to spur conversation and ideas at all levels of the organization. Nearly half of all our employees participated, generating 10,000 posts on a range of topics — including many ideas related to CR programs and initiatives. The committee is excited to see so much interest in CR. And we remain committed to clearly communicating our CR goals, how we're working to meet them and what employees can do to help.

Vendor Alignment

In 2012, I began overseeing the Procurement and Global Realty divisions — a structural change that will align internal focus on CR. Accountability for CR is beginning to permeate through our supply chain, most notably with the inclusion of environmental and social factors into our new vendor assessment tool. Beginning in 2013, new vendors will be asked to provide information on their CR performance. We expect this will help standardize preference for suppliers committed to sustainability and help us to better manage risk.

Moving Forward

In 2013, the Executive CR Committee wants to increase interaction with our management by increasing dialogue throughout the year. We also seek annual input from our board of directors. The diverse experience of our senior management team and our board provide a unique perspective on CR. Their feedback enhances how we continue to evolve our understanding of material issues and stakeholder interests, as well as our governance approach.

Employees in every part of our organization contribute to improving CR at State Street. The work of the CR committee would not be possible without this level of dedication. I am proud of our accomplishments, and look forward to taking on new challenges together in 2013.

Patrick Centanni

LETTER FROM THE DIRECTOR OF CORPORATE CITIZENSHIP

In today's competitive financial services industry, companies that create value for their stakeholders are the most likely to succeed. Corporate Citizenship is essential in value creation through investments that build strong communities, make our employees proud and reinforce that we are committed to a sustainable future.

State Street Foundation

The State Street Foundation has a 35-year history of creating value, and today makes social investments in 41 communities around the world. The Foundation is in the final stages of implementing a multiyear plan to enhance its business model and be a more effective investor. The plan's major initiatives include focusing investments on education and workforce development, as well as building an appropriate infrastructure and applying metrics to our social investment process.

In 2012, we launched our online grant application in North America. We also rolled out an intermediary structure in the EMEA and APAC regions that reduces the administrative requirements for our all-volunteer Community Support Program (CSP) Committees. The committees now have more time to build community



George A. Russell, Jr.

Executive Vice President
Director, Corporate Citizenship Division
Chairman of the Board and President,
State Street Foundation, Inc.

"The State Street Foundation has a 35-year history of creating value, and today makes social investments in 41 communities around the world."

relationships and better understand local challenges within our social investment focus. We also introduced the first-ever Massachusetts CSP Committee to further engage employees and support community needs in our headquarters city of Boston.

On a global scale, we began including impact metrics in the Foundation's grant application process. The metrics will improve due diligence for grant requests and advance reporting of how our programmatic focus is positively affecting the economically disadvantaged. We will begin collecting data in 2013 and expect to have full reporting capability by 2014.

Stronger Together

Investing in our community also means harnessing the time and talent of our global workforce through volunteerism, board service, fundraising and more. Our employees continue to increase their giving each year across multiple programs. In 2012, employees gave a record \$2.5 million through our Matching Gift Program, which was recognized by a fundraising organization, Double the Donation, as a top corporate employee giving program. In addition, the Global Outreach employee volunteer program remains one of State Street's most popular engagement tools.

It works with Global Human Resources to expand opportunities for employees to give back while building internal networks and developing skills.

Global Developments

In 2013 I expect the global reach of our programs to expand even further. In Toronto, we will host the popular State Street On Board internal seminar, the first time our charitable board-service training program will extend outside the US.

From enhancing our social investment infrastructure to deepening our impact in communities, we remain focused on creating value in our relationships with stakeholders and moving closer to becoming a best-in-class corporate citizen.

George A. Russell, Jr.









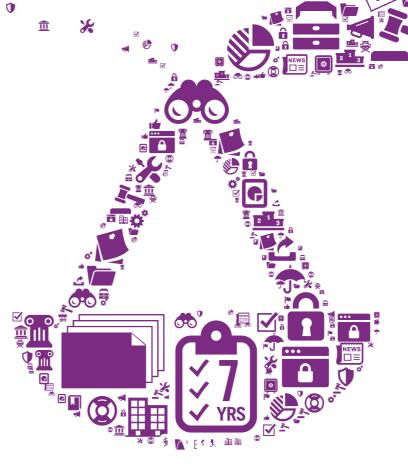








We conduct ourselves ethically, honestly and with integrity. And we are committed to making sure that our systems are transparent and sustainable. These practices are fundamental to who we are and instrumental to our success.







ACCOUNTABILITY AND TRANSPARENCY

Being open and honest with our stakeholders is fundamental to the way we do business. Our commitment to transparency helps drive performance and underscores the various accountability measures we use to practice sound governance every day. Our board of directors sets the example at the top, but responsibility for good governance permeates the entire organization. We strive to act ethically, honestly and with integrity in everything we do.

Increasingly, CR is becoming more aligned with our corporate strategy and further embedded into our risk and governance structures. Our commitment to CR, especially reporting, has helped us take a broader view of issues that we may not have otherwise viewed as material to our business — such as human rights risks in our supply chain. We still have opportunity to improve this integration, but we're proud of the progress we've made.

CR Governance

Our CR governance structure embeds accountability for sustainability issues within our corporate governance framework. Oversight starts with the Executive CR Committee — which reports directly to the Management Committee and board of directors — and is charged with linking CR more directly to our business strategy. The committee spent much of 2012 testing the validity of the environmental, social, governance and product (ESG+P) framework it is employing to develop a more cohesive CR strategy and raise the visibility of initiatives across the company. The committee also ratified a new charter outlining its purpose and responsibilities, an important step toward formalizing the committee's role in CR governance. In 2013, the committee expects to focus on driving implementation and configuring membership for optimal performance.

The CR working group, established in 2007, supports the Executive CR Committee and serves as a resource on our sustainability issues. The working group's 50 members, representing the company's business units, corporate functions and geographic regions, are uniquely positioned to gather stakeholder feedback, identify emerging trends, and implement CR policies and initiatives. In 2012, the group discussed key topics including analyzing market opportunities for ESG products and services, environmental certifications and CR communication channels.

Ethics and Standards of Conduct

State Street's Standard of Conduct (SOC) is our primary governance document for employee behavior. Overseen by the Ethics Office, the SOC undergoes an annual review to assess whether updates or changes are necessary. Stakeholder feedback is an important component of the process. Clients are especially concerned with ethics and compliance, and members of the Ethics Office meet with them regularly to provide solutions and address concerns.

EXECUTIVE CORPORATE RESPONSIBILITY COMMITTEE MEMBERS

Chair

PAT CENTANNI

Global Product Management

JEREMY ARMITAGE

FREDRIK GJERSTAD

DENNIS ROSS

Global Services

Enterprise Risk Management

Corporate Taxes

ANNE BOURDINE Legal

VALERIE HAERTELInvestor Relations

GEORGE RUSSELLCorporate Citizenship

DON CONOVERGlobal Realty Services

RICHARD LACAILLE
Global Advisors

MICHAEL SCANNELL
Global Human Resources

JERRY CRISTOFORO

PAMELA PATON

GREG WELCH

Information Technology

Global Relationship Management Global Marketing

SHARON DONOVAN-HART Information Technology managonn

NICHOLAS WRIGHT

Global Services

RICHARD PEARL

Corporate Responsibility
Officer

PETER DEBRUIN

Office of Environmental Sustainability

REBECCA WILKINSON

Corporate Responsibility
Reporting

31

WHERE ARE WE TAKING CORPORATE RESPONSIBILITY?

ENVIRONMENT

- Achieve ISO 14001 certification in additional locations
- Evaluate implementation of ISO 50001 energy efficiency standard for key global locations
- Expand Global Procurement Services sustainability strategy
- Implement revised environmental goals with longer term focus

SOCIAL

- Advance social aspect as part of vendor management and assessment programs
- Advance concept of embedding CR into talent management and engagement
- Strengthen reach and impact of subcommittee through employee networks and development programs

GOVERNANCE

- Continue to incorporate CR messaging into our branding, communications and recruitment
- Continue strong CR presence in Asia Pacific
- Work with peer organizations on defining material issues for industry subsector
- Work to incorporate/include stakeholder suggestions into CR efforts as appropriate
- Evaluate integration of environmental and social factors into enterprise-wide risk management systems

PRODUCT

- · Continue collaboration among all business units
- Develop materials for capabilities across business sectors
- Determine viability of stakeholder suggestions related to CR products

The Compliance and Ethics Committee is responsible for approving new or updated ethics policies. The Ethics Office then executes an employee awareness and training program, followed by monitoring and forensic reporting to determine implementation success. In 2012, we made ethics training mandatory for all employees.

Employees may communicate concerns with State Street or its conduct directly to the non-management lead director of the board of directors through an independent hotline 24 hours a day, seven days a week.

All employees are required to certify annually that they have reviewed and complied with the SOC. In 2012, 99.9 percent of all employees provided certification via our online tool. Our SOC and other employee conduct standards can be found here.

Executive and Incentive Compensation Practices

The goals of our compensation program for executive officers are to:

Attract, retain and motivate superior executives

- Reward executives for meeting short- and long-term financial and strategic objectives
- Drive long-term shareholder value and financial stability, in a manner aligned with appropriate risk management principles

In making compensation decisions for our executive officers, the Compensation Committee of the board of directors evaluates a number of relevant factors. Overall corporate performance — including financial, strategic objective and risk performance — is the predominant factor in determining incentive compensation for executive officers, each of whom has significant policymaking and other influence over our operations. The committee also evaluates individual performance, market and competitive compensation practices, and regulatory and shareholder perspectives in these determinations.

In 2012, performance assessment included social factors related to attracting, retaining and engaging top talent with diversity as a top priority. Executive officers demonstrated progress toward meeting these objectives by:

· Hiring and redeploying key talent

- Showing diversity among new hires within the senior management levels
- Improving employee engagement scores in three of four categories
- Significantly increasing participation in management development programs

Our top executives will continue to be assessed against these objectives in 2013.

Each year we have presented a "say-on-pay" vote, where we have asked our shareholders to vote and approve a non-binding advisory proposal on executive compensation. In 2012, our shareholders approved the compensation determinations, voting at an approval rate of 88 percent.

The Compensation Committee believes that the results of the 2012 and prior say-on-pay votes reflect an overall high level of shareholder support for our compensation practices. They also indicate that we should continue to monitor and, as appropriate, integrate evolving market and regulatory compensation practices

into our compensation programs. In response to these market and regulatory developments, we have, among other things:

- Continued a performance-based component to incentive compensation for named executive officers
- Maintained a high level of equity composition and deferral for incentive compensation awards to named executive officers
- Maintained processes associated with the alignment of risk and incentive compensation

Full 2012 compensation results and our approach to executive compensation are available in our proxy filing found here.

Managing Risk

State Street has always promoted a strong risk management culture. The current global economic climate has heightened stakeholders' focus on risk within the financial services sector. At the same time, global interest in environmental and social risks continues to rise. Though we have not yet formally incorporated CR into our risk structure, we have several processes in place that lay the groundwork for full integration.

Recognizing that our reputation is fundamental to our business, our Sovereign Risk team uses a Country Reputation Risk Index to help identify countries with poor reputations that could pose a risk to our current or potential operations. Risk factors in the index include human rights, environmental performance, corruption and civil liberties, among others. In 2012, we did not pursue a business opportunity based partly on the Country Reputation Risk Index categorization of the proposed sovereignty. The index is also used throughout the year in situations where a country's risk profile needs to be re-evaluated based on changes in risk factors.

At a more informal level, our Enterprise Risk Management (ERM) team assists our Procurement and Global Realty departments in identifying risks within their request for proposal (RFP) processes, including CR risks. When we assess a new building acquisition or construction, for instance, environmental impacts are now part of the review. Global Realty has been integral to our environmental sustainability efforts and drives this process, though ERM managers are becoming more involved as they develop deeper knowledge of CR risks.

CR risk management will continue to gain visibility through the Executive CR Committee and our ongoing use of a global environmental management system and certification standards, such as ISO 14001. In addition, by signing the United Nations' Principles for Responsible Investment (UN PRI), State Street Global Advisors (SSgA) helped to increase awareness of CR and its related risks across the organization.

Government Relations

In 2012, we continued to track and participate in regulatory developments around the world, including the US Dodd-Frank Wall Street Reform and Consumer Protection Act. Clients and shareholders remain interested in legislative and regulatory reform following the 2008 financial crisis and how it will affect us and the financial services industry in general. Regulators around the world also seek our consultation and expertise, which we provide formally and informally as needed.

We are monitoring several regulations containing CR components, though we don't formally embed environmental and social factors into our legislative tracking framework. In 2012, we were especially active in the US and Europe regarding derivatives legislation, for which we support a more transparent marketplace. We are also watching the Dodd-Frank provision on minority- and women-owned businesses that will extend to all vendors of the US federal government.

While we don't expect new regulations to significantly impact our business, we won't be able to fully determine the challenges and opportunities they may offer until they are finalized.

Political Contributions

In 2012, State Street did not make any significant political contributions in any country where it operates. We recognize that stakeholders are interested in this issue, however, and maintain a website disclosing the political contributions of the company and its two US political action committees (PACs). The website also includes a summary of our political activities policy, which requires certain employees to pre-clear political contributions through our Ethics Office. The website can be found here.

Our executives make periodic, voluntary contributions of personal funds to the two PACs — one federal and one in Massachusetts. Under the State Street Bank and Trust Company Voluntary PACs, campaign contributions are made only in the US. During 2012, contributions from the PACs totaled \$34,000, and no in-kind contributions were made. Full information on our campaign finance reports and data is available at www.fec.gov/disclosure.shtml and www.fec.gov/disclosure.shtml and www.efs.cpf.state.ma.us/default.aspx.

Except in rare instances, it is our policy that no corporate funds are to be used for political contributions, either directly or indirectly, and all must be approved by the chief executive officer. We did not make any political contributions in 2012. We also request that each of our principal trade organizations refrain from using our membership dues for political activities. Our principal trade organizations are those to which we pay annual membership fees in excess of \$50,000 and, for these purposes, notify us that a portion of these fees is nondeductible for US income tax purposes.

