

Invested in Change

Corporate Social Responsibility Report 2016



BNY MELLON

Invested

About this Report

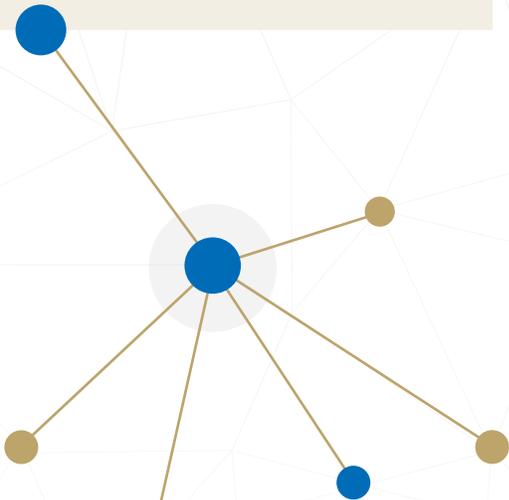
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About this Report
 This is BNY Mellon’s 10th CSR report. We publish a report annually in the second quarter of the year on www.bnymellon.com/CSR. Unless otherwise noted, this report includes data and activities for the calendar year 2016, from BNY Mellon’s global operations.

The report provides environmental, social and governance data from the past five years, when available.

This is our eighth year using the Global Reporting Initiative’s (GRI) framework, the world’s most widely used sustainability reporting framework. We prepared the report in accordance with GRI G4.



About BNY Mellon

The Engine for Financial Markets

Since our founding in 1784, BNY Mellon has been dedicated to delighting our clients and helping them succeed. We carry this principle through all our corporate social responsibility (CSR) activities to help enable prosperity and wellbeing for our stakeholders.

Our Mission

Helping people realize their full potential by leveraging our distinctive expertise to power investment success

Our Vision

Improving lives through investing

Our Values

Client Focus
Integrity
Teamwork
Excellence

Improving Lives Through Investing

From day one, BNY Mellon has helped shape the future of financial services and worked to positively impact the world. We have evolved in many ways since our founding by Alexander Hamilton in 1784, but our commitment to his innovative spirit remains the same. It's the driving force behind our legacy of firsts and what continues to push us forward into the future.

Improving lives through investing is BNY Mellon's vision and our CSR charter. Our Corporate Social Responsibility Statement guides our CSR decisions and inspires us to achieve our goals.

Corporate Social Responsibility Statement

Corporate social responsibility is crucial to how we fulfill our role as a major global financial institution. At BNY Mellon, we are invested in our markets, our people and our world. Our clients trust us every day with their investments, and we depend on our talented and diverse workforce to meet client needs with the highest standards of excellence and integrity. That's why it's important that we build an inclusive and supportive environment where our people are empowered to contribute and succeed. Together, we can contribute to the resiliency of global markets and solutions for some of the world's most pressing issues, building healthy economies and sustainable communities over time.

In our CSR reporting, we examine our firm's progress, including our approach and activities related to the CSR areas most material to our business. We organize our reporting by the three pillars of our CSR strategy and related areas where we can have the greatest impact:

 **Our Markets**

 **Our People**

 **Our World**

The data and examples in this report refer to our global operations as of December 31, 2016, unless otherwise stated. To download a PDF version of our CSR report, along with our Global Reporting Initiative (GRI) G4 index and a data summary, go to bnymellon.com/csr. We welcome questions, comments or feedback on our reporting or CSR at BNY Mellon.



About BNY Mellon

The Investments Company for the World

BNY Mellon provides investment management and investment services unrivaled in scale, precision and quality. Our diverse global workforce of more than 50,000 employees drives profitable growth and enhances the client experience in more than 100 markets in 35 countries all over the world.

We are America's longest continually running financial institution, powering financial markets and helping clients grow and progress for more than 230 years. Since our founding, we have endured every economic condition and market event. We know that to thrive, we must embrace uncertainties, continuously innovate and transform our organization to remain important to our clients and be successful in a highly competitive marketplace. With our strong legacy as a foundation, we are invested in change, people and opportunities to open up new worlds for businesses, institutions and individuals.

Our values of client focus, integrity, teamwork and excellence guide our decisions and actions. As the Investments Company for the World, we are grounded in history, looking to the future and propelled forward by progressive thinking and innovation.

Our Extraordinary Purpose

Through our scale and reach, we touch investors of all types and sizes around the globe. We safeguard, manage and process trillions of dollars every day to help drive the world's financial markets and the economies they support. Our purpose is to enable growth and prosperity to allow investors to pursue their dreams.

Who We Are

Investment Services

Investment Management



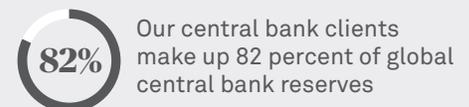
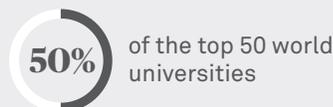
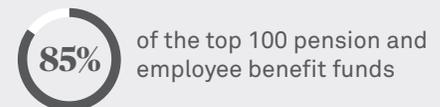
We provide expertise and insight at each stage of the investment life cycle:

- 1 Create assets
- 2 Trade, clear and settle assets¹
- 3 Hold and service assets
- 4 Manage assets
- 5 Restructure assets

Our Clients

- ⊗ Asset managers
- ⊗ Banks
- ⊗ Broker-dealers
- ⊗ Central banks
- ⊗ Companies
- ⊗ Family offices
- ⊗ Financial intermediaries
- ⊗ Governments
- ⊗ High-net-worth individuals
- ⊗ Insurance companies
- ⊗ Investment advisers
- ⊗ Non-profit organizations
- ⊗ Pension funds
- ⊗ Sovereign institutions

Our Reach²



¹ Securities transactions are effected, where required, only through registered broker-dealers.

² All statistics represent the minimum number of BNY Mellon client relationships in each category

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• Endowments // Reprinted with permission of NACUBO, Copyright 2017.

• Life & Health Insurance Companies // Reprinted with permission of A.M. Best Company Inc., Copyright 2016.

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About BNY Mellon

A Legacy of Innovation

“ You can't be in business for more than two centuries without constantly innovating – and we never stop. ”

Gerald Hassell
Chairman and CEO, BNY Mellon

Where Embracing Change Began

Alexander Hamilton founded The Bank of New York, which would later become BNY Mellon, in 1784. His vision structured a national financial system and laid the foundation for a modern economy.

As the first U.S. Treasury Secretary, Hamilton arranged for The Bank of New York to provide the country with its first loan, establishing its economic independence and spurring nationwide development. Since then, BNY Mellon has played an active role in effecting systemic change, helping capital markets grow, establishing market-leading solutions to complex issues and enabling people to invest for success.

Since Alexander Hamilton invested in America more than 230 years ago, countries have been created, borders have been erased and new markets have emerged. But essential things remain constant. Imbued with Hamilton's innovative spirit, BNY Mellon continues to lead and manage change and improve lives through investing.

1784

The Bank of New York opens with \$500,000 in capital. Alexander Hamilton writes its constitution and becomes a director.

1789

The Bank of New York provides the first loan to the U.S. government, in the amount of \$200,000.

1792

The Bank of New York is the first stock traded on New York's stock market, the precursor to the New York Stock Exchange.

1804

The Bank of New York becomes depository for what is believed to be the nation's first trust, established to provide for Alexander Hamilton's family after his death.

1832

The Bank of New York begins managing funds for private clients.

1869

T. Mellon & Sons' Bank is established.

1922

The Bank of New York merges with the New York Life Insurance and Trust company, introducing trust and custody services to the bank's core offerings.

1930s

The Bank of New York offers corporate trusts for the first time.

1955

Mellon becomes one of the first national banks to acquire and install a computer.

1971

Mellon forms the first-ever U.S. dedicated family office business.

1977

The Bank of New York begins using an automatic electronic system for clearing government securities.

1994

The Bank of New York opens its first office in China.

2000

The Bank of New York acquires Ivy Asset Management and becomes the first company to execute securities instructions over the Internet.

2007

The Bank of New York Company, Inc., merges with Mellon Financial Corporation, bringing together two legendary institutions and 375 years of experience.

2011

BNY Mellon is the first to launch a mobile trading app.

Today

BNY Mellon Innovation Centers are opening around the world to employ an innovative, collaborative approach to problem-solving.



Early Currency

The money circulating during the American colonial period was paper money issued by individual colonies, coins from various countries and informal bills of exchange.



First Company Traded on the NYSE

A group of stockbrokers signed the Buttonwood Agreement outside of 68 Wall Street under a buttonwood tree in 1792, ultimately leading to the creation of The New York Stock Exchange. There were five securities listed at the time.

Invigorated by Change



Gerald L. Hassell
Chairman and Chief Executive Officer

Organizations today face a stiff sustainability test. In virtually every industry, constituents' attitudes and beliefs are changing rapidly, technology is redefining what is possible and companies are being forced to reimagine their business models for the future.

In financial services, we feel the impact of change acutely. Younger generations have different outlooks on investing. Leaps in technology have conditioned clients to expect exceptional user experiences. More employees want to do purposeful work in modern, flexible, collaborative workplaces. Mounting shareholder concerns about sustainable practices compel us to show we are investing for the future and operating responsibly.

“ At BNY Mellon, we are invested in change to respond to these challenges and opportunities. We were among the first of our industry peers to commit to a profound cultural, structural and operational transformation. ”

We looked at what successful companies were doing and learned from them. We welcomed fresh perspectives and defied conventional thinking. We made significant investments to build competitive advantage and fuel future growth. Today, BNY Mellon is a fundamentally different company than we were just a few years ago.

These changes are invigorating, pushing us to expand our thinking, evolve our culture and elevate our ambitions.

The fact that we remain on track to achieve the three-year financial performance goals set at our October 2014 Investor Day shows we are succeeding.

Additionally, our overall employee engagement scores are trending up, we've been named to the Dow Jones Sustainability World Index three consecutive years and we see growing demand for our innovative, strategic solutions.

But from my standpoint, the most compelling evidence of success are changes in our business I see and hear every day. I'm encouraged by clients huddled with our teams around whiteboards in our Global Innovation Centers, collaborating on new solutions. I'm heartened by employees talking with pride about our ability to improve lives through investing. I'm proud of our leaders embracing diversity and inclusion as a means to innovation and growth. These are the kinds of changes that propel strategic and sustainable growth and position us to capture future opportunities.

Change is challenging, but I am confident we will meet rising expectations and help set higher standards of performance and corporate social responsibility for the new era. As the Investments Company for the World, millions are counting on us.

Awards and Recognition



MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



Dow Jones Sustainability World Index¹ DJSI, BNY Mellon is one of 11, and the only U.S., diversified financial firm named to the World Index for three consecutive years

Dow Jones Sustainability North America Index DJSI, four consecutive years

FTSE4Good Global Benchmark Index, five consecutive years, FTSE4Good

Climate 'A' List for climate management leadership CDP, four consecutive years

Supplier Climate 'A' List CDP

Bloomberg ESG Disclosure Scores 64.04 for ESG disclosure, highest among financial services peers and 66.07 for environmental disclosure, highest among financial services peers

MSCI ESG 'A' rating for ESG performance. Overall environmental score: 9.8 out of 10; Climate change and carbon emissions: 9.8 out of 10; Toxic emissions and waste: 10 out of 10; Water stress 9.5 out of 10

Best Places to Work 2017 Human Rights Campaign, 10 consecutive years

Bloomberg Financial Services Gender-Equality Index Bloomberg, two consecutive years

Top Companies for Women Technologists Leadership Index

Anita Borg Institute, two consecutive years

People's Choice Award, 2016 For BNY Mellon Innovation Center, American Institute of Architects Pittsburgh

2017 Best Private Bank for New Customer Segments, *Global Finance* 2016

Tri-Party Agent of the Year, 2016 *Global Investor/ISF*

Wexford Corporate Social Responsibility Award, 2016 Wexford Business Awards

(Global Award) Best Employer for LGBT Asian Employees, Best Practices Citation for LGBT Asian Employees (Best of the Best) and Best Practices Citation for Asian Pacific American Employee Resource Groups Asia Society

BEQPride LGBTQ Business Equality Excellence Award Business Equality Network

Top Corporation for LGBT Economic Empowerment *Affinity Inc Magazine*

Top 100 Best Companies for Women in India (iNautix) *Working Mother* and AVTAR Group

The Times, Top 50 Employers for Women 2016

Best Employers for Healthy Lifestyles National Business Group on Health

Best in Class 401(k) Plan Sponsor designation PLANSPONSOR

¹ Inclusion in DJSI World and DJSI North America is based on RobecoSAM's in-depth analysis of economic, environmental and social criteria.

For a full list of our awards please visit
www.bnymellon.com/us/en/who-we-are/awards.jsp

Our Approach

Provide
\$42 million

in annual support to our communities around the world, and our employees volunteer 143,000 hours

■ Read more on page 100

Manage
\$69.3 billion

in assets according to ESG and values-based exclusionary screens

■ Read more on page 80

Build a culture of lifelong learning by delivering nearly

1 million
learning hours to employees annually

■ Read more on page 54

Our Impact

With the world in a constant state of change, opportunities and challenges have never been greater or more complex. It will take all of us – the private sector, governments, non-governmental organizations (NGOs) and civil society – rising to the occasion to find solutions that pave the way to a brighter future.

Fortunately, positive change is underway. Businesses are galvanizing around the world's most pressing needs, dedicating resources in areas where they can make a difference and forming partnerships to leverage collective strength. Always responsive, BNY Mellon welcomes the opportunity to help lead the charge.

Key Trends Informing Our Approach

Significant demographic changes and other shifts in the global landscape create societal and environmental pressures such as overpopulation, generational challenges and risks to human rights that affect the way we live, work and use our resources. We adapt our CSR strategy to respond to and support innovation for a better world. We are influenced in part by the United Nations (UN) Sustainable Development Goals (SDGs) to tackle poverty, inequality, climate change and other challenges that affect our stakeholders, society and the planet. In 2016, these and a number of other issues shaped our approach. Five trends emerged as most relevant to our business and stakeholders now and in the future.



Jyoti Chopra
Head of Global Citizenship and Sustainability

Embracing Change for a Better World

For more than 230 years BNY Mellon has been innovating and evolving for the future, staying ahead of the trends shaping our world and leveraging them for the benefit of our company and our stakeholders.

A vital aspect of my role at BNY Mellon is monitoring global trends, anticipating societal changes and finding new ways to make positive impacts in a constantly changing environment. In 2016, I watched the world undergo substantial economic, societal and political shifts. To name a few, I saw geopolitical changes in global markets, growing attention to cybersecurity as technological advancements accelerated and greater urgency around global climate action as impacts continued to take effect.

Trends like these create great challenges – and great opportunities. It is my opinion that the prospects for finding solutions to world challenges have never been better.

Advancing technology has its risks, but it is also enabling people to raise awareness of issues and collaborate on solutions at astonishing speeds. Climate change concerns are spurring incredible innovations in clean energy and driving new opportunities for investors. A reinvigorated focus on achieving gender equality is spurring fresh policy conversations and inspiring new opportunities to invest in the advancement of women across the globe.

I am heartened by the work being done and hopeful for the future of our world. And I am proud that BNY Mellon is leading the way.

We serve a critical role in supporting and stewarding a vibrant, safe, and sound global financial system, and can help mobilize capital to solve big challenges. Our CSR strategy is grounded in the intersections between the most pressing global issues and the value our company can bring, and we set strong, measurable goals to drive greater impact.

We are turning today's difficult issues into tomorrow's game-changing opportunities for our company and for society. We are invested in improving lives around the world.

Global Trends Shaping our CSR Work

1 Technological advancements are accelerating.

The speed of technology innovation and adoption is expected to grow exponentially in the near future, almost beyond comprehension. This 'Fourth Industrial Revolution' could reshape society in powerfully positive ways. It has the potential to open new markets and drive economic growth, thus raising income levels and improving quality of life for people around the world. The implications are many, including greater demand for technology talent, increased need for collaborative innovation and changes in the way products and services are delivered.¹ Along with these opportunities, a hyperconnected society will also bring challenges in terms of cybersecurity, privacy issues and more calls for corporate transparency. We're watching this trend closely and developing best practices and programs to leverage it to the advantage of our business, clients, employees and communities.

2 Globalized markets are shifting rapidly.

Globalization has made markets more efficient, increased healthy competition and helped distribute wealth around the world. Interdependence between nations, however, can create risk, as economic fluctuations and geopolitical change in one country can affect the entire system. Even with geopolitical instability, emerging market dynamics, higher regulatory compliance requirements and low interest rates in 2016, BNY Mellon demonstrated that our strategic plan has positioned us to perform well² and be reliable amid rapid change. Our focus on governance, risk and reliability and operational resiliency helps us protect our clients' assets and perform to their high standards in all market conditions.

3 Gender equality is being seen as a precondition for global development.

Despite good progress, gender discrimination is still the norm in many countries. Studies show that long-term, sustainable economic growth is possible only when women, who comprise half the world's population, have equal access to earning power, education, health and political representation. In fact, women's empowerment is crucial to all SDGs, with many targets defining women's equality and empowerment as both objectives and part of the solution. Not only is gender equality a basic human right and an economic driver, it has the potential to enhance company performance and create significant market returns.³ We believe gender equality helps us attract, develop and retain top talent and develop broader, deeper capabilities. Our investments in diversity and inclusion programs, social investing initiatives and good corporate governance help gender equality in all aspects of our business.

4 The global workforce is changing.

Employees today across all generations want to work for inclusive, diverse, collaborative companies that value them as people and make a positive impact on society and the environment. Millennials, who will make up half the U.S. workforce by 2020⁴, are especially attuned to CSR, with more than 75 percent saying a company's commitment in this area weighs heavily on their decision to join.⁵ Multiple generations working side by side present new challenges for managers. And employees in general want more diversity in the workplace, more flexible work environments and benefits focused on total wellbeing – all of which are shown to increase innovation and productivity. These are positive trends for BNY Mellon and other companies with established CSR, engagement and wellbeing programs that encourage employee participation and input.

5 Climate change impacts are taking effect.

The UN says climate change now affects every region on earth. Extreme weather events, rising sea levels and changing weather patterns disrupt national economies and affect lives, communities and countries whose resources already feel the strain of growing populations. Business leaders understand the risks of continued environmental degradation and are looking at long-term investments in energy efficiency, resource conservation and reducing the carbon footprint of their processes, products and services. BNY Mellon is committed to climate change mitigation and adaptation in our operations, supply chain and communities, as well as promoting investments that support low-carbon development.

¹ 'The Fourth Industrial Revolution: what it means, how to respond', World Economic Forum, January 14, 2016, <https://www.weforum.org/agenda/2016/01/the-fourth-industrial-revolution-what-it-means-and-how-to-respond/>

² 2016 BNY Mellon Annual Report.

³ The Global Gender Gap Report 2016, "The case for gender parity," World Economic Forum, <http://reports.weforum.org/global-gender-gap-report-2016/the-case-for-gender-parity/>

⁴ '2016 Cone Communications Millennial Employee Engagement Study', November 2, 2016, <http://www.prnewswire.com/news-releases/three-quarters-of-millennials-would-take-a-pay-cut-to-work-for-a-socially-responsible-company-according-to-research-from-cone-communications-300355311.html>

⁵ 'New Cone Communications Research Confirms Millennials as America's Most Ardent CSR Supporters', Cone Communications, September 23, 2015, <http://www.conecomm.com/news-blog/new-cone-communications-research-confirms-millennials-as-americas-most-ardent-csr-supporters>



Our CSR Mission

We have made it our CSR mission to improve lives by investing at every level of society. Understanding global trends and how they affect our stakeholders is essential to knowing where we can make the greatest difference. As we've been for more than two centuries, we're invested for success in the changing environment.

CSR's Strong Impact on Our Business

We not only have a responsibility to act in our stakeholders' best interests, we want to have a positive impact on people's lives. We choose CSR priorities that integrate with our business strategies to create greater impact than they can generate on their own. This approach benefits our business and, more importantly, brings tangible value to our shareholders, clients, communities and employees.

Creating Positive Impact

Our CSR strategy and global company strategy align to improve lives through investing.



Impacts

Employees

Employees are empowered to achieve their aspirations, thrive in a diverse and inclusive culture and feel fulfilled by meaningful work.

Company & Investors

The company has a strong reputation and commitment to responsible long-term growth. We maintain stability in all market conditions and deliver innovative solutions that help drive economic prosperity.

Clients

Clients are enabled to achieve financial goals through innovative solutions and exceptional partnerships based on trust.

Communities & Society

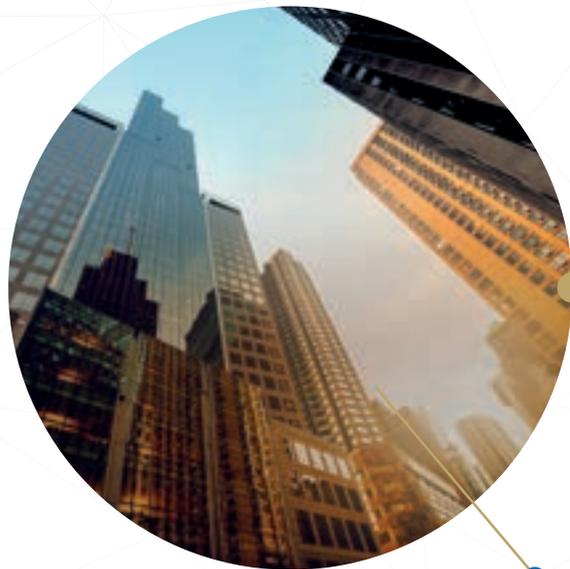
Communities are strengthened, economies are more resilient and livelihoods of people around the world are protected.

An Integrated Approach

CSR is essential to how BNY Mellon fulfills our role in society and delivers on our vision to improve lives through investing. We look across the landscape and develop an integrated strategy to address the areas most important and relevant to us and our stakeholders. This ensures the greatest impact and value for our business and society in a mutually enforcing relationship.

Always Responsive to Stakeholder Needs

In our more than 230 years of existence, change has been a constant. We not only embrace it, we encourage it. We are not afraid to change our CSR direction or shift priorities when new needs emerge. In fact, we consider this a strength. We continually challenge ourselves to innovate and refresh our CSR strategy, raising the bar and developing initiatives that are truly meaningful to our stakeholders and the world.



Our Markets

We earn clients' trust every day by upholding the highest standards of integrity and responsibility in our practices and products. We contribute to the health of global markets through the resiliency and effectiveness of our operations.

■ Read more on page 22



Our People

We nurture a culture of engagement, wellbeing and inclusion and provide our talented, diverse workforce with the opportunities they need to grow and succeed.

■ Read more on page 51

Our World

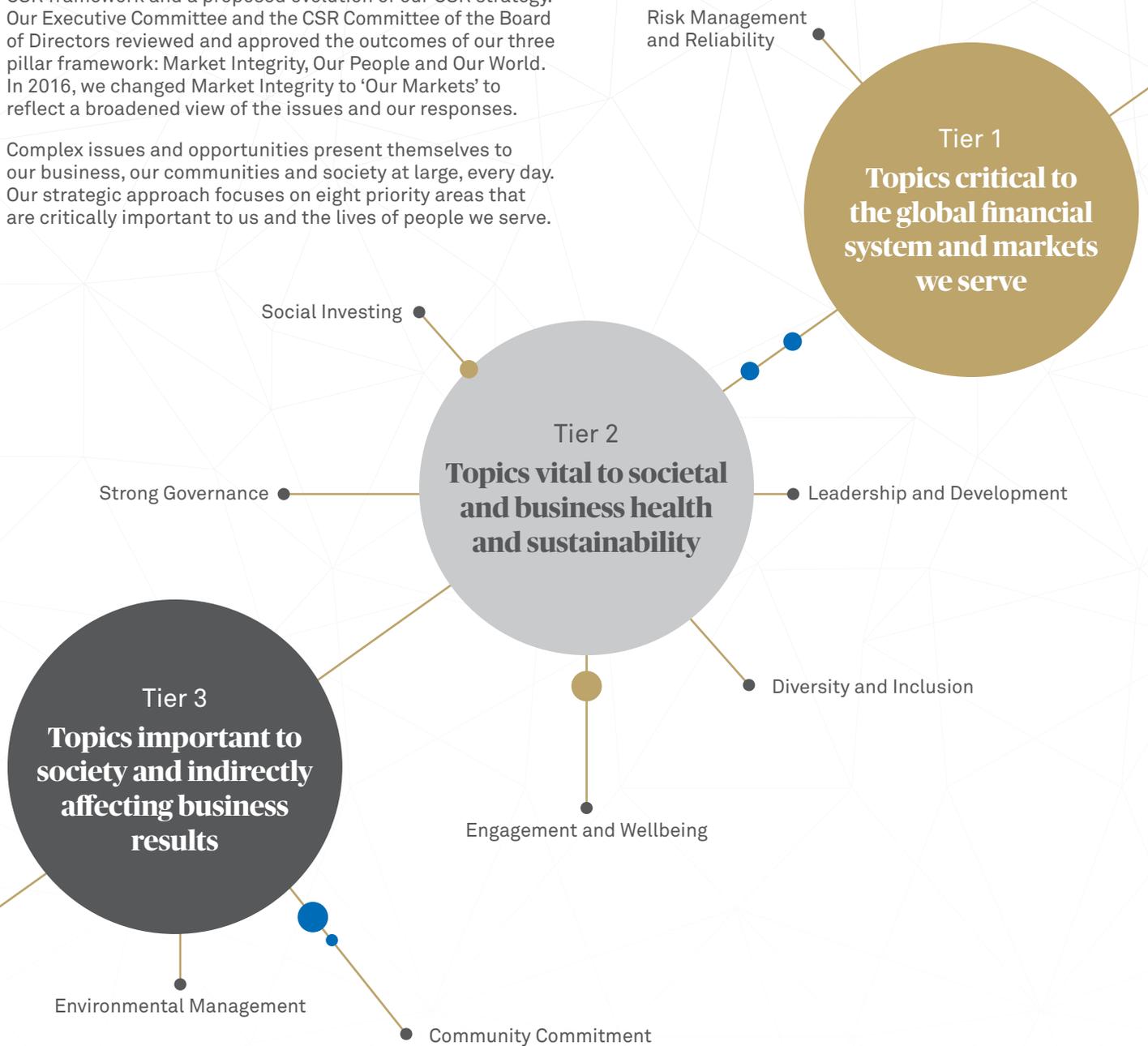
Through our expertise, skills and resources, we contribute to solutions to the world's most pressing issues.

■ Read more on page 75

Our Outside-In Approach

A robust review of important CSR topics informed our current CSR strategy, which was last refreshed in 2014. We conducted research and interviewed a diverse group of internal and external stakeholders to obtain feedback on our existing CSR framework and a proposed evolution of our CSR strategy. Our Executive Committee and the CSR Committee of the Board of Directors reviewed and approved the outcomes of our three pillar framework: Market Integrity, Our People and Our World. In 2016, we changed Market Integrity to 'Our Markets' to reflect a broadened view of the issues and our responses.

Complex issues and opportunities present themselves to our business, our communities and society at large, every day. Our strategic approach focuses on eight priority areas that are critically important to us and the lives of people we serve.



Our CSR Strategy Pillars



Our Markets

Supporting the integrity of financial markets that help economies thrive

- ⤷ Risk and Reliability
- ⤷ Strong Governance

Our risk framework and culture help us make evidence-based decisions that protect clients and support financial market integrity. Strong governance, ethical standards, unquestioned integrity and operational resiliency help us maintain financial strength and stability in all market conditions.



Our People

Empowering our diverse people to achieve their aspirations

- ⤷ Leadership and Development
- ⤷ Engagement and Wellbeing
- ⤷ Diversity and Inclusion

Our people take charge of their careers and grow into our next generation of enterprise leaders. Employees feel fulfilled through meaningful work, and wellbeing is a priority. We are driven by our diverse perspectives and an inclusive culture that inspires progress.



Our World

Contributing solutions to the world's most pressing issues

- ⤷ Social Investing
- ⤷ Community Commitment
- ⤷ Environmental Management

Our expertise, skills and resources help investors finance solutions to world challenges. We change lives through philanthropy and social investments and our employees make a difference. We take action on climate change and preserve our natural resources.

Our 2020 Goals

After approving our long-term (2016–2020) CSR goals in 2015, our Executive Committee held its first annual discussion of progress and plans for further achievement in January 2016.

We ended 2016 with our goals largely on track, reaching significant milestones in Risk and Reliability, Engagement and Wellbeing and Environmental Management.

Pillar	Priority	Long-Term Goals	Year-End Progress
 Our Markets	Risk Management and Reliability	Risk Framework: Strengthen risk ownership, alignment and quantification	<ul style="list-style-type: none"> Enhanced risk identification processes for stronger employee risk ownership Strengthened risk appetite tools with metrics to support business goals and globally aligned decision-making
		Risk Culture: Establish and achieve an industry best-in-class risk culture	<ul style="list-style-type: none"> Improved companywide employee engagement scores on risk culture, sustaining industry-leading results Strengthened employee performance goals related to managing risk, compliance and ethical behavior
		Technology: Evolve business protocols to ensure technology knowledge resilience and business continuity	<ul style="list-style-type: none"> Expanded information security management system across a significant portion of critical applications and business services Established Cybersecurity Services Program Enhanced vendor risk management through information centralization, assessments and certifications
	Strong Governance	Enhance investor engagement by following best practices for shareholder engagement; sustain strong regulatory engagement; and achieve industry-leading client loyalty	<ul style="list-style-type: none"> Contacted our top 20 investors for governance discussions, offering to include at least one director in accordance with SDX Protocol Achieved a 90 percent rating of 'Willingness to Recommend BNY Mellon' as measured in our surveys of top 500 clients Continued to educate legislators, regulators and policymakers on our unique business model

■ On track
 ■ Slow progress or limited challenges
 ■ Challenges or significant challenges to achieving



Pillar	Priority	Long-Term Goals	Year-End Progress
 Our People	Leadership and Development	Develop successful leaders and managers who drive high productivity and engagement within their teams	Increased upward feedback and engagement survey results across Leadership and Management categories 
	Engagement and Wellbeing	Build a workforce culture supported by engagement and wellbeing	<ul style="list-style-type: none"> Increased overall positive employee engagement scores compared to financial services norms Launched global wellbeing strategy with measurable impact 
	Diversity and Inclusion	Achieve marketplace leadership and reputation; advance diverse representation in senior-level ranks and drive accountability for a culture of inclusion	<ul style="list-style-type: none"> Increased representation by women on Board of Directors by electing three women directors; as of April 2017, women represent 23 percent of our Board Increased women and racially/ethnically diverse hires Embedded diversity and inclusion into leadership and professional development programs 

Pillar	Priority	Long-Term Goals	Year-End Progress
 Our World	Social Investing	Be recognized as a leader in the social investing field consistent with our business model	<ul style="list-style-type: none"> Progress was delayed due to personnel changes in several key roles Investment Management developed a new framework for responsible investment, classifying strategies by investor motivations to stimulate new opportunities Investment Services saw an 11 percent increase (v. 2015) in assets screened for ESG factors and administered 21 green bonds (v. 5 in 2015) with an issuance volume of \$15.4 billion 
	Community Commitment	Significantly increase scope and impact of community support	<ul style="list-style-type: none"> Evolved philanthropy focus to strengthen alignment with our business, brand and talent Increased volunteerism by 2 percent to 143,000 hours, with 34 percent in skills-based volunteering 
	Environmental Management	Address climate change issues including potential impacts, risk and opportunities and expand and improve environmental management, resource efficiency and reputation	<ul style="list-style-type: none"> Secured carbon neutral status¹ and implemented three-year plan to maintain, using diverse energy sources from around the world Achieved top-tier CDP rankings among peers for fourth consecutive year Continued improvement of environmental efficiency in our facilities 

■ On track
 ■ Slow progress or limited challenges
 ■ Challenges or significant challenges to achieving

¹For Scope 1 and Scope 2 GHG emissions including our data centers, as well as Scope 3 business travel emissions.

Invested in Change from Within



Monique R. Herena
Chief Human Resources Officer
and Senior Executive Vice President,
Marketing & Corporate Affairs

As the Investments Company for the World, BNY Mellon is privileged to serve exceptional clients, many of whom are the world's leading investors. We help investors pursue their personal goals and financial dreams and we help drive growth and prosperity around the world.

While these goals are our North Star, the way we get there continually evolves with the world around us. As we have been since our founding, we are invested in change, relentlessly curious and constantly innovating to support our business purpose and the needs of our stakeholders and society. Our CSR strategy unites us around creating an inclusive, sustainable world that empowers people to succeed and economies to thrive.

We're extremely proud of the positive impacts our CSR programs have made, but we know we can do more. We believe a holistic, fully integrated approach to CSR can have a much more powerful effect than siloed programs can have on their own. This means coordinating interdependent programs that create shared value for our firm, our clients and for society, and leveraging support from our most senior executives. Our CSR programs will not all address the same environmental or societal challenges, but they will all align with our vision to improve lives through investing.

In 2016, we saw the opportunity to begin this integration and make bigger strides toward realizing our vision. We formed a new division called Global Citizenship and Sustainability, which pulls our existing functions of Diversity & Inclusion, Philanthropy, Art, Corporate Social Responsibility and Social Investing into one strong portfolio. This integrated, multidisciplinary, global group respects and maintains function-specific integrity while creating one voice for internal engagement and marketplace influence. It allows us to coordinate our resources, drive economies of scale and execute against a shared strategy for significantly more impact.