Board of Directors Oversight

State Street's board of directors, elected by shareholders, focuses on issues that affect the company's financial value. The board is concerned with risk management, and in 2012 concentrated on the state of the European economy and its global impacts, interest rate and liquidity risk, capital ratios, and litigation risk. The board has a growing interest in business ethics, which parallels our management's focus on formalizing the ethics function within the company.

The board receives annual updates from the Executive CR Committee on the company's achievements and challenges with respect to CR. The committee is aiming to create more ongoing dialogue with the board regarding these issues, especially as they relate to the board's primary focus on risk.

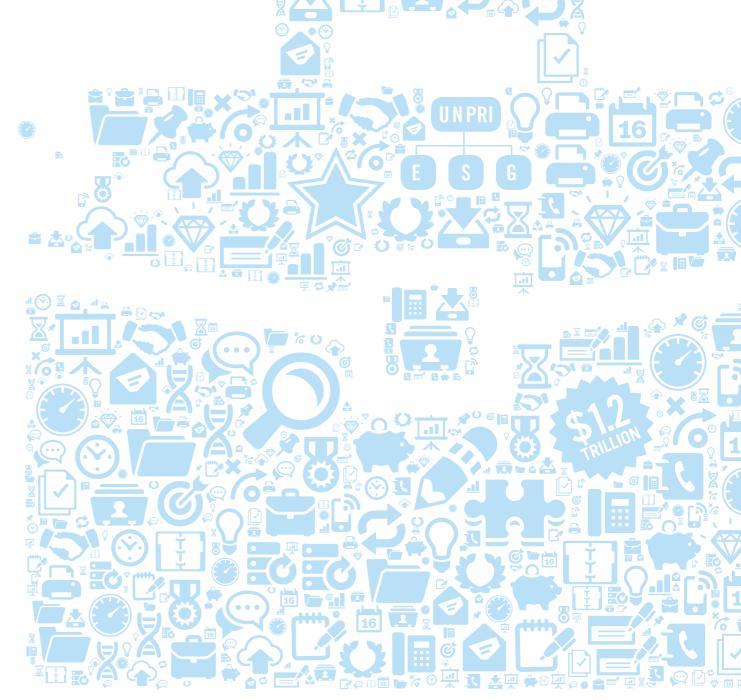
Additional information relative to the board of directors and corporate governance, including governance guidelines and directors' biographies, can be found here.

STATE STREET | CR 2012 ACCOUNTABILITY AND TRANSPARENCY



BUSINESS EXCELLENCE

Our goal is to be recognized as the most reliable and responsible financial services partner in the world — in the way we do business, the products and services we offer, and the relationships we foster.



BUSINESS EXCELLENCE

As the financial services industry grows more competitive, it is important that we continue to distinguish State Street as a thought leader and strategic partner. Our clients are among the most sophisticated institutions in the world, including asset managers, alternative asset managers, insurance companies, pensions and official institutions. And they are looking to improve efficiency and increase value. We work with our clients to understand their specific needs and develop the right solutions that will help them perform better.

Our broad and integrated range of financial services spans the investment spectrum, including investment management, investment research and trading, and investment servicing. In 2012, investment servicing (including research and trading) accounted for 87 percent of our total revenue with investment management representing the remaining 13 percent. Across all our business lines, we are integrating CR more fully into risk analysis and new business development opportunities. SSgA formally addressed this integration process by signing the

UN PRI in 2012. In our asset servicing and research and trading businesses, we are evaluating client demand for a suite of ESG products and services.

Integrating CR into our business extends beyond our own practices and products and services we offer, to the way we procure goods and services. We hold the same high standards to the entities that conduct business on our behalf and that supply us with materials and professional expertise.

Helping Clients Invest Responsibly

Our capabilities and global reach make us well positioned to offer a continuum of products and services to help clients meet their own responsibilities. We believe new sources of revenue within the ESG market will continue to arise, and we remain committed to assessing opportunities for clients to benefit from this growth. We also are evaluating our own structure and ability to provide further ESG solutions to clients.

A CONVERSATION WITH THE CEO OF SSGA

Scott Powers, the chief executive officer of State Street Global Advisors (SSgA), discusses the decision to sign the United Nations' Principles for Responsible Investment (UN PRI).

Q. SSgA considered signing the PRI for several years. What was the trigger point for becoming a signatory in 2012?

A. We have had an ongoing dialogue with the PRI initiative to help us better understand and be comfortable with how the principles would align with our passive strategies, which constitute the majority of SSgA's investment offerings. After a hard look by our ESG team and Investment Committee, we decided that we could apply the principles and maintain our responsibilities to our clients without any conflict. In fact, in many cases we were already aligned with the principles.

Q. Can you offer some examples?

A. In our active strategies, we maintain robust ESG portfolios; ESG investments account for 7 percent of total assets under management. This includes a green bond fund that was launched in 2011 and fully funded in 2012. On the passive



Scott Powers
Chief Executive Officer
State Street Global Advisors

"We manage \$1.4 trillion in passive strategies, so we can be a powerful voice on ESG issues."

side, SSgA's proxy voting team has actively engaged issuers for several years on environmental and social issues that can affect financial value. Additionally, our proxy voting policy was updated in 2010 to a default of abstention rather than voting with management. We manage \$1.4 trillion in passive strategies, so we can be a powerful voice on ESG issues.

Q. Why do the PRI only apply to SSgA's passive strategies through proxy voting and issuer engagement?

A. In passive strategies, we replicate an index or choose securities that are representative of that index. The PRI becomes relevant in these strategies once we own the underlying securities and can engage management on issues we think are relevant to financial return. That's why SSgA views proxy voting as not just a right, but a responsibility. If environmental and social issues affect financial results, then we have a duty to act.

Q. How does SSgA decide which ESG factors affect financial value?

A. That's a question the financial services industry and investors everywhere are debating. In our ESG strategies, we employ quantitative research as well as client requests for certain positive or negative screens. The research and trends also

"That's why SSgA views proxy voting as not just a right, but a responsibility."

influence our conversations with issuers, and certain sectors have more obvious environmental and social risks. We have a lot of interest in the outcome of Project Delphi, a collaborative venture sponsored by CSR Europe that we are co-leading. The project aims to evaluate and identify, if possible, a set of ESG "superfactors" that can affect long-term value.

ESG INVESTMENT PRODUCTS/SERVICES

Product	Available Regions	Number of Clients/ Total Assets	Business Line
Compliance Analytics	Global	12/ \$430 billion	SSGS
ESG Screened Assets	Global	43 clients	SSgA
High Quality Green Bond Strategy	Global	1 client	SSgA

Investment Management

State Street Global Advisors (SSgA) has an ESG team with responsibilities and capabilities in portfolio management, product management, issue and trend analysis, and discharging corporate governance and proxy voting. The team leads the effort to more systemically identify the ESG risks and opportunities within SSgA's investment products. We have had success integrating ESG factors into existing quantitative models at the regional level, an indication that ESG investing is mainstreaming in certain markets. Externalities, such as the lack of standardized ESG factors and inconsistency around corporate disclosure, make it difficult to bring these successful integrations to scale.

PROJECT DELPHI

SSgA's work with Project Delphi is one way that we are participating in global efforts to clarify and define the value of ESG issues on financial performance. Employees participate in various aspects of the project, including SSgA's chief investment officer, who serves as the project sponsor.

Project Delphi is sponsored by CSR Europe, the largest European business network focused on CR issues, and brings together major players in the investment community to propose answers to three critical questions:

- 1. Which ESG "superfactors" are the most likely to add long-term enterprise value?
- 2. How can these superfactors be measured?
- 3. Would these superfactors and metrics satisfy the requirements of the largest European institutional investors?

Project Delphi is currently in its second phase after having spent much of 2012 building the infrastructure needed to move the project to completion. The final framework is expected to deliver in mid-2013, when it will be tested by a broader set of asset owners. The framework will also be compared to the findings of a parallel project sponsored by CSR Europe, which is focused on corporate disclosure to help close the gap between the ESG factors companies report and what the investment community needs to model financial performance.

Our commitment to acting in the best interest of our clients while upholding our own CR priorities is reflected by SSgA signing the UN PRI, as discussed by Scott Powers on page 40. Currently, we are focusing on data gathering and reporting as we implement the principles. Our ESG team has made significant progress in capturing the many ESG research and integration efforts happening within SSgA. However, it has been a challenge to fully report on these activities on a global scale. By taking full advantage of PRI's network of signatories, supporters, academic institutions and regional groups, we hope to more fully integrate ESG into the business.

SSgA currently manages more than 200 separate accounts and more than 43 commingled vehicles, according to one or more ESG criteria. At year-end 2012, we were managing \$146.7 billion in assets incorporating ESG factors or approximately 7 percent of total assets under management. Some of our more innovative ESG solutions include:

 US Community Investing Index strategy — represents about \$45 million in assets under management across separately managed and commingled funds High Quality Green Bond strategy — offers investors a way to direct fixed income investments to climate solutions

In 2012, SSgA developed a cluster munitions policy for our active portfolios. The policy formation was largely driven by European legislation that seeks to prohibit investments in companies that make these explosives. We are currently evaluating if the policy will apply globally or only to our portfolios in Europe.

Issuer Engagement and Proxy Voting

SSgA believes in increasing shareholder value by enabling shareholders to exercise their ownership rights — and that issuer engagement is often the most effective way to do this. With guidance from our ESG team, SSgA has established robust corporate governance principles and practices that lead to meaningful issuer engagement on environmental and social issues. Through extensive dialogue with issuing-company management and boards, we seek to strengthen the quality of corporate governance and sustainability standards that protect and enhance shareholder value.

In assessing the potential impact of environmental and social issues on shareholder value, SSgA looks to identify the risks

inherent to the industry and to the company in particular. The team encourages transparency through reporting and other disclosure avenues, as well as implementation of processes to manage environmental and social risks. SSgA follows up with issuing companies to determine whether sustainability risks have been addressed.

External events often drive the environmental and social issues that emerge frequently during our discussions with issuing companies. In 2012, many issuer engagement sessions focused on bribery and corruption, largely as a result of the UK Bribery Act and the US Foreign Corrupt Practices Act. Other major topics of dialogue included political contributions, diversity and human rights. SSgA's issuer engagement and proxy voting team has seen an increase in mainstream investors' interest in environmental and social issues and expects to see their focus narrow to specific ESG themes over the coming years.

SSgA also uses proxy voting to protect shareholder value and influence companies' management practices with regard to ESG issues. Each year, we vote approximately 14,000 proxies in 70 different markets around the world on behalf of our clients. Our voting guidelines and complete results are available to clients.

Overall in 2012, SSgA voted against management in 6 percent of the resolutions, including those related to environmental and social issues. Voting results do not give the full picture of SSgA's position on the resolution topic. Some resolutions are not material to the company or industry, and we continue to engage issuers on ESG matters, even if our vote was with management.

Investment Services

State Street Global Services offers social responsibility screening as part of our compliance service to help institutional clients analyze their portfolios. As part of this service, we can monitor prescribed investment limits, excluded asset lists and self-imposed investment restrictions. We currently provide these analytics for approximately \$430 billion in assets.

Investment Research and Trading

State Street Global Markets (SSGM) executes environmental currency portfolio transactions on behalf of our Office of Environmental Sustainability to purchase renewable energy credits (RECs) and carbon offsets. While these transactions benefit our own commitment to environmental sustainability and reducing our carbon footprint, we believe there is growing demand for these services among current and potential clients.

SSGM is currently evaluating new business opportunities in the REC trading market.

In the meantime, through SSGM's REC trading, we continue to seek opportunities to further minimize our environmental impact. In 2012, we purchased and retired a portfolio of environmental currencies as follows:

Product A: 109,000 RECs, Green-e Energy certified, reporting year 2012

Product B: 90,000 RECs, Green-e Energy certified, reporting year 2012, to be applied toward the US Green Building Council's LEED® certification system

Product C: 24,397 Brazilian hydroelectric-derived greenhouse gas carbon offsets issued under the Verified Carbon Standard vintage 2010

As a result, we will purchase the renewable energy equivalent of 100 percent of our North American electrical load (based on 2011 consumption) and offset 100 percent of our 2011 emissions created by employees' global travel. Additionally, the purchase will help us to achieve LEED certification on two of our major buildings in Boston, including our global headquarters, and support clean energy development in Brazil. See our environmental section on page 50 for more information on our climate change strategy.

Thought Leadership

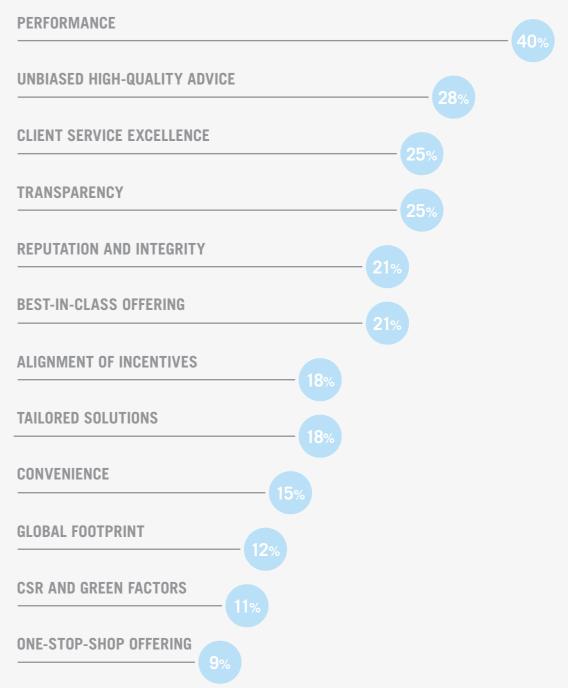
We offer clients unique insight into trends that affect the financial services industry and global economy. Our Vision paper series provides institutional investors around the world with research and expertise on relevant industry topics. The Center for Applied Research (CAR) is an independent think tank that resides within State Street and conducts targeted research designed to provide clients with strategic insights into issues that will shape the future of the investment industry. CAR selects its research topics based on input from global investment management industry professionals. The center's 12- to 18-month research studies

include both primary research methods — driven by face-to-face interviews and surveys — and secondary research methods.