We are confident this new integrated approach will more effectively support long-term business success by driving employee engagement, deepening societal and community impact and leveraging alliances in the market. It is already bringing our global enterprise strategy to life. One example is our 'Return on Equality' white paper ([see page 91](#)), created in partnership with the UN Foundation. This groundbreaking piece shows how investing in companies whose products and services promote gender equality can help investors capture profitable, under-tapped market opportunities while advancing gender equality at scale. Our Diversity and Inclusion, Social Investing, Philanthropy and CSR teams collaborated on the content, funding, promotion and distribution of the piece, demonstrating how coordination across functions works for maximum value. We will follow this model of business strategy alignment, partnership and collaboration as we look for more opportunities to leverage our collective strengths.

“ At BNY Mellon, CSR is not just a philosophy. It is a company-wide strategy that brings together innovative ideas and tangible programs to help solve some of the world's biggest problems and create positive change. ”

Our outcomes show we are strong, safe and trusted and have a high-performing, winning culture where people do their best for all of our stakeholders and, in turn, fulfill their sense of purpose. Invigorated by the integration of our full CSR strategy, we will continue to build on our strengths, drive results in areas where we can make the most impact and help people and society realize their full potential.

Our Approach

CSR Governance

People throughout our company help develop, implement, manage and review our CSR activities to ensure they support our goals and are consistent with our values. The independent CSR Committee of the Board of Directors reviews our CSR program regularly, monitors progress against long-term goals and guides our CSR efforts. Members of our Executive

Committee, who are ultimately responsible for CSR success, approve and monitor progress on goals and associated annual key performance indicators (KPIs). All Executive Committee members are accountable for CSR goals in their annual performance management plans. These goals are cascaded to relevant enterprise leaders throughout the firm.

CSR Governance Structure

CSR Committee of the Board of Directors



Independent directors who regularly review our CSR program and monitor progress against our long-term goals

Executive Committee



Ultimately responsible for the firm's progress and success in CSR; oversees progress on annual KPIs and long-term goals, anticipates market trends and future client needs and drives business innovation

① CSR Team

Leads CSR strategy development and CSR governance process; works with program areas to develop CSR initiatives, monitor progress, manage public reporting and collaborate with experts in the industry and CSR field

③ CSR Subject Matter Experts (SMEs)

Manage day-to-day execution of CSR policies, practices and programs

② CSR Working Group

Oversees CSR measurement, monitoring, reporting and reputational management in designated areas of expertise

④ Employee Groups

Engage local and regional employees in CSR initiatives; examples include employee and business resource groups (E/BRGs) and volunteer and philanthropic fundraising committees

CSR Board Committee Members



Samuel C. Scott III (chairperson)

Retired Chairman, President and Chief Executive Officer of Corn Products International, Inc.; Director since July 1, 2007; formerly, director of The Bank of New York Company, Inc. since 2003



Nicholas M. Donofrio

Retired Executive Vice President, Innovation and Technology of IBM Corporation; Director since July 1, 2007; formerly, director of The Bank of New York Company, Inc. since 1999



Mark A. Nordenberg

Chancellor Emeritus, Chair of the Institute of Politics and Distinguished Service and Professor of Law of the University of Pittsburgh; Director since July 1, 2007; formerly, director of Mellon Financial Corporation since 1998



Joseph J. Echevarria

Retired Chief Executive Officer of Deloitte LLP; Director since February 2, 2015 and Lead Director



John A. Luke, Jr.

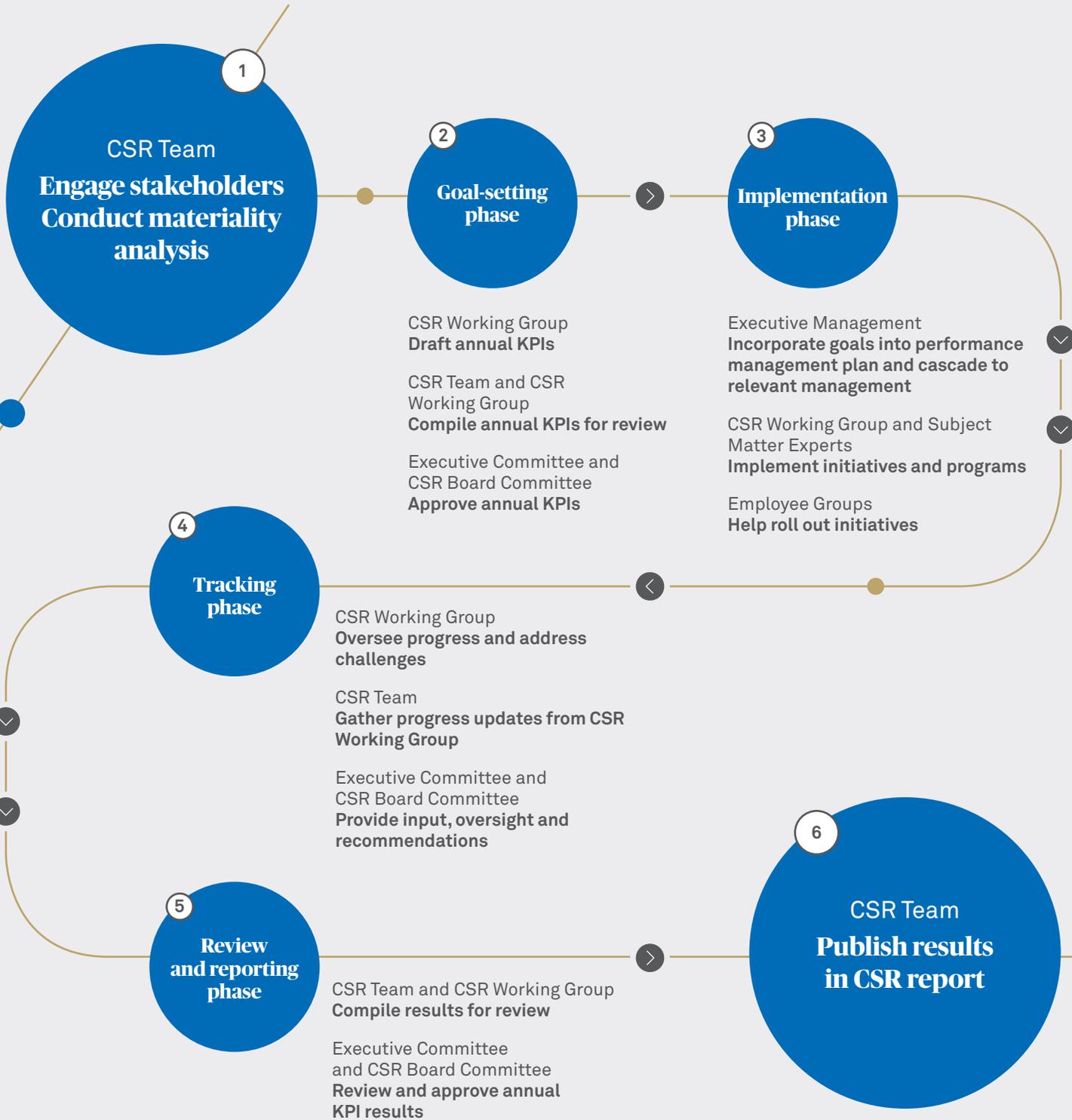
Non-Executive Chairman of WestRock Company; Director since July 1, 2007; formerly, director of The Bank of New York Company, Inc. since 1996



Elizabeth E. Robinson

Retired Global Treasurer of the Goldman Sachs Group; Director since October 3, 2016

Annual CSR KPI-Setting and Implementation Process



Invested in Those We Serve

Fostering mutually beneficial relationships with stakeholders is a foundation of our success. Our stakeholders look to us to help them realize their full potential in financial terms, social good, career development or other aspirations. We look to them to help us meet their diverse needs today and anticipate what they'll need tomorrow. We actively solicit their feedback on our business solutions and CSR programs and communicate and report on our activities regularly. This open dialogue helps us grow and succeed long term.

How We Engage Stakeholders

<p>Our Clients</p> <ul style="list-style-type: none"> • Direct conversations • Advisory boards and idea sharing • Conferences • Satisfaction and engagement surveys • Thought leadership • Social media 	<p>Our People</p> <ul style="list-style-type: none"> • Direct conversations with managers • Performance management and development programs • Town halls • Employee/Business Resource Groups • Engagement surveys
<p>Our Investors</p> <ul style="list-style-type: none"> • Annual and quarterly reports • Webcasts and conference calls • Financial services conferences • Proxy voting • Annual Meeting and Investor Days 	<p>Our Communities</p> <ul style="list-style-type: none"> • Direct meetings with local leaders and advocacy groups • Board memberships • Financial support (grants, sponsorships) • Employee volunteering

The four groups above represent our key stakeholders as defined during a comprehensive strategic analysis to refine our CSR focus in 2014. External partners, suppliers, peer companies, non-profits and industry associations are also important stakeholders for our firm and we engage these groups on an ongoing basis.

What We Heard

Examples of stakeholder feedback that influenced our CSR approach, programs and activities in 2016 include:

- Investors echoed our commitment to gender diversity on our Board of Directors. We demonstrated our commitment by adding three women directors in 2016.
- Employees told us they wanted additional means of empowerment and dialogue. We implemented tools such as Upward Feedback to give them a way to express their views to managers.
- Our institutional investor clients, as part of their participation in the Social Investing Client Advisory Group in Asset Servicing, told us that while interest in social investing continues to grow, they want to be equipped with the guidance and tools to consolidate ESG data from multiple sources into actionable reporting and analysis. We are working on a proof of concept ESG portfolio analysis tool within our NEXENSM Gateway.



Heidi DuBois
Global Head of Corporate Social Responsibility and Social Investing

Today's workforce is full of employees who expect to make a difference through their daily work. They want to work for inclusive, diverse and collaborative companies that value their contributions and help them to create positive change in the world. It's one reason so many organizations today are implementing dedicated CSR programs to manage their most important societal impacts.

But what's next? At BNY Mellon, we see the future of CSR as fostering a purpose-driven culture that motivates all leaders and employees to positively impact the world in their day-to-day work. Purpose should be integrated into everything the company does, completely permeating its people, processes, products and solutions.

It starts with instituting a shared language and perspective. At BNY Mellon, our purpose is 'Improving Lives through Investing'. It is the vision that our leaders have set for the company, and one that all employees know and live out.

Next, a company must align its CSR strategy with its broader purpose. At BNY Mellon, we focus on three strategic pillars, 'Our Markets, Our People, and Our World' that integrate with our business strategies to create greater positive impact than they can generate on their own.

Third, the strategy must be supported by a robust governance structure that starts at the top. At BNY Mellon, we set ambitious goals that drive us forward, and we have powerful ownership at the highest levels of our organization. Our Executive Committee meets twice annually to review progress against our CSR goals, which are embedded into their performance plans. We also have a dedicated CSR Committee of the Board of Directors that meets three to four times per year to discuss and evaluate our key CSR initiatives. This oversight and ownership has been invaluable to our ability to advance CSR progress at the company.

The last step toward driving a purpose-driven culture is ensuring that all employees are aware of CSR and how their daily work connects, and giving them tangible opportunities to engage. At BNY Mellon, we've done much to integrate CSR into the management of the company, but in the next several years, we will be focusing much more on infusing our culture with pride in the work we all do for individuals around the world. By building a true culture of purpose, we see enormous potential to work together with our employees to make an even greater positive impact, delivering results for our clients, investors, communities and society at large.

Our Impact

Promote a strong risk culture, with
96% of employees
aware of risks relevant to their work
■ Read more on page 31

Build a culture of lifelong learning by delivering nearly
1 million learning hours
to employees annually
■ Read more on page 54

Provide
\$42 million
in annual support to our communities around the world, and our employees volunteer 143,000 hours
■ Read more on page 100

Manage
\$69.3 billion
in assets according to ESG and values-based exclusionary screens
■ Read more on page 80

Added
3 women to our Board of Directors
in 2016, and advance women in our workforce, with 42 percent representation in our global workforce and 36 percent at the vice-president level
■ Read more on page 67

0 net carbon emissions
achieved through emissions reduction, renewable energy credits and carbon offsets
■ Read more on page 108

Our Markets

Expanding global markets, accelerating technology, cybersecurity threats and clients' increased access to information challenge us to manage risk responsibly and protect our assets and those of our clients. We respond with unquestioned integrity.

96%
of employees

are aware of risks relevant to their work

■ Read more on page 31

90% of our
largest clients

are willing to recommend BNY Mellon

■ Read more on page 49

We safeguard

\$30 trillion

for investors

■ Read more on page 23

Invested in Unquestioned Integrity



Our Opportunity

As a leading provider of global financial services, BNY Mellon is a strong, safe, trusted counterparty overseeing more than \$30 trillion dollars. We manage \$1.6 trillion dollars for our investors and process trillions of dollars in transactions every day. Our clients are the world's largest financial institutions,

investment managers, countries, corporations, foundations, universities and individual investors. We play a vital role in many people's lives and work diligently to protect their assets and maintain their trust.

Key Trends

We monitor and respond to emerging trends, market forces and economic indicators to manage risk responsibly and help protect our assets and those of our clients. Global trends, such as market shifts, technology acceleration and security threats challenge BNY Mellon to always act with unquestioned integrity and perform to our high standards in all conditions. The following related forces helped shape our approach to Our Markets:

- **Expanding markets lead to regulatory changes**
The expansion of global markets and related products creates a dynamic regulatory environment that requires ongoing focus. We know the importance of staying up to date with new and revised regulations. We consult with regulators, industry peers and other subject matter experts to fully understand the implications and how to comply.
- **Unprecedented technological innovation is ongoing**
Extraordinary technological advancements have changed and continue to change the way we live and work, especially in sectors such as financial services that rely heavily on data and analytics. Companies that nimbly adapt to rapidly changing market expectations and risks can gain a significant competitive advantage. As a company with a history of 'firsts', we are relentlessly curious and invested in continuous innovation.

- **Cybersecurity is everyone's responsibility**
Cloud computing, digitization advancement, mobile device usage and exponential increases in digital power present almost limitless opportunities. Companies rely more and more heavily on technology to execute their global strategies, which elevates the importance of cybersecurity not just in information technology functions, but throughout the enterprise. BNY Mellon has long invested in managing risk responsibly to help protect our stakeholders and their assets.
- **There are more influences on clients**
We all have access to unprecedented amounts of information, analysis and opinions that can influence decisions and loyalty. To retain clients and strengthen loyalty, companies must continually engage with them, inform them and adapt to their quickly changing expectations. We've done this for decades, talking and listening to clients in daily interactions and formal engagements. Providing solutions that delight clients and enhance their experience remains a top priority for our business.

Our Approach

We earn our stakeholders' trust by maintaining a strong risk culture across our businesses. We give employees and clients guidance, skills and tools to anticipate and address risk so they can make sound, evidence-based decisions for the long term.

Strong governance underpins our policies, training and technologies that support consistent performance and high ethical standards through all market conditions.

Our Markets

Risk Management and Reliability

Our Opportunity

Risk is inherent in financial services. Our reputation for financial strength, safety and trustworthiness reflects our solid balance sheet, robust risk culture and commitment to maintaining financial stability through all business cycles.

We know new business realities are reshaping our clients' needs. Our commitments and strategies for managing risk responsibly and being a reliable investment source are more critical than ever.

Key Trends

Global market shifts and rapid technological advances create both opportunities and risks. Within these broader trends are issues we consider as we anticipate and participate in transformational change.

• Global political uncertainty is challenging

A turbulent and uncertain global political environment raises challenges as trade agreements, globalized markets and political stability are threatened. While the financial services industry continues to face a complex regulatory landscape, political change and uncertainty could pose additional burdens on a global industry.

• Cybersecurity is more than technology

Human factors can play a significant role in every cybersecurity program, with errors, lack of risk awareness, policy misunderstandings and improper authorizations among the potential risks. A comprehensive cybersecurity plan and risk culture are needed to thwart emerging threats.

Our Approach

We integrate risk management and reliability into all aspects of our business strategy, operations and talent practices. This helps us protect our stakeholders, uphold our role in financial markets and build trust, which can be significant competitive differentiators to prospective clients and employees. To maintain our sound risk management position, we will continue to build on:

- Effective risk mitigation through ongoing, proactive risk identification and quantification by employees
- Financial strength and resiliency through transactional accuracy and responsible financing

- Best-in-class risk culture supported by training and development, aligned tools and metrics and clear escalation procedures
- Investing in improved products, technologies and services that support systemic risk reduction for our clients
- Technology resiliency via integrated business protocols, employee awareness and business continuity

A Year of Growth and Innovation

In 2016, we made BNY Mellon a safer and stronger investments company. Our new global resolution plan helps protect financial system stability by detailing how we would maintain critical operations in the event of company failure or bankruptcy. Our stress tests demonstrated financial strength, and we expanded our capabilities for managing risk and enabling employee risk ownership across the company. New reporting tools give us greater insights than ever before to make sound, risk-informed decisions.

We also enhanced our process of identifying, aggregating and prioritizing risks. Because employees who carry out business processes are best positioned to identify inherent risks, newly enhanced self-identification assessment tools are used throughout the company. These Risk and Control Self-Assessments (RCSAs) yield more complete and consistent insight that allow teams to prioritize remediation activities. These tools and other related processes also enable the company to use a more inclusive, informed approach to identify companywide risks. Moreover, we expanded our analytical and quantitative capabilities with a new center of excellence in Wroclaw, Poland.

Supporting these activities is a strong, sustained risk culture. Our Employee Engagement Survey results show employees continue to believe the company manages risk well at all levels, with responses outpacing the financial services norm¹. This includes awareness of key risks, escalation procedures and confidence in reporting issues without fear of reprisal.

Our Risk Management and Reliability Goals

Risk Framework: Strengthen risk ownership, alignment and quantification through continued enhancements related to best practices.

Risk Culture: Establish and achieve industry best-in-class risk culture.

Technology Risk: Continually evolve our business protocols to ensure our technology knowledge resilience and business continuity.

How We'll Achieve Them

By continually deploying holistic, aware and improving processes, we will further embed risk ownership and enhanced risk management practices across our global business. We will also expand our Information Security Management System, executing our three-year plan for priority cybersecurity services and enhancing third-party governance associated with critical vendors and services.

¹Towers Watson Global Financial Services Norm benchmarking data, comprising the opinions of employees in 125 financial services companies; accessed November 2016.

2016 progress

Risk Framework

- Enhanced risk identification processes, strengthening employee understanding and ownership of risks
- Strengthened risk appetite tools with metrics to support business goals and globally aligned decision-making
- Extended risk profile, risk appetite statements and plans into businesses and regions, ensuring we consider risk matters consistently during the business acceptance process
- Strengthened our integrated process for assessing capital adequacy to risk ratios in financial market stress scenarios
- Enhanced our 'living will'

Risk Culture

- Improved companywide employee engagement scores related to risk culture, sustaining industry-leading results
- Strengthened employee performance goals related to managing risk, compliance and ethical behavior

Technology Risk

- Expanded information security management system across a significant portion of our critical applications and business services
- Established the Cybersecurity Services Program to enhance our cybersecurity posture
- Implemented enhanced vendor risk management through vendor information centralization, assessments and certifications
- Created the position of Chief Privacy Officer to provide oversight and leadership of our privacy program

Our Risk and Reliability Framework

Our Three Lines of Defense Against Risk

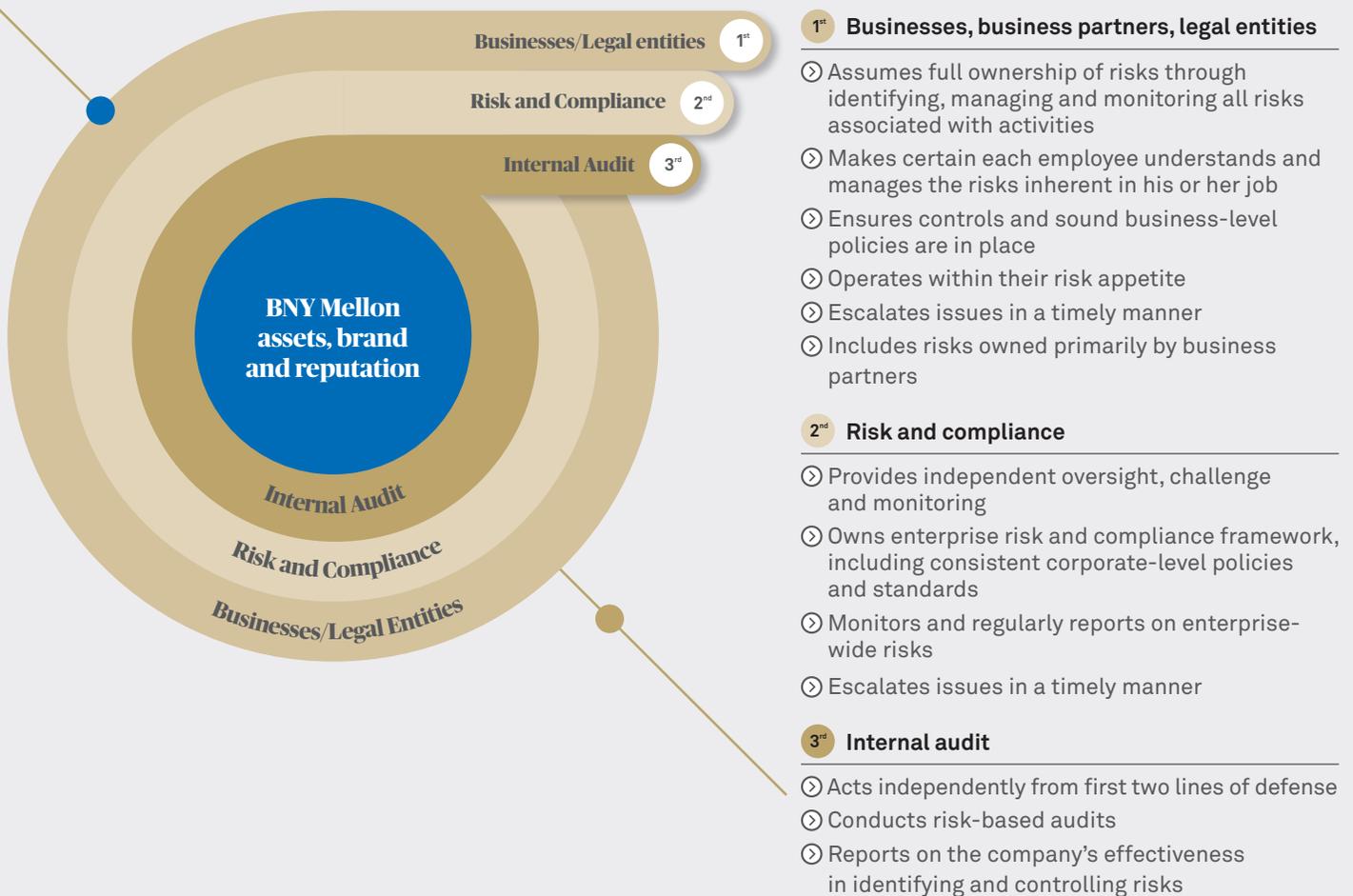
We continue to incorporate risk management practices throughout our organization using a Three Lines of Defense model. The first line, which comprises most of the company, is managers and employees in businesses or business partner groups. They are responsible for identifying and managing the risks associated with business activities. The second line consists of our Risk and Compliance function, which manages our enterprise-wide risk framework and provides independent oversight and constructive challenge to the first line of defense. Independent of the first two lines, the third line is our Internal Audit function, which tests our governance structures, risk management and internal controls and reports their effectiveness to our Board of Directors and senior management.

Our risk management framework helps ensure:

- Appropriate and clear risk tolerances, or limits, are in place to govern activities across all businesses, regions and risk types
- Our risk appetite principles permeate our culture and are incorporated into strategic decision-making processes
- Business and regional leaders are engaged in identifying top risks
- Key risk metrics are monitored and reported to senior management and the Board of Directors
- An ongoing, forward-looking capital planning process that supports risk-taking activities

For more information about our risk appetite, see our [2016 Annual Report](#)

Three Lines of Defense



Risk Appetite

Risk is inherent in our business, and it is neither practical nor economically feasible to eliminate it completely. BNY Mellon’s appetite for accepting risk is modest and aligns with our requirement of maintaining the trust of all stakeholders, especially clients.

We define risk appetite as the level and nature of risk we are willing and able to assume in pursuing our strategic business objectives. It considers the major risks facing the company and our risk capacity.

We are committed to maintaining superior debt ratings and a balance sheet that is resilient throughout market cycles. In 2016, we enhanced metrics to quantify thresholds and tolerances in our risk appetite statement to increase employee understanding. These metrics are aligned with the types of risks we face and provide objective limits that are used in making business decisions.

Risk-Based Decision-Making

In making decisions, we consider the potential impact on stakeholders as well as long-term consequences. Increasingly, we are investing in data, talent and technology to increase our risk insight and analytics capabilities in order to make evidence-based decisions that support financial strength and stability.

BNY Mellon prioritizes the quantification of risk to provide universal standards that reduce subjectivity and increase clarity. Benefits include a common understanding of limits, results and potential impacts as well as the ability to compare results over time and develop predictive insight.

BNY Mellon Science is a center of excellence for quantitative and analytical capabilities comprising multiple sites. In 2016, we launched the Wroclaw, Poland hub to expand the Risk and Compliance team globally, gain access to emerging talent and enhance our risk quantification support to the company.

Our expanded capabilities include improved reporting and dashboards. Technology is a key enabler of high-quality analytics. Our strategic risk platform, which has been in development for several years, is slated for completion in 2017. The system improves our risk management and decision-making capabilities, provides comprehensive views of risk information from across the company and helps us better understand macro information such as clients’ positions and potential risks across the entire relationship. We will replicate this approach for compliance technology to improve our ability to manage compliance requirements throughout the company.

Primary Risk Categories

Operational	The risk of loss resulting from inadequate or failed internal processes, human factors and systems, breaches of technology and information systems, or from external events. Also includes fiduciary risk, reputational risk, and litigation risk.
Market	The risk of loss due to adverse changes in the financial markets. Our market risks are primarily interest rate, foreign exchange and equity risk. Market risk particularly impacts our exposures that are marked-to-market such as the securities portfolio, trading book and equity investments.
Credit	The risk of loss if any of our borrowers or other counterparties were to default on their obligations to us. Credit risk is resident in the majority of our assets, but primarily concentrated in the loan and securities books, as well as off-balance sheet exposures such as lending commitments, letters of credit, and securities lending indemnifications.
Liquidity	The risk that BNY Mellon cannot meet its cash and collateral obligations at a reasonable cost for both expected and unexpected cash flows, without adversely affecting daily operations or financial conditions. Liquidity risk can arise from cash flow mismatches, market constraints from the inability to convert assets to cash, the inability to raise cash in the markets, deposit run-off or contingent liquidity events.
Strategic	The risk that BNY Mellon doesn’t effectively manage and protect the firm’s market positioning and stability. This includes risks associated with the inability to maintain a strong understanding of clients’ needs, provide suitable product offerings that are financially viable and fit within the firm’s operating model and adapt to transformational change in the industry.

Reliability and Accuracy

The Crucial Role of Accuracy

People and organizations around the world rely on our data, expertise and insight to make critical financial decisions. This puts accuracy at the heart of how we manage our processes and controls, including audit, data handling and completeness, marketing and communications and external research.

We invest in a rigorously controlled environment. We hold our teams accountable for sticking to strict procedures to verify and help safeguard our clients' and other stakeholders' data.

Thorough, Regular Audits

Internal Audit is an independent, objective function reporting directly to the Audit Committee of the company's Board of Directors. Using a risk-based approach, they review and evaluate our management procedures, internal control systems, information systems and governance processes to confirm they are adequate, effective and sustainable in ensuring data accuracy.

The Audit Committee meets regularly to review 1) the integrity and accuracy of our financial statements and financial reporting process, 2) our compliance with legal and regulatory requirements, 3) our independent registered public accountant's qualifications and 4) our registered public accountant's and internal audit function's independence and performance. The Audit Committee also reviews our management's internal controls assessment.

Secure Transactions

We invest in advanced technology to make sure the data handled by our complex systems network, processes and employees are accurate. Advanced encryption techniques such as Enforced Transport Layer Security (TLS) store and send information so emails and the data they contain are automatically secured with no additional steps by senders or recipients, which ensures consistency and reliability. For clients whose servers can't accept these messages, we provide a dedicated messaging portal that encrypts information and requires a password. In 2016, we enhanced our platform security to help guarantee accuracy and completeness over the entire client data life cycle.

Integrity in Marketing

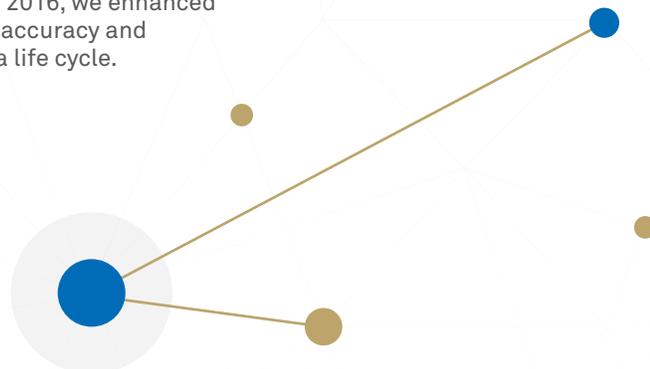
Our clients' trust in us goes beyond managing their financial assets and acting in their best interests. They also expect us to market our products and services with transparency and integrity. We comply with global principles of responsible marketing and manage risks responsibly when conveying information vital to our clients.

Communications Compliance

Regulations governing marketing and communications are increasingly complex – a challenge made more difficult by varying standards throughout the world. Our Business Marketing, Corporate Marketing, Corporate Communications and Global and Regional Legal teams work hand-in-hand to comply with marketing and communications regulations everywhere we operate. We review our work to adhere to evolving policies and maintain best-in-class standards to confirm accuracy and integrity.

Reliable Partner Data

Combining our knowledge with outside perspectives strengthens the value we bring our clients. We partner with leading research, consulting and media organizations to continually broaden our views and stimulate innovative thinking. We then share what we learn through client, executive and network roundtables. The accuracy of this information is as crucial to us and our clients as our own internal data, and we carefully vet our partners and their methodologies.



Financial Resiliency

Strong, Safe, Trusted

Major world events such as Brexit, Middle East instability and increasingly common natural disasters can contribute to unpredictable market fluctuations. With global financial markets relying on BNY Mellon to continually move cash and securities, even during volatile times, we must be prepared to weather every storm. We accept our leadership responsibility in terms of capital strength, liquidity risk management and integrity. In particular, we recognize the importance of our payment, clearing and settlement activities and have protocols in place to help ensure our services continue to support market integrity if our firm encounters stress.

Rigorous Stress Testing

The foundation of our stress-testing program is capital adequacy. Stress tests evaluate and incorporate the principal risks that influence our capital adequacy or capital position, including operational risk, market risk, credit risk and liquidity risk. Through enterprise-wide stress tests, we gauge our resiliency to macroeconomic and idiosyncratic risk scenarios such as adverse market events, counterparty defaults, liquidity pressures, technology failures, operational events and litigation.

These tests evaluate BNY Mellon's financial and capital position under adverse conditions, and second-order impacts on counterparties, clients and markets. They increase awareness of our potential to affect financial markets and the potential impact that stressed markets have on us, given our unique business profile and significant role in global markets. Our processes for managing and allocating capital resources are crucial not only to our own health and performance, but to the stability and effective functioning of the financial system.

Our stress-testing program meets industry best practices and regulatory expectations. Tests are critical components of our capital adequacy and risk management frameworks. We are fully committed to maintaining a well-capitalized position under the Basel III framework and have revised our stress-testing practices to include metrics related to the revised rules. In 2017, we will perform Dodd-Frank Act Stress Tests (DFAST) in the first and third quarters.

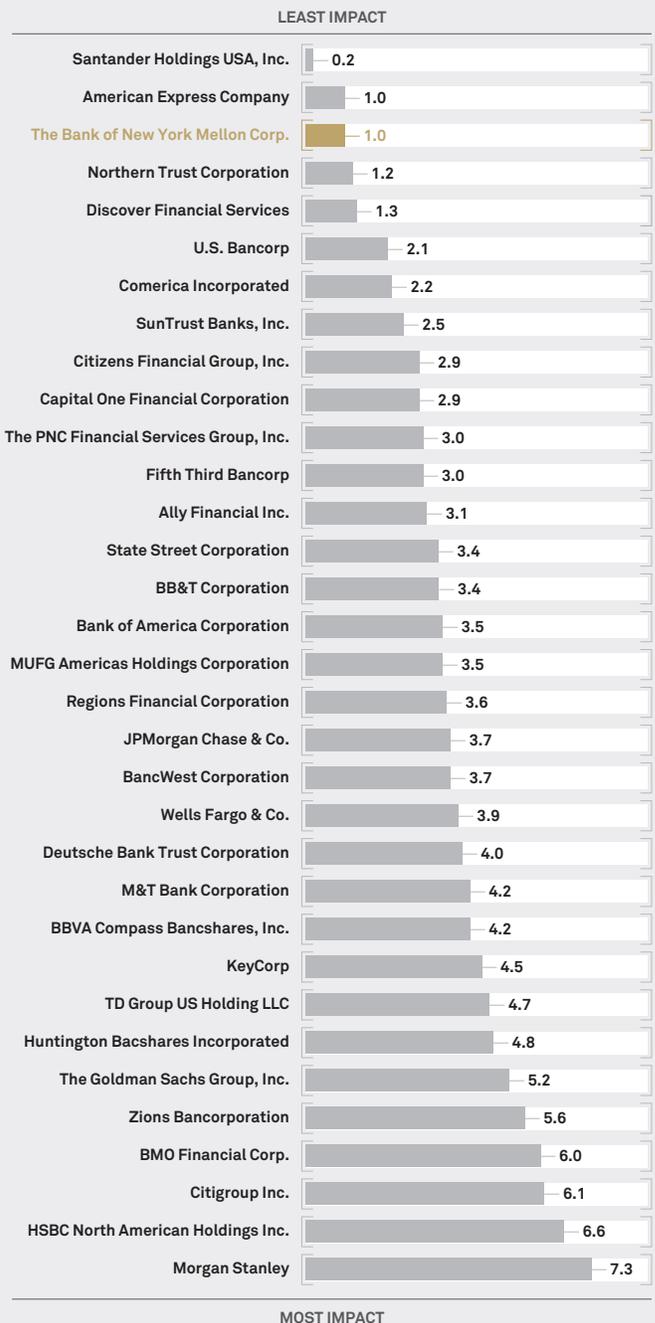
Enterprise-wide Stress Tests

The governance structure for enterprise-wide stress tests includes senior representatives from our Risk, Treasury, Legal, Finance function and all of our businesses, representing a broad spectrum of expertise across working groups and committees. Our Board of Directors oversees stress testing activities and approves the annual capital plan for the company before submitting it to the Federal Reserve.

Well-positioned for stress scenarios

Impact of DFAST Stress Test Severely Adverse Scenario on Basel III Common Equity Tier 1 (%)

Change from Q415 ratio to minimum ratio



Source: Federal Reserve – DFAST 2016: Supervisory Stress Test Methodology and Results

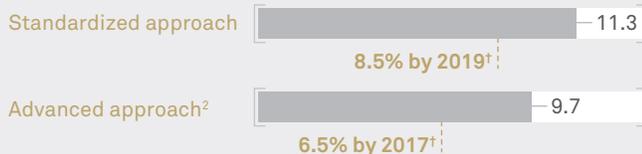
Liquidity Stress Testing

In addition to enterprise-wide stress tests, we conduct liquidity stress tests to identify significant vulnerabilities with respect to liquidity, entity-specific stress tests to understand risks to the enterprise’s unique legal entities, and a variety of business-specific stress tests. Stress testing is appropriately integrated with the BNY Mellon Capital Management program. Lessons learned from stress tests inform our risk culture and contribute to decisions on strategic initiatives and continuous improvement across the firm.

BNY Mellon capital levels (%)

As of December 31, 2016

Estimated fully phased-in Basel III Common Equity Tier 1 ratio – Non-GAAP



† Federal Reserve minimums with buffers¹

Measuring Core Equity Capital Against Risk-Weighted Assets

Results of DFAST on Our Basel III Common Equity Tier 1 (CET1) Ratio and Leverage Ratio*

Following stress testing under the supervisory severely adverse scenario, BNY Mellon’s risk-based capital ratios remain resilient. In the Federal Reserve’s Dodd-Frank Act disclosures made as part of the 2016 Dodd-Frank Act annual stress tests, for example, BNY Mellon had one of the highest projected minimum CET1 ratios, at 10.5 percent over the nine-quarter planning horizon in the severely adverse scenario. We also had one of the highest projected minimum CET1 ratios, at 11.3 percent over the nine quarters in the adverse scenario. We maintained a resilient minimum U.S. tier 1 leverage ratio of 5.5 percent and 5.8 percent in both the severely adverse and adverse scenarios, respectively.

*Federal Reserve – DFAST 20165: Supervisory Stress Test Methodology and Results

¹ On a fully phased-in basis, we expect to satisfy a minimum CET1 ratio of at least 8.5 percent (4.5 percent minimum CET1, 2.5 percent conservation buffer) and a G-SIB surcharge of 1.5 percent).

² The estimated fully phased-in CET1 ratios (Non-GAAP) are based on our interpretation of the U.S. capital rules, which are being gradually phased in over a multiyear period. For further explanation of the capital ratios, please see the ‘Capital’ section of the 2016 Annual Report. Please also see ‘Supplemental Information – Explanation of GAAP and Non-GAAP Financial Measures’, beginning on page 125 of the 2016 Annual Report for a comparison of fully phased-in Basel III capital components and ratios to those amounts determined under the currently effective rules using the transitional phase-in requirements. Risk-based capital ratios at December 31, 2016, reflect the adoption of new accounting guidance included in ASU 2015-02, Consolidations.



Case study

Getting real about dealer default simulation

For the past five years, BNY Mellon has conducted a distressed dealer default and collateral liquidation simulation to test procedures, management information and technology used in crisis situations. The 2016 simulation introduced enhancements to make it as realistic as possible, including global, real-time activities and updates to our CEO and involvement by our Executive Committee.

More than 150 BNY Mellon employees in our U.S.; Europe, the Middle East and Africa; and Asia-Pacific regions participated in the simulation, which took place over one week. Thirty-two regulators from seven jurisdictions were invited to attend onsite, observe and participate in breakout sessions in New York and London. The event mimicked a real-world situation with details such as market issues and movements, legal issues with the counterparty’s bankruptcy, the new European framework for bank failures and a contagion post default. Employees used real-time transaction and market data to determine their actions.

Eight months of preparation included keeping the identity and size of the scenario’s defaulted financial institution secret until the exercise began. As a result, participants’ reactions and actions were unscripted and spontaneous. “I really felt I was in a live situation, with all the demands and stresses of having to react in real time to a crisis,” said Piers Murray, BNY Mellon Markets Chief Operating Officer.

“This exercise exemplified the partnership between our first and second lines of defense,” said Rich Morgan, BNY Mellon Head of Operational Risk for Markets and Corporate Treasury, who served as simulation facilitator. “We were able to analyze and aggregate our exposure and flesh out situations we may not have encountered previously. Beyond preparing ourselves for a worst-case scenario, the exercise helped us collect valuable feedback from regulators.”

Following the exercise, we identified lessons learned and incorporated them into company playbooks to ensure we are well-prepared for a real stress scenario.

Our Risk Culture

96%
of employees
are aware of risk relevant
to their work

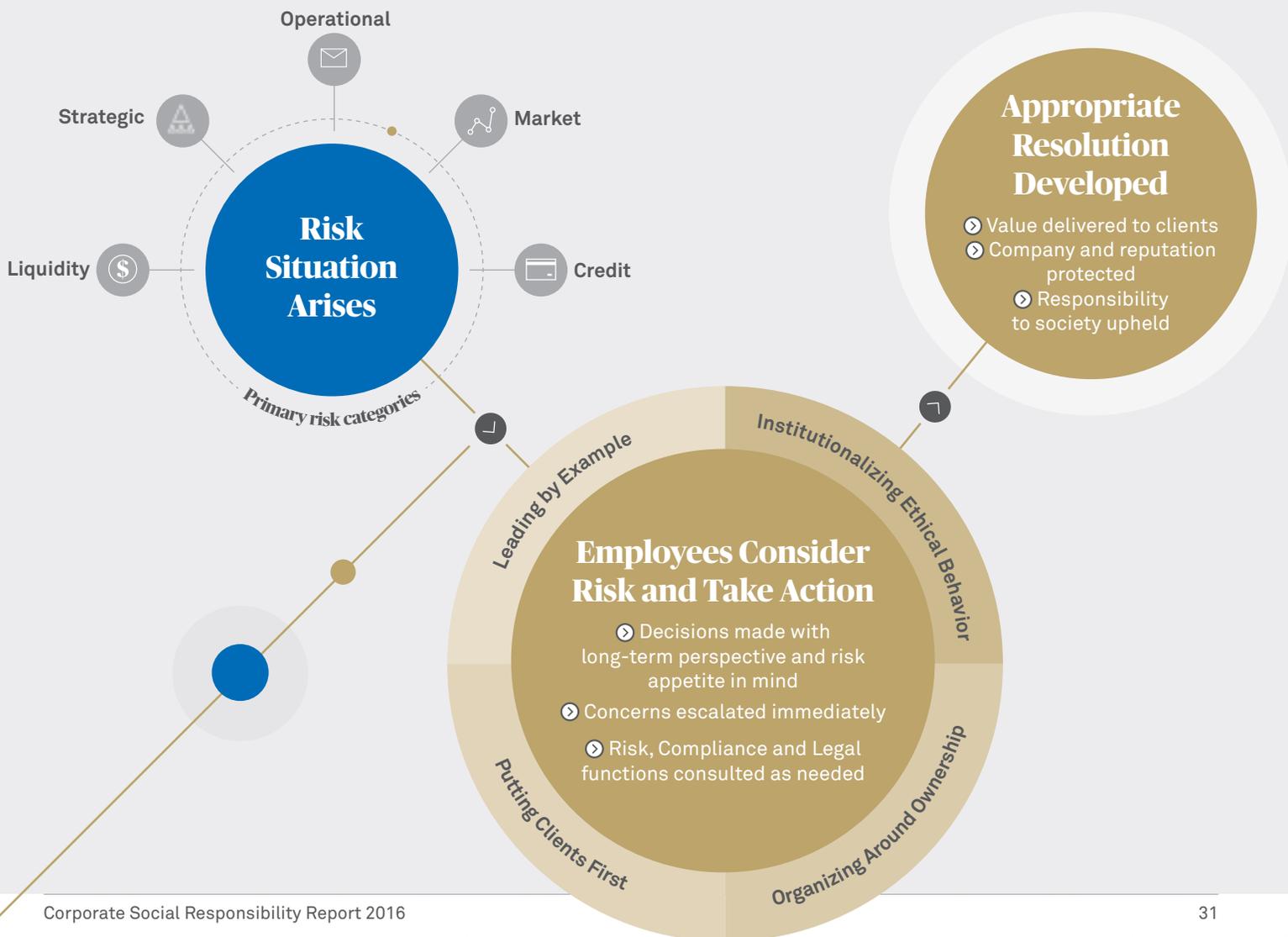
People at the Core of Risk Management

As a custodian and asset manager, clients entrust their assets to us. To maintain this trust, every employee must conduct business to the highest ethical standards.

Risk culture is integral to the broader BNY Mellon culture; it acts as our internal compass. All employees – not just those in the risk function – must understand, take personal responsibility for and manage risk appropriately. While we have comprehensive risk management policies, internal controls, corporate governance and training, the most important components are our people and our shared values.

We continuously strengthen our risk culture through communications, training and development to raise employees' awareness of and engagement in risk management. In our 2016 Employee Engagement Survey, BNY Mellon outperformed the financial services norm, with statistically significant differences on five of seven questions related to risk culture, and showed improvement from the 2014 survey. We conduct the full survey every two years, and pulse checks in alternate years.

Risk Culture in Action

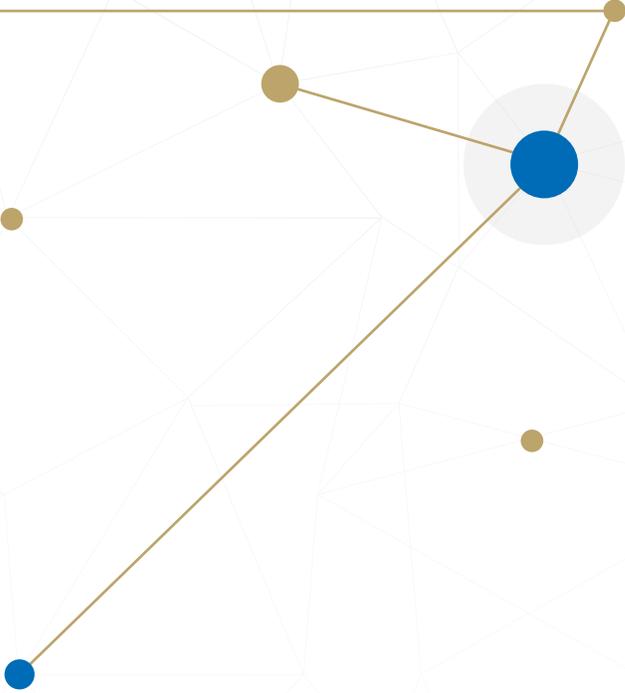


Our Risk Culture Principles

Leading by example	Our senior leaders play a visible and vocal role in supporting enterprise-wide risk management through communications and behaviors related to personal responsibility and risk initiatives. We enhanced our leadership competency model to capture important behaviors on accountability and ownership critical to our leaders.
Putting clients first	We prioritize client trust and consider their best interests in all we do. We enhanced our processes for measuring business and client risk. This includes using a consistent framework to address client issues and monitor the impact of our decisions on them.
Organizing around ownership	To create a culture of accountability, we educate our employees so they know that they own risk and understand their roles in managing it. We strengthened employee performance goals related to managing risk, compliance and ethical behavior to put more emphasis on ownership and personal accountability.
Institutionalizing ethical behavior	We embed risk management, compliance and ethics practices and expectations throughout the employee life cycle from recruitment to career advancement to transitions from the company. For example, we measure all employees against a risk and a compliance/ethics goal in their annual performance evaluations.

“ Managing and owning risk is everyone’s responsibility; it is inherent to the work we do at BNY Mellon. Each of us must demonstrate in our daily practices that managing risk is an imperative that helps us serve our clients and protects the company’s assets, earnings and reputation. ”

Jim Wiener
Senior Executive Vice President and Chief Risk Officer, BNY Mellon



Our risk practices will continue to evolve with regulations, markets and businesses, but our commitment to a risk culture of personal responsibility, prudent risk-taking and excellence will never change.

Working Together: Business Acceptance Committees
Business Acceptance Committees across our businesses and regions evaluate opportunities and make critical judgments on the advisability of new and existing products, services and clients. Their actions reinforce that risk management starts with risk ownership in our first line of defense. Together, senior business leaders and their partners in Risk and Compliance, Legal, Operations and other key areas measure transactions against a checklist of factors to determine if they are acceptable to the company and within our risk appetite.

Protecting the Markets through Risk Culture

Everyday decisions count.

We Act¹

Received a suspicious email

I used the easy 'report email' feature to flag my concern.



We Protect Clients and Markets

Stopped a cyber attack and secured client data

We Impact the World



Reviewed a new product idea

I referenced the company's risk appetite to evaluate it.



Prevented too much risk from entering the market



Discovered an error

I spoke to my manager and shared what I learned with my team.



Minimized potential client impact



Asked to approve a transaction

I reported a concern because something didn't seem right.



Prevented fraud

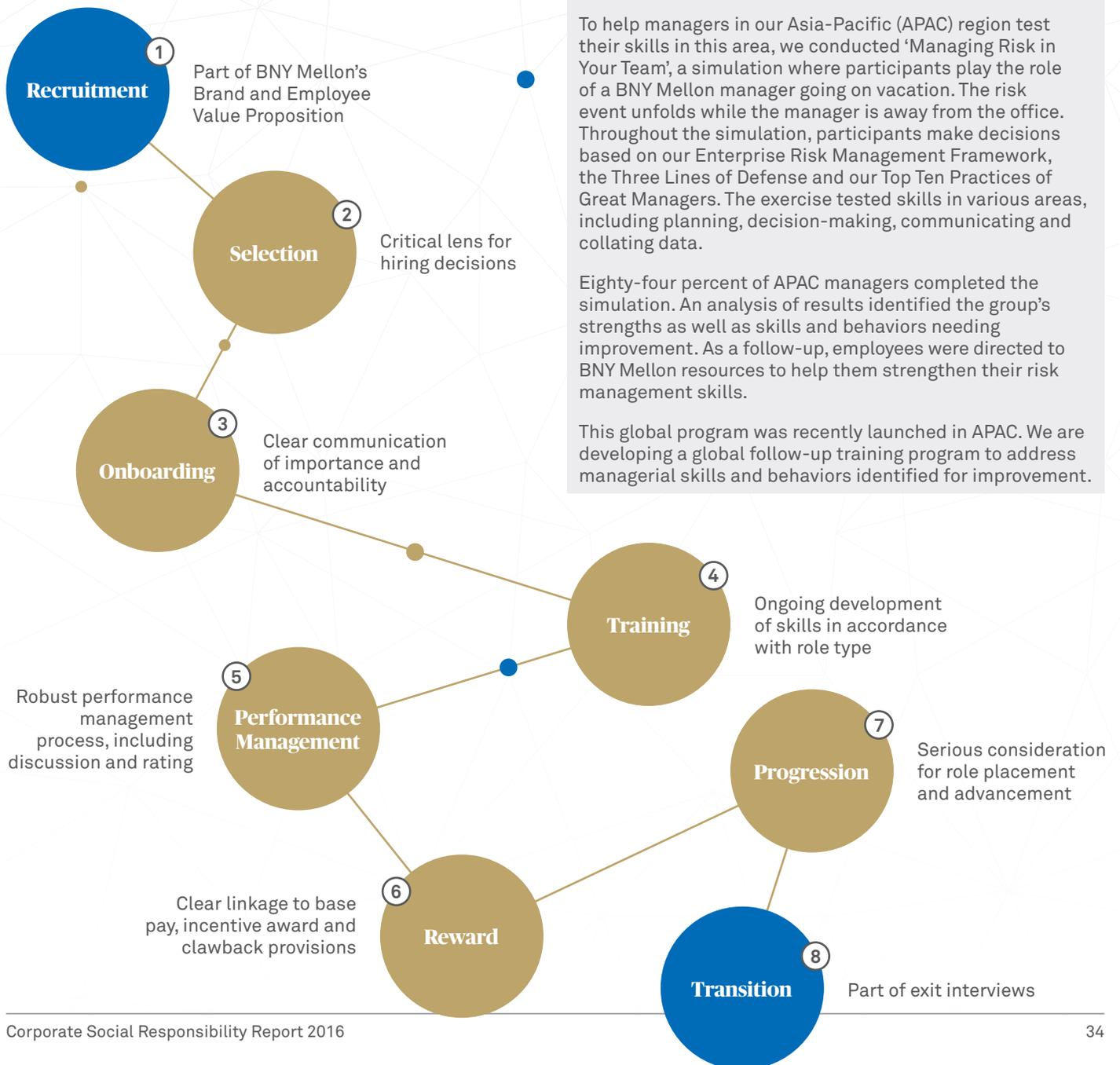
¹ Events depicted are fictional.

Risk Culture and the Employee Life Cycle

Everything our employees do reflects on our company, which is why risk culture is embedded throughout the employee life cycle. Our emphasis on risk management continues from the time an employee joins us until they leave the company.

Integrating risk culture into the employee life cycle

Risk management and compliance are part of every phase of the employee life cycle.



Case study

Learning about risk through role play



Managing risk and complying with laws are top priority in protecting BNY Mellon's brand, assets and reputation. Part of creating a strong risk culture within our teams is to define the behaviors we expect of employees in identifying, assessing and mitigating risk while reinforcing the company's values.

To help managers in our Asia-Pacific (APAC) region test their skills in this area, we conducted 'Managing Risk in Your Team', a simulation where participants play the role of a BNY Mellon manager going on vacation. The risk event unfolds while the manager is away from the office. Throughout the simulation, participants make decisions based on our Enterprise Risk Management Framework, the Three Lines of Defense and our Top Ten Practices of Great Managers. The exercise tested skills in various areas, including planning, decision-making, communicating and collating data.

Eighty-four percent of APAC managers completed the simulation. An analysis of results identified the group's strengths as well as skills and behaviors needing improvement. As a follow-up, employees were directed to BNY Mellon resources to help them strengthen their risk management skills.

This global program was recently launched in APAC. We are developing a global follow-up training program to address managerial skills and behaviors identified for improvement.

Ethics

A Culture of Unquestioned Integrity

There is a clear and direct connection between our culture and our company's success. By always considering our clients, we gain their trust and maintain our position as the Investments Company for the World. Doing so calls for unquestioned integrity and managing risk responsibly – qualities that are BNY Mellon hallmarks.

Our **Code of Conduct** defines and reinforces the high ethical standards that guide our employees around the world. We use training and internal communications to educate our employees on acceptable business behaviors and make them aware of the tools and resources available to them. We nurture risk-awareness through clear-cut roles, policies, responsibilities and boundaries for all employees, require employees to speak up if they see questionable behavior and encourage them to escalate concerns that are not addressed.

A monthly, global employee newsletter, *Your Risk & Compliance Roundup*, spotlights practices such as early risk identification and celebrates successes related to risk management and ethical behavior. To reinforce ethical behavior and prompt issue escalation, the newsletter includes a feature called, 'Dear Ethics Officer'. This column introduces ethical situations, stresses how appropriate actions align with company priorities and reminds employees of the resources available to them.

Every employee has a compliance/ethics goal in his or her performance evaluation, and the global competencies model outlines expectations of employees, managers and leaders in protecting the company and our clients and aligning behaviors to company values.

Committed to Ethics

We expect all employees to behave ethically. This expectation is included in our performance management process, learning and development and everyday activities.

Among our key accomplishments in 2016:

- 100 percent of active employees* certified through our Annual Code of Conduct Questionnaire/Certification attestation program that they read and understood all provisions of the Code of Conduct.
- The number of anonymous (vs. non-anonymous) reports to our Ethics Hotline and Helpline continued to be well below the financial services industry median, indicating employees are comfortable not only escalating risks but identifying themselves without fear of retaliation.
- 'Managing Risk in Your Team', a risk simulation training launched in 2014, has had more than 5,000 participants around the world to date.

*May vary because of launch date, employee acquisitions or legal restrictions.

The Six Principles of our Code of Conduct

Respecting others – We insist on a respectful, inclusive and professional workplace.

Avoiding conflicts of interest – We help our workforce navigate all potential conflicts of interest and require that conflicts be identified and mitigated.

Conducting business – We inform our employees in detail about fair competition, anti-trust, anti-corruption and improper or illegal activities that can occur in our sector and require compliance with all applicable laws, rules and regulations.

Working with governments – Our employees are aware of and comply with the obligations and principles related to working with governments.

Protecting assets – Our Code and related training stress the importance of financial integrity, privacy and data protection.

Supporting our communities – We take an active part in our communities around the world, both as individuals and as a company. We are honest, fair and transparent in our interactions with our communities and the public at large.



Reinforcing What's Right

We continually reinforce how important ethics, compliance and managing risk are to the company's success. In 2016, all employees were required to participate in training programs on topics such as anti-corruption, protecting assets, business continuity, anti-money laundering and information risk. Targeted programs covered other regulations and best practices by region, business and other qualifiers.

Our formal recognition program reinforces employee behaviors including those related to effective risk management. We gave nearly 3,000 peer-to-peer and manager-to-employee awards related to risk management in 2016.

Managers are critical to setting the tone for employees, leading by example and cascading good practices. We developed several programs for managers, including 'Managing Risk in Your Team', which was delivered as a desktop interactive program. Managers could simulate participation in a real BNY Mellon scenario, making key decisions and receiving feedback and coaching on how ethics, compliance and risk awareness apply to everyday responsibilities.

As part of our comprehensive communications strategy, we released short animated videos to reinforce topics such as cybersecurity, execution risk and risk ownership in a format that is easy to understand and remember.

Always a Place to Turn

We encourage all employees at every level to immediately inform their managers or our Compliance or Legal team if they have an ethics issue or concern of any kind. If they don't get a satisfactory answer, we urge them to escalate until the issue is resolved.

We prohibit and monitor for retaliation against any employee who raises a concern in good faith. To ensure our ethical standards are followed, we provide our employees with various ways to raise issues or concerns:

Ethics helpline: Operated by the BNY Mellon Ethics Office (anonymous reporting available)

Ethics hotline: Operated by EthicsPoint®, an independent hotline administrator (anonymous reporting available); offers language translation services

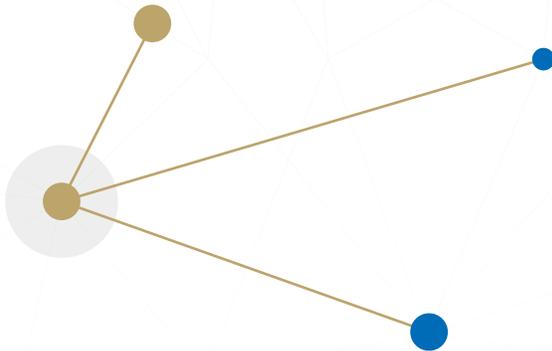
Incident reporting hotline: An easy-to-use desktop application for reporting suspicious activity

Director's mailbox: Communications may be directed to an independent director of the Board

BNY Mellon is also a member of the Corporate Executive Board's Compliance and Ethics Leadership Council to access best practices and insight from a variety of industries.

Zero Tolerance for Bribery and Corruption

We have a zero-tolerance policy on bribery and corruption. Our Code of Conduct and our Directors' Code of Conduct spell out detailed expectations of anti-corruption compliance. We monitor potential conflicts through our Anti-Corruption Compliance program, which covers business dealings and relationships in countries where BNY Mellon or our subsidiaries or associates operate. The program facilitates compliance with national and international laws, including the U.S. Foreign Corrupt Practices Act and the UK Bribery Act. In addition, it covers various business activities and regulatory requirements, including oversight of gifts and entertainment, charitable contributions, hiring practices and third-party intermediary due diligence.



Risk-Related Products and Services

Broker-Dealer Services – U.S. Tri-Party Repo

In a tri-party repo transaction, broker-dealers and other financial institutions pledge various securities as collateral in return for short-term cash from mutual funds and other cash sources. A clearing bank facilitates the deal, valuing the pledged securities and verifying they are eligible for the transaction. BNY Mellon is the primary clearing bank in the U.S., with about 87 percent market share.

To reduce our intraday credit risk, a Broker-Dealer Services (BDS) team of technologists, business strategists, project managers and compliance officers around the world built a technology infrastructure that fully automated repo transactions clearing and settlement. This practically eliminated¹ the need for intraday credit from the clearing banks, significantly reducing credit risk in the market. Over four years, we managed a 97 percent reduction in intraday secured credit, from about \$1.4 trillion to around \$28 billion.

The industry overhaul led by BDS created additional solutions. Broker-dealers and other financial institutions are required to post higher-quality collateral, typically highly rated government bonds. The repo market term structure also changed. Instead of being based largely on overnight loans, the tri-party repo market has shifted to deals with a 30-day commitment or longer. This new tri-party framework makes the banking system safer and more transparent overall.

BNY Mellon Leadership

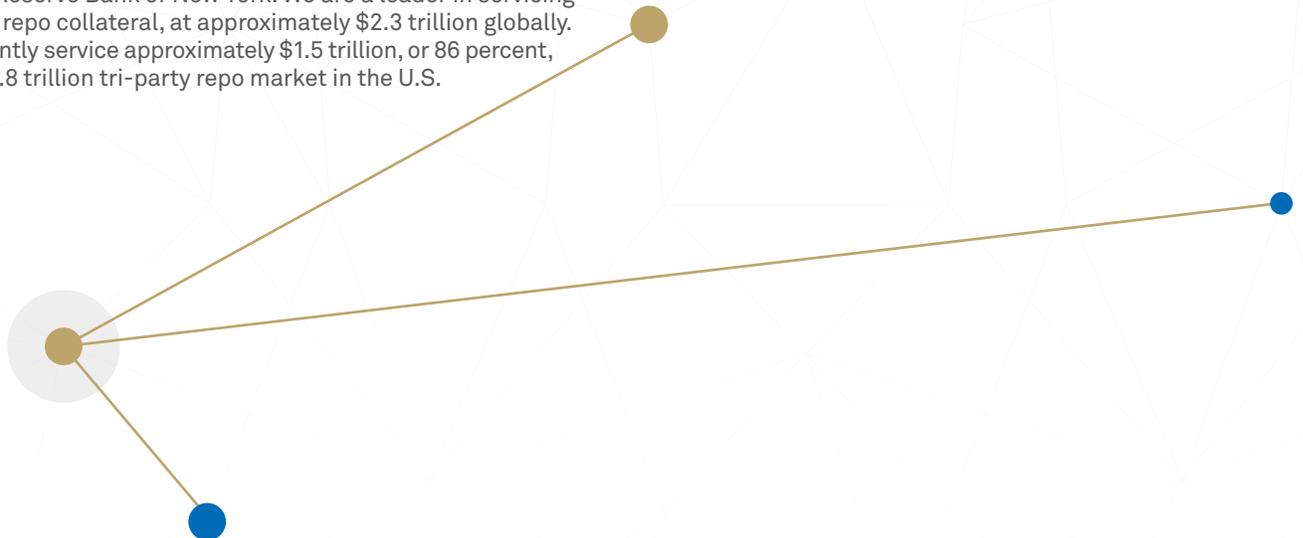
BNY Mellon is a leader in global and U.S. government securities clearance. We settle securities transactions in more than 100 markets, act as a clearing agent for 19 of the 23 primary dealers and handle most transactions (by volume) cleared through the Federal Reserve Bank of New York. We are a leader in servicing tri-party repo collateral, at approximately \$2.3 trillion globally. We currently service approximately \$1.5 trillion, or 86 percent, of the \$1.8 trillion tri-party repo market in the U.S.

BNY Mellon Markets

An unparalleled level of regulatory reform is taking place globally across financial services. As an important part of the global financial architecture, BNY Mellon supports activities in this changing environment in many ways. Our BNY Mellon Markets business helps clients access capital, financing and liquidity through our suite of foreign exchange, securities finance, collateral management and segregation, capital markets, liquidity and prime brokerage services. We connect the buy-side and the sell-side while helping banks, broker-dealers, asset owners and asset managers mitigate risk, provide improved transparency and earn incremental income on assets.

Markets has a unique perspective on current macro trends and informs clients about significant investor and policymaker reactions to macroeconomic and geopolitical events. We use our extensive experience and insight related to evolving and complex regulations, increasing capital constraints and liquidity concerns to help clients comply with regulations and create new services, tools and transactional utilities for their customers.

¹ Defined as a 90 percent reduction in the need for intraday credit.



Information Systems and Operational Resilience

The Highest Levels of Reliability

BNY Mellon is integral to transactions that keep the global economy running smoothly. We improve reliability by continually advancing our systems availability, transaction execution quality, technology improvements, cybersecurity and business continuity and working with our vendors on consistent standards. We continuously improve our operational resiliency and incident management capabilities to mitigate risks to our firm and clients and help maintain financial market stability. The Technology Committee of the Board of Directors oversees our work.

NEXENSM

NEXEN, our open-source, cloud-based digital investment platform, represents the biggest technological transformation in BNY Mellon history. It empowers clients to be more flexible, efficient and fast at every stage of the investment life cycle.

Opportunity amid change

Throughout our long history, BNY Mellon has experienced considerable change. But where others see adversity, we see innovation and growth. We're implementing transformational technology to help facilitate safer and more stable market activity, increase data privacy, enhance employee development and build a pipeline of new talent. Our pioneering solutions will position us and our clients for success, today and in the future, thanks to:

- NEXEN, our open-source, cloud-based digital investments platform
- Data-driven insights to make faster, evidence-based decisions
- Advanced investment technology from acquisitions such as AlbridgeTM, Eagle and Hedgemark
- Innovation Centers around the world that connect BNY Mellon with leading-edge thinkers, new talent and open-source culture

What we strive to protect against

- Unplanned IT outages
- Facilities, staff or security issues
- Severe weather and natural disasters
- Reputational issues
- Adverse market events
- Client and vendor risks

What we strive to protect

- \$28.9 trillion assets under custody and/or administration
- \$200 billion in private client assets
- 40.6 petabytes of digital storage
- \$1.6 trillion assets under management

How we do it

- All technology and frontline professionals globally are expected to act as risk managers
- Geographic diversification of our processing centers
- Multiple backup facilities
- Enterprise-wide stress tests
- Tracking system for IT risk issues
- Hack assessments
- Automated transaction processes
- Monitoring of manually processed transactions
- Network and information security monitoring

Business Continuity

Ready for the Unexpected

We have people and facilities around the world conducting business for clients and fueling the world's financial engine, 24/7. We minimize operational risk at all times to help ensure business continuity. Our centrally coordinated Business Continuity program is designed to keep critical operations running in the event of unexpected change such as significant power outages and natural or human-made disasters. Our program encompasses crisis management, technology recovery and business resumption, and is updated, tested and modified to respond to market and industry changes.

Our plan takes advantage of our processing centers in different geographic regions, multiple backup facilities and resources dedicated to business continuity. We have recovery plans for our business units and technology facilities around the globe and modify them to match our corporate footprint when needed. Our Board reviews and approves our Business Continuity program annually.

Vendor Risk Management

Vendor relationships in global financial services can be critical and complex. We work with our vendors to manage risk through a holistic and integrated assessment and mitigation process that leverages state-of-the-art technology, on-the-ground monitoring and enhanced due diligence.