In 2012. CAR released The Influential Investor: How Investor Behavior is Redefining Performance, which sheds light on how investors' decisions — healthy or unhealthy, rational or irrational — are reshaping the investment industry. The study provided some insight into how CR is viewed by investors as a driver of value and ultimately, performance. Investors ranked CR near the bottom of a list of value drivers important to performance, but also cited it as one of investment providers' largest weaknesses. This disconnect suggests investors may not be able to discern true commitment to sustainability from "greenwashing," and that the benefits of CR on long-term value are still hard to determine. In addition, investors are not identifying CR as a driver of reputation and integrity. This is despite the fact that many investment providers make the internal case that one of CR's benefits is reputation enhancement. The full report is available here.

MOST IMPORTANT VALUE DRIVERS

(Percentage of Survey Respondents, Rank Ordered by Total)



n = 2,724

Note: Question asked: Which of the following capabilities will become increasingly important to you over the next 10 years? Respondents include institutional and retail investors. Source: Center for Applied Research analysis.

We are learning more about this topic from research conducted on our behalf by Brandeis University to gauge institutional investor interest in ESG issues. Building its own index ranking system, Brandeis analyzed the public statements made by top global pension funds and sovereign wealth funds in different countries. The research showed that nearly half of the largest funds expressed some interest in ESG issues.

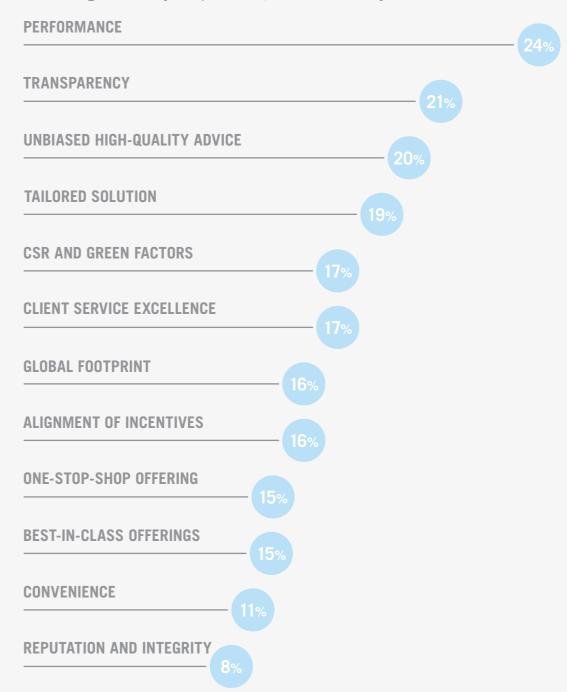
Expanding Accountability for CR Through our Supply Chain

With the launch in 2011 of our Environmentally Preferable Purchasing Policy (EPPP), we have made significant progress over the past year in extending our commitment to CR through our procurement activities. In addition, in 2012 we developed a new vendor questionnaire that includes metrics for environmental and social performance. Every supplier RFP, regardless of category, will include a weighting of CR commitments that will be factored into the vendor selection process.

We have also enhanced our risk assessment of vendors. Due to the nature of our business and that our procurement spending is centralized in the US, our supply chain is not exposed to high levels of environmental and social risks. However, in cases where

LARGEST WEAKNESSES OF INVESTMENT PROVIDERS

(Percentage of Survey Respondents, Rank Ordered by Total)



n = 2,724

Note: Question asked: Based on your investment providers' current capabilities, which of the following areas represent the largest weaknesses? Respondents include institutional and retail investors. Source: Center for Applied Research analysis.

our vendors are in higher risk categories and in non-US locations, a member of the Procurement team evaluates the risk through a site visit and ongoing dialogue with the supplier. Site visits enable us to informally assess working conditions and environmental practices, which can figure into our decision-making process. In 2013, we will focus on reviewing the risks identified through our Risk Assessment Management Program (RAMP) and how to implement the program fully across our supply chain.

The EPPP informed several purchasing decisions in 2012, which positively affected the environment and gained high visibility among our employees. One of our most material achievements was negotiating with our US office supply vendor to make recycled paper the same price per unit as virgin paper. We have also made recycled paper the default paper choice in our US office supply purchasing tool. Similarly, we found that employees wanted more eco-friendly food delivery options in our cafeterias and office kitchens. Our vendors helped us identify cost-effective and environmentally sound options that we may not have discovered otherwise. For instance, in the US, our coffee machine supplier was able to replace our previous equipment with a more environmentally friendly version at similar cost.

Employees prefer the new coffee machines for their reduced environmental impact and increased quality.

While we are working to incorporate CR more fully into our supply chain, we also maintain our commitment to supplier diversity in the US. Established in 1983, our program provides opportunities for minority- and women-owned businesses to establish mutually profitable relationships with State Street.

SUPPLIER DIVERSITY PROGRAM SPENDING (US) \$ millions

	Women-owned ¹	Minority-owned	Combined ²
2012	31.8	75.8	107.6
2011	37.3	77.8	97.6

¹ In 2011, minority women-owned businesses were counted as women-owned. In 2012, we changed the methodology to count minority women-owned businesses as minority-owned.

² Combined supplier diversity total accounts for overlap between women- and minorityowned business spend.



ENVIRONMENTAL SUSTAINABILITY

Every day we consider the environmental impacts of our decisions. Protecting and preserving our natural resources helps us to increase efficiency, attract and retain clients, save money, and engage employees.

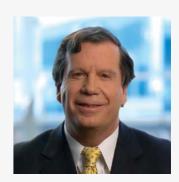


LETTER FROM THE HEAD OF GLOBAL OPERATION AND TECHNOLOGY

For businesses all over the world, environmental sustainability is an important factor in being efficient and innovative. At State Street, we've definitely experienced this. We are always looking for creative ways to reduce costs and risk across our operations. As we develop new strategies, the environment and other CR factors are increasingly becoming part of our blueprint for building a smarter and more efficient enterprise.

Transforming Technology

Our Information Technology (IT) group provides an ideal example for how innovation can create efficiencies, save money and help to protect the planet. IT is in the midst of a multiyear transformation process that will deploy system virtualization and cloud technologies to reduce our operating costs and save energy. In 2012, we migrated 54 applications to the cloud environment and retired 85 applications. We also virtualized our operating system environments and completed 78 operations automation projects across 11 business units. In addition, we trained more than 800 employees in Lean IT process improvements, and we are currently implementing 19 ongoing Lean IT design projects.



James S. Phalen
Executive Vice President
Head of Global Operation
and Technology

While these are just a sample of our team's accomplishments this year, these technology changes provide a better end-user experience for clients by streamlining processes, protecting data and allowing us to offer the best resources available. They also create a more mobile workplace, supporting our commitment to flexible work and reducing our real estate footprint. We estimate we will avoid the emissions of 100,000 metric tons of carbon and save nearly \$23 million in operating costs annually.

The Big Picture

Looking closely at our costs and risks also means going beyond our own business to the companies we hire all over the world to provide us goods and services. We know that our reputation is affected by the entities we conduct business with and we must be careful to hire vendors whose environmental and social practices are in line with our own. In 2012, we developed a new vendor request-for-proposal tool that will help us embed our suppliers' CR performance into the procurement decision-making process. Set to launch in 2013, the new tool will help our managers look beyond cost to the full picture of a supplier's value and potential risks to State Street.

"We estimate we will avoid the emissions of 100,000 metric tons of carbon and save nearly \$23 million in operating costs annually."

A Smaller Footprint

Nowhere is the influence of environmental sustainability more evident than in our global realty portfolio, and in particular Boston, our headquarters city and location with the largest footprint. We occupy a number of buildings throughout the city, largely as a result of acquisitions. With several of these leases set to expire in 2014, we have an opportunity to adjust the financial, environmental and ergonomic impacts of our real estate. At the same time, multiple factors are driving a shift away from traditional offices to collaborative, multi-functional workspaces.

In 2012 we finalized plans to consolidate four of our Boston offices into a single location with the opening of a new building, Channel Center, which is targeted for LEED Silver certification. For instance, lighting at Channel Center will be less than 0.8 watts per square foot and will maximize use of natural light, resulting in a savings of \$150,000 and 50 metric tons of carbon annually. We are also moving toward more centralized spaces for printing, recycling and composting, which should reduce paper consumption while making it easier for employees to divert waste to landfill. Our move to Channel Center is scheduled to begin during the first quarter of 2014.

"With several of these leases set to expire in 2014, we have an opportunity to adjust the financial, environmental and ergonomic impacts of our real estate."

Our Future Business

As we continue to transform the way we do business, CR will continue to provide new solutions to our ongoing efforts to manage risk and costs, while maintaining our commitment to innovation. Environmental issues may not always be the driver of change, but they prompt us to look more holistically at our challenges and opportunities — allowing us to perform better and increase value to all of our stakeholders.

James S. Phalen

Jam S Phalen

ENVIRONMENTAL SUSTAINABILITY

High-level oversight of environmental sustainability (ES) drives performance and accountability. In the early years of the ES program, efforts were mostly grassroots. But as internal and external stakeholders demanded improved ES performance, we worked to raise the profile of ES across the company. Our Executive CR Committee — made up of senior managers across business lines and geographical regions — has direct oversight of the various components of ES, from employee engagement to climate change mitigation. The Executive CR Committee looks to its ES Subcommittee, made up of subject-matter experts, for detailed review and recommendations on environmental issues and policy.

Our Office of Environmental Sustainability (OES) coordinates wider engagement of ES, beginning with the ES Subcommittee, which comprises a broad set of managers across departments, business lines and geographies. Regional-wide Eco-Advisory Councils are responsible for identifying and executing engagement strategy in their communities and sharing ideas from local Green Teams.

In 2012, we extended the Eco-Advisory Council structure to EMEA, completing our goal of having a council for each region.

New Goals

In 2012, the Executive CR Committee recommended a review of our three-year environmental goals with a challenge to make them more aggressive. The OES subsequently conducted a benchmarking analysis comparing the ES performance goals of financial services firms and reviewed recommendations from our third-party verifiers, NGOs and other stakeholders. A set of suggested goals was also available for open comment by employees through our internal social media tool, Collaborate. The OES, with input from the ES Subcommittee, recommended new environmental goals (see next page), which were formally adopted in early 2013.

ENVIRONMENTAL GOALS

	Three-Year Goals (2011-2013) ¹	ES Goals (2013-2020) ¹
Carbon Emissions	10% reduction	20% reduction
Water Consumption	3% reduction	20% reduction
Waste Reduction	5% reduction	100% of waste stream recycled or sent to energy recovery facilities where available
		20% increase in diversion rate at controlled sites ²
		10% reduction in total waste created at all controlled sites ³
Environmental Certifications		ISO 14001 ⁴ ISO 50001 ⁴

Baseline year of 2012 and targets met by January 1, 2020. Controlled Sites = sites directly managed by State Street.

In this report, we provide ES performance relative to the original three-year goals. We expect to report on the new goals in our 2013 CR Report, using 2012 as the baseline year. In 2013, we plan to enhance tracking and reporting mechanisms needed to meet the new goals and execute projects designed to support the targets.

Addressing Climate Change

We believe climate change will continue to be of growing importance to our stakeholders. We monitor local, national and international guidelines on climate change as well as best practices within our peer group and sustainability leaders across industries. Heightened media and civic attention following events such as Hurricane Sandy in the eastern United States also continue to keep climate and changing weather patterns in focus. Given our business model and moderate interest from the mainstream investment community, we categorize climate change as an "emerging" material issue for the company.

During our 2012 stakeholder engagement session, Ceres facilitated a discussion among the Executive CR Committee and external stakeholders representing clients, shareholders,

¹ Metrics based on per person.

² Diversion rate = % of waste stream (i.e., recycling / shredding / composting / energy from waste) diverted from landfill.

³ Total waste created = sum of recycling + shredding + composting + energy from waste + landfill waste.

⁴ ISO 14001 and 50001 certifications at all controlled sites.

suppliers, environmental advocates, community-based organizations and investors. The external stakeholders asked us to reclassify climate change as a "priority" material issue rather than an "emerging" one. Stakeholders also emphasized that our primary impact on sustainability issues is through our products and services. They suggested that we develop an overarching sustainability strategy that connects various initiatives with the company's core business objectives. These recommendations will be considered by the Executive CR Committee in 2013.

Reducing Our Footprint

The ES Subcommittee is considering the economic viability of offsetting emissions to achieve carbon neutrality. Employee interest in carbon neutrality was provided to the subcommittee, which commissioned a cost analysis and proposed action plan. The subcommittee will continue to review the plan in 2013 as well as whether we should try to achieve neutrality in other impact areas, such as water, in addition to or instead of carbon.

For the second year in a row, we developed and executed a combined global renewable energy credit (REC) and carbon offset strategy. As a result of these purchases, we will purchase the equivalent of 100 percent of our North American electric

usage (based on 2011 consumption data) from renewable sources, and 100 percent of our 2011 global travel emissions will be offset. Additionally, the carbon offset purchase of Brazilian hydroelectric-derived greenhouse gas (GHG) offsets supports green energy development in an emerging business market. The global REC and carbon offset strategy will help us achieve LEED certification for two of our largest North American buildings. These will be the first State Street properties in North America that are LEED certified.

In addition, we invest in renewable energy projects eligible for federal tax benefits (production tax credits or investment tax credits) that might not be economically viable without such financing. In 2012, we committed \$150 million to wind power projects and approximately \$25 million to biomass projects.

Regulatory Developments

In 2012, we were subject to the first government carbon emissions cap to affect our real estate portfolio — the UK's Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. We fully met our legal obligations with regard to the scheme. And we remain committed to meeting the cap in the future by actively pursuing carbon emission reduction initiatives that will lower our

energy consumption and resulting carbon allowance purchases. We are monitoring other regulatory developments worldwide for applicability, such as Australia's emissions trading scheme and France's environmental and social reporting requirements.

Employee Engagement

Local Green Teams, in conjunction with the OES, create opportunities for employees to participate in our ES activities. These range from community initiatives to recycling efforts, and are based on local employee interest and program availability. In addition, employee engagement supports improved ES performance, especially recycling rates and workspace power management. Employee events promoting education and awareness will continue to play a vital role in this process.

Some of our larger 2012 initiatives included:

- Kickball for a Cause tournament
- ES Speaker Series in North America
- "Green" Olympics in Munich

- Clean-ups of biodiverse areas in Hong Kong, London,
 Scotland and Poland
- Personal battery and electronic recycling in North America and APAC

Flex Work Program

Flexible work arrangements provide employees with multiple ways to reduce their environmental impact from commuting. Our global tool for managing employees' flexible work arrangements, FlexTrak, includes a mechanism for reporting commuting miles saved through alternative schedules and work locations. In 2012, employees self-reported saving a combined total of 190,000 miles of driving per week. This equates to 3,579 tons of carbon emissions avoided as a result of reduced travel due to our Flex program.

Keeping Track

At the suggestion of auditors who were certifying our International Standards Organization (ISO) 14001 management program, we increased employee access to local ES performance data to continue education efforts. We added more locations to our quarterly ES dashboard, which provides a snapshot of our ES performance across several impact areas. The dashboard now

highlights waste, recycling and water consumption performance for 15 major office locations, and reports absolute performance as well as per-person metrics. Additionally, employees can see each office's diversion rate, which is the percentage of total recycled versus landfill waste. In 2013, we plan to convert the ES dashboard from a static document to a software-based solution fed with real-time data.

Getting Charged

In our headquarters building in Boston, we installed two electric car charging stations in the parking garage with open access for all employees. Employee response has been overwhelmingly positive, though usage is moderate with growth expected over the next few years. We are evaluating opportunities to install similar equipment in locations with large employee populations.

Managing Our Impact

The OES works closely with the ES Subcommittee to produce an annual ES action plan, focused on advancing overall sustainability objectives and goals through operations and resource management, innovation in products, services and investments, employee involvement and public advocacy. In 2012, we focused on ISO 14001 certifications, evaluation of the renewable energy strategy, ES-related product development collaboration and employee engagement through Collaborate. Read more about our ISO certification in the Conversation with Banc Winsor on page 63.

We report our environmental performance in five areas we believe have the most significant impacts from our operations on a per-square-foot and per-person basis:

- Direct energy (oil and gas)
- Indirect energy (electric) and travel
- · Water usage
- Waste
- Paper recycling

Sub-metering and sole tenancy allow us to track actual usage in several locations. For some leased space in Asia Pacific, EMEA and North America, we estimate energy usage based on a US Environmental Protection Agency (EPA) formula. According to this standard, total actual and estimated energy usage for 2012 equates to nearly 242 million kilowatt-hours, representing 95 sites.

PROGRESS ON ES ACTION ITEMS



CLIMATE CHANGE: TOTAL DIRECT AND INDIRECT CARBON EMISSIONS BY WEIGHT

metric tons

	.0							22262	
Year	CO ₂ Direct Scope 1	CO ₂ Direct Scope 1 Estimated	CO ₂ Direct Scope 1 Fleet	CO ₂ Indirect Scope 2 (Actual)	CO ₂ Indirect Scope 2 (Estimated)	CO ₂ Indirect Scope 3 (Travel)	Total Carbon Emissions	Per Person (Total)	Per Person (Office)
20071	4,601	n/a	n/a	102,798	n/a	17,727	125,126	8.65	n/a
2008 ²	4,768	n/a	n/a	131,501	17,032	13,792	167,095	5.84	n/a
2009 ³	6,481	n/a	n/a	122,883	15,553	11,022	155,939	5.06	4.30
2010 ³	5,683	n/a	n/a	132,255	8,816	20,855	167,610	4.84	4.06
20113	4,890	n/a	n/a	128,585	10,422	24,396	168,293	4.56	3.81
20124	4,948	4,612	448	90,667	8,088	29,594	138,493	3.46	2.69

Scope 1 & 2

CLIMATE CHANGE: ESTIMATED CARBON EMISSIONS FROM BUSINESS TRAVEL¹

emissions / metric tons

	200	2009 2010		10	2011		2012³	
	Miles	Emissions	Miles	Emissions	Miles	Emissions	Miles	Emissions
Air	55,749,800	10,714	71,442,772	19,948	89,441,280	23,395	87,559,227	29,060
Car ²	515,000	203	1,621,778	684	1,766,142	746	1,627,755	845
Rail	864,000	105	1,276,388	223	1,463,523	256	1,361,924	138

¹ World Resources Institute (2008). Greenhouse Gas Protocol tool for mobile combustion, Version 4.0. For 2010, includes additional travel agency data from Japan, Singapore and Hong Kong.

¹ North America actual; restated to reflect updated conversion rate to metric tons.

² North America actual and estimated and EMEA actual; restated to reflect updated conversion rate to metric tons.

³ North America and Asia Pacific actual and estimated; EMEA actual. Methodology change in calculating carbon emissions. See page 70 for more details.

⁴ Estimated natural gas usage.

² US only for 2009. For 2010, includes fleet car mileage in Germany and car service miles for the UK and US.

³ Travel partner carbon calculation methodology used. Prior year's carbon calculations used GHG Protocol tool for mobile combustion.

WASTE AND RECYCLING INITIATIVES: TOTAL WASTE BY METHOD OF DISPOSAL tons

	Composting	Paper and Cardboard	Commingled	Total Recycling	Trash ⁶	Diversion Rate (%)
20071	n/a	1,340	n/a	1,340	1,703	44.0
2008 ²	12	1,576	9	1,597	1,728	48.0
2009 ³	462	3,4324	102	2,978 ⁵	2,029	59.5
2010 ³	444	2,280	146	2,960	1,533	65.9
2011 ³	405	1,148	761	2,527	1,499	62.8
2012 ^{3,7}	349	283	955	2,981	2,126	58.0

pounds	Recyc	led Waste	Trash ⁶		
	Per Person⁵	Per Square Foot	Per Person	Per Square Foot	
20071	217	n/a	276	n/a	
2008 ²	230	n/a	249	n/a	
2009 ³	389	1.42	265	.96	
2010 ³	318	1.29	165	.67	
2011 ³	243	1.02	144	.61	
2012 ^{3,7}	189	0.81	135	.58	

¹ North America actual sites.

² North America and EMEA.

³ North America, EMEA and Asia Pacific.

⁴ Includes North America sites (e.g., sites where trash services are not reportable).

⁵ Excludes North America sites (e.g., sites where trash services are not reportable). Total occupancy and square foot based on sites reporting trash statistics.

⁶ Disposal method for trash is landfill.

⁷ Estimated sites included.

A CONVERSATION WITH THE HEAD OF NORTH AMERICAN REALTY

Q. ISO 14001 is generally thought of as a tool for manufacturing, extractives and other high-environmental-impact industries. Why did State Street pursue certification?

A. ISO 14001 provides a framework for managing environmental responsibilities so they become more efficient and integrated into overall business operations, no matter what the industry. We are deploying ISO 14001 to help improve monitoring, measuring and reporting of ES data and ultimately, our performance. We also think the certification process offers another opportunity to inform and engage our employees in ES efforts.

Q. Which State Street locations are ISO 14001 certified?

A. We achieved seven ISO certificates in 2012, including Boston, Hangzhou (two locations), Krakow, Luxembourg, Milan and Munich. These are in addition to already-certified buildings in Dublin, Edinburgh and London. As a result of the 2012 assessments, two-thirds of our employees in the EMEA region now work in ISO 14001-compliant buildings.



Banc Winsor
Senior Vice President
Head of North American Realty

"We are deploying ISO 14001 to help improve monitoring, measuring and reporting of ES data and ultimately, our performance."

Q. How do you determine where to pursue ISO 14001 certification?

A. We choose buildings based on a set of factors: employee population, ability to meet environmental standards, and visibility of the building locally and within the company. There are only a handful of buildings remaining in our portfolio that meet these criteria and have yet to go through an ISO 14001 assessment. We are currently evaluating the prospect of achieving an enterprise-wide certificate.

Q. How are you using ISO 14001 to engage employees?

A. Educating employees on ISO 14001 compliance is a critical component of the certification process and has led to multiple awareness events throughout our regions of operation. The ISO brand is strong, so employees are curious as to how it relates to State Street. That leads to multiple conversations about our commitment to ES and how they can be involved.

"The ISO brand is strong, so employees are curious as to how it relates to State Street."

TOTAL REAL ESTATE PORTFOLIO REPORTING COVERAGE FOR 2012

The following chart shows the percentage of square footage as a proportion of the total real estate portfolio covered in this report. The square footage not reported is generally not available.

	Asia Pacific	EMEA	North America	Global
Natural Gas Usage (actual)	18%	38%	49%	44%
Natural Gas Usage (estimated) ³	0%	24%	30%	26%
Electricity Usage (actual) ¹	100%	97%	72%	80%
Electricity Usage (estimated) ²	0%	3%	28%	20%
Water Usage (actual)	61%	52%	61%	59%
Water Usage (estimated) ³	39%	45%	39%	40%
Waste (actual)	73%	75%	53%	59%
Waste (estimated) ³	27%	4%	47%	36%
Single Stream (actual)	87%	66%	64%	66%
Single Stream (estimated) ³	13%	4%	30%	23%
Confidential Paper/Shredding (actual)	35%	80%	99%	89%
Confidential Paper/Shredding (estimated) ³	65%	17%	0%	10%
Paper/Cardboard Recycling (actual)	96%	59%	24%	38%
Paper/Cardboard Recycling (estimated) ³	4%	0%	6%	4%
Composting (actual)	16%	15%	55%	43%
Composting (estimated) ³	0%	0%	5%	3%

¹ Represents the percentage of square feet where direct utility bills are provided.

² Represents the percentage of square feet where electric usage is estimated based on the EPA energy intensity factor. CO₂ emissions are also calculated based on the estimated kilowatt-hours.

³ Estimates created from government publication and portfolio-based results.

Reporting Challenges

Accurate monitoring and measuring of environmental performance data continues to be our primary ES challenge. As our targets and reporting requirements become more sophisticated, we need to increase the frequency and amount of data available on a regular basis. We previously relied on semiannual data measurement to produce our performance results, but are moving toward generating real-time data, which requires a significant investment in human resources and technology. In the APAC and EMEA regions, we also still face sub-metering challenges in buildings where we are not the primary tenant. Here again, we will need to invest in sub-metering infrastructure to accurately measure performance and results of our consumption reduction actions. The ES Subcommittee will be tasked with reviewing these investments in light of the new environmental goals in 2013.

It's also difficult to understand the impact of IT applications on business travel, which makes it challenging to get complete and accurate reporting. We have invested heavily in video and audio conference equipment globally to replace business travel as much as possible. While we track when video or audio conferences are used in lieu of travel, we are not yet able to quantify the resulting carbon savings. Furthermore, analysis in certain regions demonstrates that video and audio conference equipment is not being used to full capacity, which may indicate a need for further education and commitment from managers to encourage replacing travel with remote conferencing.

Resource Efficiency

We continue to pursue efficiency projects as a means of reducing our consumption and carbon emissions from operations. In 2012, we reduced electricity consumption by 1.6 million kilowatt-hours, representing an estimated annual savings of \$236,000. Estimated carbon emissions savings from these projects totaled 856 metric tons. Additionally, we saved several million gallons of water in four locations in Massachusetts through the installation of new irrigation controls.

In the EMEA region, we revised our resource efficiency project investment process to require a return on investment in five years, an update from the previous mandate of three years. This has enabled us to expand the amount of potential efficiency initiatives we can deploy throughout the real estate portfolio.

In addition, the CRC Energy Efficiency Scheme has made efficiency projects in the UK more economically appealing. By complying with this government-mandated scheme to promote carbon reductions, we had a reduced cost of \$12 per metric ton of carbon from electric and gas consumption, which we could further reduce over time through increased efficiency.

IT focused on deploying various virtualization and cloud technologies to manage energy consumption and defer facility expansion. In 2012, these efforts avoided an estimated 98,000 metric tons of carbon dioxide equivalent and associated cost savings.

Challenges

To provide accurate and complete results on how our efforts are meeting our environmental goals, it will be important to increase the frequency of reporting and amount of data available. This new level of data monitoring will require a financial investment and conversion from varied metering systems to one web platform for global reporting.

While we have undertaken numerous initiatives to reduce utility consumption, we are still challenged by measuring the savings attributable to any given project. In some cases, we can estimate savings within a reasonable amount. However, for some initiatives this is too difficult without sub-metering at the site level. New global environmental goals to meet ISO 50001 requirements will require investment in sub-metering infrastructure to demonstrate, from an energy management perspective, a clear understanding of granulated energy use across key sites.

DOW JONES SUSTAINABILITY INDEX — A CLOSER LOOK

20	112	
ZU	112	

	Company Score	Average Score	Percentile Rank
Overall Environmental Dimension	54	27	91
Business Risks & Opportunities	45	32	81
Climate Strategy	51	19	84
Environmental Policy/ Management System	57	39	79
Environmental Reporting	82	29	100
Operational Eco-Efficiency	55	14	99

WATER CONSUMPTION

cubic feet Office Data Center

		Office		Dat			Total
	Consumption	Per Person	Per Square Foot	Consumption	Per Person	Per Square Foot	Consumption
20071	9,260,326	787	n/a	1,793,972	26,382	n/a	11,054,298
20081	10,102,658	802	n/a	1,867,326	29,177	n/a	11,969,984
2009 ²	10,330,530	666	2.50	2,053,525	34,806	8.92	12,384,055
2010 ²	11,590,253	684	2.80	2,167,076	34,489	9.42	13,757,329
20112	10,737,858	583	2.47	2,110,117	34,451	9.17	12,847,975
2012 ^{2,3}	12,790,601	407	1.81	2,165,891	44,967	9.41	14,956,492

¹ North America.