Third-Party Governance Program

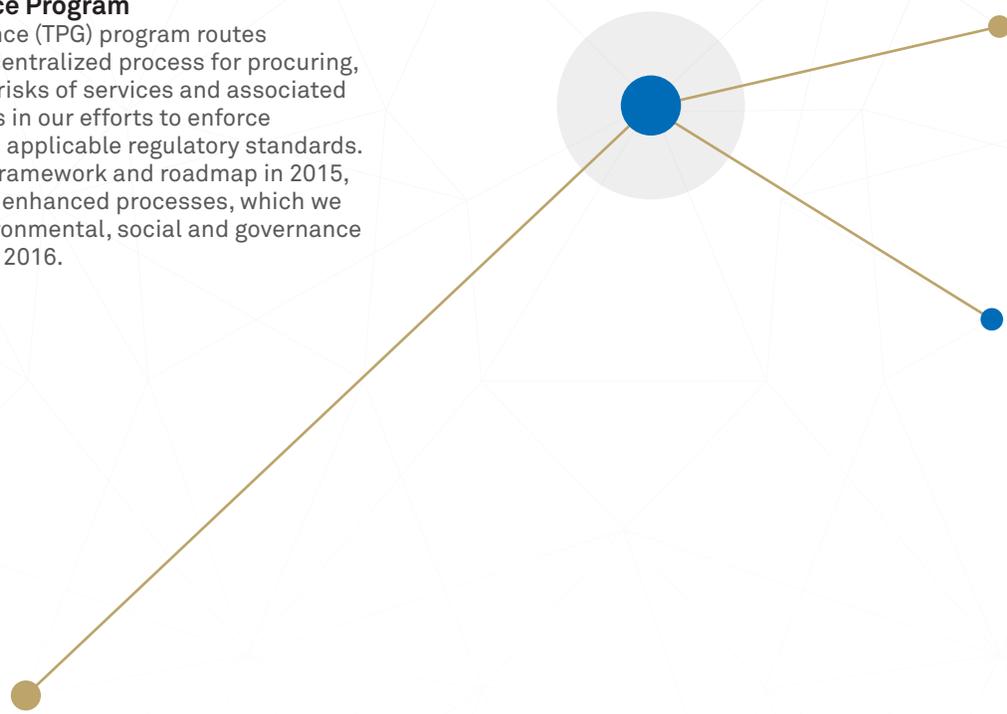
Our Third-Party Governance (TPG) program routes engagements through a centralized process for procuring, reviewing and assessing risks of services and associated contracts. It also helps us in our efforts to enforce supplier compliance with applicable regulatory standards. We established the TPG framework and roadmap in 2015, and began implementing enhanced processes, which we extended to include environmental, social and governance (ESG)-specific activity, in 2016.

Vendor Technology Risk Program

Our risk-based, centralized Vendor Technology Risk (VTR) program assesses the adequacy of technology risk practices provided by third-party service providers. The program establishes minimum, risk-weighted due-diligence requirements to be completed when we engage third-party service providers. Medium- and high-risk vendors are subject to enhanced due diligence related to their information risk practices. A central VTR team in the Information Risk Management (IRM) organization of the Compliance Department manages the program.

Each vendor has a dedicated BNY Mellon engagement manager. Typically, managers reside in a business or business partner (e.g. HR or Risk) function. The central VTR team conducts information risk due diligence for vendors referred by a business or business partner. The multilayered process enable us to tailor to the specific risks vendors represent and allows in-depth due diligence and ongoing monitoring for higher-risk vendors.

Once a medium or high risk vendor is on-boarded, we conduct risk assessments annually or biennially. We actively manage and report our findings and conduct onsite inspections of vendors' operating environments at least once every three years.



Resiliency, Reliability, Quality and Operational Excellence

We are invested in attracting and developing highly talented people to keep critical technical skills in-house. This approach allows us to align technology to our business and give our employees opportunities and accountability for managing our complex operations. They are responsible for:

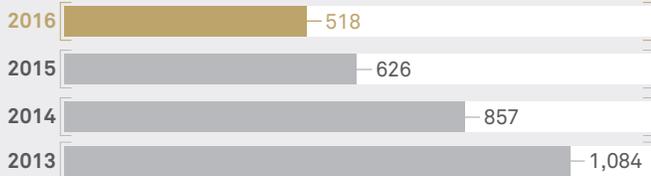
- 40,000+ servers
- 2,300+ separate applications
- 60 different client-facing portals

We also invest in technology infrastructure, eliminate platforms with overlapping capabilities and create architecture that allows reusable technology components. We've made steady progress over the past four years, reducing our Priority One, client-impacting incidents by 52 percent from 2013 through 2016.

Technology Stability and Client-Impacting Incidents

Client-impacting Incidents (Priority 1)

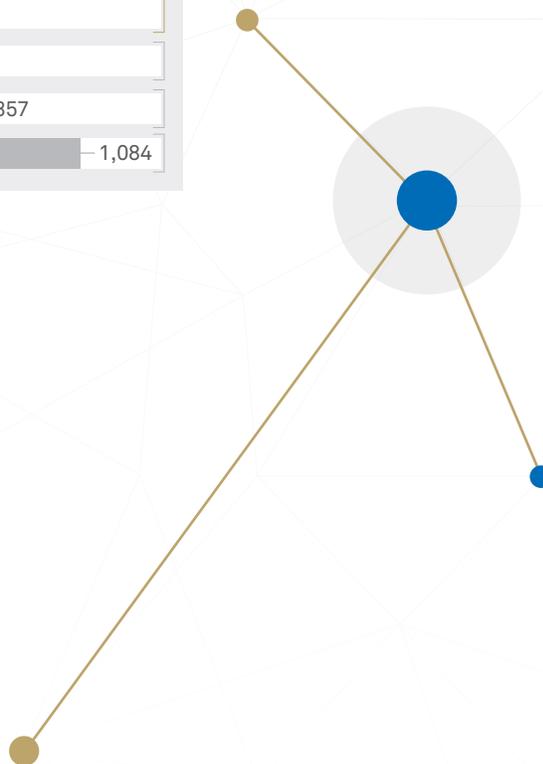
Client-impacting incidents reduced by 52% since 2013



Becoming a Digital Enterprise

A digital enterprise uses standardized components that are easy to change and reuse, rather than customized solutions tied to specific hardware or hard-coded, standalone applications. We're executing on our business improvement process in this area and lead many of our financial services peers on the journey. There are numerous benefits, all of which improve our ability to delight clients, withstand disruptions and contribute to stable, resilient global markets. They include:

- Agility
- Enhanced client experience
- Service levels
- Responsible risk management
- Cost management
- Operational efficiencies
- Evidence-based decisions
- Profitable revenue growth



Information Systems Governance and Risk Management

Safeguarding our Systems

Resilience is the ability to adapt to or recover from change that could have an adverse impact on our systems and operations and, in turn, our clients and other stakeholders. We strive to stay ahead of emerging threats, continually tighten our governance processes and adhere to strict standards to safeguard our business.

Managing for Resilience

We regularly evaluate operational processes in our technology environment according to industry standards and best practices. Resilience management has several objectives:

- Anticipate and understand emerging threats to service continuity
- Adapt to disruptions and restore routine functioning
- Monitor our environment for gaps and improvement opportunities
- Regularly assess critical services against best practices

Our program focuses on:

- Business continuity/technology recovery
- IT service management (change/problem/incident management)
- IT sourcing
- Vendor risk management
- Information security operations

Service Risk Maturity Assessment

The Service Risk Maturity Assessment (SRMA) uses a service review questionnaire to focus on five risk exposure areas: application architecture, application delivery, service operations, supplier interaction model and business continuity. It evaluates our 33 critical business services to determine risk exposure and enterprise leaders use the results to make evidence-based decisions. The assessment methodology is based on research conducted by the Software Engineering Institute for the CERT Resilience Management Model.

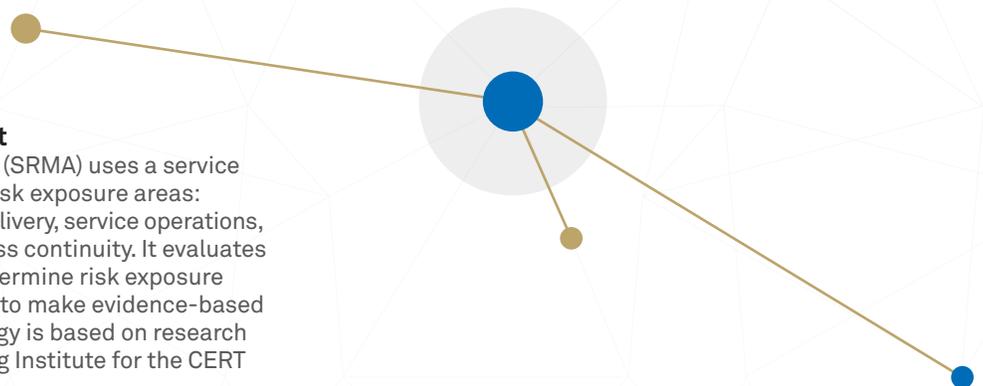
As the SRMA matures, we will add information technology practices where appropriate, find process efficiencies and assess our reliance on vendors and third-party systems.

ISO/IEC 27001:2013 Certification

The Bank of New York Mellon Corporation is certified and operates an Information Security Management System which complies with the requirement of ISO/IEC 27001:2013 for its CTS function, which provides client-focused technology solutions and services, including shared services from New York and Pittsburgh in the U.S., iNautix technologies from Chennai & Pune in India and data centers at Nashville, North Pointe and Somerset in the U.S. The Certification is an internationally recognized information security standard. Following an extensive series of internal reviews and audits and augmentation of our governance structure, certification for our Information Security Management System framework was approved and recommended by British Standards Institution (BSI) Group. BSI is the world's largest certification body. It audits and provides certification to companies worldwide who implement management systems standards.

Always Vigilant

Cyber criminals can access inexpensive malware to steal confidential consumer data and intellectual property. We work to protect our clients and systems from threats driven by trends such as the proliferation of mobile platforms, social networking and cloud data storage. We train our employees on cybersecurity to increase awareness, vigilance and responsiveness.



Cybersecurity

Armed with Innovation and Awareness

Cybersecurity is not just a technology problem – it is a business problem. Technology can only go so far to identify and mitigate risks. Our approach is to create awareness, transparency and accountability for cybersecurity in our technology departments and with employees throughout our firm.

Financial services as an industry is on the leading edge of innovation, but any company that relies on technology is vulnerable. We remain alert to current and emerging threats and proactively adjust our cyber controls accordingly.

Our Plan of Attack

Our cybersecurity strategy is integrated with our business and has multiple layers of controls to protect our clients' information and technology assets:

- Our Cybersecurity Services Model organizes and aligns our program against leading standards such as ISO 27001/2 and the National Institute of Standards and Technology (NIST) Cybersecurity Framework
- We continuously evaluate our enterprise for vulnerabilities and risks and proactively hunt for advanced adversaries
- Our threat intelligence team uses security information from the financial services industry, industry-leading third-party vendors, law enforcement and public and private sources to stay prepared for evolving threats
- We have ongoing programs to raise risk awareness and educate employees on how to recognize and manage risk

Cybersecurity Services Model

Our Cybersecurity Services Model is comprised of 23 services and creates a comprehensive view of cybersecurity designed to help us:

- Align to regulatory standards and our environment
- Enable comparison of our security posture to the industry
- Establish clear priorities for reducing risk, along with measures and goals to gauge risk reduction over time

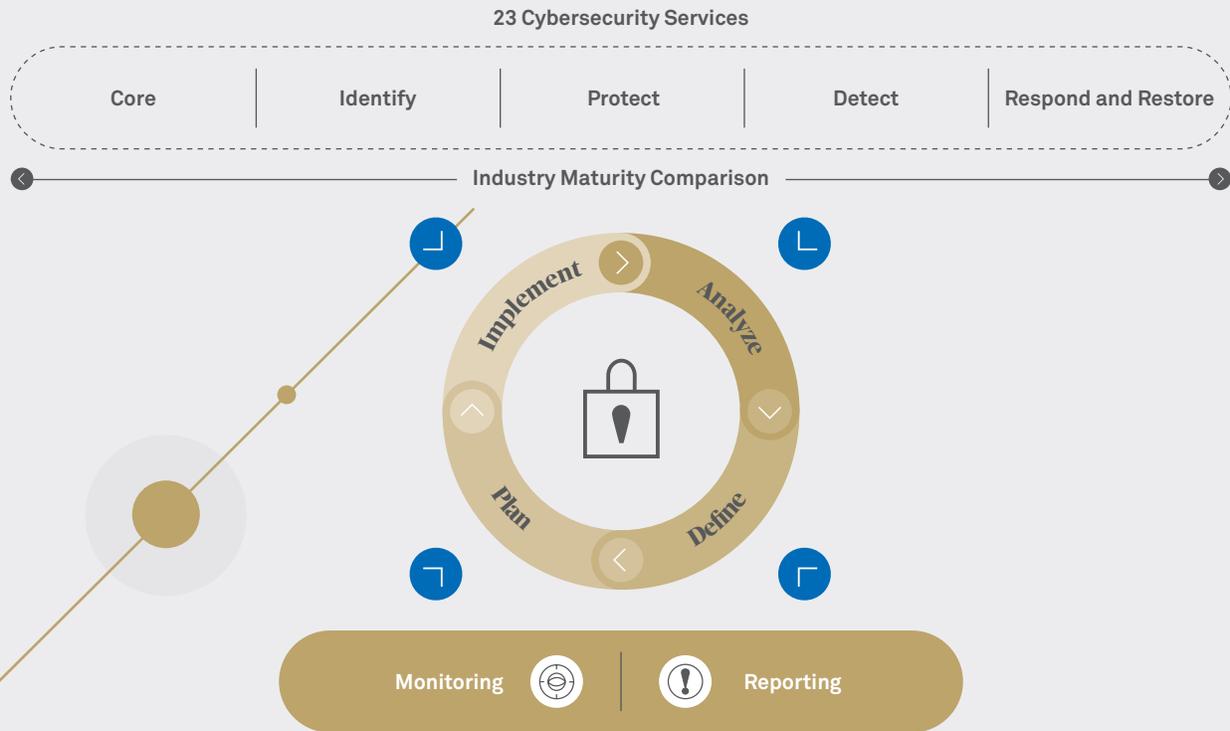
Employee Awareness and Education

People are a significant part of our cybersecurity strategy. Our Employee Engagement Survey results show 96 percent of employees are aware of risk relevant to their work, but as cybersecurity threats grow, we can never be complacent. We conduct ongoing awareness campaigns, special events and training to continually keep risk and compliance top-of-mind for our employees. We track and measure our programs through participation rates and survey results to determine what works and what we can do better to make the potential for risk real to employees in their jobs and personal lives.

In 2016, our risk awareness and education efforts included the following:

- Launched monthly Risk and Compliance newsletter for all employees and promoted it on MySource
- Implemented ongoing risk communications including an animated film series, elevator posters and manager talking points
- Created a Cyber Tips series on topics such as handling email, the Internet of Things, mobile security, online privacy, phishing and traveling safely
- Maintained an Information Risk Management page on MySource Social
- Conducted a Cybersecurity Awareness Month with presentations, videos and blogs emphasizing human behavior and habits at work and at home
- Created WebEx presentations on employees' roles in cyber warfare, passwords, online privacy, social media privacy, bitcoin and blockchain technology
- Held our annual Data Privacy Day to refresh awareness of the importance of protecting personal information
- Conducted a phishing awareness campaign
- Provided an annual Risk Refresher training with enhanced data privacy awareness
- Delivered Digital Workplace Technology (DWT) and Information Risk Management (IRM) spam buttons
- Enhanced Outlook Recheck for hidden data in spreadsheets

BNY Mellon's Cybersecurity Services Model



Our View of Cybersecurity

Core

- Establish core cybersecurity controls necessary to operate an effective security program
- Know what assets we have, how to classify them and the risks they pose

Identify

- Proactively seek malicious activity and malware on networks and systems
- Gather and analyze threat intelligence from multiple sources to anticipate emerging threats and identify threat actors

Protect

- Provide robust suite of risk-appropriate predictive, preventative and enabling cybersecurity controls
- Provide multilayered defenses protecting the BNY Mellon enterprise

Detect

- Monitor for risks 24x7 and actively search the enterprise for advanced adversaries

- Employ highly integrated threat intelligence team providing real-time attack data

Respond and Restore

- Provide scalable incident management response teams to quickly contain incidents
- Maintain infrastructure and engineering teams to rapidly restore critical infrastructure and client critical services after an incident

Looking Ahead Risk and Reliability

Managing risk, behaving ethically and complying with laws and regulations will remain at the forefront of our corporate priorities in 2017. Our new Operational Risk Assurance function and enhancements to risk identification, validation and incident management of critical services are important steps forward, but we have more work to do. As our environment, and therefore our risks, evolve, we remain committed to meeting the high standards our clients and markets expect of us and we expect of ourselves.

Strong Governance

Our Opportunity

Shareholders, communities, clients and employees want to know the companies they work with, and for, conduct business responsibly and with unquestioned integrity. Strong governance is the basis of a company's ability to account for their activities and answer stakeholder inquiries. BNY Mellon has maintained a high level of trust among stakeholders since our founding. Amid rising expectations for transparency and responsible behavior, we are committed to continue this track record of confidence.

Key Trends

We monitor and respond to emerging trends and market forces. Global challenges including climate change, market shifts and gender inequality give rise to stakeholder questions about what businesses are doing in response. Our approach to governance considers the way we communicate and interact with our various stakeholders.

- **Demands for transparency are increasing**
Corporate transparency has been the norm for years. Now, a new era of hyper-transparency is taking shape, where communications technology and stakeholder appetite for information converge. Stakeholders want to know all they can about companies' business, social and political activities.
- **Stakeholders want to be heard**
Our connected, always-on society not only gives people instant access to information, it empowers them to voice their opinions and demands. Companies that provide channels for stakeholder expression and dialogue can increase loyalty and trust.
- **Markets hold leaders more accountable**
Leadership accountability is a critical business issue around the world. People want leaders who are fully committed to their roles, have a clear vision and strategy for their company and will accept responsibility for outcomes.

Our Approach

BNY Mellon has been an enduring, innovative industry leader for more than 230 years, in large part because of our unwavering commitment to ethical behavior supported by strong governance. This pledge to excellence is reflected in our corporate governance, advocacy, political engagement and client engagement activities. Our focus in these areas guides us to act in our stakeholders' best interests.

Guided by Values

At BNY Mellon, good governance promotes accountability, compliance and the highest ethical standards, as outlined by our Board of Directors, to all levels of the firm. We aim for consistently high standards for responsible business practices and are guided by best practices in corporate governance, diverse perspectives and our core values of client focus, integrity, teamwork and excellence.

Our Governance Goal

Enhance investor engagement by following best practices for shareholder engagement, sustain strong regulatory engagement and achieve industry-leading client loyalty.

How We'll Achieve It

We will engage our investors in governance discussions and continue to educate legislators, regulators and policymakers on our unique business model.

2016 progress

- Engaged top investors with at least one director
- Educated legislators, regulators and policymakers on our business model for positive outcomes related to legislative and regulatory policy matters
- Achieved 90 percent willingness to recommend rating among top clients

Corporate Governance

A Solid Structure and Approach

Our Board of Directors has oversight of company management and strives to advance the interests of our company and our shareholders. All Board members are subject to our Director's Code of Conduct, which provides guidelines on ethics and accountability.

As of April 2017, our Board had 12 independent members and one non-independent member, our chairman and chief executive officer (CEO). The definition of independence is set forth in our [Corporate Governance Guidelines](#). Independent directors meet in executive sessions, presided over by our lead director, at each regularly scheduled Board meeting. Average director attendance at Board and committee meetings in 2016 was 93 percent.

The Board of Directors has seven standing committees, with distinct roles and responsibilities for each set forth in a charter. Each committee consists entirely of independent directors. Committee charters and information on committee members are available on our website.

Committees of the Board of Directors

- Audit Committee
- Finance Committee
- Corporate Governance and Nominating Committee
- Human Resources and Compensation Committee
- Corporate Social Responsibility Committee
- Risk Committee
- Technology Committee

An Independent Board

Twelve of our 13 directors are independent. Our 13th director is also our company chairman and CEO. Instead of an independent Board chairman, we have a very strong independent lead director with well-defined roles and authority. Annually, our Board evaluates this structure, which is also used by most of our financial services peers.

Strength in Diversity

Research shows the power of diversity in driving business success.¹ In our ongoing engagement discussions with shareholders, they cited gender diversity on our Board of Directors as a priority issue.

We made a concerted effort to increase female representation and, in 2016, our Board members elected three women directors. Women now represent 23 percent of our Board.

Ongoing Board Refreshment

We refresh our Board regularly to maintain a mix of legacy knowledge and new points of view, to anticipate and prepare for retirements and to respond to shareholder feedback. From April 2014, to late 2016, we added seven new directors.

We also refresh Board leadership. As of 2016, committee chairpersons can preside no more than five years. Each of our committees changed leadership in the past two years, except for our Finance Committee, which was established in 2015. Additionally, as of February 2017, the lead director cannot preside more than five consecutive years.

Board Skills and Evaluation

BNY Mellon's Board of Directors steers us toward a sustainable future through sound legal, financial, risk and ethical policies. In choosing Board members, we look for skills applicable to our business and, each year, our Board and each committee conduct a self-evaluation of their respective performance.

We enhanced our public disclosure to provide insight into what is considered in these self-evaluations, as well as descriptions of any actions taken in response. This disclosure is a result of stakeholders requesting this information, which they use in their analysis of our company.

¹ Why Diversity Matters, by Vivian Hunt, Dennis Layton and Sara Prince McKinsey, January 2015, <http://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters>

Executive Compensation Approach

Our executive compensation program drives success over the long term. Twenty-five percent of our CEO's compensation, and 30 percent of our other senior executives' compensation is in cash, with the balance comprised of stock awards. Bonuses and incentives are paid based on performance against goals. The Board rigorously reviews and agrees on the executive compensation program every year.

Read more about our Board in our [Proxy Statement](#).

Robust Stockholder Rights

BNY Mellon stockholders enjoy robust stockholder rights:

- No staggered Board (i.e. voted on every year)
- Special meeting rights for stockholders, individually or in a group, holding 20 percent of our outstanding common stock
- Proxy access allowing stockholders, individually or in a group of up to 20, holding 3 percent of our outstanding stock for at least three years to nominate up to 20 percent of the Board
- No plurality voting in uncontested director elections (each director must be elected by majority of votes cast)
- No supermajority voting: stockholder actions require only majority of votes cast (not majority of shares present and entitled to vote)
- No 'poison pill' (stockholders' rights plan)

How We Engage Investors

Members of our governance and investor relations teams proactively meet with our top 25 investors on a regular basis. We arrange meetings on governance issues between top investors and our Board members, and track the discussions and outcomes.

We engage with our broader investor audiences through meetings in our offices with analysts or individuals who want to meet with our executives. Our senior leaders often attend and make presentations at industry conferences and host group and one-on-one meetings with investors. We conduct regular Analyst and Investor days and, on occasion, host special events such as our 2016 Innovation Center tour to help investors better understand our capabilities and resources. Listening and looking for ways to better help investors meet their financial goals add strength, credibility and value to these relationships.

Our Tax Policy

Our firm's culture of 'Doing What's Right', as represented in our Code of Conduct, extends to paying taxes. We emphasize strong internal controls and require that all communications with regulatory agencies are 'responsive, complete and transparent'. Internal controls include periodic analysis and review of the financial impact of taxes on our company and business operations, so that taxes are paid to all taxing authorities in accordance with applicable laws. Transparency includes open communication with tax authorities and regulators and developing real-time working relationships, where possible. More information related to our taxes is in our [Annual Report](#).



Advocacy and Political Engagement

Policy and Advocacy Involvement

The financial industry globally is subject to extensive laws and regulations that continually evolve and affect the way we do business in different regions. Our engagement in policy development and the political process can take many forms, including discussions with policymakers and providing thought leadership.

Public Policy and Lobbying

Our Global Regulatory Policy and Government Affairs teams monitor legislative and regulatory activities in the U.S., Europe and Asia. We analyze the potential impacts of proposed laws and regulations on BNY Mellon and financial markets. We contribute to industry policy discussions to benefit our stakeholders and strengthen our reputation for responsible political engagement. Our Regulatory Policy and Government Affairs group sets priorities, partner with our senior management and businesses in lobbying activity and report outcomes. We implement all changes required by regulatory reforms around the world.

We educate legislators, regulators and policymakers globally about BNY Mellon so they understand our unique business model and how we differ from other large financial institutions. This understanding helps them as they consider new reforms and regulatory proposals.

Through memberships in industry and trade associations, or together with peer banks, we submit comment letters, respond to financial industry surveys and meet with legislators and regulatory agencies to exchange ideas on the financial industry and regulatory and tax reform. Because our business model differs significantly from other large financial institutions, we are often impacted differently by industry regulations and need to explain potential unintended consequences to policymakers.

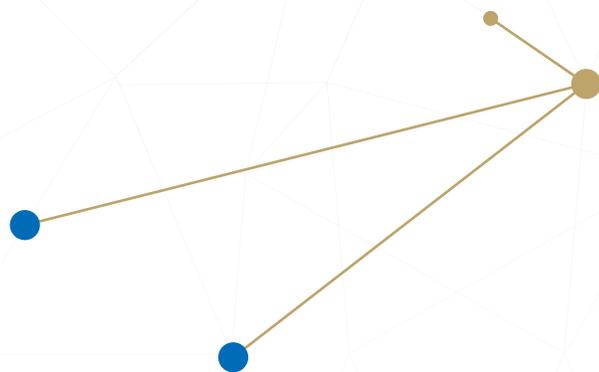
In addition to lobbying by our Government Affairs group, we have retained lobbying firms to keep us informed of policy and legislative developments relative to our business. These activities and applicable disclosure reports are regulated pursuant to federal and state laws. In 2016, we spent approximately \$822,500 in federal lobbying expenses. Our federal lobbying disclosure reports are available [here](#). Our state and local legislative lobbying is concentrated in New York and Pennsylvania, where the company's main business operations are located. Expenses are of a *de minimis* nature and disclosed where required by applicable law.

Active in the Industry

BNY Mellon is a member of numerous trade associations representing financial industry and general business interests. These groups produce issues analyses and white papers and advocate on public policy important to their members. We regularly review our memberships for alignment with our priorities and may not always agree with an association's or its members' positions or priorities.

Our principal trade association memberships include the American Bankers Association, Investment Company Institute, The Clearing House and the Securities Industry and the Financial Markets Association (SIFMA). We also belong to Financial Services Forum, the Global Financial Markets Association (GFMA), the Association for Financial Markets in Europe (AFME), European Fund and the Asset Management Association (EFAMA), The Investment Association, TheCityUK, Asia Securities Industry and Financial Markets Association (ASIFMA), New York Bankers Association, Pennsylvania Bankers Association, Insured Retirement Institute and Institute of International Finance.

We ask trade associations to not use our membership fees to fund federal, state or local level election-related activity, including contributions and expenditures (including independent expenditures) to support or oppose any candidate for any office, political party committee or political committee.



Political Contributions

We engage in the political process through political contributions. BNY Mellon has two political action committees (PACs) funded entirely by voluntary contributions from our employees. Employees are not reimbursed or compensated in any way for political activities or contributions. In accordance with applicable federal, state and local regulations, the PACs can make contributions to U.S. federal candidates and/or state and local candidates, political party committees and other political action committees.

Our PAC contributions totaled \$220,400 in 2016. In addition to the summary below, a list of 2016 PAC contributions is available [here](#)

BNY Mellon did not make any corporate contributions in 2016. It has been our practice to disclose any corporate contributions* we make. When we do make such contributions, we will disclose that information semiannually on our [website](#)

BNY Mellon does not use corporate funds for independent political expenditures in support of, or in opposition to, any candidate for office.

*A corporate contribution is defined to include a state candidate committee, a 501(c)4, 527 or ballot initiatives.

Compliance and Oversight

Our Government Affairs team is under the supervision of the company's General Counsel. The Government Affairs leadership is responsible for all political activity by or on behalf of BNY Mellon, including administration of our PACs. When making specific contribution decisions, the PAC officers, in consultation with the Government Affairs staff, consider a number of factors, including the candidates' views on issues related to our business, their leadership positions and legislative committee memberships, and the communities they represent.

The CSR Committee of our Board of Directors, which consists entirely of independent directors, provides oversight of our public policy advocacy, lobbying focus and political contributions.

We encourage our employees to stay informed of political issues and candidates and to take an active interest in political affairs. Employees may participate in the political process by making voluntary contributions on their own behalf to candidates and related political entities, in accordance with applicable federal and state laws and regulations and company policies. In addition, employees must comply with the company's Code of Conduct and company policy with respect to engaging in personal political activities.

Employees are not reimbursed or compensated in any way for attending political events, engaging in political activities or making political contributions. Employees engaging in political activities must do so on their own time and with their own resources. Our Compliance and Ethics department reviews all individual employee contributions that may be affected by federal, state or local 'pay-to-play' laws. These laws limit the ability of corporations to compete for business if certain employees have made contributions to officials who have the authority to award business.

Political Action Committee Contributions in 2016 (USD)

	Republican	Democratic	Total
U.S. House	\$55,500	\$43,500	\$99,000 (53% House)
U.S. Senate	\$43,500	\$44,000	\$87,500 (47% Senate)
Total	\$99,000 (53% Republicans)	\$87,500 (47% Democrats)	186,500*

*Additional contributions include \$21,400 made to Pennsylvania candidates and \$12,500 made to trade association political action committees, resulting in \$220,400 in total PAC disbursements.

Client Engagement

Decisions Based on Client Feedback

Financial services clients want to be confident their providers are safe, stable and reliable. They want best-in-class experiences that delight and deliver exceptional value and satisfaction. We're invested in meeting these expectations and we survey clients and prospective clients regularly to see how we measure up.

How We Measure Our Performance

We listen carefully to clients' needs and how well we fulfill them as we interact with them daily. We also stay current on the financial services industry to understand how we're perceived by our markets overall.

What Clients Told Us

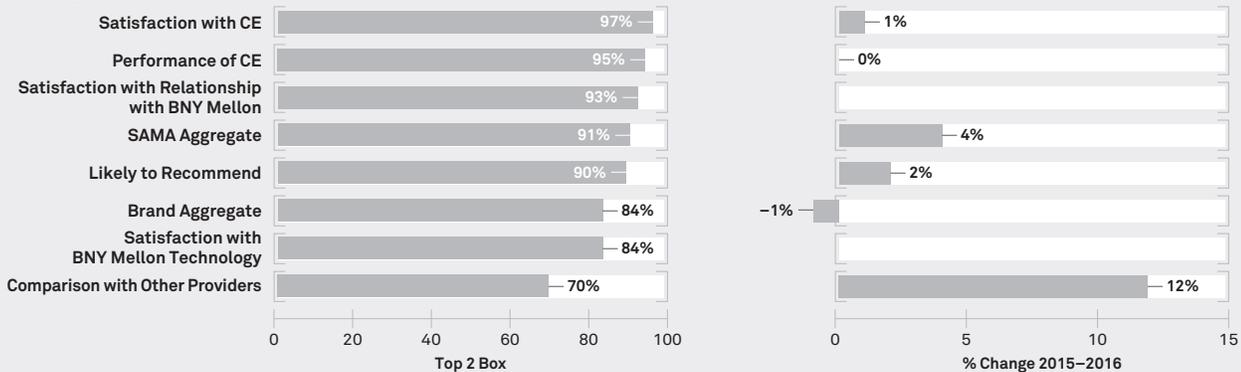
In the 2016 survey of our largest clients,¹ 90 percent indicated a 'willingness to recommend BNY Mellon', a strong indicator of client loyalty and one of our top priorities. Through our strong commitment to enhance the client experience, we improved by 2 percent from 2015.

Respondents reported at least 90 percent satisfaction in the areas that most affect their experience with us: understanding their business priorities, proactively seeking feedback and working in partnership with their organizations.

Client Feedback

Core metrics

Strong performance can be leveraged to capitalize on opportunity for growth in existing clients



CE = Client executive SAMA = Strategic Account Management Association (relationship management competencies)

CSR Sets Us Apart

At the end of 2016, we conducted a global blind survey of financial services executives and senior managers. BNY Mellon's CSR program was found to be a key element that differentiates us from our peers.

2016 BNY Mellon Global Brand Survey; 1,224 respondents across 15 countries

¹ 2016 Global Client Management client survey; 638 respondents across 4 global regions

² Global Trends in Corporate Governance, Deloitte, December 2015, <https://www2.deloitte.com/content/dam/Deloitte/in/Documents/risk/Corporate%20Governance/in-risk-global-trends-in-corporate-governance-4Dec2015-noexp.pdf>

Looking Ahead Strong Governance

Corporate trust, transparency and accountability are crucial in a connected world where money and business activities cross borders constantly. This puts even greater emphasis on good corporate governance to support investment, financial strength and stability and profitable revenue growth.

Some suggest a common global governance framework is the best way to achieve this, but varying social norms, cultures and national structures may preclude a single solution that works for all. As countries around the world raise global consciousness on good governance, we expect to see issues such as gender diversity, board evaluation and CSR come further into the foreground and encourage ethical corporate behavior.² BNY Mellon is proud to lead and manage change on all fronts.

We also know that instant, always-on communications have changed people's expectations for giving and receiving feedback. We plan to expand our feedback program to give clients more opportunities to have input and allow us to respond to their needs more quickly.

Building Trust through Dialogue



Craig Beazer
Corporate Secretary
Chief Corporate Securities
and Governance Counsel

Over the course of my career in corporate governance, I've learned about the importance of trust between the company and its stakeholders. When a company provides relevant, clear information on topics important to its stakeholders, it fosters an open culture, drives continuous improvement, and supports the long-term success of the company.

For these reasons, we are dedicated to transparency at BNY Mellon. But not only are we talking to our stakeholders, we are listening to them.

In my role, I focus largely on engagement with our investors, and I've seen some big changes at BNY Mellon over the last few years.

“ We are no longer satisfied with being in the middle of the pack on corporate governance best practices. In many circumstances, we aim to be leaders. ”

One way that we are getting there is by engaging in two-way dialogues with stockholders and stockholder proponents, and doing so regularly rather than just annually or periodically. This practice of regular engagement is driving us forward.

We were one of the first in our industry to enact proxy access, giving major stockholders the ability to nominate Board members. While other companies were debating the pros and cons of this practice, we learned through engagement that proxy access is important to our Board and our stockholders, and we took action. It is a tangible example of our being proactive, rather than reactive, and building trust.