NATURAL GAS USAGE — DIRECT ENERGY IN MILLIONS OF BRITISH THERMAL UNITS

MMBtu			
	Office	Data Center	Total
20071	75,600	6,182	81,782
2008 ²	76,143	4,748	80,892
2009 ³	102,114	4,056	106,169
20104	93,065	3,986	97,051
20114	85,081	3,345	88,426
2012 ^{4,5}	171,941	2,650	174,591

¹ North America.

² North America, EMEA and Asia Pacific.

³ All regions include estimated usage levels.

² North America and EMEA.

³ North America, EMEA and Asia Pacific.

⁴ North America, EMEA and Asia Pacific natural gas only; oil is not included because there is no correlation between occupancy and square footage.

⁵ All regions include estimated natural gas usage where no metered data available.

INDIRECT ENERGY CONSUMPTION — DIRECT-BILLED AND ESTIMATED SITES¹

	Office		Data Center		— Total
	Consumption (kwh)	Consumption (gwh)	Consumption (kwh)	Consumption (gwh)	Consumption (gwh)
2007 ²	107,013,058	107	35,972,963	36	143
2008 ³	189,415,775	189	36,887,356	37	226
20094	212,404,978	212	39,803,067	40	252
2010	215,269,125	215	41,037,304	41	256
2011	210,514,189	211	41,446,416	41	252
2012	204,218,729	204	43,030,033	43	247

	Office		Data Center	
	Per Person (kwh)	Per Square Foot (kwh)	Per Person (kwh)	Per Square Foot (kwh)
2007 ²	8,665	n/a	529,014	n/a
2008 ³	7,227	n/a	576,365	n/a
2009 ⁴	7,432	30	674,628	173
20104	7,110	30	653,114	178
20114	6,681	28	676,676	180
20124	6,494	29	893,357	187

¹ Includes electric utility and delivered heat effective 2009.

² North America direct-billed sites.

³ North America direct-billed and estimated sites; EMEA actual sites.

⁴ North America and Asia Pacific direct-billed and estimated sites; EMEA actual sites.

RENEWABLE ENERGY PURCHASES

	Total Renewable Purchase (kwh)	Carbon Emissions Saved from Renewable Energy Purchase (metric tons)
2007	59,833,000	41,245
2008	59,833,000	41,245
2009	63,499,035	38,3031
2010	110,000,000	67,617
20112	175,406,000	148,909
20122	199,000,000	168,731

¹ Change in 2009 emission factors based on source of renewable energy purchase.

2012 Data Calculation Sources and Methodology

Scope 1 and Scope 2 carbon emissions are calculated by first measuring our direct and indirect energy usage based on billing and meter reads. For those locations not directly metered, we have used the EPA-determined per square foot energy intensity factor for commercial offices: US Energy Information Agency CBECS Data Source — energy intensity per square foot. Click here for more details.

Natural gas carbon emission factors were based on actual metering data and estimates were derived from the Energy Consumption Guide 19, Energy use in offices, appendix B. An air-conditioned, standard office was used as a reference point with the midpoint between Typical and Good Practice used as a starting point for kwh/m2/annum. Click here for more details.

Water usage is based on actual meter readings and estimates where actual readings are not available. The estimates are derived from CIRIA C657 Water Key Performance Indicators and Benchmarks for Offices and Hotels, Section 2, sub-section 2.1.2. Click here for more details.

The emissions generated from use of electricity in North America were based on carbon factors. The factors used for generated emissions from use of electricity in the US were based on the EPA EGrid. <u>Click here for more details</u>.

² Includes the carbon savings from renewable energy credit and carbon offset purchases.

The factors used for generated emissions from use of electricity in Canada were based on:

Ontario, Canada, Environment Canada
Ontario Electric Intensity Table:
220 grams CO2E/kwh converts to .485016 lbs./kwh

Quebec, Canada, Environment Canada

Quebec Electric Intensity Table:

9.1 grams CO2E/kwh converts to .020062 lbs./kwh

Click here for more details.

The factors used for generated emissions from use of electricity in Australia were based on:

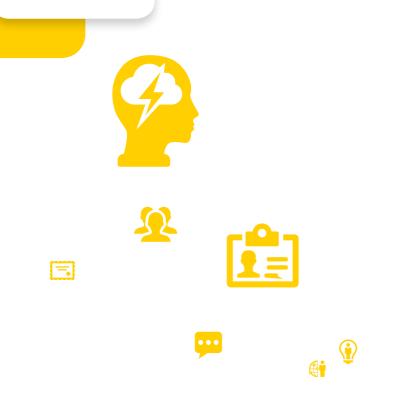
National Greenhouse and Energy Reporting (Measurement) Amendment Determination 2012 (No.1)

Click here for more details.

The factors used for generated emissions from use of electricity in the Asia-Pacific and EMEA regions were based on the 2012 Guidelines to Defra/DECC's GHG Conversion Factors for Company Reporting, Version 1.0 (updated May 28, 2012), using the factor for each country. Click here for more details.

Waste and recycling vendors provide monthly counts of containers picked up and the associated estimated weight or volume per container. The weights are based on industry standards according to the type of material and average loaded capacity or actual measured levels, when available. Where this data is not available estimates have been used based on a per person basis calculated from like facilities to capture a representative level.

State Street has relied on its travel agents to provide air mileage data, and in some cases, the mileage data provided may be based on different data measurement techniques from region to region. The majority of the carbon emissions related to travel are provided by our travel partners who use widely accepted emission reporting sources.



HUMAN CAPITAL

Our employees are our most valuable asset. By creating a culture that encourages growth and creativity, we help our employees build rewarding careers and develop invaluable skills.



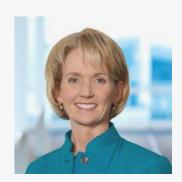
LETTER FROM THE CHIEF HUMAN RESOURCES AND CITIZENSHIP OFFICER

As the world evolves, so does our commitment to setting higher standards in CR. These practices are fundamental to being a business leader. They reflect that we are acting responsibly and have a measurable, positive impact on our stakeholders. We see many ways that CR can be incorporated into all areas of our business, and that is especially true for Human Resources (HR).

One of the five attributes of our CR program is to create a positive work environment by fostering a workplace that attracts and retains talented, dedicated employees. As head of both Corporate Citizenship and HR, I take this responsibility very seriously. I am committed to using our resources to make positive impacts in the world and develop and strengthen our global workforce.

Workforce Development

In today's global, knowledge-based economy it's more important than ever that we have skilled and talented employees to remain competitive. That's why we make education and workforce development a priority by investing in the organizations that support these issues in the communities where we operate. This approach also



Alison A. Quirk
Executive Vice President
Chief Human Resources and
Citizenship Officer

"I am committed to using our resources to make positive impacts in the world and develop and strengthen our global workforce."

makes sense for our business model. We need to access educated, employmentready talent pools. We also want every member of society to become gainfully employed, with the ability to invest a portion of their income to retirement savings.

One of the nonprofit organizations we partner with in this area is Year Up. It trains young adults deemed "at risk," both in the classroom and through on-the-job training. We have worked with Year Up since 2005 and take on between 80 and 90 Year Up students annually for six-month internships. And the retention of our Year Up alumni speaks for itself. For our 2007 class — the first year we have data for — we had 62 percent convert to full-time employees, and of those individuals, 100 percent are still employed with us today. On average over the past four years, 75 percent of those hired out of the Year Up program are still employed with us. This partnership has filled our talent pipeline with eager, entry-level employees, while helping to put deserving students on the path to a career.

Another large piece of developing our workforce is supporting women and making sure that we reflect the diversity and ethnicity of all of the areas of the world in which we operate. And we are proud to say that minorities make up 29 percent of our US employees, and 45 percent of our global workforce is women. But we know that diversity is more than that. We are particularly committed to providing

"We have worked with Year Up since 2005 and take on between 80 and 90 Year Up students annually for six-month internships."

all employees with opportunities to develop skills and experiences that will help them reach senior levels. It is imperative that we have candidates for upper management positions that include women and minorities.

Employee Engagement

We can't deny the facts. Engaged employees exhibit 57 percent more effort and are nine times less likely to leave our organization. Additionally, organizations with a highly engaged workforce achieve an average three-year revenue growth of 20 percent, as compared to the industry average of 9 percent. Further proof is with Corporate Citizenship. Employees who participate in Corporate Citizenship programs are more engaged, and we've seen this ourselves. In our 2012 employee engagement survey, 71 percent of employees involved in Corporate Citizenship programs demonstrated a higher emotional commitment to State Street.

While we have countless programs and efforts designed to improve employee engagement, our Flex Work Program truly stands out as a success. This program is a priority due to its multiple benefits. We know that it drives engagement, as employees with flexible work arrangements have 36 percent less turnover compared to the company overall. The program also reduces real estate costs

"In our 2012 employee engagement survey,
71 percent of employees involved in
Corporate Citizenship programs demonstrated a
higher emotional commitment to State Street."

and has a positive environmental impact. Last year, the Flex Work Program saved a combined total of 190,000 commuting miles per week, eliminating 3,579 tons of greenhouse gas emissions.

What's Ahead

I believe that we will continue to discover ways that CR is good for our business, and involving employees in that discussion is vital. Interactive communications will continue to grow as a means for informing and involving employees. We are using online channels to communicate corporate strategies and initiatives around CR, and to understand employees' ideas and concerns. Collaborate, our internal social network, was launched in 2012 and has already proved to be very valuable in increasing CR dialogue.

CR and HR are very closely connected — when we succeed in one area, we succeed in the other. And I am excited about what we can accomplish as we continue to focus on making decisions that have a positive impact.

"I believe that we will continue to discover ways that CR is good for our business, and involving employees in that discussion is vital."

Alison A. Quirk

Alison a Buich

HUMAN CAPITAL

Our employees are our greatest asset. Our success is inextricably linked to our ability to recruit and retain top talent. From compensation to diversity, we have continued to evolve our approach to managing human capital to better serve our clients, develop an industry-leading talent pool and enhance shareholder value.

We recognize that employees are also ambassadors for State Street in our communities and increasingly show an interest in CR. As we further build out our CR governance and infrastructure, we look to employees to help us be a responsible, sustainable company.

Building an Inclusive Workplace

Global Inclusion is our company-wide effort to make sure that every one of our employees feels valued, engaged and respected. By recognizing each employee's unique talents, we can empower our collective workforce to achieve business success.

We remain focused on three priority areas from year to year to create meaningful organizational change and impact: diversity and inclusion, management practices, and employee engagement. Within each priority area, we set annual targets and program implementation goals, many of which are driven by the results of our employee engagement survey. Regional differences also influence how we execute strategy across our global workforce, supported by locally based Global Inclusion team members and our Global Inclusion working group. A committee of senior executives oversees the overall strategy and ensures accountability across business groups and employee functions.

Diversity and Inclusion

We are proud to have a diverse global workforce. However, we recognize that senior management levels can better reflect this diversity. In 2011, we set three-year goals to increase the amount of women and people of color in the US in top management positions. For consistency, we currently define diversity outside of the US based on gender only, but continually monitor best-inclass practices of other global companies.

DIVERSITY GOALS

Goal	Status in 2012 (hires globally at SVP and EVP levels)
Increase representation of women in senior management by 5% between 2011-2014	50% of goal achieved
Increase representation of employees of color in US by 5% between 2011-2014	30% of goal achieved

We are exploring ways that our employee networks can play a more meaningful role in promoting and managing diversity at State Street. Global Inclusion supports 31 employee-established networks and affinity groups with 100 chapters globally. We conducted an Employee Network Assessment using the "Four C" framework of community, culture, commerce and career to give each network a sense of how it compares to its peers and could better connect to our business strategy and goals.

Our Latin American Professionals Group (LAPG), for example, used the results of its assessment to plan and convene an event hosted by our CEO, Jay Hooley, with consulates from Latin American countries to discuss business opportunities and challenges in the region. As we build a bigger presence in Latin America, the LAPG can be an internal resource as well as an

ambassador for the company in the region. The Global Inclusion team will build on the success of this model by helping other networks foster similar connections internally and externally.

Management Practices

In addition to influencing our hiring practices, managing diversity also extends to our promotion process. In 2012, we built on the early success of our training programs focused on unconscious bias and working inclusively. These modules — delivered through facilitator-led virtual classrooms enabling dialogue among managers in all our locations — focus on changing employee behaviors to generate better business results. More than 4,700 employees have completed the Working Inclusively Supports Excellence (WISE) training since the module launch in October 2011, representing 16 percent of our global population. We are partnering with an external vendor to identify future learning opportunities for managers and additional internal delivery methods, such as Collaborate and State Street University, our platform for career development resources.

Over the years, we've had great success building support for Global Inclusion priorities and programs at senior levels of the organization, as well as among our more junior employees.

However, we recognize the need to generate more support among middle management to reinforce the values of diversity, inclusion and engagement in our culture. We are making it a priority to find solutions, such as the online training modules, that account for managers' busy schedules.

Employee Engagement

We conduct an employee engagement survey every 18 months. The survey measures employees' emotional and rational commitment to the organization, which drive retention and discretionary effort. It also helps us evaluate the effectiveness of our Global Inclusion and other employee engagement efforts, comparing our performance to industry benchmarks.

In general, employees' commitment to the organization improved from 2010 and their emotional commitment either met or exceeded the financial services benchmark. Additionally, our employees outperform the industry norm for going above and beyond to support the organization. Our performance improved across the board, including engagement drivers such as manager quality, employees' understanding of how their work relates to overall strategy, and flexible work arrangements. Opportunities

to improve employee commitment and engagement in 2013 and beyond will focus on communication, career development and empowerment.