Board diversity is another topic that we know to be important to stockholders. Our stockholders believe that if our Board reflects our diverse society, our company will be more successful. We agree, and that's why diversity is now the first part of the conversation when we are considering a new candidate for our Board. In 2016 we added three women to our Board, and we are committed to seeing any new candidates fulfill some sort of diversity category. It is good for our company, and it is good for our world.

Changes like these have garnered positive feedback on our corporate governance practices from stockholders, our Board, and the proxy and governance communities. But we are still listening, and we have more to do. We are currently in conversations with stockholders on topics such as equal pay practices and our proxy voting record on environmental, social and governance issues. As we have done on other topics, we will work with them to find solutions.

Our stockholders are helping us to evolve as the world evolves around us. In the process we are building trust, promoting the long-term sustainability of our company and driving positive change for our world.

Our People

We see challenges and opportunities in the changing workforce, technology acceleration and increasing gender equality. We shape our people strategy to fulfill our obligations to the business, our stakeholders and our employees.

We delivered nearly

1 million
learning hours

to employees.

■ Read more on page 54

42% of our global workforce and

36%
of vice presidents
are women

■ Read more on page 67

Overall
employee
engagement was
79%,

the highest in five years

■ Read more on page 58



Attracting, Developing and Retaining Top Talent



Our Opportunity

BNY Mellon cultivates a high-performance team culture where our values of client focus, integrity, teamwork and excellence define the kind of people we hire. We are invested in attracting, developing and retaining top talent to drive performance and success for our company and our employees.

Key Trends

As with every other part of our business, we keep up with what's happening on the talent front – and we see both challenges and opportunities related to the changing workforce, as well as technology acceleration and increasing gender equality. Knowing what's ahead helps us shape our people strategy to fulfill our obligations to the business, our stakeholders and our employees.

- **The workforce is increasingly diverse**

In our increasingly globalized world, the workforce is more diverse in terms of age, backgrounds, ethnicity, experiences and other personal characteristics than ever before. These dynamics challenge employers to engage and inspire people as individuals and create inclusive, collaborative environments where all employees thrive and feel valued. BNY Mellon is already well along this path, with robust programs in place to advance and harness our workforce diversity and inclusive culture.

- **Technology redefines work**

Digital technology has forever changed the way we work. Mobile devices, cognitive computing, the Internet of Things and other innovations are revolutionizing how we create and deliver products and services. To stay ahead, employers must rethink the way they hire, manage and support employees and compete for top technology talent. We're proud of our success in attracting and developing highly talented people eager to keep us on the leading edge of financial technology.

- **Employees want more**

Workers today view their jobs differently than in the past. They expect to work for many employers during their careers and want every experience to be fulfilling. They want rapid career growth, flexibility and a sense of purpose that goes beyond achieving company or personal goals. Employers who want to attract and retain purpose-driven people must show how they impact the world in meaningful ways. BNY Mellon's strong CSR program and good governance help employees see the bigger picture and contribute to improving lives, building communities and helping people achieve their dreams.

Our Approach

BNY Mellon's talent management approach and programs are strong. As the Investments Company for the World, we give employees exposure, and experience in global markets. We give them opportunities to help support the integrity of global financial markets and carry on a 233-year legacy of relentless curiosity and innovation in the face of change. Our diverse, inclusive and supportive culture allows all people to develop their full potential as contributors and leaders.

We designed our people strategy to address employment trends, anticipate business needs and equip our teams to improve lives through investing. Implementing plans in our priority areas of leadership and development, engagement and wellbeing, and diversity and inclusion gives us a competitive edge and contributes to our winning culture.

Our People Strategy



1. Citizenship and Sustainability
2. Compensation and Benefits
3. Diversity and Inclusion
4. Engagement and Culture
5. Feedback and Assessment Tools
6. HR Systems Tools and Solutions
7. Learning and Development
8. Performance Management
9. Talent Acquisition
10. Talent Management and Succession Planning
11. Workforce Planning and Analytics

Leadership and Development

Our Opportunity

Attracting, developing and retaining top talent is a strategic priority essential to sustaining long-term growth and value creation for our clients and shareholders. Our focus on workplace excellence, providing more growth opportunities for our existing talent and changing the way we work to better empower our people helps us deliver on our competitive advantage. Leadership and development programs figure prominently in our ability to attract and retain top talent to achieve our current goals in all areas of the business and build a strong talent and sustainable pipeline for the future.

Key Trends

Sweeping demographic changes, which in turn lead to workforce changes, are ushering in a new generation of leaders. These current and future managers have different social, environmental and personal values than their predecessors. They have even higher expectations from their work, including opportunities to grow and develop throughout their careers. These forces guide our leadership and development approach.

- **Competition for future leaders is intense**
Competition for the best and brightest talent is more intense than ever. Today, master of business administration (MBA) graduates look at many sectors, not just financial services, when considering their career paths. We compete with technology, consulting, private equity, healthcare and entertainment companies, to name a few, in attracting top candidates who want to grow and develop as enterprise leaders of the future.
- **We need more fintech professionals**
The financial services industry has a critical need for top technology talent. Technology is a significant driver of our current and future success, yet these professionals may not typically think of large, established financial services firms as employers of choice. Strong leadership and development opportunities can make us more attractive.
- **The workplace is multigenerational**
There are four generations of people in the U.S. workforce today – more than any in our history. Leaders must be able to manage a wide range of skills, experiences and attitudes while motivating employees to contribute and feel fulfilled. Reverse mentoring, where younger workers mentor older workers, is a practice needed in today's workplace.

Our Approach

To meet employees' expectations for professional growth, we offer leadership and development programs and training throughout the employee's journey with our company. We give all employees access to resources to encourage and fulfill lifelong learning.

Helping Employees At All Levels Reach Their Full Potential

We want our employees to realize their full potential, reach their goals and help our clients do the same. A high-performance, high expectations culture builds leaders at all levels. We give employees the tools they need to develop skills and pursue the careers they want, and we hold them accountable through a performance management system linked to our business strategy. We give people tangible reasons to excel by connecting results and rewards, performance metrics tied to the company's financial commitments and total compensation based on corporate and business performance.

Great Expectations

We encourage all BNY Mellon employees to be leaders, regardless of their jobs. We expect our people to be lifelong learners, which will benefit them here and in every part of their lives. We require every employee to take responsibility for managing risk responsibly and helping safeguard clients' assets. To ensure a solid leadership team now and in the future, we have a skills development program specifically for senior-level people.



Our Leadership and Development Goal

Develop successful enterprise leaders and managers who drive high productivity and engagement within their teams.

How We'll Achieve It

We will continue to build on the upward feedback provided by all managers' direct reports to improve and strengthen managerial effectiveness. We will also continue our focus on specific productivity goals.

2016 progress

- Increased upward feedback and employee engagement survey results in Leadership and Management categories

A Culture of Lifelong Learning

Meeting our clients' changing demands and employees' evolving career interests requires a robust learning infrastructure and a desire for lifelong learning. Our commitment to driving performance and our employees' enthusiasm for ongoing development are clear: BNY Mellon delivered nearly one million learning hours in 2016.

BNY Mellon University: Our Path to Knowledge

BNY Mellon University is a catalyst for innovation and a forum for sharing new technologies, technical resources and best practices with our people. It offers courses on global financial markets and specialized finance skills, role-specific training and management and leadership development. Learning paths are comprised of on-demand courses, virtual classrooms and on-site learning experiences that incorporate networking and collaboration. The faculty includes many of our own accomplished people and some of the best external thought leaders and subject matter experts.

BNY Mellon University guides employee learning and development paths from internship to executive management. In 2016, we created a new learning and development framework aligned to the BNY Mellon competency model.

We are building a world-class organization by integrating curricula across business lines and into enterprise-wide development programs. This ensures we meet our lines of business needs and deliver a consistent approach to learning and development for all employees.

We continually measure learning effectiveness. The Effectiveness Scorecard, launched in 2015, gives learners feedback on the courses they've taken and their correlation to outcomes, allowing us to better align our learning strategies to business needs.

Integrating Risk Culture and the Employee Life Cycle



Motivated Meritocracy

BNY Mellon's learning agenda addresses companywide learning and development needs to help employees grow, contribute and achieve their career goals. Our new approach includes live virtual training, social learning and on-demand resources.

Leadership Pathways

- Summer Analyst Program (SAP): 10-week summer internship that gives undergraduate students strategic project work and extensive learning, networking and mentoring opportunities. SAP shows participants what it's like to work for a competitive, global financial services organization.
- Emerging Leader Program (ELP): 12-month program for high-potential, emerging leaders who are prepared to contribute to BNY Mellon's business strategy. ELP allows participants to rotate across a specific business or function while working on strategic projects, developing leadership skills, building networks and accelerating their careers.

Onboarding

- New Hire Learning: Immerses new employees in BNY Mellon's businesses and culture and the financial industry.
- Social Network Online Top Trader: Discussion forum on MySource Social. Provides economic/financial pages with market data feeds, interactive stock picking with a fictional \$100,000 and gamification elements to motivate new employees.

Professional Development

- Navigate to Win: Primarily for individual contributors who are new to business or developing foundational professional skills. The program creates a winning standard for workplace effectiveness to guide daily performance, client service, productivity and teamwork.
- Operating to Win: Focuses on interpersonal skills such as collaboration, managing change, enhancing emotional intelligence, setting tangible goals and priorities and problem solving.
- Virtual Classrooms: Interactive blended learning experience where participants focus on targeted skills development such as decision-making, presentation skills and time management.
- MyDevelopment On-Demand Self-Study: Online courses employees can take anytime, anywhere, at their convenience. Includes Harvard ManageMentor modules and Intuition tutorials on all areas of financial services.

Management and Leadership Development

- Winning Start: Equips people moving from individual contributors to managers with the knowledge and tools to make a positive role transition.
- Managing to Win: Helps managers develop fundamental skills and competencies to manage and develop others.
- Leading to Win: Develops experienced managers' skills and competencies to lead others and drive strategy, alignment and execution.
- Strategy to Win: Increases senior managers' business and leadership acumen to accelerate organizational impact and optimize client experience.
- Open Enrollment: Develops fundamental skills and competencies to manage and develop others.

Executive Development

- New Managing Director Induction Series: A series of four, one-hour discussions with Executive Committee Members, each focused on what it takes to be strong enterprise leaders.
- CEO Executive Program: Gives key executive talent exposure to BNY Mellon Executive Committee members, expanded networks and insights into the company's most important business initiatives.

Employee Development

Employees set results-based and individual development goals and we support them with performance, feedback and development processes throughout the year. These include:

- Talent Review and Succession Planning: An enterprise-wide review of the top 700 roles in the firm using a consistent nine-box tool to capture talent data from across all businesses and business partner groups.
- MyCareer Center: Online tools for career development and management, including BNY Mellon openings.
- Upward Feedback: Online tool for employees to give feedback to their managers on behaviors aligned with the Manager Standards of Excellence.
- 360 Developmental Feedback: Online tool using our Leadership Competency model to incorporate feedback from several sources to inform and advance individual development.

Looking Ahead Leadership and Development



Leadership and development training drive business outcomes and ensure a pipeline of strong, knowledgeable leaders for the future. We will continue to help our employees take advantage of learning opportunities, measure their effectiveness and adjust as needed to meet business needs and employee aspirations.

Engagement and Wellbeing

Our Opportunity

The definitions of engagement and wellbeing are evolving along with today's diverse, multigenerational, mobile workforce. To attract and develop highly talented people, companies must adapt their employee programs and benefits to satisfy changing demands, then communicate and deliver them effectively.

Key Trends

The workforce is changing not only demographically, but attitudinally. People want to work for companies that care about them as individuals, engage them in meaningful work, and create opportunities to improve the communities in which they live and work. We monitor trends related to all generations of workers and continually refine our approach to attract and retain them.

• Engagement is a two-way street

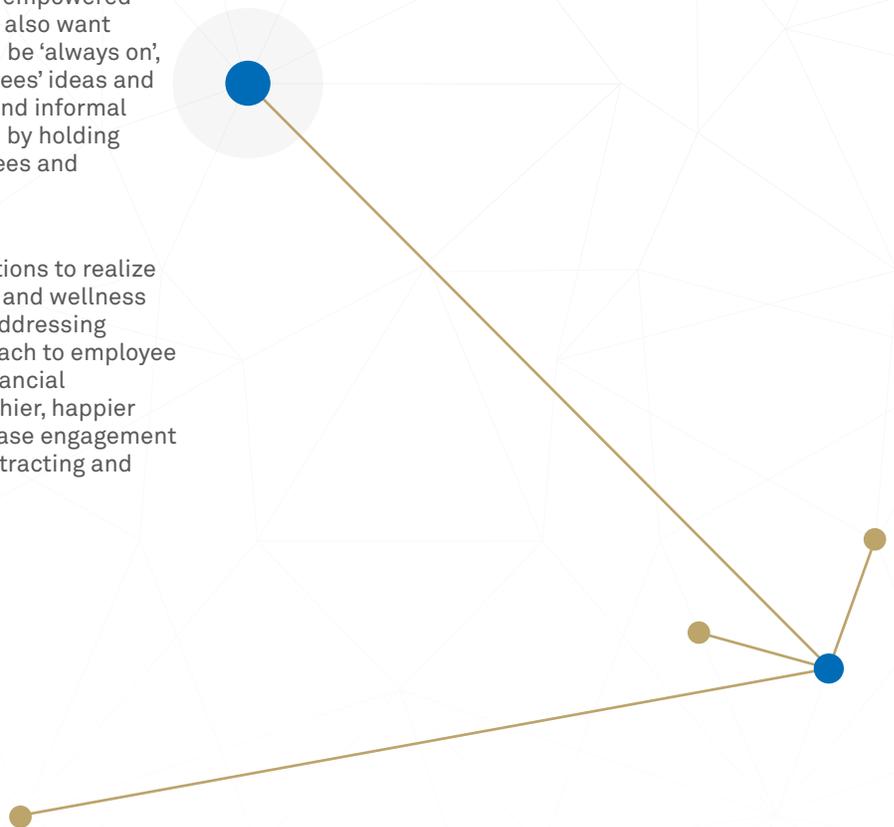
Employees appreciate collaboration, feeling empowered and access to career opportunities, but they also want their voices to be heard. Engagement should be 'always on', which means proactively listening to employees' ideas and feedback. This can be done through formal and informal channels across employee communities and by holding managers accountable for engaging employees and promoting a true listening culture.

• A new definition of wellbeing

A diverse, global workforce has led organizations to realize the traditional approach to employee health and wellness isn't enough. Many are moving beyond just addressing healthcare costs to a broader, holistic approach to employee concerns including emotional, social and financial pressures. These programs can lead to healthier, happier employees, families and communities; increase engagement and productivity; and be differentiators in attracting and retaining talent.

Our Approach

BNY Mellon is invested in our employees, both from a business standpoint and because we genuinely care about them as people. They are truly our most valuable assets. Our employee relations team creates a listening culture through support and coaching. We stay in tune with employees and evolve our engagement and wellbeing programs according to their needs. Our approach currently focuses on employee retention, holistic wellbeing, workplace health and safety and respect for human rights.



Employee Engagement

Employee Feedback for a Better Place to Work

Employees are more engaged when they feel valued, have opportunities to grow and know the company cares about their safety and wellbeing. We strive to make these ideals a reality for our employees, which motivates them to be more productive, innovative and loyal.

A barometer of our performance in this area is our Annual Employee Engagement Survey. The survey results help us identify what our company does well and where we need to improve to make BNY Mellon a better place to work.

The Drive to the Top

We want to be a top-quartile firm in all areas of employee engagement. Four areas of opportunity in 2017 and beyond are:

- **Goals:** We will continue improving our employee engagement scores and hold managers accountable for reaching specific targets. Our Executive Committee members have committed to this as part of their individual performance goals.
- **Action and accountability:** We are committed to removing barriers so employees feel more empowered and ensuring teams have the right tools, processes and resources to perform their jobs with success.
- **Communication:** We will drive awareness of the changes we make as a result of our employee engagement surveys by discussing our goals, engaging with employees through focus groups and other forums and regularly sharing engagement work and outcomes with employees.
- **Risk:** We will monitor the impact of our transformation activities on employee engagement, communicate changes appropriately and ensure changes are accounted for when carrying out other engagement-related improvement activities.

“ Career paths at BNY Mellon are borderless and boundless. We go after the best talent and are committed to supporting, encouraging, developing and promoting our people so they will return that commitment by staying. We want our people to make BNY Mellon their career destination, because they realize this is a place that will help them realize their professional aspirations and achieve their full potential. ”

Joie Townsend
Global Head of Talent and Development

Our Engagement and Wellbeing Goal

Build a workforce culture supported by engagement and wellbeing.

How We'll Achieve It

We will work to achieve industry-leading engagement scores and implement a global wellbeing strategy that provides information and resources to help our people achieve their physical, financial, social and emotional wellbeing goals.

2016 progress

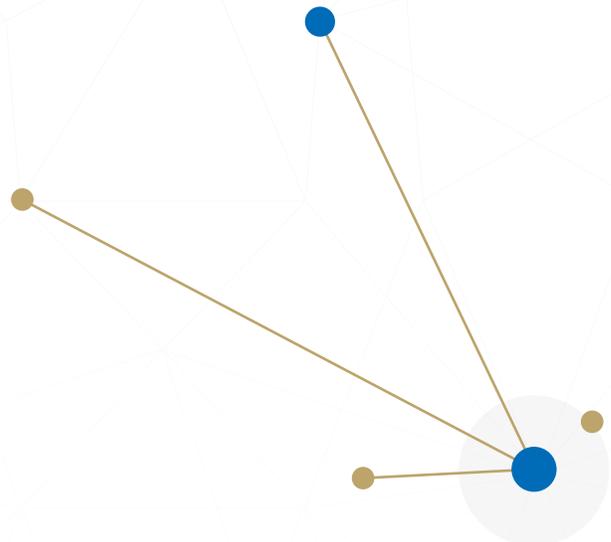
- Increased overall positive employee engagement scores compared to financial services norms
- Launched a global wellbeing strategy with measurable impact

Retaining Great People as a Measure of Our Success

We track employee retention globally and regionally so we know how our people strategies are working and can spot opportunities for improvement. In 2016, our company wide retention rate was 89 percent, a 2.3 percentage point increase from 2015.

Global Voluntary Retention Rates, 2015–2016

	2016	2015
Women	88.6%	87.1%
Men	89.2%	86.4%
Overall	89.0%	86.7%



2015–2016 Voluntary Retention Rates, by Region/Gender

Region	Female	Male	2016 Total	Female	Male	2015 Total
Asia Pacific	82.5%	86.3%	85.0%	80.3%	82.1%	81.5%
Europe Middle East & Africa	89.1%	89.4%	89.3%	86.4%	85.4%	85.8%
Latin America	93.3%	95.9%	94.8%	89.5%	92.1%	91.0%
U.S. & Canada	90.6%	90.8%	90.7%	89.4%	89.1%	89.2%
Total	88.6%	89.2%	89.0%	87.1%	86.4%	86.7%

A Place to Excel

BNY Mellon fills 30 percent of open positions with internal candidates. At the vice president level, the ratio is 38 percent.

2016 Employee Engagement Survey Highlights

We measure employee engagement every year, either with a full survey as we did in 2016, or with a pulse survey, which we conduct in alternating years. In 2016, 82 percent of us shared our feedback, compared to 74 percent in 2015. Our results show overall engagement at 79 percent, up two points from last year and our highest level in more than five years, indicating strong progress in our employee engagement journey.

After publishing our 2015 pulse survey results, we committed to increase our efforts to build company pride and raise the number of employees who are willing to recommend BNY Mellon as a great place to work. Our refreshed company strategy, unveiled in early 2016, clearly defined for employees our vision of improving lives through investing and our role as the Investments Company for the World. As a result, our 2016 survey responses reflected a highly engaged workforce that will drive performance and lead us to win as a company. Highlights included:

- 87 percent of survey respondents said they understand what BNY Mellon’s brand stands for, up three points from 2014
- 82 percent are proud of BNY Mellon’s contributions to the community and society
- 83 percent strongly believe in our goals and priorities, up four points from 2014
- 69 percent of employees would recommend BNY Mellon as a good place to work, up nine points from 2014

The 2015 pulse survey also told us we needed to change the way we work and remove barriers so employees feel more empowered. In 2016:

- 80 percent of survey respondents said they feel they can communicate their views upward, openly and honestly using tools such as Upward Feedback, a five-point increase over 2014
- 90 percent said the people they work with cooperate to get the job done, up two points from 2014
- 58 percent of survey respondents believe the company offers long-term career opportunities, an eight-point increase from 2014

Our engagement score for leadership saw the biggest gain of all survey categories with a seven-point improvement from 2014:

- 71 percent say senior management has a clear vision for the future, up nine points
- 62 percent have confidence in decisions made by senior management, an increase of nine points
- 60 percent say senior management communicates openly and honestly, up seven points

Employees' Total Wellbeing

A Win-Win for Us and Our People

BNY Mellon has seen the value of investing in employee wellbeing for a long time. But as the world gets more complicated, the line between work and personal lives becomes more blurred and stress levels rise, a holistic approach to wellbeing is more important than ever.

The Benefits of Wellbeing for our Employees, Communities and Business

Stress, lack of physical activity, obesity, poor nutrition and lack of sleep affect large numbers of people worldwide and are significant risks to wellbeing.¹ Financial distress, low social support and poor emotional health also contribute to decreased wellbeing.² We realized that by helping employees improve their wellbeing in all these areas – physical, financial, social and emotional – we could help them be healthier, happier, more engaged and more productive. By extension, we could help strengthen their families and communities.

There are documented links between employee wellbeing and business outcomes. One study showed that companies with high employee wellbeing generate 50 percent higher revenue per employee and 33 percent higher market premium.³ Another showed employees are three times more engaged at work if they have physical and financial wellbeing.⁴

We also believe when employees enjoy better wellbeing, they are more creative, they are more innovative thinkers and they provide better service – all important objectives in our fast-changing, competitive market.

¹ 2015/2016 Global Staying@Work Survey, United States.

² National Business Group on Health, Issue Brief, October 2015.

³ Towers Watson.

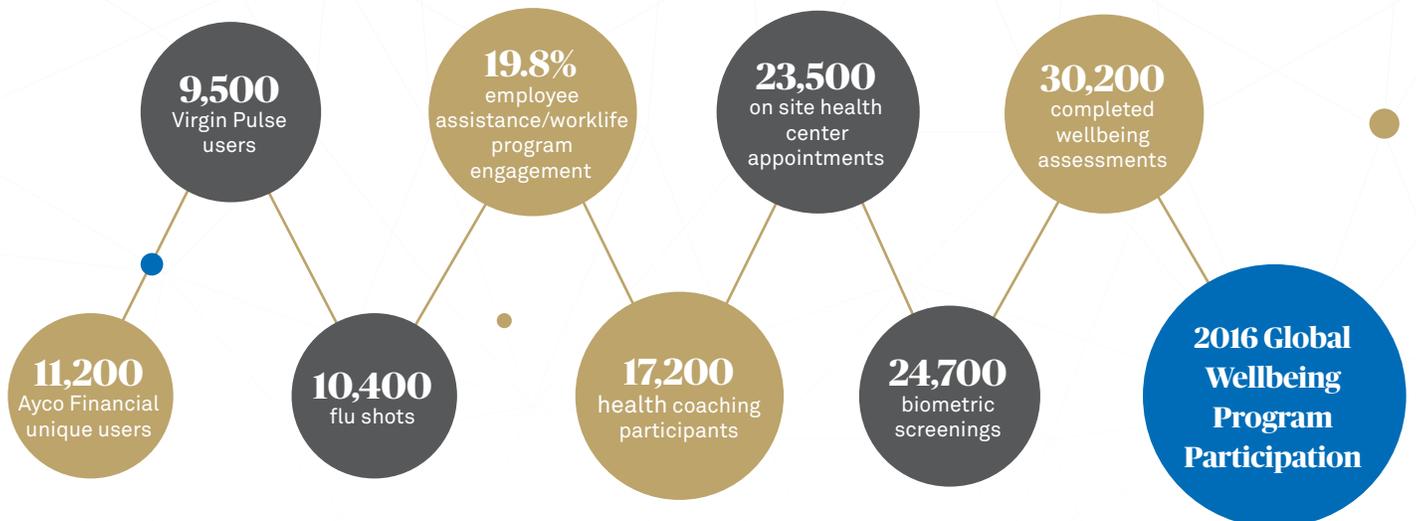
⁴ Gallup.

All 'IN'

Employees don't leave parts of themselves at home when they come to work, so in September 2016, we introduced a global wellbeing program that provides holistic resources and support for an employee's whole being. We call it simply 'IN', because we are at our best when we're all in.

IN supports employees' physical, emotional, social and financial wellbeing with a wide range of information, products and services and support including health screenings, on-site employee assistance consultants, flexible work arrangements and financial planning tools and counseling. We partnered with Virgin Pulse, a subsidiary of the Virgin Group, to create a global online platform where all BNY Mellon employees can get involved in their own wellbeing by tracking healthy behaviors and activity, completing health risk assessments, engaging with colleagues and creating global wellbeing challenges.

In the U.S., we launched Castlight, a healthcare consumer platform where employees can view the right resources and healthcare providers to meet their needs based on the latest quality and cost information. Since launching Castlight in October 2016, 60 percent of U.S. employees have enrolled, conducting 80,000 searches for primary care, preventive care and mental health services. Employees also benefit from our five on-site health clinics, which provide the convenience of primary healthcare services, physical therapy and one-on-one health coaching, as well as referrals to a wide range of specialty healthcare resources. To address financial wellbeing needs Ayco Financial has been engaged since 2015 to provide free comprehensive financial education and planning through an array of online tools and confidential one-on-one telephonic counseling.



Wellbeing: Who We Are

Wellbeing at BNY Mellon is more than programs and platforms – it is part of who we are. Our investments in employee wellbeing help us more actively engage them, increase productivity, lower employees’ health risks, reduce benefit costs and, most importantly, reinforce our people-focused culture.

Our Approach to Employee Wellbeing

Holistic: Focused on employees’ multiple, interdependent needs at work, at home and in the community

Relevant: Responsive to diverse employees’ needs and the competitive markets where they work

Aligned: Consistent with the company’s financial, engagement, productivity and community outreach goals

Global: A single, multifaceted strategy with diverse program elements and resources under a single brand

Flexible: Uses the valuable contributions of corporate and local participants

Inclusive: Lets all employees participate in ways that make sense for them

Menu of Products and Services

Physical	Emotional	Social	Financial
Employee Assistance Program (EAP) – Wellbeing Platform (VirginPulse) – Health Risk Assessment (HRA)			
Flu vaccinations Gym discounts Biometric health screens On-site and telephonic health coaching Preventive health screen On-site medical clinics External health professionals Remote medical service Activity challenge On-site fitness classes Sports teams and leagues Corporate sponsored events	On-site employee assistance consultants Employee emotional resilience training Manager mental health training Resilience questionnaires Emotional resilience annual campaign On-site classes Remote psychological consultation	Flexible work arrangements Maternity programs Paternity programs Adoption programs Child care programs Adult/dependent care programs On-site mothers’ nursing rooms Wellbeing campaigns with charitable giving component	Financial education programs Financial online planning tools Financial support (counseling)
Information Support: Information portraits – Education programs – Campaigns – Wellbeing Fairs – Champions			
Communications and Marketing: Intranet – Brochure – Posters – Survey – Vendors			
Facilitations: Showers – Bicycle Racks – Wellbeing Rooms – First Aid Room – Healthy Food – Tobacco Free – Signposting of Walking Routes			

Health and Safety

The Importance of Health and Safety

Employee health and safety are very important to us, not only for business reasons, but because we care about our employees as people. We invest in programs, facilities and policies to protect them and their families, and we offer competitive health benefits. Our [Health and Safety Statement](#) further explains our commitment.

Healthy Places to Work

In 2015, we launched the Workplace Excellence (WE) program to make our workplaces and technology more efficient, collaborative and flexible. In 2016, we applied our WE principles in planning and construction of our new headquarters at 225 Liberty Street in New York City. The facility provides collaborative workspaces, a full health center, a state-of-the-art lighting system and a zoned mechanical system to maximize flexibility and conserve energy. It is expected to receive LEED Platinum Certification.

We are modeling new real estate projects after this success to achieve these healthy workspace goals:

- Support employee wellbeing with flexible workplace options
- Build energized workspaces that foster innovation and mobility
- Promote 'green' environmental practices by reducing employee commuting and the company's footprint

Human Rights

We respect and promote human rights and do all we can to see that employees are treated with fairness, dignity and respect at work. This commitment comes from the values that define our company and we reinforce it in our policies, including:

- [Human Rights Statement](#)
- [Equal Employment Opportunity/Affirmative Action \(EEO/AA\) policy](#)
- [Notice of Affirmative Action Programs and Notice to Veterans and Individuals with Disabilities](#)
- [Sexual and Other Discriminatory Harassment policy](#)
- [Drug- and Alcohol-free Workplace policy](#)
- [Health and Safety Statement](#)
- [UK Modern Slavery Act Statement](#)
- [Gender Equality Statement](#)

Looking Ahead Engagement and Wellbeing



Progressive companies realized long ago that employee engagement and wellbeing should not be treated as 'programs'; they must be ingrained in the culture. Another insight is that engagement is ongoing and must be every leader's responsibility. People want to know, day in and day out, how their work makes a difference and what they can do to improve. At BNY Mellon, we empower our enterprise leaders to make the right decisions to keep employees feeling engaged and valued. Our tangible benefits and resources simply reinforce this philosophy.

We need strong, diverse, highly qualified leaders at every level. To take us into the future, we must build a pipeline of talent that understands our value in the market to clients,

investors and communities. As we monitor and respond to what people want in their jobs, we see upward swings in collaboration, personal and professional development, personalized learning and a balance of performance and purpose. We continually evolve our leadership and development programs to meet these expectations.

In 2017, we will redesign our wellbeing incentive program to better align with our holistic approach. In the future, employees will earn rewards for a wide range of activities to reflect our commitment to enhancing physical, emotional, social and financial wellbeing. We will also incorporate training to reinforce our leaders' roles in promoting a culture of wellbeing.

Diversity and Inclusion

Our Opportunity

Diverse employees are the foundation of a dynamic workplace where varied backgrounds, perspectives and experiences spark relentless curiosity, blaze new paths to progress and deliver profitable revenue growth and enhanced client experiences. Ethnically diverse companies are 35 percent more likely to outperform their peers, and gender-diverse companies are 15 percent more likely to outperform peers.¹ Our people embody the diversity – and potential – of today’s world.

Key Trends

The changing workforce, especially expectations for more diversity and inclusion, is a positive trend for BNY Mellon. Our approach to this important societal issue benefits our business both by meeting client expectations and attracting better talent.

• Stakeholders look for differences

Increasingly, clients want financial performance objectives that line up with their social and moral values. They want more than ‘group think’; they demand different views and new ideas from companies that reflect the market’s diversity and understand local needs. Investors are increasingly considering environmental, social and corporate governance (ESG) issues and putting pressure on companies to focus on diversity and inclusion. Lack of progress is becoming a reputational risk.

• Talent demands diversity

Diversity and inclusion factor heavily in the competition for talent, especially in technology and other specialized skills where demand is much greater than supply. A diverse workforce is possible only if the work environment is a level playing field, supports all employees and embraces their differences. When that happens, it unleashes bold thinking, strengthens engagement, deepens capabilities and allows companies to delight clients and markets around the globe. Employees who feel supported and included say they are more innovative, collaborative and responsive to changing client needs.²

¹ Why Diversity Matters, by Vivian Hunt, Dennis Layton and Sara Prince McKinsey, January 2015, <http://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters>

² A new recipe to improve business performance, Deloitte Australia, May 2013, <http://www2.deloitte.com/content/dam/Deloitte/au/Documents/human-capital/deloitte-au-hc-diversity-inclusion-soup-0513.pdf>

Our Approach

We pursue diversity and inclusion progress with the same boldness and rigor as our other strategic priorities. We’re invested in initiatives and partnerships that empower our people and enhance our dynamic culture. Our groundbreaking approach to diversity and inclusion sharpens our competitive advantage. Our varied backgrounds and experiences bring fresh perspectives, pioneering approaches, wide-ranging knowledge and distinctive insights, enabling us to deliver stronger results for our clients.

We know a great idea can come from anyone – and change everything. Our visionary founder, Alexander Hamilton, left us an important legacy, that one person can make a difference. We believe each of us has the power to improve lives through investing, and we’re invested in diverse, dynamic employees who can turn the world’s complexity into opportunities for our clients and communities. Our diversity and inclusion strategy, programs and culture strongly support these ideals.

“ Those companies that are able to harness diversity and inclusion – to think differently, to learn and adapt quickly, to create uncommon solutions – will be able to turn today’s difficult challenges into tomorrow’s game-changing opportunities. At BNY Mellon, we’re evolving the conversation beyond representation numbers and visible differences to focus on talent as a competitive advantage. ”

Jyoti Chopra
Chief Diversity Officer
Global Head of Citizenship & Sustainability

Bold Commitments, Bold Achievements

We made bold, public workforce commitments to help lead our industry in building a diverse and dynamic workforce. Our investment in diversity and inclusion helps us attract the most discerning, dynamic talent and develop broader, deeper capabilities.



Our Diversity and Inclusion Goal

Achieve marketplace leadership and reputation; advance diverse representation in senior-level ranks and drive accountability for a culture of inclusion.