The survey revealed a strong link between engagement and corporate citizenship. Employees who responded that they frequently participated in our community programs, such as volunteering and corporate giving, outperformed our average across categories.* Emotional commitment among employees who "almost always" participate in Corporate Citizenship programs was particularly high, nearly 13 percent above the company average and 3 percent above the benchmark for high-performing companies.

For more information on State Street's Global Inclusion program, visit www.statestreet.com/better.

Talent Management

Talent management at State Street supports Global Inclusion while focusing on developing employee skills and building

^{*}Frequent participation is defined as choosing either "almost always," "usually" or "sometimes" in the survey.

leadership. Our Management Committee increasingly views the recruitment and retention of top talent as a driver of shareholder value — from encouraging diversity to strong succession planning. Using insights from the 2012 employee engagement survey, we are working to develop management leadership opportunities, build out our mentoring programs, and deploy new technologies to centralize and deliver career information more effectively.

Senior Leadership

In 2012, groups of senior and executive vice presidents attended our Senior Leadership Experience, a multi-day offsite retreat where participants explored leadership styles, identified their challenges to success and developed strategies to overcome them. Following the retreat, each employee created a contract tied to his or her annual performance plan to encourage empowerment through decision-making and innovation. In 2013, we will assess how participants followed through with their contract obligations and the model's overall success.

Also this year we introduced a new assessment tool and development program for identifying top talent at the vice president level that moves beyond work performance to building

"emotional IQ" and leadership experience. Program participants are identified by their managers with assistance from Human Resource business partners. In 2012, nearly all of newly promoted senior vice presidents were graduates of the program, a good measure of the program's success. We've also seen participants' range of experiences broaden with opportunities such as global assignments and increased responsibility.

Leading Women

In 2012, we expanded our "Leading Women" mentoring program. Originally launched in 2010, the all-women program matched high-potential senior vice presidents with executive vice presidents as mentors to help them develop their careers. The program now includes matches between senior vice presidents and vice presidents.

Tools for Success

We are deploying online training and information tools through State Street University to provide common competency guides for our global workforce. The guides will help junior-level employees understand what skills they need to progress in their careers and training options to meet their development goals. We are also expanding our job design and job opportunity technologies

to offer greater transparency and make it easier for employees to find and follow a career path. At the same time, Human Resources is transforming its service delivery to business teams to further encourage career planning and promotion. This involves taking a life-cycle approach to talent management — attract, develop, engage and reward — that looks more holistically at business and employee needs.

WORLDWIDE EMPLOYEE DEVELOPMENT AND PERFORMANCE

	2010	2011	2012	
Formal Performance Appraisal and Review	95.0%	99.6%	93.0%	
Classroom and Online Training Courses Completed ¹	23,020	34,620 ²	70,028²	

¹ Includes classroom (approximately 10 percent) and online (approximately 90 percent) courses. Most classroom courses are four hours long; a few run eight hours (one day) or 16 hours (two days).

WORLDWIDE VOLUNTARY EMPLOYEE TURNOVER (RATE OF EMPLOYEES LEAVING EMPLOYMENT)

	2010	2011	2012	
Total	11.5%	11.8%	10.7%	

Respecting Human Rights

Recognizing that we operate in countries with a variety of cultural norms, we maintain a Corporate Human Rights Statement that emphasizes our commitment to respect the dignity of all our employees. Our Executive CR Committee is also reviewing the UN Global Compact and expects to make a decision on becoming a signatory in 2013. The compact would be an additional tool to evaluate our business risks and opportunities with respect to human rights, from a multi-stakeholder perspective. Similar to our process for assessing the UN PRI, we thoroughly review all external CR endorsements to make sure we can fully comply before joining.

Our human rights risks exist mainly in our supply chain and in workplace issues, such as discrimination and sexual harassment. We maintain a number of policies that underscore our commitment to upholding our employees' and suppliers'

² Reflects number of enrollments.

human rights. We also are embedding CR issues into our new vendor selection process to more formally identify sustainability risks within our supply chain, including human rights.

Managing Change

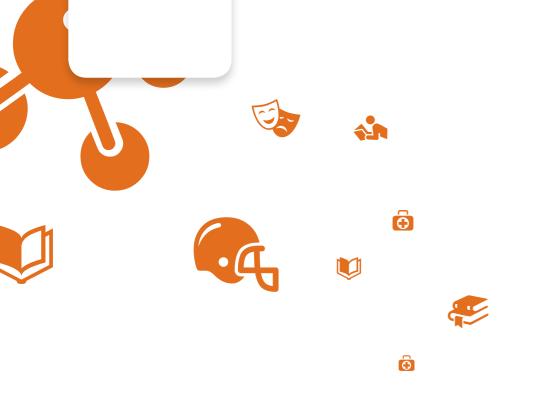
As we work to execute our multiyear Business Operations and IT Transformation program, it's important that our nearly 30,000 employees worldwide understand where we're going and how they contribute to the strategy. We communicate frequently with our employees through town hall events, our corporate-wide intranet, e-mail and other media. We foster ongoing dialogue through Collaborate and our all-employee Town Hall features a live Q&A session with our CEO and other senior leaders.

The virtual Innovation Rally in 2012, which saw 3,300 employees contribute more than 12,000 posts, spurred many employee-generated ideas about our transformation process. These ideas were distributed to the appropriate business groups and corporate functions, who will use them to inform strategy and help target communication. We are exploring ways to continue harvesting employee innovation to help transform our operating model and improve the speed of decision-making.

Employee Reductions

In addition to business operations and IT enhancements, the transformation process encompasses targeted cost initiatives, including employee reductions. In the event of a company-initiated change in operations that affects our workforce, our goal is to limit business impact as much as possible, while making sure we follow a fair and consistent process. Employee reductions are never taken lightly, and we have invested significant resources so that our approach meets or exceeds industry norms. When business units experience reductions, we also conduct targeted surveys to monitor concerns and attitudes of the affected employees.

In last year's report we announced that 1,400 employees, or 5 percent of our workforce, had been involuntarily terminated from the company in association with our transformation program. In 2012, an additional 260 employees were reduced as part of the program. Terminated employees are offered severance benefits commensurate with their compensation grade level and length of service, and our acceptance rate of severance benefits is nearly 100 percent. We comply with all local laws regulating termination, but our severance resources are deployed globally to ensure consistency.



CITIZENSHIP

We are focused on giving back. When we commit our resources and our workforce to making our communities better, we have a greater impact on the world and differentiate ourselves as a corporate leader in social investing.



CITIZENSHIP

We aim to be a best-in-class corporate citizen. This means we take our commitment to the community seriously, applying the same thorough approach to our citizenship efforts as we do in our business activities. The Corporate Citizenship team sets strategy and refines the model we use to deploy our resources in communities, which span 41 locations in 25 countries. We rely on a volunteer committee model to execute the strategy and identify needs and charitable partners at local and regional levels.

State Street and our strategic grantmaking arm, the State Street Foundation, focus on supporting the economically disadvantaged through education and workforce development opportunities. We believe that the best way to end poverty is to help provide pathways to school, higher education and ultimately, sustainable employment. Our decentralized approach to community investing allows for local flexibility in meeting this vision, but unites our giving efforts toward a common goal. Employee giving programs reflect our employees' diverse interests and community passions, but include opportunities to contribute toward our priority giving area.

Social Investing

Since its establishment in 1977, the State Street Foundation has invested in improving lives in the communities where we live and work. We maintain a strong giving presence in our headquarters city of Boston, but have expanded the reach of the Foundation to 36 offices in 23 countries through the volunteer work of local Community Support Program (CSP) Committees. Outside of our headquarters in Boston, CSPs are responsible for managing the strategic grantmaking budget in their local site, as well as determining volunteer and event support priorities. After a multiyear strategic planning process, the Foundation is in the final stages of implementing a number of changes that will move us from philanthropist to social investor.

GIVING VS. INVESTING

	Philanthropy	Social Investing
Investment style	Reactive	Proactive
Funding priorities	Broad	Focused
Measurement	Output	Impact

Advancing Processes

One of our most significant achievements was the implementation of metrics into our grant application process. Charitable partners will choose from a set of data points that align with our funding focus of education and workforce development and will report progress toward those metrics annually to the Foundation. Once we have data representing a full year in 2014, we can begin using it to inform future investments, test and refine our impact framework, and produce more thorough internal and external reporting on our portfolio.

To fully embrace our evolution to social investor, Foundation staff and CSP Committees need to form deeper relationships with charitable partners and develop subject-matter expertise in education and workforce development. The Foundation hired third-party grant administrators in the EMEA and APAC regions and launched an online grant application tool in North America that will alleviate administrative functions. The administrators will also help CSP Committees identify organizations making a meaningful impact on workforce development and education in their community.

Regional Accomplishments

In the EMEA region, Foundation staff and CSP Committees spent much of 2012 reviewing their portfolios and identifying strategic partners. In London, the Foundation expanded its partnership with the Isle of Dogs Community Foundation (IDCF), which serves the impoverished neighborhoods surrounding our European headquarters in Canary Wharf. We support a training and job placement program for young people who face multiple barriers to gainful employment, including a high unemployment rate for their age category. Our Global Services business needs entrylevel temporary workers and provides real-life job experiences for these youth, several of whom have gone on to full-time employment at State Street.

We created our first Massachusetts CSP Committee to improve the grant application process in Boston, which represents half of our global grantmaking portfolio and has experienced increased volume year over year. The Massachusetts CSP Committee will augment the work of State Street Foundation staff as well as our Corporate Allocations Committee by reviewing grant applications. The Massachusetts CSP Committee is divided into three subcommittees in each of the Foundation's priority funding

areas: adult education and employment, youth employability and youth education. Over time, the committee will improve our investment process by identifying community program strengths, deepening our knowledge of the pipeline of employability and identifying portfolio gaps.

Social Investing in Our Headquarters City: Boston

Though we are moving toward a data-driven model of social investing, we recognize that anecdotal evidence of the Foundation's impact can be just as telling. In Boston, for instance, an analysis of our investment portfolio revealed sustained and significant support to organizations working in public high schools to help change the way at-risk youth view their academic and athletic achievement. Empirical data combined with powerful examples of individual success will inform how the State Street Foundation can further support these and similar organizations.

Helping to Prevent Youth Violence

In Boston, several city neighborhoods have seen increased levels of violence involving young people over the past several years. Unfortunately for these youth, the prevalence of violence in their

REAL COMMUNITY IMPACT

BUILD

"BUILD's mission is to use entrepreneurship to excite and propel disengaged, low-income students through high school to college success. As a Boston Launch Partner, State Street has been with us from the very beginning of our work with the Boston Public Schools. We currently serve 170 students from Jeremiah E. Burke High and Community Academy of Science and Health in Dorchester, Another Course to College in Brighton, and Charlestown High in Charlestown, and our youth have launched 18 student-run businesses. Entrepreneurship is the hook, but college is the goal. In our 13-year history nationwide, 95 percent of BUILD seniors have been accepted to college with over 80 percent accepted to four-year colleges and universities."

- Ayele Shakur, Regional Executive Director

Massachusetts Science Initiative of Mass Insight

"Mass Insight Education helps Boston schools close the achievement gap in rigorous math, science and English courses. In just two years, East Boston High School student participation and performance in Advanced Placement (AP) courses has more than doubled — a strong indicator of college success. With the support of high-value community partners like State Street, students are able to make the connection between their course work and the possibilities of college and career pathways in science, technology, engineering and math."

- William H. Guenther, Chairman, CEO and Founder

communities has become a barrier to education and employment opportunities. Since 2009, the State Street Foundation has led the Youth Violence Prevention Funder Learning Collaborative (YVP Collaborative) to help address the issue by aligning public and private funding toward community-based initiatives having the most impact on this complex problem.

In addition to providing financial and human resources toward leading the collaborative, the State Street Foundation also supports its employment initiative that connects Boston youth with summer and year-round employment. Since 2010, the initiative has generated \$2.6 million for 1,400 youth jobs. It has also commissioned community-based studies to understand how employment affects the behaviors identified as predictors of youth violence. In 2012, the YVP Collaborative used this research to develop an evaluation tool and process to continue to track and trend the outcomes resulting from meaningful employment. The initiative has also been successful in influencing community partners to work together to provide a continuum of services for these at-risk youth throughout their employment experience.

In 2012, the YVP Collaborative made significant progress toward its goals of creating shared leadership of the collaborative and measuring its impact. Also in 2012, for the first time two funders joined the State Street Foundation in committing to underwrite the collaborative's core operations, and three funders gave financial support to project-based initiatives. The collaborative will continue to seek additional funders for operational and project-based support in 2013 and beyond. Additionally, the collaborative invested deeply in measuring impact on three layers: organizational health, funder alignment and influencing youth violence prevention. Full results of the collaborative's work in 2012 are available at www.bostonyvpfunders.org.

Disaster Relief

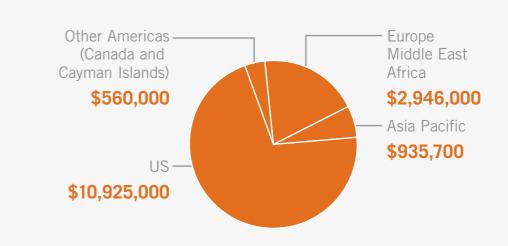
The State Street Foundation and State Street's Donor Advised Fund maintain a Disaster Relief Emergency Assistance Fund to support charitable organizations providing immediate and ongoing recovery services following natural disasters in locations around the world. In certain circumstances, the Foundation also offers a matching gift component to encourage and support employees' contributions toward relief efforts. In 2012, we offered matching gifts for employees supporting Hurricane Sandy relief in the US. For the year, combined employee and State Street gifts for all disaster relief efforts totaled \$875,000.