How We'll Achieve It

We aim to be a leading employer in the field of diversity and inclusion, with one of the industry's most diverse corporate leadership teams working to advance a culture of inclusion.

2016 progress

- Increased representation by women on Board of Directors by electing three women directors; as of April 2017, women now represent 23 percent of our Board
- Increased women and racially/ethnically diverse new hires
- Embedded diversity and inclusion into our leadership and professional development programs

BNY Mellon Pledges Change in the UK

In 2016, BNY Mellon signed the UK's Women in Finance Charter, which reflects the British government's aspiration to see gender balance at all levels of financial services firms. We pledged to promote gender diversity in the UK by supporting the progression of women in senior roles in financial services and publicly reporting our progress on driving change.

“ We were proud to sign the Women in Financial Services Charter. We have seen significant progress, but more can and should be done. BNY Mellon intends to continue advancing this important social and business issue. ”

Susan Revell

General Counsel and Chief Controls Officer, EMEA



Diversity and Inclusion Strategy

Inclusion, Innovation and Investing

The foundation of our global diversity and inclusion strategy is our global enterprise strategy. This ensures we leverage our people's strengths and stay connected to our diversity and inclusion strategic pillars of Market Leadership, Business Integration and Our People. The pillars help us prioritize diversity and inclusion initiatives so they push us to greater business impact, better talent, enhanced client experiences and market and industry leadership. Our strategy and pillars, reinforced by our CSR strategy, come together to form our vision for diversity and inclusion of improving lives through inclusion, innovation and investing.

While our diversity and inclusion strategy is global in scope and coverage, it is also flexible. Our teams work closely with our businesses and Employee and Business Resource Groups (E/BRGs) to adapt and localize programs to each region's or market's needs, challenges and aspirations.

Business Integration and Client Engagement

In 2016, we emphasized external relations with tighter linkages to business initiatives and client relationships. We released a major global lesbian, gay, bisexual, transgendered, questioning, and allied (LGBTQA) report at an event with 150 clients. We also convened and co-hosted a diversity forum with British Prime Minister Theresa May (then UK Home Secretary) with 100 clients at our UK head office.

Diversity and Inclusion

Vision

Improving lives through inclusion, innovation and investing

Values

- Client Focus
- Integrity
- Teamwork
- Excellence

How we win



How We Measure Success

- Employee engagement survey results
- Workforce demographics (benchmarked against external market data)
- Business and client engagements
- Marketplace ratings and recognition

Moving to Diversity & Inclusion 2.0

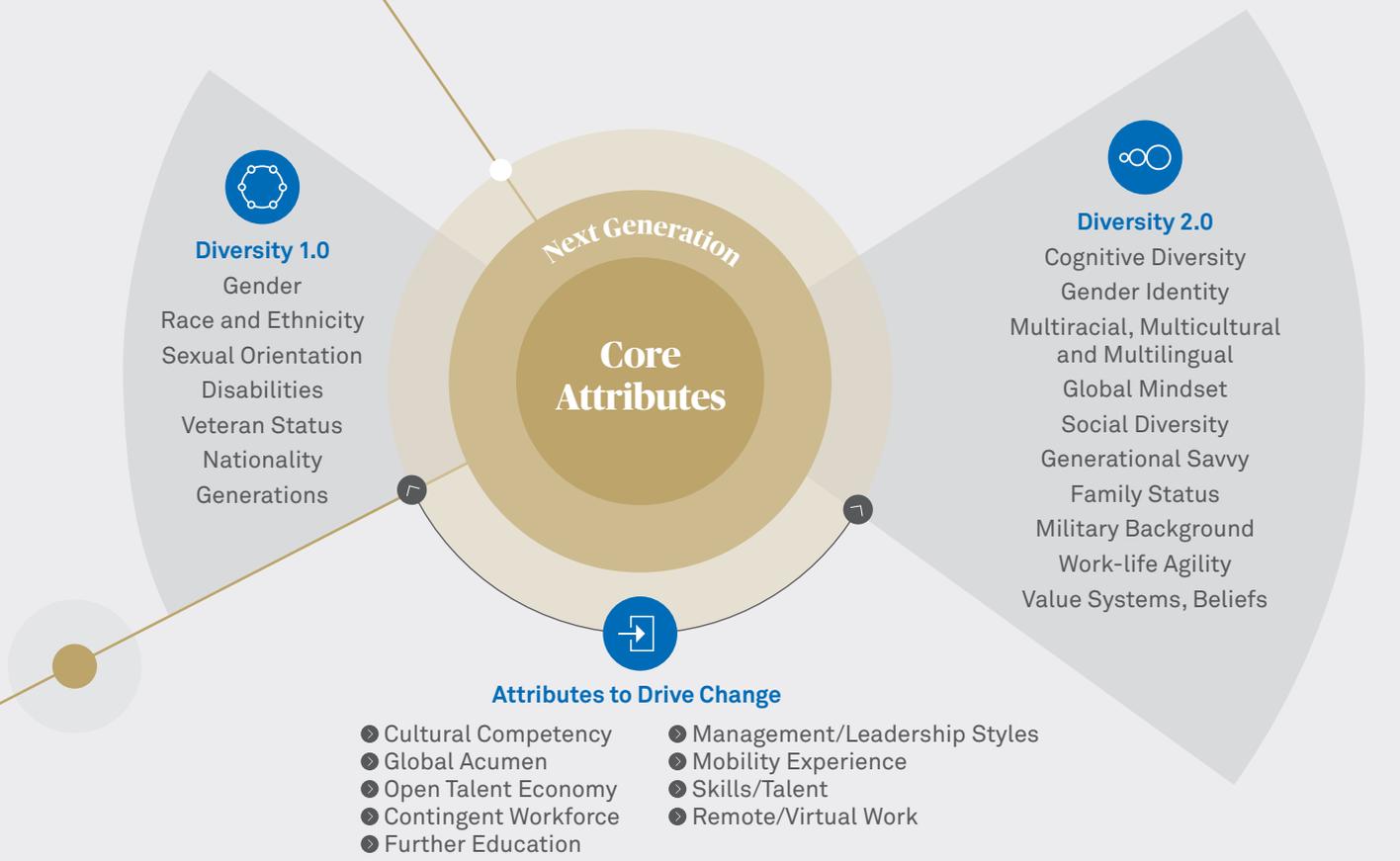
As technology and social progress make the world smaller, our idea of diversity gets bigger. We are evolving our approach to diversity and inclusion to chart a more progressive, market-leading approach that invests more attention and effort on the inclusion side of the equation. We put energy into spotting people with high potential across a broader spectrum of diversity attributes and build a deep well of diverse perspectives, experiences and backgrounds that will drive and sustain innovation, agility and transformation.

We call this strategy ‘Diversity & Inclusion 2.0’. It is forward-looking and extends beyond immutable attributes like gender, race, ethnicity and sexual orientation. We aim to harness the power of acquired attributes, such as cognitive diversity, global acumen, generational savvy, social diversity and work-life agility.

To engage our people in the shift in our diversity and inclusion strategy, our London office conducted a Diversity & Inclusion 2.0 Conference. The agenda included sessions on how to lead and manage change in today’s open talent economy, why diversity and inclusion are important to clients and how to manage cross-cultural teams by valuing people in totality.

Our E/BRGs are also driving Diversity & Inclusion 2.0. Our GenEdge Network, which unifies our culture across generations and taps into our diverse workforce’s knowledge, energy and skills, contributed multigenerational insights for a panel on ‘Behavioral Economics: The Key to Addressing the Retirement Challenge’, which opened BNY Mellon’s 2016 Retirement Summit. Our Veteran’s Network (VETNET), which helps recruit, empower and support military veterans in our workforce, conducts Boots to Business in the U.S. and UK. These programs provide mentors for returning military members to help them transition to corporate career and civilian life.

Evolving the Conversation



Inclusive Leadership

Given the importance of diversity and inclusion, we are embedding it into our human resources transformation and talent strategy for integrated, holistic learning and development. Our Diversity and Inclusion Foundational Excellence Certificate Program helps build a motivated meritocracy and high-performing team culture that looks beyond traditional and visible diversity attributes. It acknowledges the rich diversity in our global workforce and harnesses the power of broader diversity dimensions, such as cognitive and socioeconomic diversity, multicultural competency and work-life agility. The program reinforces performance expectations of how we will grow the next generation of enterprise leaders. Through certification, employees have a structured diversity and inclusion learning path and verification of competitively differentiating skills that can be integrated into professional development plans and performance goals. Managers and human resources can quantifiably measure team members' diversity and inclusion progress and performance, which can inform talent reviews, strategic project assignments and succession planning.

The next frontier

In June 2016, BNY Mellon hosted a signature event with Prime Minister Theresa May (then UK Home Secretary and Member of Parliament) at our London office. She talked about the next frontier for diversity and inclusion and critical intersections with business, politics and social progress. More than 100 clients and guests attended, including senior financial services executives and multinational business leaders from various industries. They had unprecedented and candid conversations about a more progressive, business-led approach to diversity and inclusion that engages different perspectives, experiences and backgrounds to transform the world's challenges into opportunities. Prime Minister May's comments resonate well at BNY Mellon where, with Diversity & Inclusion 2.0, we are creating a common language to move the conversation forward and inspire greater business ownership and accountability.

“ BNY Mellon has a tradition of visionary leadership and a rich history of thriving through challenge and complexity. As we look to the future, our innovative spirit, diverse workforce and inclusive mindset continue to drive our focus on serving clients with distinction, making meaningful impact in our communities and blazing new paths to prosperity so even more people will have a bright and secure future. ”

Hani Kablawi
Executive Vice President and CEO,
EMEA Investment Services

Measuring Success

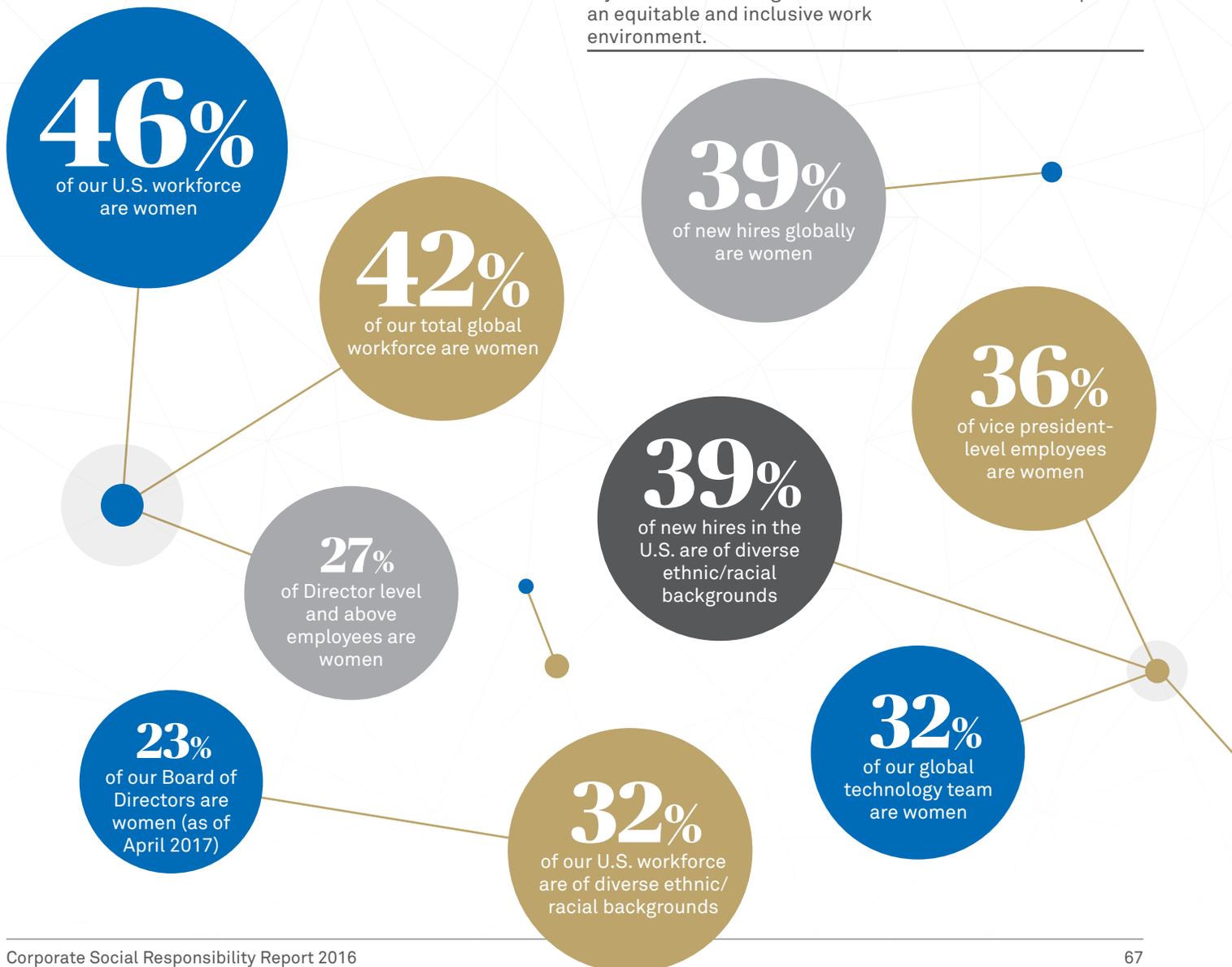
How We Measure Up

We measure our diversity and inclusion progress through our Annual Employee Engagement Survey results, workforce demographics, business and client engagements and marketplace recognition. We push for more data so we can make better, evidence-based decisions for our employees, business and clients.

Benchmarking and best practices are valuable inputs, but we realize that to sustain leadership and grow and attract the best talent, we must keep raising the bar. It is more important to define what 'best' means to us than to chase others' performance or metrics.

Employee Engagement Survey results related to Diversity and Inclusion

	2016	Change from 2015 survey
Management supports diversity in the workplace, recognizing and respecting the value of people's differences.	87%	+2 points
My immediate manager takes action to ensure the workplace is free of all kinds of discrimination and harassment.	81%	+2 points
My immediate manager creates an equitable and inclusive work environment.	79%	+3 points



Women Lead the Way

Women in Technology

Our Women in Technology (WIT) BRG helps women technologists advance at BNY Mellon through the WIT Sponsorship Program. Started in 2014, it nurtures emerging Client Technology Solutions (CTS) women leaders and increases the number of women in enterprise leadership positions. CTS Executive Committee members sponsored the first class of 16 protégés from each of our other business lines.

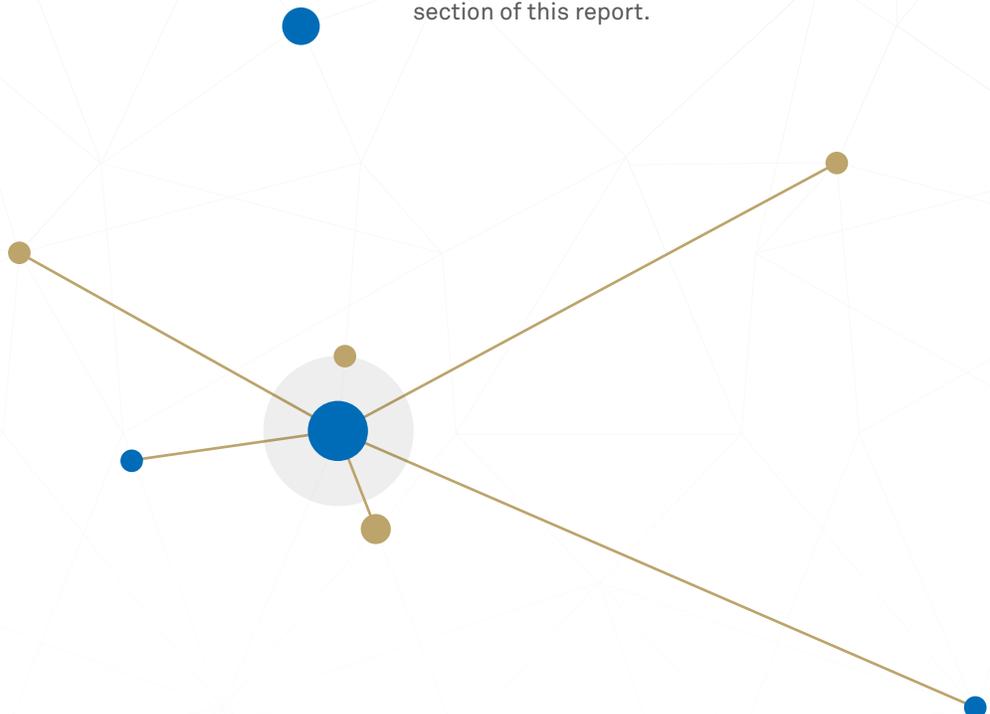
WIT is organized under WIN, our E/BRG supporting the professional development and advancement of our women. Affiliated with the Anita Borg Institute (ABI), WIT engages women and men invested in gender equality in technology to ensure women technologists can contribute their voices, ideas and spirits to advance in the technology field. WIT's efforts largely contributed to our 2015 recognition by ABI as the Top Company for Women Technologists and our inclusion on ABI's 2016 Top Companies for Women Technologists Leadership Index. This national benchmark recognizes 25 organizations as leaders in recruiting, retaining and advancing more women in technological roles.

Women Around the World

International Women's Day (IWD) has become a signature event for WIN. IWD 2016 kicked off in New York City with a panel discussion featuring BNY Mellon senior executives and business leaders, as well as industry and client representatives. Events focused on women's retirement needs, building on last years' themes exploring women as investors, advisors and leaders. WIN chapters engaged clients and BNY Mellon employees in events around the world throughout March to commemorate Women's History Month: in Milan, a debate between two financial leaders; in Leeds and Manchester, pension planning workshops; in London and San Francisco, retirement-themed panel discussions; in Nashville, a girls' technology program; in Chennai, Toronto and Singapore, gender parity discussions; and in Tokyo, Korea and Philippines, personal brand, networking and employee celebration events.

Return on Equality

In 2017, BNY Mellon and the UN Foundation released, [Return on Equality: Investment Opportunities to Help Close the Global Gender Gap](#), a white paper on investment opportunities with companies that advance gender equality through products and services. The five sectors examined represent nearly \$300 billion in incremental annual spending by 2025. Learn more about *Return on Equality* in the [Social Investing](#) section of this report.



The Impact of Our Employee and Business Resource Groups

Employee and Business Resource Groups (ERGs and BRGs) are integral to our winning culture and global success. They connect our people around the world, help them express their unique value and provide leadership development opportunities.

In our complex, interconnected global marketplace, innovative and visionary companies are leaning more on their ERGs. To deliver greater impact, our ERG members are currently working together and with our businesses to transform themselves into BRGs, leveraging diversity and inclusion to drive greater business impact.

ERGs vs. BRGs

ERGs	BRGs
<ul style="list-style-type: none"> • Company sponsored • Voluntary groups of employees • Shared common interest or background • Opportunities to network and support members • Liaise with senior executives, upon request 	<ul style="list-style-type: none"> • Company aligned • Executive engagement and ownership • Measurable business impact • Formalized governance and oversight • Comprehensive strategy that drives business priorities and goals

ERG and BRG Best Practices

GenEdge focuses on leveraging multigenerational diversity to improve ideation, knowledge sharing and problem solving. Senior management in BNY Mellon’s Europe, Middle East and Africa (EMEA) region enlisted GenEdge to help marketing and client teams identify new opportunities. GenEdge is producing a series of reports, starting with Spain, to analyze country-/region-specific markets, the regulatory environment, competitive landscape and potential business opportunities.

GenEdge is spearheading enterprise-wide crowdsourcing, collaborating with BNY Mellon’s businesses and CTS division. They’re developing an online platform so employees worldwide can volunteer for business initiatives, projects or workstreams and add their generational perspectives to improve ideas, solutions and outcomes. For example, GenEdge members are providing insight to BNY Mellon Wealth Management on the topic of generational wealth transfer and engaging Millennial investors. GenEdge is developing thought leadership on social finance, financial literacy, retirement and digital advisory services.

Our Diverse, Inclusive Employee and Business Resource Groups

GenEdge: Taps into and shares the knowledge capital, energy and range of talents within our diverse, multigenerational workforce.

HEART: Increases awareness and education of the needs of people with disabilities.

IMPACT: Provides an invaluable resource for the recruitment, retention, professional development and advancement of multicultural employees.

PRISM: Fosters an open and supportive environment for LGBTQA employees. To learn more about how we advance LGBTQA rights outside our organization, [see page 105](#).

VETNET: Serves as a resource for the professional development and advancement of military members as they transition to new careers and civilian life.

WIN: Promotes a culture of leadership and sponsorship to recognize and support the professional development and advancement of our women.

IMPACT formed four leadership forums – African American, Asian, Hispanic/Latino and South Asian – comprising senior multicultural leaders who represent all BNY Mellon businesses and geographic regions. These forums work independently and collaboratively to strengthen multicultural leadership voices, build and deepen a multicultural leadership bench, surface issues with executive management and drive multicultural talent advancement.

Our ERGs and BRGs are investing their expertise, insights and relationships to accelerate diversity recruiting. ‘Campus Champions’ – E/BRG members nominated because of their diversity and inclusion commitment, executive presence, influence and school affiliations – will work closely with our campus recruiting team to expand and diversify the talent pipeline and achieve gender parity in recruiting.

Employee-led Initiatives

Signature Leadership Forums

Signature Leadership Forums (SLF), our flagship diversity recruiting and retention initiative, drive pipeline diversification at vice president and above levels. Senior leaders of IMPACT, BNY Mellon's multicultural BRG, partner closely with the Office of Global Diversity and Inclusion and our talent development and talent acquisition teams to achieve BNY Mellon's diversity and inclusion goals through existing and prospective talent engagement. Some SLFs focus on external experienced professionals, while others recognize and seek to retain existing employees; both types bring together high-performing talent and BNY Mellon senior management. Since its inception in 2013, we've hosted SLFs in New York, London, Pittsburgh and Tokyo, enabling women and multicultural professionals to gain visibility, share thought leadership and build connections.

In 2016, our IMPACT BRG leaders and Client Technology Solutions division joined forces with the International Technology Senior Management Forum (ITSMF) to create DiverseTech to increase the racial/ethnic diversity of the technology talent pipeline. The program was implemented in collaboration with Code2040 and Tapia. ITSMF and BNY Mellon co-hosted an SLF to expose senior technology professionals to BNY Mellon career opportunities.

Returning Military Program

The success of our Returning Military Program in EMEA is spawning similar programs in other regions. In the U.S., a veteran hiring program piloted in our Corporate Trust business in 2016 is scaling to our Asset Servicing and Alternative Investment Services (AIS) businesses. The Corporate Trust class, based in Houston and Pittsburgh, is a full year into their 'tours' at BNY Mellon and, according to team managers, learning quickly and making valuable contributions. Members of VETNET, our ERG for returning military members, serve as mentors to our veteran hires to help them and their families transition to corporate and civilian life. VETNET members are active in the veteran community and with veteran organizations, helping returning military pave new career paths and position themselves for corporate success.



Active in Advancing Asian Leadership

Within IMPACT, various leadership forums function like heritage-specific steering committees. The Asian Leadership Forum (ALF) is comprised of senior Pan-Asian leaders who surface Pan-Asian employees' needs, opportunities and challenges. ALF/IMPACT members host events to showcase Pan-Asian talent at BNY Mellon and harness Pan-Asian talent pipeline potential. As part of Asian Pacific American Heritage Month 2016, BNY Mellon hosted a panel discussion with chief risk officers and chief compliance officers from client firms and industry peers AllianceBernstein, Morgan Stanley and Thomson Reuters. The panel explored leadership and risk management and the linkages between them. More than 170 guests from 52 financial and non-financial institutions heard thoughts and personal experiences related to diversity in governing our highly regulated and complex financial services industry. They discussed how organizations can help create conditions for more Asian and other multicultural employees to advance and succeed.

Through collaborations with influential organizations like Asia Society and Asia Society Leadership Forum, our senior diversity and inclusion and E/BRG leaders accelerate Asian leadership in business, government and civil society. They serve on the Asia Society's Asian Talent and Diversity Council and its LGBT and Asian Allies Committee. BNY Mellon's legal department is represented on the Asia Legal Issues Committee, and GenEdge members participate in the Young Professionals Leadership Program. Asia Society awarded BNY Mellon its 2016 Best Employers and Best Practices Award in the category of Asian Pacific American Employee Resource Groups. BNY Mellon leaders and employees are recognized thought leaders and subject matter experts and are frequently invited to speak at Asia Society events, including the annual Diversity Leadership Forum.



BNY Mellon Asset Servicing Chief Administrative Officer Pete Rodriguez accepting ALPFA Executive of the Year Award.

Support for Latino/Hispanic Leaders

As title/host sponsor at the 2016 Association of Latino Professionals for America (ALPFA) Convention, BNY Mellon helped drive the largest gathering of the Latino/Hispanic community in the U.S., with more than 3,700 attendees. In a first for ALPFA, we orchestrated a CEO/chief diversity officer forum to open the convention, convening 10 C-suite leaders and more than 30 heads of Human Resources, Talent and Diversity to discuss inclusion challenges, breakthroughs and opportunities to promote Latino/Hispanic leadership. Our IMPACT BRG's Latino Leadership Forum plays a key role in driving our relationship with ALPFA. They work closely with ALPFA to set an inspiring agenda and deliver provocative thought leadership and actionable insights to members and convention attendees.

We were a major sponsor of the 2016 ALPFA convention, at which several BNY Mellon professionals participated in workshops and panel discussions and one received the 2016 Executive of the Year award. BNY Mellon employs hundreds of ALPFA members across the country, several of whom serve as chapter presidents and strategic advisors.

An Evening to Celebrate Black History Month

BNY Mellon co-hosted, with Morgan Stanley Wealth Management, a dynamic fireside chat featuring Wynton Marsalis to celebrate Black History Month 2016. Clients and community partners enjoyed an evening of insightful and entertaining conversation about the science of jazz, correlations between jazz and finance/economics, learnings over the course of Marsalis' celebrated career and impromptu performances. Our IMPACT BRG's African American Leadership Forum realized an exciting vision, combining culture, history and business.

Improving Life for Citizens with Special Needs

HEART is BNY Mellon's ERG that promotes an inclusive work environment for those with disabilities and helps educate all employees on disabilities. They worked with our Asset Servicing team to support the launch of the Oregon ABLE Savings Plan. The plan allows people with disabilities and their families to build tax-deferred savings for disability-related expenses without jeopardizing state and federal benefits. HEART members tested the program and the consumer interface to enhance ease-of-use and ensure a smooth self-service experience for plan participants, including individuals with disabilities and their family members.

Working Across Generations

Our employees raise the bar on learning and professional development by raising awareness of changing needs, then applying real-life insights and experiences. GenEdge partnered with BNY Mellon Human Resources to develop 'Generations in the Workplace', a course highlighting the differences and similarities of the five generations in the workplace. It offers suggestions on how to adapt work and communication styles to make the most of cross-generational interactions.

PRISM Hong Kong Joins LGBTQA Inclusion Advocates in Driving Equality

Our PRISM Asia Pacific chapter promotes LGBTQA inclusiveness by participating in community events and engaging business leaders through industry forums. BNY Mellon's Hong Kong employees and their friends and families joined the annual Pink Dot rally and Hong Kong Pride Parade, two of the region's largest LGBTQA events. We were proud to sponsor Pink Dot, an outdoor carnival and concert celebrating diversity and inclusion for the second year. As a member of the Hong Kong LGBT Interbank Forum, BNY Mellon invited employees to march for the fourth year with employees from other banks and nearly 7,000 other people in the Hong Kong Pride Parade, which promotes LGBT equal rights and anti-discrimination.

BNY Mellon senior managers and PRISM Hong Kong members also engaged with business leaders on LGBTQA equality at the Out Leadership: Asia 2016 Summit and the U.S. Consulate roundtable session. Speaking at a panel discussion on Championing Equality While Managing Risk, Steve Lackey, APAC Chairman, emphasized that managing risk is important when operating in some Asia Pacific countries with less than favorable LGBTQA laws. He commented, "In order to ensure that we are successful in the longer term, we have to change – and we have to bring change throughout the entire company, not just in the pockets located where the laws are most favorable."

International Women's Day Celebrations In Brazil

In 2017, WIN Brazil hosted three events in Brazil to celebrate International Women's Day. More than 200 employees and WIN members participated in an international live stream panel discussion on closing the gender gap, a documentary broadcast called, 'Do we need to speak with men', followed by a debate, and a lecture and panel discussion on 'Women in leadership and its unconscious biases'. Our WIN chapter in Brazil sees these events as a milestone for their region in engaging on gender equality.

A Week Dedicated to Diversity and Inclusion in India

Since 2011, BNY Mellon India has dedicated a week each year to diversity and inclusion. In 2016, India chapters of our E/BRGs hosted a series of events for employees. IMPACT organized 'Raaga', to coincide with India's Independence Day. More than 300 employees in Pune and Chennai took part in music, dance and drama to celebrate cultural nuances in the regions. IMPACT hosted a panel discussion on generational diversity and business challenges between entrepreneurs representing Generations X and Y. HEART partnered with The Xavier's Resource Centre for the Visually Challenged to conduct experiential workshops to raise awareness of life with blindness and low vision and encourage participants to reflect on their attitudes toward people with vision impairment. WIN launched its 'Real Role Models' series featuring a panel discussion between members of BNY Mellon India's Executive Committee. They spoke about gender diversity in the workplace, the importance of women pursuing careers and the importance of including men in the gender conversation.

Finally, BNY Mellon India organized a special session to raise awareness of LGBTQA issues such as sexual orientation and gender identity that tend not to be openly discussed in Indian society or in the workplace. A prominent member of the Indian LGBTQA community talked to BNY Mellon employees about his journey to disrupt stereotypes and help them better understand the challenges LGBTQA individuals face.



Participants in a panel during BNY Mellon India's week dedicated to diversity and inclusion.

Looking Ahead Diversity and Inclusion

Diversity and inclusion changes constantly. Once primarily a compliance issue based on race and gender, it is now a rich philosophical and operational approach to welcoming – and benefiting from – a wide range of beliefs, experiences and individuality.

We see the evolution continuing, with diversity and inclusion becoming business assets in driving innovation, understanding clients, attracting talent, retaining key employees and building community relationships. We will stay on the leading edge of action in this field and inspire individuals and organizations in financial services and across industries to accelerate diversity and inclusion progress.

Our investment in diversity and inclusion sets us apart as an industry leader. It aligns us with our clients and markets around the globe and enables broader, deeper capabilities. It unleashes bold thinking to shape the future of finance. By continuing to engage with our people, clients and community alliances; develop thought leadership; pilot next-level programs; share successful practices and unite with other like-minded leaders and influencers who share our commitment to diversity and inclusion, we will live up to our values as the Investments Company for the World and realize our vision of improving lives through investing.

Advancing Diversity and Inclusion in India



Dinesh Deo
Chief Executive Officer, BNY Mellon India

With over 6000 employees in India, BNY Mellon India is a strategic growth center for the company that looks to provide creative insights and innovative solutions that meet the wide ranging, ever changing and increasingly complex needs of our clients.

“ BNY Mellon India has a unique competitive advantage of bringing India’s diverse cultures and talents together to make us truly successful. ”

While much has been written and discussed about workplace diversity and the benefits it brings to the organization and its clients, it is now important for us to understand and leverage the power of inclusion.

India is country where 22 languages are spoken with more than 250 dialects, so diversity can be relatively easy to achieve. However, inclusion is something that needs conscious efforts from everyone in an organization.

To this end, BNY Mellon India has adopted ‘Inclusion’ as its fifth value, in addition to the enterprise-wide values of ‘Client Focus, Integrity, Teamwork and Excellence.’ This promotes personal accountability for inclusion and helps the organization at large achieve its goal of creating a better workplace culture. Going a step further, beginning in 2017, inclusion will form the foundation of BNY Mellon India’s strategy.

We are invested in pursuing diversity and inclusion with the same rigor as our other strategic priorities. At BNY Mellon, we know that a diverse and inclusive atmosphere for our employees will spur creativity and excellence in service of our clients and all of our stakeholders.

Our World

Climate change, changing workforce needs and gender inequality are among the global issues we believe we can impact for the better. We use our resources and influence to tackle the environmental and social forces shaping our world today.

Provided
\$42 million
in community support

■ Read more on page 100

Managed
\$69.3 billion
in assets using ESG

and values-based exclusionary screens

■ Read more on page 80

Reductions, energy credits and carbon offsets led to

0 net carbon emissions

■ Read more on page 108

Invested In A Better World



Our Opportunity

The environmental and social forces shaping our world today bring with them unprecedented potential for growth and development. BNY Mellon is ready. Through our influence, expertise, skills and resources, we contribute market-leading solutions to the world's most pressing problems.

We are part of public and private sector collaborations tackling societal and environmental issues. And we do it while upholding our responsibility to help create a resilient, accessible financial system that people trust.

Key Trends

Climate change, overpopulation and inequality are among the global issues we believe we can positively impact. Within these macro trends are more specific issues we are committed to tackle leveraging our resources and influence.

• Urban areas may outgrow capacity

The world's population is projected to grow 30 percent to 9.5 billion people by 2050, primarily in urban areas. Countries are already struggling to meet housing, infrastructure, transportation, energy and employment needs and basic services such as education and healthcare, compounding challenges in an already resource-constrained world.¹ Sustainable urban planning and inclusive, equitable development will help urban and rural areas overcome these resource constraints. Through our social investing initiatives, we are contributing to investment activity growth and satisfying market appetite for strategic and sustainable solutions.