DISASTER RELIEF EMERGENCY ASSISTANCE FUND — 2012

Organization	Gift Amount	Purpose
American Red Cross	\$550,000	Hurricane Sandy in the Northeastern US (includes employee gifts)
American Red Cross	\$250,000	Domestic Disaster Relief Fund for ongoing preparedness and response
Charities Aid Foundation	\$75,000	Italian Red Cross for earthquake recovery

2012 STATE STREET FOUNDATION GRANTS





OTHER FOUNDATION GRANTS		OTHER GRANTS
Employee Matching Gifts and Global Giving Campaign	Disaster Relief	Disaster Relief*
\$5,610,000	\$325,0000	\$500,000

^{*}Funding for this grant was provided by the State Street Donor Advised Fund, not the State Street Foundation.

Employee Giving

Global Giving Campaign

Now in its second year, our annual employee giving campaign is a company-wide event that combines financial and volunteer contributions to make a collective impact on one social issue: education. Our campaign evolved from a North America-based campaign to a global effort inclusive of all employees where we operate. In 2012, the combined employee and company gift totaled \$3.5 million and 17,000 volunteer hours.

The Global Giving Campaign is managed by all-volunteer committees who oversee the campaign operations as well as build employee awareness, host fundraising events and organize community outreach projects. The campaign directs all volunteer and financial contributions, as well as the company gift, to 20 charitable organizations working in communities in all three of our operating regions. The organizations are chosen based on employee interest, proven impact on education and workforce development issues in their locale, and ability to accept volunteer donations.

The Global Giving Campaign instituted several changes in 2012 as a result of employee feedback on the 2011 campaign. Senior leadership participation was highlighted as an important component of campaign success. Senior leader sponsors were chosen for each region to build awareness of the campaign locally and serve as the primary regional spokesperson. We also revamped the giving website to make it easier for employees to use and shortened the campaign season from six to four weeks.

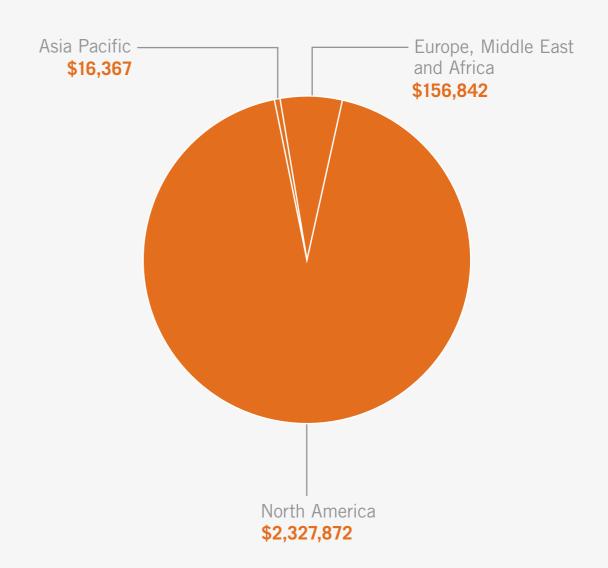
The expansion of the campaign outside of North America enables us to gather a fuller picture of employees' giving preferences and what issues they think are important in their communities. During the 2012 campaign, employees used Collaborate to share personal and office-wide stories about the campaign, highlighting some of the differences and similarities across the regions. Our Corporate Citizenship team especially benefits from better understanding employees' charitable inclinations and, in turn, can further tailor its programming to meet local needs internally and externally.

The Global Giving Campaign's volunteer-based committees provide participants with opportunities to expand their internal networks and develop skills. The global deployment of Collaborate in 2012 only enhanced employees' ability to connect with each other across departments and time zones. The structure also presents a challenge for the campaign, however, because of constant work demands and tightening resources. The campaign will assess how to further alleviate the administrative burden on committees through solutions such as payroll deduction and encouraging more online giving.

Matching Gifts

State Street's Matching Gift Program is one of our oldest employee giving tools and continues to see growth year over year. Employee gift requests combined with the match from the State Street Foundation reached an all-time high in 2012 of \$5.2 million, an 18 percent increase over 2011. The increase was largely accounted for in the US, with employees there making nearly 1,000 more gift requests than the previous year. In 2012, the annual matching gift cap for the board of directors, CEO, vice chair and executive vice presidents was raised, another factor that could have influenced the increase.

STATE STREET FOUNDATION MATCH BY REGION — 2012



Encouraging program use outside the US has been a consistent challenge for the State Street Foundation. We rely on our CSP Committees and other volunteer ambassadors to help build awareness in their offices and answer questions for both employees making gift requests and the charitable partners. We believe the Matching Gift Program is a tremendous workplace benefit and continue to find ways to further communicate about the program to our global offices so that all employees can take full advantage of it.

Volunteering

State Street On Board

Volunteerism is an integral part of our culture and a way for the company to have a positive impact on employee engagement and inclusion as well as its communities. Since 2001, employees have been able to give their time and talent to community partners through State Street's Global Outreach employee volunteer program. Global Outreach offers multiple outlets for employees to make a difference from direct service to skills-based volunteering to donation drives. Board membership is also an option, and we recently created more formal opportunities

for employees to be trained and matched with charitable organizations seeking qualified board members through our State Street On Board program.

Currently available in two major US sites, State Street On Board is both a corporate citizenship and talent development strategy. Our executives can provide business and financial skills to charitable organizations, but often don't know how to start the match process or are not well versed in nonprofit management, especially fundraising. State Street On Board provides a full-day training session run by a nonprofit specializing in board matching with the option to begin facilitated matching or pursue board membership on their own.

Cradles to Crayons is a Boston-based nonprofit organization that provides low-income children with everyday essentials. It is one of several area charities that has a State Street On Board graduate, Brenda Lyons, on its board. One of our long-time community partners, Cradles to Crayons was eager to deepen its relationship with the company through board membership but needed to find the right fit for its small but active board.

"Brenda came to us already understanding her role as board member. She is an ambassador for us at State Street, she facilitated the adoption of Cradles to Crayons by her business unit, she engages her family in our organization and she contributes meaningfully at board meetings," said Jennifer White, director of development and strategic partnerships at Cradles to Crayons.

Executives are also directed to State Street On Board through Global Human Resources' talent development program. Experienced and emerging company leaders are encouraged to attend State Street On Board training and seek board placement as a means of developing new skill sets and building connections with fellow participants. Board service is especially useful in helping executives think creatively about strategy and decision-making, given the often drastic differences between nonprofit and corporate resources. Additionally, State Street On Board graduates gain experience in setting and articulating organizational vision, leadership, change management and conflict resolution.

Originally only in Boston, the internal and external success of State Street On Board has increased demand for the program's expansion. In 2012, the Corporate Citizenship department hosted the first training session in Kansas City, Missouri, one of our largest US offices, with full attendance and positive feedback. Corporate Citizenship and Global Human Resources are collaborating to decide future expansion locations, recognizing that expansion within the US is easier due to uniformity of nonprofit structure and regulation. We are targeting Toronto as the first non-US training location and are currently sourcing a local partner to help us develop and facilitate the training.

Spirit of State Street 10th Anniversary

In 2012, the Spirit of State Street alumni volunteer program celebrated its 10th anniversary, marking a decade of commitment from retirees and former employees to the Greater Boston community. Though the program has grown over the years, it remains true to its original mission of connecting alumni with each other and the company through community outreach. Since 2003, alumni have given nearly 20,000 hours of volunteer time, the equivalent of \$400,000 in savings to charitable partners.*

^{*}www.independentsector.org/volunteer_time

The Spirit of State Street's anniversary committee planned a major volunteer effort for 2012 that was both a tremendous success and had special meaning for alumni. Hearth, a charity dedicated to ending elder homelessness, offered the Spirit of State Street the opportunity to adopt a room in an elderly housing center. The committee compiled and distributed lists of items for donation, from kitchen equipment to artwork. Alumni generously contributed these goods in addition to gift cards, which were used to purchase remaining items. On moving day, alumni and their families unpacked the donations and set up the room for its new occupant.

Volunteering can have multiple positive impacts on alumni, especially in battling the isolation that often comes with the aging process. The Spirit of State Street offers a venue for alumni to be social as well as community-minded. The program also connects alumni with current employees at volunteer projects and company events so retirees and former employees can stay connected with the company. Recent studies also point to the health benefits of volunteering on aging. Volunteers have greater longevity, higher functional ability, and lower rates of depression and heart disease.*

While alumni continue to serve more charities and donate more volunteer hours every year, the Spirit of State Street faces a challenge in the declining population of company retirees. The program is focusing on building awareness among current employees and expanding the amount of joint alumni-employee projects during the year.

*http://www.nationalservice.gov/pdf/07_0506_hbr.pdf

Strategic Event Support

We support charitable fundraising events to provide critical operating support to organizations, create further opportunities for employee engagement and raise our visibility in our communities. Priority is given to organizations within our education investment focus, though we also support cultural and civic events that are important to our employees and the communities in which we operate. In 2012, we contributed nearly \$4.3 million to charitable organizations through event sponsorships.

Oxfam Trailwalker

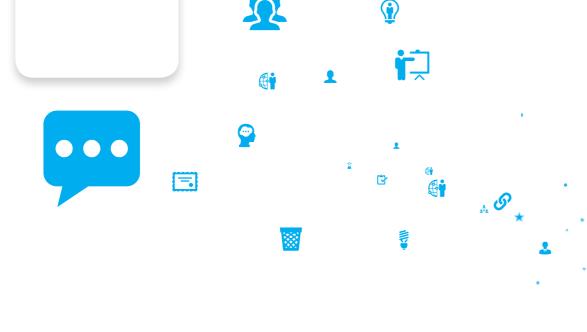
In 2012, State Street and Oxfam International launched the first-ever global sponsorship of Oxfam's signature fundraising events: Trailwalker and Trailtrekker. We have sponsored individual Trailwalker events since 1999, but wanted to increase impact and visibility of the event by uniting employees and Oxfam affiliates around the world through a single event sponsorship. Oxfam International is a confederation of 17 local affiliates networked together to help end poverty for those most in need.

The Oxfam Trailwalker Global Sponsorship was the result of collaboration and communication between Oxfam and State Street over two years. The sponsorship was a success and total fundraising reached \$18 million. Overall, more than 19,000 people participated in 14 Trailwalkers in 11 countries, including 165 of our employees.

State Street and Oxfam benefited through increased visibility and streamlined, consistent communication. Oxfam increased Trailwalker event promotion by taking advantage of the talent and efficiency of our Global Marketing team. Our Corporate Citizenship team coordinated employee engagement through

local CSP Committees who recruited volunteers, signed up participants, and in some cases, reached out to clients to form combined employee and client teams. Employees who participated in Trailwalker events were eligible to have their fundraising efforts matched by the CollectMore component of the Matching Gift Program. Additionally, Oxfam affiliates were able to increase communication and share best practices with each other, a challenge Oxfam International had experienced prior to the global sponsorship.

Continuous economic uncertainty and resource constraints pose challenges for the future of State Street and Oxfam's global Trailwalker sponsorship. In 2013, we plan to support Trailwalker events through local sponsorship agreements in six key markets. Oxfam affiliates and Oxfam International remain a key partner in our corporate citizenship strategy, and Trailwalker events continue to be a popular employee engagement and volunteering effort.



INDEPENDENT ASSURANCE STATEMENT BY ERM



INDEPENDENT ASSURANCE STATEMENT BY ERM

State Street — 2012 Corporate Responsibility Report

Environmental Resources Management (ERM) was retained by State Street to provide an independent review and assurance statement for State Street's 2012 Corporate Responsibility Report.

Scope of Work

The assurance process was conducted in accordance with AA1000AS (2008).

ERM was engaged to provide moderate level, Type 2 assurance, covering:

- The evaluation of adherence to the AA1000AS (2008)
 principles of inclusivity, materiality and responsiveness; and
- The reliability of the following specified sustainability performance information: Scope 1 greenhouse gas emissions (CO₂ from natural gas), Scope 2 greenhouse gas emissions (CO₂ from purchased energy), Scope 3 greenhouse gas emissions (CO₂ from business travel), electricity and natural gas used, water consumption, waste generated to landfill,

waste to energy, recycling, paper shredded, paper and cardboard recycling and composting.

In addition, ERM reviewed the 2012 Corporate Responsibility Report, as well as State Street's 2012 Global Reporting Initiative (GRI) Report against the GRI Sustainability Reporting Guidelines version 3.0 — Application Level B criteria.

The intended user of this statement is the reader of the report.

Responsibility

State Street was responsible for the preparation of the report and this statement represents ERM's independent opinion. ERM's responsibility was to express our assurance conclusions within the agreed scope.

Assurance Methodology

We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions as to whether the reported information and data set out in our scope of work was appropriately reported (moderate assurance as defined by the AA1000AS [2008]).

The review was conducted during the period October 2012 to June 2013 and covers the calendar year ending December 31, 2012. It included:

- Interviews with personnel at State Street's headquarters in Boston, MA;
- An assessment of State Street's environmental data collection and verification processes;
- Review of the 2012 Corporate Responsibility and GRI Reports; and
- Development of this formal assurance statement.

ERM interviewed the following individuals: the chair of the Proxy Review Committee, the head of Ethics Office, the head of Credit Portfolio Management, the head of Compliance and Risk Management, and representatives at the vice president and senior vice president levels for ESG Investing, Corporate Governance, Global Inclusion, Procurement and the Corporate Responsibility working group.

During the interviews, ERM focused on:

- Understanding the State Street business context and its sustainability strategy;
- Reviewing the 2012 Corporate Responsibility and GRI Reports and other relevant supporting documents;
- Understanding the logistics of State Street's environmental data collection and reporting processes and systems;
- Checking the accuracy of a sample of data from select offices; and
- Reviewing the mechanisms for checking and verifying data.

Adherence to AA1000AS

ERM tested the company's policies, procedures and initiatives against the AA1000AS principles on aspects material to State Street's business through the management interviews, and the review of the text of the 2012 Corporate Responsibility and GRI Reports.