• Jobs of the future require new skills

The rapid, exponential growth of technology innovation and adoption, known as the Fourth Industrial Revolution, requires employers to think about skills needed for jobs that don't even exist yet. While the explosion of new technologies offers tremendous opportunity, there is also the potential for talent shortages, mass unemployment and growing inequality. To prevent this talent disruption, businesses cannot wait for the next generation of workers. They must begin re-skilling and up-skilling their current workforces and look for innovative, agile suppliers to meet the impact of the Fourth Industrial Revolution on employment, skills and education.² BNY Mellon contributes to this effort through community support to benefit our stakeholders, our business and our communities.

• Climate change calls for urgent action

Greenhouse gas (GHG) emissions are at their highest levels ever. Unless the global community acts quickly, the world's average surface temperature is projected to surpass an increase of three degrees Celsius this century. A rise in GHG emissions could be irreversible and impact more than just weather patterns. Access to water, agricultural growing cycles and livelihoods around the world are just three examples of what is at risk.³ BNY Mellon is investing in sustainable solutions to help put the world on a path to a low-carbon reality.

• Wealth is changing hands

Over the next 30 years, Baby Boomers in the U.S. are expected to pass down an estimated \$30 trillion in assets to their children and grandchildren.⁴ Younger generations are expected to gravitate toward companies with positive social or environmental agendas. We see this as an opportunity to drive profitable revenue growth and enhance the client experience for the recipients of this new wave of investments.

¹ World's population increasingly urban with more than half living in urban areas, United Nations, July 10, 2014, <http://www.un.org/en/development/desa/news/population/world-urbanization-prospects-2014.html>

² The Future of Jobs, World Economic Forum, January 2016, <http://reports.weforum.org/future-of-jobs-2016/>

³ Goal 13: Take urgent action to combat climate change and its impacts, UN Sustainable Development, <http://www.un.org/sustainabledevelopment/climate-change-2/>

Our Approach

Part of our responsibility is to consider the impact our decisions and actions can have outside our doors. Our support of social investing, our relationships with suppliers, our philanthropic

efforts and how we manage our environmental footprint are activities vitally important not just to our businesses, but to the world.

Social Investing

Our Opportunity

At BNY Mellon, social investing refers to investment activities intended to generate financial returns and incorporate social and/or environmental considerations. Our work in social investing cuts across the company, occurring at the corporate level and within Investment Management, Investment Services and Markets.

Financial institutions have the unique opportunity to influence investment decisions and direct capital to projects that may generate positive impact. They also run the risk of allocating capital to industries that may be involved in controversial activities such as child labor and deforestation.

The financial sector is now considering the environmental, social and economic effects of investment activity. Environmental Social Governance (ESG) integration into the investment process can help investors better understand and address risks from stranded assets, regulatory changes and reputational risk. Investors may capitalize on ESG opportunities arising from shifting environmental and regulatory landscapes such as clean technology and smart agriculture. Social investment may direct capital toward solutions to global challenges, such as those outlined by the UN's SDGs.

Key Trends

Research and pilots have shown investing to help overcome social and environmental challenges can generate returns, mutual benefit and shared value for investors and communities.¹ These results are paving the way for a new and growing investment stream with the potential to deliver significant market and social impact. As we pursue this growing opportunity, we are cognizant of the following trends.

- **Public-private collaboration is essential**

Achieving the UN's Sustainable Development Goals (SDGs) requires investments of \$3.3 trillion to \$4.5 trillion per year for basic infrastructure, food security, climate change mitigation, health and education in developing countries alone. Governments can help facilitate activity while the private sector provides financing – essentially driving each other to move development forward. Capital is available, but some countries are more aligned than others on social and environmental interests. Private investors are stepping up to define what social investing vehicles will look like to protect their assets over the long term. BNY Mellon is ready to leverage our financial market knowledge, skills and resources to help bring social investing to scale.

- **Investors want more transparency**

Since the financial crisis, demand for companies to evaluate the impact of non-financial factors such as governance and climate change on financial performance has grown. The social investing sector must also find better ways to measure non-financial metrics and explain financial performance implications. We're developing and improving products to meet investor goals and performance expectations, while strengthening the infrastructure, skills and incentives that shape business decisions.

- **Next-generation investors have different expectations**

As the population ages, wealth is passed down and new generations of investors emerge. The demand for investment products and services that meet ESG criteria is expected to increase. Demand for information is also on the rise. Younger generations are growing up with instant access to information and are willing to conduct their own research before making investment decisions. BNY Mellon is invested in market-leading solutions, tools and research to meet these current and future client needs.

¹ Better Business Better World. The report of the Business and Sustainable Development Commission. January 2017. <http://report.businesscommission.org/report>



Our Approach

Globally, BNY Mellon looks to support the development of social investing, which guides our product development, thought leadership and partnerships in this arena. Product development is underway across our business lines to meet clients' growing demand for social investing options. We support capacity-building efforts by maintaining dialogue with our clients, sharing knowledge, forming strategic partnerships, philanthropic endeavors, research and thought leadership to influence capital markets globally.

Under our broad social investing umbrella, we consider activity across the enterprise, reflecting BNY Mellon's wide perspective and capabilities at every stage of the investment process:

- **Investment Management:** offers responsible investment (RI) strategies that allow investors to align their goals for positive environmental and social influence with their desire for wealth accumulation and legacy gifting
- **Investment Services:** provides business and technology solutions to financial institutions, corporations, foundations and endowments, public funds and government agencies, contributing to the market infrastructure and technological developments to scale social investing
- **Markets:** provides asset origination of innovative impact vehicles and sales and trading of sustainable and green bonds
- **Corporate level:** facilitates enterprise-wide thought leadership, strategic public/private partnerships, Community Reinvestment Act financing and community development



Our Social Investing Goal

Be recognized as a leader in the social investing field consistent with our business model.

How We'll Achieve It

Our efforts are defined and managed with executive and Board level support to ensure the entire company works toward one enterprise-wide social investing goal. We intentionally define social investing broadly to encompass all relevant efforts across our corporate activities and business lines.

2016 progress

Investment Management:

- Developed a new framework to classify RI by investment motivation
- Enhanced RI manager research due-diligence process
- Expanded availability of RI strategies on our Wealth Management and advisory platforms
- Managed \$69.3 billion in assets according to ESG and values-based exclusionary screens as of December 31, 2016

Investment Services:

- Screened \$735 billion in assets for ESG criteria, up 11 percent from 2015 ([Asset Servicing](#))
- Administered 21 green bonds representing \$15.4 billion in issuance volume for 2016, up from five bonds representing \$3.7 billion in 2015 (Corporate Trust) Assumed the role of listing agent on the newly launched Luxembourg Green Exchange ([Corporate Trust](#))
- Launched ESG benchmarking reports for clients ([Depositary Receipts](#))
- Enhanced Pershing's Managed360® offering to include socially responsible investing (SRI) models from Calvert Research & Management (Calvert) ([Pershing](#))

Social Investing at BNY Mellon

By tapping into BNY Mellon's scale, expertise and capabilities across the firm, our Social Investing initiative looks to support and catalyze all kinds of purpose-driven market activity. The industry is still working to establish parameters

and definitions to distinguish between various strategies, innovative investment vehicles and capital allocation. Educating investors and stakeholders through thought leadership is a key focus.

	Investment Management	Investment Services	Markets	Corporate
Function	Asset Management and Wealth Management	Market Infrastructure and Data Analytics	Investment Banking and Securities Broker Dealer	Facilitate enterprise-wide initiatives, responsible financing

Thought Leadership and Client Education

Social Investing Specific Activities	Responsible Investment Products (e.g. Mutual Funds, Separate Accounts, Custom ESG and Values Screening, Impact Bonds)	Trust and Administration (Impact or Environmental Vehicles)	Asset Origination (Innovative Impact Vehicles)	Affordable Housing Lending and Investments
	Responsible Investment Strategy Evaluation	ESG Investment Analysis and Monitoring	Sales and Trading (e.g. Green Bonds)	Small Business Investment Corporation (SBIC) Lending
	Proxy Voting and Engagement	ESG Fintech Digital Ecosystem Exploration		Tax Credit Investments (e.g. Wind, State Tax Credits)
		ESG Advisory*		Strategic Partnerships

*Non fee-based services offered to select Depository Receipt clients

Investment Management

Multi-Boutique Model

BNY Mellon's Investment Management business is a multi-boutique model with autonomous investment boutiques, each with its own style, strategy and management team. Beyond asset management, Investment Management also encompasses [Wealth Management](#), including private banking services. This model enables our investment teams to offer a wide range of well-diversified and customizable investment strategies. Assets managed according to ESG and values-based exclusionary screens totaled \$69.3 billion as of December 31, 2016.

Responsible Investment Framework

RI is the subset of social investing most relevant to Investment Management. It encompasses investment strategies that seek to offer investors financial returns while incorporating environmental, social and/or governance considerations.

At BNY Mellon Investment Management, we break RI strategies into three classifications based on the most common investor objectives: Values Expression, Influence Change and Return Enhancement. By isolating and understanding investors' motivations for pursuing RI, we may better navigate the RI landscape and build products that meet investors' goals.

Responsible Investment Framework

In this framework, the three classifications are not mutually exclusive. On the contrary, one strategy may encompass two or three of these objectives simultaneously. Implementation tactics including exclusionary screening, positive screening, ESG integration, thematic investing, impact investing and active ownership are used to pursue one or all of these objectives.

Values Expression

Values Expression describes the intent of investors whose objective is to align investments with their environmental and/or social views or beliefs. This approach is most often implemented through exclusionary screens that eliminate organizations misaligned with the investor's personal values, such as weapons or tobacco manufacturers.

Influence Change

Influence Change strategies support solutions to social, environmental and economic challenges and/or encourage organizations to improve their ESG behavior. The influence that RI strategies offer varies widely; we further classify these strategies according to the scope and magnitude of influence they target.

Return Enhancement

Return Enhancement ESG risks and opportunities are increasingly being integrated into investment strategies to help support long-term, risk-adjusted investment performance potential. Additionally, managers cite elements of active ownership, including engaging with companies and casting proxy votes, to encourage and directly affect companies' ESG practices in support of long-term shareholder value.

Boutique RI capabilities

Under our multiboutique model, many of our boutiques have developed RI capabilities.

- Newton, Walter Scott, Siguler Guff¹ and CenterSquare integrate ESG risks and opportunities into relevant investment decisions.
- Standish and Insight believe ESG risks are relevant with respect to credit and sovereign analysis.
- Mellon Capital incorporates ESG criteria into investment decisions to support several RI strategies.

- Newton's dedicated RI team conducts ESG research and actively engages with companies on ESG behavior.
- Many of our boutiques can screen portfolios for ESG criteria based on custom client-directed mandates.
- In 2016, Standish launched a municipal impact strategy, Alcentra formalized its ESG policy, The Boston Company progressed ESG research training and several boutiques developed thought leadership and were active in RI events.

¹ BNY Mellon owns a 20 percent interest in Siguler Guff & Company, LP and certain related entities (including Siguler Guff Advisers, LLC).

Select RI Strategies at BNY Mellon

The Dreyfus Third Century Fund, Inc.*

\$303 million as of 12/31/2016

One of the first responsible funds on the market, this U.S. equity fund focuses on investments in companies with business practices that seek to protect and improve the environment, promote occupational health and safety, promote consumer protection and emphasize equal employment opportunities. Effective May 1, 2017, Newton Investment Management (NA) Limited will become sub-adviser for the fund, and the fund name will be changed to The Dreyfus Sustainable U.S. Equity Fund, Inc.

The Dreyfus Socially Responsible Growth Fund, Inc.*

\$232 million as of 12/31/2016

Launched in 1993, this U.S. equity fund seeks to invest in companies that meet traditional investment standards, while meeting socially responsible criteria related to the environment, natural resources, occupational health and safety, consumer protection and equal employment opportunities. Effective May 1, 2017, Newton Investment Management (NA) Limited will become sub-adviser for the fund, and the fund name will be changed to The Dreyfus Sustainable U.S. Equity Portfolio, Inc.

Mellon Capital Carbon Efficiency Strategy (managed by Mellon Capital Management)

\$124 million as of 12/31/16

The Carbon Efficiency Strategy seeks to provide broad equity exposure while minimizing investment in companies with high carbon emissions and supporting companies that have made strides toward being environmentally responsible.

Global Farmland Fund Limited (managed by Insight Investment Management (Global) Limited)

\$171 million as of 12/31/16

The fund seeks to provide investors primarily with global exposure to farmland, farmland businesses and the agricultural commodities grown on those farms. This exposure will be gained through investment in a variety of direct holdings including, but not limited to, investments in farmland companies, specially incorporated vehicles established to hold farmland assets (either alone or jointly with one or more third parties) and farmland real estate. This fund is no longer accepting new subscriptions.

Japanese Womenomics Fund

2,541 million JPY (\$22.9 million) as of 12/31/16

The fund, available only to Japanese investors, will invest mainly in Japanese equities considered attractive medium-to long-term investments under the theme of women's empowerment.

*Investors should consider the investment objectives, risks, charges and expenses of any mutual fund or variable annuity sub-account carefully before investing. Contact your financial advisor or visit Dreyfus.com to obtain a prospectus or summary prospectus, if available, that contains this and other information about the fund or sub-account and read it carefully before investing.

United Nations Principles for Responsible Investment

We continue to pursue a boutique-specific approach to the United Nations Principles for Responsible Investment (UN PRI), which ensures that each team owns the requirements of the principles and is responsible for their management. The current signatories are Mellon Capital Management, Newton, Insight, Standish, Siguler Guff and The Boston Company.

As of December 31, 2016, \$603.57 billion, or 36.6 percent, of our total assets under management were overseen by boutiques that are signatories to the UN PRI's Principles.



Stephan Bonte, CFA
 Head of Sustainable Investing At Standish Mellon Asset Management Company LLC ('Standish')

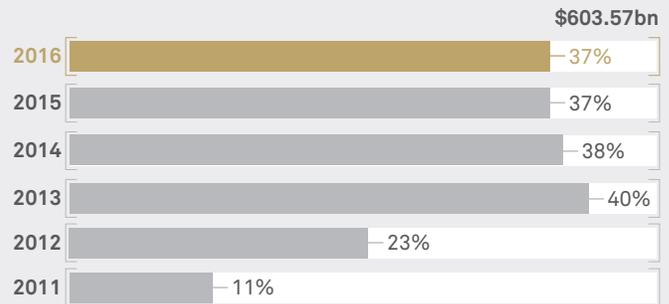
Delivering Sustainable Solutions to Fixed Income Investors

“ At Standish, we strive to steer our client portfolios to the point where sustainability values meet investment value. When sustainability values ultimately enhance investment value, this supports success in maximizing expected returns and mitigating risk, the cornerstone of our investment process. ”

I have witnessed tremendous growth in investor appetite for sustainable investing in recent years. Historically, interest came only from a small sub-set of investors, typically foundations or religious groups interested in particular exclusionary screens based on their specific value set. Now, a wider range of investors, including pension funds, insurance companies, endowments and sovereign wealth funds, appear to be interested in a broader range of ESG issues, such as climate change, water risk and human rights. I am also seeing unprecedented alignment between private sector priorities and society's best interests as these same issues rise to the top of the societal agenda.

Interestingly, while US Investors had a bit of a late start on ESG/Sustainability compared to their European peers, I'd argue

BNY Mellon Assets under management covered by the United Nations Principles for Responsible Investment



* Boutique Signatories to the UN PRI as of December 31, 2016. As of December 31, 2015, Meriten, a UN PRI signatory, is no longer a BNY Mellon boutique.

the US is now closing the gap; this is similarly changing in other lagging regions such as Asia. For green bonds alone, we have seen issuance grow from almost nothing in 2012 to nearly \$100 billion globally in 2016¹. While still a small portion of global issuance, this is an exciting development for us and our clients as it adds to the levers available to drive returns and manage risk. For our environmentally minded clients, it may provide one of the best vehicles to finance green projects. As an Executive Committee Member of the Green Bond Principles, Standish participates actively in the development of this growing market. The level of excitement from issuers, regulators and investors is tangible, and appears to be growing.

Clean energy and climate change considerations have also come to the forefront of many conversations. I see two main drivers for this. First, perceptions regarding climate change seem to have changed a lot in the past few years, especially in the US. The Paris Climate Agreement last year in particular galvanized stakeholders. Second, the 'E' in ESG is relatively simple to objectively measure – which makes it easier to integrate climate considerations into our portfolios.

I believe that fixed income investors will play a fundamental role in meeting the 2 degree objectives set in Paris. While estimates vary, the International Energy Agency (IEA) estimates \$13.5 trillion dollars of investments will be required between 2015 and 2030 to transition to a low-carbon economy². This will not be driven by corporations or equity markets alone, but by a combination of sovereign debt, local government projects, securitized assets and multilateral development banks, etc. So in my view, green bonds are just the tip of the iceberg. I believe we are on a strong upward trajectory and I anticipate further industry collaboration to advance environmental, social and governance objectives for investors and society.

¹ https://www.moodys.com/research/Moodys-Global-green-bond-issuance-could-rise-to-USD206B-in--PR_360880

² https://www.iea.org/media/news/WEO_INDC_Paper_Final_WEB.PDF

Wealth Management

BNY Mellon Wealth Management works with high-net-worth individuals, families and institutional investors on comprehensive wealth planning and integrated investment support. In recent years, Wealth Management has responded to increased client demand for RI options and engaged directly with clients to raise awareness of these opportunities.

As institutional investors such as endowments, foundations and family offices are at the forefront of driving demand for RI, Wealth Management continues to design and offer internally and externally managed equity funds for clients interested in RI. For example, our Planned Giving group has developed customized solutions for mission-driven client organizations, providing access to investment pools that meet stringent social and faith-based investment requirements. BNY Mellon Family Office clients have also engaged with us in discussions around impact investing. Across the industry, we see an increase in the percentage of family offices that are investing in impact strategies or plan to build programs in the future¹. This trend is emerging across multiple generations as a way to share family values and create family legacies. Our Family Office team works with clients to address those investment needs.

For individuals and families thinking about more closely aligning their values with their investment strategies, Wealth Management has several initiatives to enhance communication and understanding of strategic philanthropy and social investing opportunities. Wealth Management gives families and individuals a framework to discuss personal investment and wealth goals. We work closely with them to define a values-based investment strategy that seeks to realize these goals.

In 2016, Wealth Management evolved our RI capabilities and client engagement strategies as follows:

- Developed Social Finance Municipal Impact Strategy, designed in response to specific client needs and showcased at the 2016 *Financial Times*' FT for Good conference
- Developed new models that align with the values of faith-based and socially conscious investors
- Led strategic philanthropy engagements with clients and their advisors that focus on the intersection between philanthropic efforts and investment tools for impact
- Continued client engagement and education on responsible investment themes through platforms such as a discussion on behavior and motivations of social investors in Philadelphia, hosting discussions on the changing face of philanthropy and the intersection of giving and impact investing in New York, and participation in the 2016 Berkeley Sustainable Business and Investment Forum

Wealth Management continues to build out an ESG investment roadmap which seeks to offer solutions that incorporate ESG considerations across asset classes.

Proxy Voting and Issuer Engagement

Eight of our boutiques/business units participate in BNY Mellon's Proxy Voting and Governance Committee (PVGCG). These member firms are represented on the PVGCG by equity professionals who help make voting decisions on behalf of the firms' clients – the underlying shareholders. The PVGCG has established detailed, predetermined and written voting guidelines for specific types of proposals and matters commonly submitted to shareholders, including ESG-related matters; for more information, see [PVGCG Voting Guidelines](#). The PVGCG seeks to provide transparency to the issuer community through publication of these guidelines.

In addition to casting proxy votes, the PVGCG engages with companies on several issues, including governance, executive compensation, contested meetings and shareholder proposals. The PVGCG focuses on three areas that can strengthen alignment between company leaders and shareholders: transparency in corporate governance practices, how the Board of Directors supports the issuer strategy and alignment between executive compensation and performance.

The PVGCG is supported by the Proxy Voting and Governance Research team. The team researches voting proposals for the PVGCG, leads engagement efforts and maintains oversight of all operational aspects of the proxy-voting process. The team supports the committee's efforts to determine value-enhancing vote decisions at over 12,000 shareholder annual and special meetings for U.S. and international companies each year. The combined efforts of the research team and member firm representatives result in proxy votes and issuer engagements designed to support long-term shareholder value.

¹ The UBS/Campden Wealth Global Family Office Report 2016. Additional statistics regarding impact investing can be found at: <http://www.campdenfb.com/article/global-family-office-report-2016-key-findings-impact-investing>

Investment Services

Helping Institutions Achieve their Full Potential

BNY Mellon Investment Services provides business and technology solutions to financial institutions, corporations, foundations and endowments, public funds and government agencies. We leverage our global footprint and local expertise to deliver for our clients across every stage of the investment life cycle. We work each day to optimize, digitize and grow our solutions to meet our clients' increasing demand for partnership in social investing. Our services include Asset Servicing, Alternative Investment Services, Broker-Dealer Services, Corporate Trust, Depository Receipts, Pershing Clearing Services and Treasury Services.

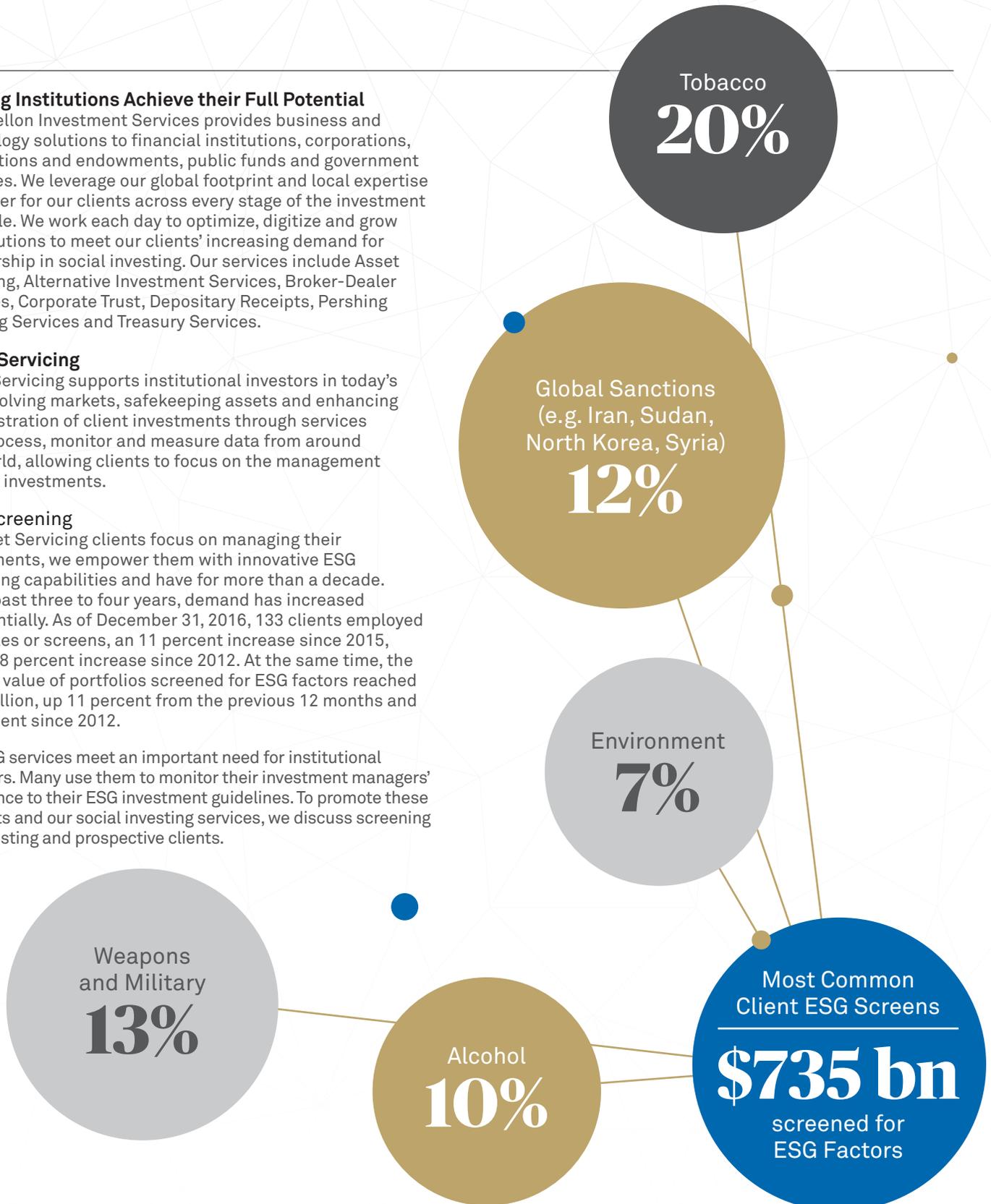
Asset Servicing

Asset Servicing supports institutional investors in today's fast-evolving markets, safekeeping assets and enhancing administration of client investments through services that process, monitor and measure data from around the world, allowing clients to focus on the management of their investments.

ESG Screening

As Asset Servicing clients focus on managing their investments, we empower them with innovative ESG screening capabilities and have for more than a decade. In the past three to four years, demand has increased substantially. As of December 31, 2016, 133 clients employed ESG rules or screens, an 11 percent increase since 2015, and a 48 percent increase since 2012. At the same time, the market value of portfolios screened for ESG factors reached \$735 billion, up 11 percent from the previous 12 months and 65 percent since 2012.

Our ESG services meet an important need for institutional investors. Many use them to monitor their investment managers' adherence to their ESG investment guidelines. To promote these products and our social investing services, we discuss screening with existing and prospective clients.





Frances Barney, CFA
Head of Global Risk
Solutions at BNY Mellon

How Asset Servicing is Innovating with New Partners

An increasing number of our clients are interested in analyzing portfolios based on their ESG impacts. In response, we are committed to developing groundbreaking innovations to support sustainable investment analysis.

“ Social and environmental impacts are fast becoming essential, mainstream investment considerations. But investors need more and better tools to inform their decision making. Through our Social Investing Client Advisory Group, our institutional clients play an active role in shaping the innovations that in turn shape the future of investing. ”

Continued innovation is critical to keep pace with and anticipate the changing expectations of our stakeholders.

Social Investing Client Advisory Group

The launch of our Social Investing Client Advisory Group in 2015 brought together institutional investors of virtually every stripe, including public and private pension funds, university endowments and foundations, to help shape our social investing offering. These prominent leaders use this forum to identify social investing trends that could benefit from additional support and innovation by our organization. They help us capture client perspectives, establish priorities, pinpoint existing services in need of further development and plan for transformational new initiatives.

In 2016, the Social Investing Client Advisory Group identified specific client needs that call for further exploration. For example, interest in social investing continues to grow and clients want better information and guidance. Traditional negative screening is fading in popularity as investors migrate toward more integrated approaches such as using ESG factors to mitigate financial risk and enhance long-term performance. Clients are striving for better implementation and integration, especially as they attempt to consolidate sustainability data from multiple sources into actionable reporting and analysis. They also seek to access ESG data daily to monitor portfolios, even though they use it less frequently (i.e. annually) for reporting.

I've been in this business for over 25 years and our conversations have evolved from a focus on performance measurement to a focus on risk management. Some of the risks clients are thinking about now include environmental and social issues such as carbon emissions, social impact and human rights, as well as more historically significant governance issues. For our clients, environmental factors appear to be a growing area of focus and we anticipate further investor interest in the tools and platforms that will help them assess specific environmental issues, such as water risk.

Another aspect that motivates our work in social investing is that ESG concerns are also increasingly top of mind for our employees and our ongoing focus contributes to internal values-driven employee engagement efforts. My teams do their best work when the individuals are inspired by what's possible to achieve with our clients and in the marketplace.

In order to address the evolving risk landscape, we are working closely with leading fintech companies and data vendors to explore new ESG analysis solutions that leverage BNY Mellon's NEXENSM digital ecosystem. We currently work with clients to incorporate ESG portfolio analysis into investment analysis tools, such as compliance guideline monitoring and performance attribution leveraging Eagle Investment Systems performance technology. We are also working on a proof of concept ESG portfolio analysis tool within the NEXEN Gateway. I am personally very excited about the potential these tools have to advance our ESG services for clients.

Asset Servicing and Oregon to Launch the ABLE Savings Plan

Oregon's ABLE Savings Plan, and the related nationally available ABLE plan, ABLE For All, allows people with disabilities and their families to build tax-deferred savings for disability-related expenses without jeopardizing state and federal benefits. Oregon is among the first adopters of the federally sponsored program, the result of the 2014 Achieving a Better Life Experience Act.

In 2016, Asset Servicing developed a comprehensive suite of integrated services and an easy-to-use consumer interface that provides plan participants full online and mobile self-service access: to open and manage accounts, maintain their records, and reach customer service representatives trained to work with individuals with disabilities. ABLE programs are notable because until now, people with disabilities could not save money without losing federal/state benefits.

Broker-Dealer Services

Broker-Dealer Services clears and settles equity and fixed-income transactions globally and manages more than \$2 trillion in collateral, including tri-party repo collateral, worldwide. As a leader in the U.S. tri-party repo market, BNY Mellon led the way in reducing systemic risk through operational and technology enhancements.

An example of Broker-Dealer Services' work is the back office support function it provides to CD Interchange. CD Interchange is the settlement agent for the Promontory Interfinancial Network (40 percent owned by BNY Mellon). Promontory Interfinancial Network offers financial technology services with a number of public policy and other benefits, including promoting financial empowerment at a local level and financial stability at local, state and national levels. By connecting the nation's small- to mid-size community banks with comparable banks and key constituents, the Network's services help banks benefit from 'the power of many', attracting greater numbers of larger deposits for local benefit. The Network reports out that in 2015 its services helped mission-based banks, community development institutions and minority-owner banks attract more than \$2 billion in socially responsible investments¹.

Corporate Trust

Corporate Trust offers infrastructure, technology and processing services to help financial institutions, corporations, insurers, governments and not-for-profit organizations navigate debt capital markets. Corporate Trust supports our clients' ESG needs with a diverse range of products and solutions.

Green Bonds

We administer debt securities that raise proceeds to fund projects with specific environmental benefits, such as climate change mitigation and adaptation projects. In 2016, we administered 21 green bonds representing \$15.4 billion in issuance volume, up from five green bonds representing \$3.7 billion in issuance volume in 2015.

We remain at the forefront of market developments through our engagement with associations that lead initiatives supporting green bond market growth. For instance, Corporate Trust continues to maintain an observer status to [The Green Bond Principles](#), which are voluntary process guidelines that recommend transparency and disclosure and promote integrity in developing the green bond market.

Other market developments include Moody's launch of a new Green Bonds Assessment (GBA) to rate the environmental credentials of green bonds, bolstering recommendations we made in our July 2015 whitepaper, Social Finance at Scale: Creating Value for Investors. In 2016, Moody's assigned the first GBA in the U.S. to the Upper Mohawk Valley Regional Water Finance Authority for \$8.78 million of water system revenue bonds. BNY Mellon was appointed as the trustee, paying agent, escrow agent and registrar for the transaction.

BNY Mellon also became an approved listing agent on the Luxembourg Stock Exchange's newly launched [Luxembourg Green Exchange \(LGX\)](#) that provides issuers and investors a dedicated environment for green securities.

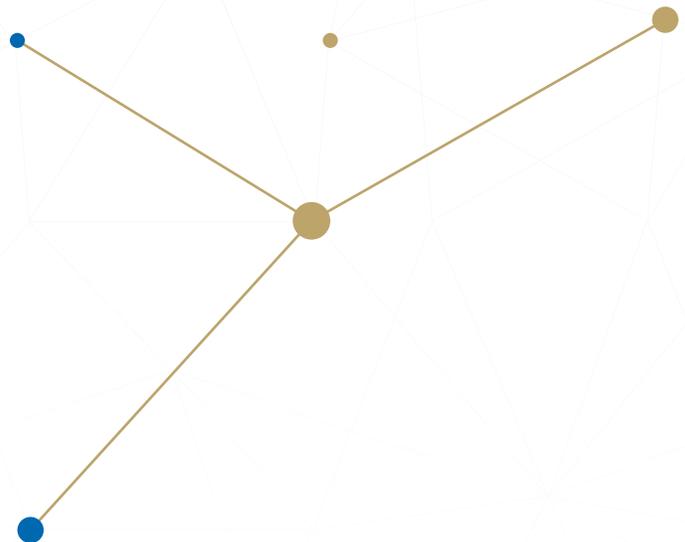
Environmental Trusts And Escrows

We help clients comply with financial responsibility requirements enforced by the U.S. Environmental Protection Agency (EPA) and other commissions for environmental issues ranging from chemical emissions to nuclear decommissioning.

Insurance-Linked Securities

We administer alternative reinsurance capital financings such as catastrophe (CAT) bonds that reduce the cost of reinsuring risk from natural disasters, and longevity risk swaps that help pension funds adjust to demographic changes. These products and solutions ultimately help make communities more financially secure. We anticipate increased demand as the impacts of issues such as global population growth and climate change become more widely felt.

¹ <http://www.promnetwork.com/media/248286/the-power-of-many-helps-main-street-banks-offer-services-too-costly-to-offer-on-their-own.pdf>



Project Agent and Public-Private Partnerships

Infrastructure systems around the world will require extensive upgrades to withstand current environmental and economic stresses. As economies recover from the financial crisis, urban areas expand and populations grow rapidly, the demand is strong for infrastructure, civic and energy investments. A potential solution to this infrastructure finance need is greater involvement by institutional investors such as asset managers, insurance companies and pension funds.¹

It is against this backdrop that Corporate Trust launched a new [project agent role](#) in EMEA to meet the growing needs of institutional investors and other project finance transaction participants. Project finance is a new area for many insurance companies and pensions funds, and a project agent can support them through the otherwise complex process when building a project from scratch such as a new biomass plant, student campus or road. Our project agent team assists borrowers and investors in managing project information and provides guidance on key decisions throughout the project life cycle.