Alignment with GRI

ERM tested alignment of the State Street 2012 GRI Report with the G3.0 GRI Guidelines and associated indicator documents.

Review of Sustainability Performance Data

ERM conducted a review of sustainability performance data through a desktop review of the data and interviews with property management teams from North America; Europe, Middle East and Africa (EMEA); and Asia-Pacific operations. The review of the sustainability data included a representative sampling of operating records, utility bills, measurement techniques, and aggregation methods, including the corporate data collection process and information management system.

Sustainability data was assured against the following criteria:

- The sustainability data reporting program and specific metric definitions as prepared by State Street; and
- General consistency with World Resources Institute/World
 Business Council for Sustainable Development Greenhouse
 Gas Protocol, relevant GRI indicators, Carbon Disclosure
 Project (CDP)-approved ERM GHG Performance Data
 Assurance Methodology and ISO14064-3 Specification with guidance for the Validation and Verification of Greenhouse
 Gas Assertions.

During the review period ERM identified a number of issues, which were subsequently addressed by State Street in the final drafts of the 2012 Corporate Responsibility and GRI Reports.

Assurance Findings

Evaluation of Adherence to AA1000AS (2008)

ERM evaluated State Street's adherence to the three AA1000AS principles of inclusivity, materiality and responsiveness and provided the following findings and conclusions on adherence to each principle.

Inclusivity

State Street has established robust processes for effective and quality stakeholder engagement. State Street engages a wide range of stakeholders — including clients, employees, community members and regulators — through a number of normal business channels. For example, client account managers collect information regarding stakeholder needs and concerns during meetings, written correspondence and other relationship management-related interactions. Similarly, the company collects employee feedback every 18 months through the employee engagement survey. The company also

participates in a number of philanthropic initiatives as well as industry organizations such as Sustainability Accounting Standards Board (SASB). In many cases, these interactions cover topics critical to corporate responsibility and are used to inform strategy.

Materiality

State Street has established robust processes for identifying the material issues for the company. State Street conducts a materiality assessment every two years using the help of an external consultant. The last assessment was conducted in 2011 and included a landscape analysis and consultation with a global group of internal stakeholders, including the CR committee. The assessment resulted in a list of priority and emerging issues, including some regionally-specific issues, on which the company should focus.

State Street organized a facilitated stakeholder meeting to validate their approach and to seek thoughts and feedback on the issues selected as material, their prioritization and linkages to business, as well as to discuss the key challenges that the company will face in achieving its sustainability priorities.

Responsiveness

State Street has in place the processes for developing appropriate and timely responses to material issues that address the needs, concerns and expectations of stakeholders. State Street demonstrated appropriate levels of response with resources and programs for all of the company's most material issues. Responses are detailed in the 2012 Corporate Responsibility and GRI Reports.

During the review period, ERM identified a number of opportunities to further develop State Street's reporting approach and the associated recommendations are included in detail in a separate assurance project report to State Street management.

ERM Conclusions

On the basis of the work undertaken, nothing came to our attention to suggest that the report does not properly describe State Street's adherence to the principles, content and quality requirements of GRI and AA1000 AS (2008) or the associated performance.

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In terms of data accuracy, nothing came to our attention to suggest that data has not been properly collated from information reported from State Street occupied properties. We are not aware of any errors that would materially affect the data reported.

ERM Competence

ERM operates strict conflict of interest checks and has confirmed our independence to work on this engagement with State Street. The members of the review team have not provided consulting services to State Street and were not involved in the preparation of any part of the report. The review team has the required combination of education, experience, training and skills for this engagement.



Environmental Resources Management Chicago, USA May 2013

ERM is an independent global provider of environmental, social and corporate responsibility consulting and assurance services. Over the past 4 years we have worked with over half of the world's 500 largest companies, in addition to numerous governments, international organisations and NGOs.

GRI FINANCIAL SERVICES SECTOR SUPPLEMENT

The Global Reporting Initiative (GRI) develops specific commentary and performance indicators by sector. In this section, we have reported on the criteria for the financial services sector.

FS1 Environmental and Social Policies

State Street Global Advisors (SSgA) works with clients to develop and implementan investment policy for considering environmental and social factors in separately managed accounts. We conduct research on environmental and social factors, and ratings of securities and investment performance. We also manage several pooled funds, for which SSgA is the fiduciary, according to ESG criteria. Many of the pooled funds were developed in consultation with clients or prospective clients.

Over the last several years, our active investment teams have conducted empirical research that examines the correlation between ESG ratings and equity returns. We have used this research to incorporate ESG into equity selection and/or portfolio construction in certain investment strategies in a quantitative fashion. While the specific approach has varied, the common

thread has been to use ESG factors to capture potential alpha while limiting risk.

In addition, State Street Global Services offers social responsibility screening as part of our compliance service to help institutional clients analyze their portfolios. We monitor prescribed investment limits, excluded asset lists and self-imposed investment restrictions.

At this time, no overarching policies with specific environmental and social components are applied to business lines.

FS2 Risks Assessment

SSgA's ESG team conducts portfolio management, product management, and issue and trend analysis, as well as discharges corporate governance and proxy voting. The team leads the effort to more systemically identify the ESG risks and opportunities within SSgA's investment products.

SSgA has established robust corporate governance principles and practices that lead to meaningful issuer engagement on environmental and social issues. Through extensive dialogue with issuing-company management and boards, we seek to

STATE STREET | CR 2012 GRI FINANCIAL SERVICES SECTOR SUPPLEMENT 101

strengthen the quality of corporate governance and sustainability standards that protect and enhance shareholder value. By doing this, SSgA looks to identify the risks inherent to the industry and to the company in particular. The team encourages transparency through reporting and other disclosure avenues, as well as implementing processes to manage environmental and social risks. SSgA follows up with issuing companies to determine whether sustainability risks have been addressed.

FS3 Implementation/Compliance

This indicator is not applicable to asset managers.

FS4 Staff Competency

To develop and implement ESG investing solutions, SSgA's ESG team works with:

 Internal business partners, including client-facing employees, portfolio managers, investment researchers, compliance and corporate governance/proxy voting teams

- External vendors, including index providers and ESG research firms
- Clients

All ESG team members maintain active industry connections, affiliations and memberships to stay abreast of best practices. Collectively, they work within SSgA to support overall staff competency with respect to environmental and social policies and procedures applied to investment products. The team meets frequently to discuss general industry trends, client needs, ESG team developments and initiatives, as well as to support new ESG strategies, as appropriate.

Additionally, our ESG team supports efforts to expand global ESG activity and market maturation. These activities are valuable in terms of peer collaboration and access to thought leadership. At present, State Street or SSgA is a member of Ceres, the Investor Network on Climate Risk and the United Nations Environment Programme Finance Initiative, among others, and is also signatory to the Carbon Disclosure Project and the United Nations' Principles of Responsible Investment.

STATE STREET | CR 2012 GRI FINANCIAL SERVICES SECTOR SUPPLEMENT 102

Finally, we recognize that achieving our long-term ESG goals requires broader ownership and shared responsibility, as well as significant human capital outside of these dedicated areas. Therefore, we formed a cross-functional ESG working group. The working group's purpose is to cultivate and extend expertise, respond to developments and trends internally and industry-wide, and collaborate for results. Many members of our investment staff are involved in the working group. See our 2012 GRI Report for more information.

FS5 Overall Interactions

SSgA believes in increasing shareholder value by enabling shareholders to exercise their ownership rights — and that issuer engagement is often the most effective way to do this. With guidance from our ESG team, SSgA has established robust corporate governance principles and practices that lead to meaningful issuer engagement on environmental and social issues. Through extensive dialogue with issuing-company management and boards, we seek to strengthen the quality of corporate governance and sustainability standards that protect and enhance shareholder value.

We also use proxy voting to protect shareholder value and influence companies' management practices with regard to ESG issues. Each year, State Street votes approximately 14,000 proxies in 70 different markets around the world on behalf of our clients. Our voting guidelines and complete results are available to clients. Overall in 2012, SSgA voted against management in 6 percent of the resolutions, including those related to environmental and social issues. Voting results do not give the full picture of SSgA's position on the resolution topic. Some resolutions are not material to the company or industry, and we continue to engage issuers on ESG matters, even if our vote was with management.

Our ESG-related activities include:

- Our team discusses ESG risk/return factors with existing or prospective investors on an ad-hoc basis in line with market demand.
- Team members and other internal experts publish written materials on ESG issues and trends, which are available for client and/or public consumption.

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- We regularly speak at and attend industry events and conferences on topical and thematic issues.
- We maintain membership in or are signatories to several organizations focused on ESG issues, including:
- Asian Corporate Governance Association (ACGA)
- Association of British Insurers (ABI)
- Aspen Institute Business & Society Program
- Boston College Center for Corporate Citizenship
- Business for Social Responsibility
- Canadian Coalition for Good Governance
- Carbon Disclosure Project (CDP)
- Ceres
- CSR Europe
- Council of Institutional Investors (CII)
- Global Reporting Initiative (GRI)
- Harvard University Institutional Investor Forum
- International Corporate Governance Network (ICGN)
- Investor Network on Climate Risk (INCR)

- Legal Onramp
- United Nations' Principles for Responsible Investment (UN PRI)
- United Nations Environment Programme Finance Initiative (UNEP FI)

FS6 Portfolio Breakdown

Please see our 2012 GRI Report.

FS7 Value Social Products

This indicator is not applicable to asset managers.

FS8 Value Environmental Products

This indicator is not applicable to asset managers.

FS9 Audit of Procedures

State Street does not currently track audits to assess implementation of environmental and social policies and risk assessment procedures within our products and services.

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FS10 CSR Engagement of Portfolio

The precise percentage and number of companies SSgA interacts with on environmental and social issues is unknown. As one of the world's largest institutional investment managers, we meet regularly with hundreds of company representatives annually. Please see FS2 and FS5 for more discussion on the nature of these interactions and our approach to issuer engagement relative to environmental and social issues.

FS11 Assets Screened

As of December 31, 2012, SSgA had \$146.7 billion in ESG assets under management, representing 7 percent of total assets under management. Please note that this figure includes some ESG assets that are managed using an integrated approach where ESG signals are incorporated into the alpha model or portfolio construction, or where we track an index constructed to provide ESG exposure.

FS12 Voting Policies

SSgA's proxy voting policies and procedures promote the long-term economic value of our clients' accounts. Our proxy voting decisions reflect what we believe will most enhance the corporate governance of issuers held within client portfolios and the economic value of client accounts. We believe that voting in a manner consistent with maximizing the monetary value of our clients' holdings will benefit our direct clients (e.g., investment funds) and, indirectly, the ultimate owners and beneficiaries of those clients (e.g., fund shareholders). Parallel to this process, SSgA conducts issuer engagement activity to support SSgA's voting principles.

Different investment viewpoints and objectives exist across SSgA depending on the product or strategy. However, the fiduciary responsibilities of share ownership and voting resulting from the securities held across the various strategies for which SSgA has proxy voting discretion are carried out with a single voice and objective. SSgA maintains a centralized governance and active ownership process covering all discretionary holdings, regardless of strategy.

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SSgA believes engagement and voting activity have a direct relationship. Issuer engagement seeks to address significant shareholder concerns and governance issues. Logically, successful issuer engagement should reduce the need to vote against management. The integration and exercise of both these rights leads to a meaningful shareholder tool that seeks to achieve enhanced shareholder value on behalf of SSgA clients.

Currently, all pooled funds where SSgA acts as trustee vote according to SSgA's proxy voting guidelines. Investors in a bank collective trust or SSgA commingled vehicle cannot be subjected to another investor's voting policy, nor can SSgA transfer discretionary voting rights to any one fund participant. Therefore, the default is the SSgA policy.

SSgA does have the capacity to facilitate custom voting on behalf of client separate accounts. In these instances, we use either the baseline ESG voting policy provided by RiskMetrics Group (see our 2012 GRI Report) or coordinate with clients and RiskMetrics to develop customized proxy voting guidelines for their client.

Our voting guidelines and results are always available to clients. They are generally not in the public domain with the exception of legally required information.

Voting audits are performed on a consistent basis to monitor the votes cast and assess if they are consistent with our voting policy.

FS13 Access Rural/Low Income

This indicator is not applicable to asset managers.

FS14 Access for Disabled

This indicator is not applicable to asset managers.

FS15 Responsible Financial Products

State Street's marketing communications are directed primarily at institutional investors oriented to investment management and servicing. This preference plays a significant role in our marketing strategy and the manner in which all marketing communications are created and produced. Our editorial standards guide dictates a style and approach consistent with this customer preference,

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emphasizing high-quality editorial, rather than promotional content. The same is true for our visual language guidelines.

State Street's reputation as a global business leader is rooted in part in a commitment to inclusion — making sure that we build relationships with, and communicate appropriately to, business markets and our employees around the world.

FS16 Financial Literacy Initiatives

Additional Comments: State Street is not a retail bank or commercial bank. Any initiatives to improve financial literacy would be conducted through our charitable grantmaking arm, the State Street Foundation, as part of our social investing portfolio. For a full list of grantees by region, visit <a href="http://statestreet.com/wps/portal/internet/corporate/home/aboutstatestreet/corporatecitizenship/overview/!ut/p/c4/04_SB8K8xLLM9MSSzPy8xBz9CP0os3i_OCADCydDRwP_IGdnA08Tc38fINvY3cdEPzg1Lz40WL8g21ERAEzD2J0!/.

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State Street Corporation (NYSE: STT) is one of the world's leading providers of financial services to institutional investors, including investment servicing, investment management, and investment research and trading. With \$24.4 trillion in assets under custody and administration, and \$2.1 trillion* in assets under management at December 31, 2012, State Street operates in 29 countries and more than 100 geographic markets worldwide. For more information, visit State Street's website at www.statestreet.com.



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^{*}This AUM includes the assets of the SPDR Gold Trust (approximately \$72.2 billion as of December 31, 2012), for which State Street Global Markets, LLC, an affiliate of State Street Global Advisors, serves as the marketing agent.