We were named trustee on the first Property Assessed Clean Energy (PACE) financing authorized by the [Commonwealth of Kentucky](#) for a private property owner. PACE financing enables private commercial property owners to repay funds for an eligible energy efficiency project by accepting a special assessment on their tax bills.

Social Housing Bonds

In the UK, we have supported social housing infrastructure by administering the bond financings issued by local housing authorities. These financings help fund the construction or renewal of social and affordable housing and can help improve the lives of vulnerable people.

¹ Commission Staff Working Document on the Ad-hoc Audit of the Pilot Phase of the Europe 2020 Project Bond Initiative, European Commission, July 3, 2016, http://ec.europa.eu/dgs/economy_finance/evaluation/pdf/eval_pbi_pilot_phase_swd_en.pdf

Corporate Trust Leads BNY Mellon's Engagement with the BEI

The Banking Environment Initiative (BEI) is made up of global banks, including BNY Mellon, with combined assets of more than \$10 trillion. In early 2017, the group recognized the work of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TFCD).

The BEI believes that for banks to direct capital towards socially and environmentally sustainable economic development, building strategic alliances between banks and the companies and investors they serve is necessary.

Various BEI members, including BNY Mellon, support the Climate Bonds Industry Working Group on green bonds. Initially tasked with developing green eligibility standards related to agriculture, forestry and other land uses, the group continues to explore new products, policies and guidelines that facilitate moving more capital towards environmental finance.

Cambridge Institute for Sustainability Leadership, February 15, 2017, <http://www.cisl.cam.ac.uk/business-action/sustainable-finance/banking-environment-initiative/news/statement-of-support-for-the-work-of-the-financial-stability-board2019s-task-force-on-climate-related-financial-disclosures>

Depository Receipts

Depository Receipts plays a major role in helping securities issuers access the world’s financial markets. BNY Mellon is the world’s leading provider of sponsored depository receipt (DR) programs. As of December 31, 2016, we worked with leading companies from 64 countries to serve as depository for 1,062 sponsored DR programs—an estimated 57 percent global

market share.¹ DRs facilitate cross-border trading, allowing companies to make their shares available outside their home markets and helping investors in the U.S. and elsewhere to invest in companies on a more global basis. Working with issuers across emerging and developed markets, Depository Receipts supports its DR issuer clients with social investing activities information through its ESG Advisory Solutions.

Case study

Helping Garanti Bank to Strengthen Market Awareness of their ESG Profile



BNY Mellon, in its capacity as its depository bank, worked with the Investor Relations (IR) and Sustainability Team of Garanti Bank (Garanti) on best practices and enhancement of Garanti’s ESG disclosure strategy and profile. As an ESG leader and member of leading sustainability indices such as DJSI, Bloomberg GEI and FTSE4GOOD, Garanti is committed to gathering market and industry intelligence to better understand market expectations. BNY Mellon has been a valued partner in helping achieve this.

Objectives of Garanti and BNY Mellon partnership

Through initiatives led by BNY Mellon as its depository, Garanti has gained greater clarity on the markets’ evolving expectations around non-financial disclosure. These projects encompassed gaining insight into investor perceptions, benchmarking of peers’ ESG disclosure and mapping the ESG investment landscape.

Impact

- Improved engagement with investors resulting in enhanced ESG assessment scores by ESG rating agency Sustainalytics, from 2015 to 2016.
- Identification of ESG disclosure gaps and areas of highest priority in managing sustainability-related risks allowing for continued improvement and senior management and board awareness.

“ We strongly value BNY Mellon’s partnership in helping us identify global best practices in ESG disclosure. BNY Mellon has and continues to help us look at our Sustainability practices from an external perspective. We use this insight to inform our internal discussions with the executive team and the board of directors. ”

Ms. Handan Saygin

Senior Vice President Investor Relations, Garanti Bank

“ BNY Mellon’s ongoing insight and support have helped us prioritize opportunities, better anticipate evolving transparency expectations of investors and gain insight on the discussions about emerging ESG trends among investors. ”

Ms. Ebru Dildar Edin

Executive Vice President
Project Finance and Sustainability, Garanti Bank

DR Symbol: TKGBY
DR Exchange: LSE/OTC
Country: Turkey
Sector: Banking
Market Cap: 11.57 billion USD*
DR Program Establishment: Nov 1, 1994
*Yahoo Finance sector classification and market capitalization (as of April 25, 2017).

¹BNY Mellon and other depository bank websites, as of December 31, 2016.

ESG Advisory Solutions

Depositary Receipts offers ESG Advisory Solutions to help DR issuer clients develop effective ESG strategies for consideration in their capital markets and investor relations activities.

We support issuers in four key areas:

- 1. Education and Benchmarking:** Through our collaboration with Sustainalytics, a leading provider of ESG research and analysis, we help identify dominant themes within a DR issuer client's peer group and industry, including company-specific ESG ratings, peer benchmarking reports and sector trends.
- 2. Engagement Policy and Strategy:** We help develop a roadmap to assist DR issuer clients in understanding investors' key ESG concerns and to examine their internal ESG practices, as well as assisting them in the review of their communications with investors and relevant stakeholders.
- 3. Intermediary Engagement:** We ensure DR Issuer clients understand the ESG service provider landscape, including ESG-rating companies, sustainability index providers, specialized firms and associations and proxy advisors.
- 4. Investor Engagement:** We identify investors who have embedded active ESG criteria into their investment processes and facilitate engagement with them on those criteria.

Understanding Global Governance Practices

Depositary Receipts continues to be a leader in contributing to the discussion and communication of developments in important governance issues. In 2016, Depositary Receipts produced two investor perception studies of corporate governance practices in Japan and Russia. The results were presented at events in those countries.

Pershing Clearing Services

Pershing provides business and technology solutions to financial organizations globally, delivering dependable operational support, robust trading services, flexible technology, an expansive array of investment and retirement solutions, practice management support and service excellence. Key accomplishments for 2016 include:

- Pershing became the first major custodian to offer an online experience tailored to the needs of persons with physical or neurological challenges, or those who may use accessibility aids like screen readers when navigating online.
- In 2016, Pershing's Managed360® offering was enhanced to include socially responsible investing (SRI) models from Calvert Research & Management (Calvert). Through the years, Calvert has stayed at the forefront of Responsible Investing by offering innovative investment strategies that combine deep proprietary environmental, ESG research with shareholder engagement. Today, the firm is helping a new generation of investors see financial potential through the lens of ESG factors. Managed360®, available to Pershing clients and offered through our affiliate, Lockwood Advisors, Inc. (Lockwood), delivers a streamlined managed accounts experience, leveraging the power of Pershing's NetX360® platform.



Charlie Goodwin
Managing Director,
Head of Public Finance

Democratization of Social Investing

“ Traditionally social investing was limited to creating products and deals for asset owners who have control over very large buckets of assets, sometimes in the billions and to build scale by replicating those deals for similar investors. I believe we’re overlooking the value of democratizing social investing – building scale by going small which could create access for the ‘every day investor’. Someday we could see a large number of smaller-dollar investors tapping a massive pool of capital for greater variety of projects that deliver quantifiable and meaningful impact in society. ”

I sit within BNY Mellon Capital Markets, LLC¹ and in my 25 years in the business, it has become apparent to me through discussions with clients, internal teams and our own market research that the next few years present tremendous opportunity in this space. Whether it’s through imaginative combinations of existing capabilities or creative issuances that better connect sales and trading to data analytics, settlement and servicing, the ‘social investor’ often has unique motivation and needs – and is looking to financial sector experts for innovative solutions.

To date I have seen two main areas of opportunity for us within social investing. On the issuance side, BNY Mellon Capital Markets is already participating as a managing underwriter and BNY Mellon as a bond trustee on new issue municipal Green Bond deals for clients such as the New York MTA. Until recently, the conventional wisdom was that investors wouldn’t pay a premium for green bonds but we

see anecdotal evidence that increasingly green bonds lower the cost of capital. On the investor side, origination of investments that feature a financial and social return is also gaining traction among large institutional investors and those investors are turning to us to assist them in evaluating both the financial and social return. This demand from investors and issuers motivated my participation in the Global Impact Investing Network (GIIN) Guarantees Working Group to assist in developing a blueprint of best practices for guarantee-backed deals that could increase the scale of U.S. community impact investing.

As we respond to clients’ ESG interest within BNY Mellon Capital Markets, we also see power in democratizing access to social investing solutions so individual investors are able to take advantage of the same products and services that major institutional and philanthropic investors can today. This will require the market to accurately quantify the social and environmental impact of any size of investment for any type of investor. The challenge is in distilling vast amounts of data into the indices, ratings and benchmarks that will make it possible for new groups of investors to make informed social investing decisions. I look forward to continuing to be a part of this journey at BNY Mellon.

A Strategic Partnership with the Global Impact Investing Network

BNY Mellon is a member of the GIIN as part of our pursuit of strategic partnerships that advance industry thinking and contribute to the development of innovative products and services. The GIIN is a non-profit organization dedicated to increasing the scale and effectiveness of impact investing.

In 2016, our BNY Mellon Capital Markets, LLC¹ sales traders joined industry experts from the impact investing community in the GIIN Guarantees Working Group. This group was established with sponsorship from the Kresge Foundation to better understand the role of guarantee-backed deals in scaling U.S. community investing. Our BNY Mellon Capital Markets team contributed valuable insights from extensive experience in debt and equity underwriting services, most notably on how standardization could increase participation from a broader universe of investors. We believe the research and recommendations from this partnership will be instrumental in unlocking additional and efficient sources of private capital. We hope to continue and expand our collaboration with the GIIN in 2017, as we look to increase our network of partnerships.

¹ BNY Mellon Capital Markets, LLC (‘BNY Mellon Capital Markets’) is a full service registered broker-dealer, member FINRA and SIPC, and an indirect wholly owned non-bank subsidiary of The Bank of New York Mellon Corporation (‘BNY Mellon’).

Corporate Activities

Thought Leader and Partner

Our corporate social investing activities are intended to support and catalyze purpose-driven activity internally and externally, positioning us as a thought leader and strategic business partner. We spearhead and execute enterprise-wide thought leadership, cultivate public-private partnerships with organizations such as the UN Foundation, The Global Impact Investing Network (GIIN), World Resources Institute (WRI) and The Banking Environmental Initiative (BEI); and universities globally; and invest in community development projects and responsible financing. These activities advance industry thinking and support the global investment community in pursuing positive social, environmental and economic impact.

Return On Equality Report Reveals \$300 Billion Market Opportunity in Closing the Gender Gap

In 2016, BNY Mellon joined forces with the UN Foundation to develop *Return on Equality: Investment Opportunities to Help Close the Global Gender Gap*. The report examines the potential global market impact of companies achieving gender parity.

Institutional and individual investors have a significant opportunity to accelerate the advancement of women and girls – if they shift their focus. To date, private investment supporting gender equality goals has typically been in women-led businesses and companies that promote workplace gender diversity. Significant untapped potential, however, lies in investing in companies that advance gender equality through their products and services.

Driving Innovation in Gender-lens Investing

The time is right to unlock the return on equality.

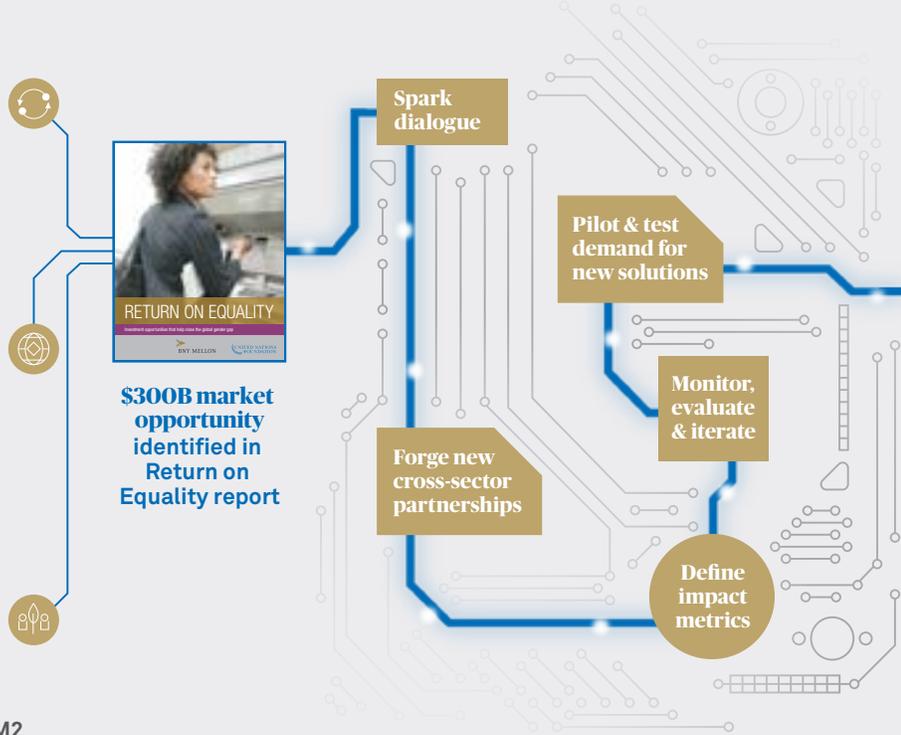
Catalysts

Public-private partnerships are on the rise
UN Sustainable Development Goals launched

Gender equality is a precondition for global development
Gender parity GDP contribution defined as \$12T1

Next generation investors have different ESG expectations
Sustainably managed assets reached \$23T AUM2

Path of Innovation



Outcomes



Market impact
Launching new gender-focused investment vehicles



Consumer impact
Increasing R&D capital invested in products meeting women's needs



Social impact
Increasing economic agency, greater freedom of time spent, improving health & safety and reducing gender bias

¹ McKinsey, 2014 Power of Parity report <http://www.mckinsey.com/global-themes/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth>
² US SIF, 2016 Global Sustainable Investment Review http://www.ussif.org/files/Publications/GSIA_Review2016.pdf

The need is clear. Globally, 1.7 billion women do not own a mobile phone¹ and 1.1 billion women do not have bank accounts.² Every day, women spend 200 million hours collecting water for their families due to inadequate infrastructure.³ Approximately 225 million women have an unmet need for modern contraception.⁴ These are not simply supply side issues. Women’s access to and usage of products and services like these are shaped by prevailing social and gender norms and constraints on women’s mobility and asset control. These obstacles must be addressed before women can participate fully in the economy and society.

Achieving parity across products and services in just five sectors – water, contraception, telecommunications, energy and child care – could unlock a market of more than \$300 billion in incremental annual spending by 2025.

By investing in companies offering products and services that promote gender equality, investors can earn the ‘return on equality’, seizing profitable, under-tapped opportunities. Given how the use of products and services shapes the health outcomes, livelihoods and opportunities of billions of women daily, this change in investment approach has the potential to help advance gender equality at scale.

Community Reinvestment Act at BNY Mellon

In accordance with the [Community Reinvestment Act \(CRA\)](#) LINK, BNY Mellon Bank N.A. and The Bank of New York Mellon are evaluated under the Community Development Test, namely, performance under community development lending, investments and community service activities. To meet CRA obligations for both banks, the CRA function establishes CRA activity goals on a multiyear basis and identifies products that can be claimed for CRA eligibility within the company’s business model. BNY Mellon Bank N.A. is rated ‘[Outstanding](#)’, and The Bank of New York Mellon is rated ‘[Satisfactory](#)’. Current products in our business model include:

Lending Products

- Construction loans, bridge loans and/or rehabilitation loans
- Letters of credit
- Bond financing
- Term loans
- Lines of credit

Investment Products

- Equity investments (e.g. Low Income Housing Tax Credits, Historic Tax Credits, Brownfield Tax)

Credit Products

- Mortgage backed securities
- Small business investment corporation (SBIC)
- Affordable housing bonds
- Community development funds

Affordable Housing for Our Communities

BNY Mellon’s community investment activities can have profound effects on the lives of people and the places they call home. Beyond delivering secure and affordable shelter, these investments advance innovative and locally driven approaches to some of the nation’s most pressing housing and community development needs.

Our capital leverages scarce federal, state and local resources, and is instrumental to providing high-quality affordable housing in rapidly changing neighborhoods and in high-performance building that reduce energy costs and consumption.

Bny Mellon’s Affordable Housing Investments

	2016
New affordable housing projects financed	9
Equity investments	\$120 million
Construction financing	\$177 million
Units produced	509
Persons housed*	1,230

*Est. based on 1.5 persons per bedroom.

¹ Bridging the Gender Gap: Mobile Access and usage in Low- and Middle-Income Countries, GSMA, 2015.

² Asli Demirguc-Kunt et al., The Global Findex Database 2014: Measuring Financial Inclusion around the World, Policy Research Working Paper 7255, World Bank Group, April 2015.

³ Water for Women, United Nations, 2015, <http://www.wateraid.org/~media/Publications/water-for-women.pdf>

⁴ Modern contraceptive methods include hormonal implants, intrauterine devices (IUDs), female and male sterilization, hormonal pills and injectables, male and female condoms, other supply methods, and modern methods of periodic abstinence (the standard days method and two-day method). Adding It Up: The Costs and Benefits of Investing in Sexual and Reproductive Health, Guttmacher, 2014.

Notable developments completed or financed in 2016



A Brew House Lofts tenant unit.

Brew House Lofts, Pittsburgh, PA

BNY Mellon Investment:

- \$12.5 million construction financing
- \$13.1 million equity/permanent capital through the purchase of low income housing and historic tax credits

This adaptive reuse of an iconic brewery features 76 loft-style apartments, 14,000 square feet of artist studios and collaborative work spaces and solar panels and repurposed brew tanks engineered into the building's heating and cooling system. In its new incarnation, an arts collective co-owns the space, artists comprise more than half of the initial residents and long-term affordability is secured through 48 units reserved for low- and moderate-income households.



Artist rendering of Surf Vets residential development.

Surf Vets, Coney Island, Brooklyn, NY

BNY Mellon Investment:

- \$34.6 million construction financing
- \$26.9 million equity/permanent capital through the purchase of low-income housing credits.

Now under construction, this residential development on a stretch of Coney Island hard hit by Hurricane Sandy will provide storm-safe shelter for 135 low-income individuals and families, including 82 units for formerly homeless persons, 50 of those set aside for persons with psychiatric disabilities, and a special preference for homeless veterans. Post-Sandy flood mitigation and resiliency measures integrated into the building include locating all mechanical equipment above flood risk elevation, an emergency backup generator, a waterproofed foundation and a flood barrier system for the ground floor.

Small Business Investment Corporation Portfolio

SBIC is a CRA-eligible investment fund created and regulated by the Small Business Administration (SBA). Companies that receive SBIC funding have limited or no access to low-cost capital to grow their businesses.

Since November 2012, BNY Mellon's institutional and wealth banks have invested in 11 SBICs. As a limited partner, BNY Mellon has invested \$5-\$10 million in each SBIC fund, supporting approximately 105 diversified businesses around the country and helping sustain more than 32,000 jobs.

Responsible Financing and the Equator Principles

Financial institutions seeking to assess social and environmental risks in their lending activities have generally turned to the Equator Principles, an internationally recognized framework. These principles, modeled after the World Bank's environmental standards and the International Finance Corporation's social policies, are a baseline for a financial institution's policies and procedures for responsible project finance.

Because we are not active in project financing, BNY Mellon is not a signatory to the Equator Principles. However, consistent with industry best practices, we recognize the need to apply social and environmental criteria to lending activities related to large-scale infrastructure projects. While we have no current plans to change the scope of our activities, our lending guidelines reflect a framework consistent with the Equator Principles. Our lending professionals will be required to follow these guidelines for future project finance activities.

We periodically evaluate our lending portfolio against guidelines based on the Equator Principles to determine our exposure to potential social and environmental risks through non-project finance lending activities. The evaluations reveal a minimal level of environmental and social risk based on these guidelines.

Financing Wind Energy Projects

In the U.S., financing certain alternative energy projects provides investors with economic benefits that include tax credits while enabling support for renewable energy expansion. In 2016, BNY Mellon committed approximately \$610 million for the financing of eight U.S. wind energy projects. The projects have a combined total installed capacity of 1,273 megawatts, representing approximately 15 percent of the wind capacity installed in the U.S. last year. In total, the projects produce enough electricity to power approximately 370,000 average U.S. homes.

¹ In 2016, 8,203 megawatts of wind power were installed in the United States: <https://energy.gov/eere/wind/articles/us-wind-power-achieves-landmark-installed-capacity-82000-megawatts>. Total installed U.S. wind capacity of over 82,000 megawatts now powers approximately 24 million homes. See <http://www.awea.org/wind-energy-facts-at-a-glance>



Since 2014, BNY Mellon has provided over \$1.3 billion in financing for wind projects with a combined capacity of 3,149 megawatts capable of powering approximately 900,000 average U.S. homes.¹

Looking Ahead Social Investing



We continue to think about the potential for investor capital to enable positive economic, environmental and social change now and in the future. While shifting to a more sustainable global economy will require additional sources of capital, it will uncover new financing opportunities and create new market potential. BNY Mellon is positioned to apply our expertise across the company and our capabilities in RI to facilitate the development of social investing products and services.

Market signs indicate the green finance opportunity is significant and growing. The larger the green bond market becomes, the more investors will demand these vehicles and strategies to meet their changing financial needs.

As the next generation of investors graduate and enter the workforce, they do so with different motivations. Purpose-led and impact-driven investment preferences will increase, placing greater demands on asset managers and servicers to develop and position products that capitalize on investor interest.

We will continue to track these developments, build awareness and test new social investing opportunities with our clients and partners. We believe scaling social investing is an iterative process. We will partner with stakeholders to develop thought leadership and innovative products and services that efficiently reallocate capital to meet changing demands.

Supply Chain Responsibility

Our Opportunity

We rely on a multitude of products and services to support our business. While our size and scale give us opportunities to work with a wide range of suppliers, we must also be diligent

in our efforts to ensure they conduct business responsibly and with the quality and innovation we expect.

Key Trends

We expect our suppliers to conduct business with integrity, protect human rights, provide safe working environments for their employees and comply with laws and environmental regulations. In addition to these common expectations are opportunities and issues more specific to financial services.

• Vendors share responsibility

More than many other sectors, financial services firms rely on data processing and analytics to serve their clients and markets. Many use third-party vendors for these functions, which means suppliers must meet stringent accuracy, reliability, confidentiality and other standards intrinsic to financial information. Vetting suppliers against these standards and being transparent about the process with both suppliers and clients are ways we can maintain and strengthen stakeholder trust.

• Supplier diversity is key to success

Just as companies need a diverse workforce to deliver innovation and value, they need diverse suppliers to bring fresh ideas and help fuel growth. BNY Mellon actively engages diverse-owned suppliers and small businesses and strives to empower them to contribute innovative solutions from beyond our four walls.

• Emerging markets pose new challenges

Emerging market growth is both an opportunity and a challenge for financial services firms. The potential for new business is obvious. The challenge is managing local suppliers in areas where regulations and/or societal norms sometimes vary. This can pose new risk, but also spur new ideas to help suppliers improve their processes and raise their standards.

Our Approach

As we forge strong relationships with our suppliers, we expect them to adhere to our [Supplier Code of Conduct](#) and applicable laws, regulations and standards in the countries

in which they operate. We also expect them to comply with our human rights policies.

How We Work with Suppliers

High Expectations

We depend on suppliers to help us deliver excellence to our clients around the world. We place a high premium on trustworthiness, reliability and corporate social responsibility. Developing sound supplier relationships helps us improve our performance and uphold our joint responsibilities to the market. We strive to establish supplier relationships on the highest ethical basis and on the merits, including quality, innovation, performance and cost effectiveness.

We Partner for Value

We drive operational excellence by finding smarter ways to run our business and reduce risk to our company and the financial system. Our suppliers play an important role.

We are interested in the value our suppliers can bring to BNY Mellon and our clients. When new companies express interest in becoming a supplier, we ask them to register on our supplier registration portal. During this process, they must communicate their unique value proposition to BNY Mellon, which helps us evaluate their products and services and confirm the relationship will be a good fit for our company and theirs.

Our Supplier Responsibility Goal

Significantly increase the scope and impact of supply chain responsibility program.

How We'll Achieve It

We will build on our supply chain responsibility program to include a comprehensive approach to governance, diversity, supplier engagement and environmental and human rights issues. We are invested in the ambition, ingenuity and perspective of diverse entrepreneurs, both directly and through our second tier. We will rely on suppliers to add value through creative insights and innovation.

2016 progress

- Increased the number of diverse suppliers registering through our supplier portal by 53 percent
- Doubled the number of prime suppliers reporting the use of second-tier diverse suppliers (key suppliers of a prime supplier) and reporting spend data to us
- Contributed to the growth of half of our top 25 small business suppliers moving out of the Small Business Enterprise (SBE) category.
- Provided support to high-revenue clients seeking supplier diversity and/or sustainability information
- Recognized as a world leader for supplier action on climate change on CDP's Sustainable Supplier A List
- Among the top 2 percent of 3,900 suppliers disclosing through CDP supply chain program

“ Trust is everything in our business. Our clients and other market participants expect us to conduct business with the highest ethical standards. We hold our suppliers to the same high standards of excellence and integrity. ”

Gerald L. Hassell
Chairman and Chief Executive Officer

Supplier Engagement

2016: A Year of Reinvention

In 2016, we redesigned our supplier diversity strategy to more positively affect our suppliers' businesses. We believe this new approach will produce efficiencies, innovation and solutions that improve what we deliver to clients and other stakeholders. We will continue to roll-out programs in our priority areas in 2017.

More Diverse Suppliers

Small and diverse businesses, such as those owned and operated by women, minorities, veterans, individuals with disabilities and lesbian, gay, bisexual, transgender, queer/questioning and ally/asexual (LGBTQA) individuals play a critical role in helping BNY Mellon achieve our objectives as a leading financial institution. Our Supplier Diversity program gives them a level playing field upon which to compete for our business with bigger and more established companies and gives us access to their valuable ideas, drive, perspectives, feedback and solutions. In 2016, we spent \$162 million with diverse and small business suppliers in the U.S.

We assessed our program in 2016, through a review of stakeholder requirements, policy and procedure documentation and activity and benefits measurement. As a result, we are considering an end-to-end supply chain sustainability approach. This is an opportunity to improve our business' top line through formalized client team bid support and to generate bottom line savings through innovations, efficiencies and increased competition. As we identify diverse suppliers and develop mutually beneficial relationships, our business can become more valuable to clients.

Risk Mitigation a Priority

We hold suppliers to our company's standards of excellence in health and safety, labor and human rights, environmental sustainability, diversity and inclusion, ethics and other responsible business practices. We encourage them to do the same with their next-level suppliers. In 2016, we reviewed and revised our Supplier Code of Conduct to increase our expectations of suppliers. We are planning to broaden the environmental and targeted initiatives outlined in the Code in 2017.

We also launched a Third-Party Governance (TPG) program to provide a framework for ongoing vendor risk management. It centralizes information concerning suppliers' CSR activities and allows enhanced supply chain sustainability practices, such as sustainability assessments and certifications for top suppliers through our Third-Party Governance Application (TPG-A). For information on how we manage vendor relationships, [see page 39](#).

Protecting Human Rights

The aspects of human rights in the supply chain most relevant to our business are labor standards, wages, privacy and conflict minerals. Currently, our procurement approach and

Supplier Code of Conduct include human rights attestation. Our next steps are to review our procedures for human rights risk assessments and screenings and increase the weight on human rights in procurement decisions.

Environmental Matters

Our concerns related to supplier environmental impacts include GHGs, e-waste and sustainable practices in facilities and property management. We have plans in 2017 to collaborate with our top suppliers on these issues and look for areas where we can increase requirements to meet stakeholder expectations.

We were named to the inaugural CDP Supplier Engagement Leader Board for leading efforts to reduce emissions and climate risks across our supply chain. This leader board included only one percent of respondents to the CDP Supply Chain Response.

“ As a minority (owned) supplier serving BNY Mellon for nearly 10 years, CEI has consistently met BNY Mellon's expectations for providing highly skilled IT consultants. Just as BNY Mellon has grown and made changes over the years, CEI has adapted and improved our service offerings. Due in part to our relationship with BNY Mellon, we have been able to hire additional staff in our organization including women and minority individuals. ”

Christine Locklin

Vice President of Consulting,
Computer Enterprises, Inc. (CEI)

Looking Ahead Supplier Responsibility

Increased global regulation and risk drive companies to collect supplier information and create supplier management programs – a trend that is expected to continue. Beyond that, we recognize our suppliers are critical to bringing innovation, efficiencies and diverse perspectives, which add value to our business. Our 2016 progress in supplier governance, diversity, engagement, collaboration and environmental and human rights issues created a strong foundation for future advancements in these areas.

In 2017, we plan to incorporate our supplier environmental activity into our broader supply chain sustainability goals.

Community Commitment

Our Opportunity

Improving quality of life in developed and developing economies while combating climate change and natural resource depletion is one of the greatest challenges and responsibilities of our era. Communities, however, don't have to face global systemic issues alone. Private sector

companies, including BNY Mellon, are stepping up by contributing their resources, identifying where they can have the greatest impact and collaborating with governments and other organizations to tackle social issues.

Key Trends

Demographic changes, the changing global workforce and the gender gap all present crucial challenges to communities striving for economic prosperity and social wellbeing. We also see the following specific trends affecting companies and individuals:

- **The cycle of unemployment continues**

In many parts of the world, a perpetual cycle is in motion in which unemployment and underemployment feed into lower spending, investment and prospects for growth. This phenomenon impacts vulnerable segments of the population in particular, and large numbers of workers are trapped in low-paid and low-productivity jobs. Economic growth depends on governments and partners working together to ensure an adequate supply of workers with the right skills to be productive in the evolving economy for the long term.

- **Skills requirements are changing**

As technological advances accelerate, employers increasingly need people who aren't just experts in their fields, but who also understand technology and data analytics. A lack of candidates with strong technical skills can threaten companies' abilities to adapt, grow and compete, thus slowing economic progress and quality of life. By investing in education and training to support these new requirements, companies and communities can make faster and more sustainable progress.

Our Approach

At BNY Mellon, we steer our philanthropic efforts to areas where we can have the greatest impact on society. We believe that by investing in economic empowerment and developing and reskilling the next generation workforce, we can create

positive change now and in the future. Our community programs leverage corporate, foundation and employee giving and provide our employees with opportunities to use their skills and resources to make a difference.



A Change in Focus for Giving

Benefiting People, Communities and Economies

In January 2016, we assessed the global landscape to identify areas of critical societal risk and need. We benchmarked ourselves against world-class foundations, corporations and peer companies, then defined where we could drive greater societal impact. We considered our current and future global footprint, employee presence and new facilities such as our global delivery and innovation centers to determine a new focus for giving.

Of the issues we examined, unemployment and underemployment rose to the top as significant barriers to financial and social wellbeing, economic development and the continued advancement of a digital world. We can help address these needs by applying our company's expertise and resources to amplify the impact of our philanthropic giving.

Our corporate charitable giving program helps people and communities realize their full potential by focusing on:

Economic Empowerment to increase the economic capacity of countries, institutions and communities to advance the financial wellbeing of the people of the world

Technology and Digital Capabilities to build next-generation business and technology skills to contribute to society in a digital world

Our specific objectives are to:

- Engage BNY Mellon locations with our largest employee populations and ensure international scope
- Identify project models that can be implemented at any time, in any location, or be harnessed across multiple sites and borders
- Steer philanthropic efforts for greater depth and social impact
- Invest in developing and reskilling the next generation workforce
- Invest in education, including science, technology, engineering and mathematics (STEM) education and technical training, and support the growth of innovative delivery models and adaptive and mobile technologies

While we engage employees in our efforts and activities related to our corporate philanthropic focus, we also encourage and enable them to get involved with and contribute to organizations important to them.



Our Community Goal

Significantly increase the scope and impact of our community support.

How We'll Achieve It

We will work to increase our philanthropic impact, including increasing our skills-based volunteering and continuing to grow our international program.

2016 progress

- Completed evolved philanthropy focus to strengthen alignment with our business, brand and talent
- Increased volunteerism to 143,000 hours, a 2 percent increase overall, with 34 percent in skills-based volunteering

“ A key strategy for furthering our philanthropic focus of fostering economic empowerment and building technology and digital capabilities is our work to build pathways to business and technology careers. Our community programs leverage corporate, foundation and employee giving to provide opportunities to cultivate the next generation of entrepreneurs and innovators. ”

Monique R. Herena

Chief Human Resources Officer, Senior Executive Vice President, Marketing & Corporate Affairs, and Chair of the BNY Mellon Foundation

Philanthropic Giving

Donating for a Difference

Through global corporate philanthropy, BNY Mellon invests in the wellbeing of communities through financial donations and the time and talent of our employees who use their skills and resources to make a difference. We identify and support initiatives that improve social and economic conditions in locations where the company does business and where our employees live and work. We also adapt our programs to meet regional and cultural needs.

Many times, prospective clients want to know what we're doing for the community. Our direct impact in the areas that matter to them builds stronger client relationships. Partnerships and sponsorships make our philanthropy more visible to stakeholders, which helps us attract top talent.

The Power of Economic Empowerment

We promote long-term economic development and sustainability through community-based initiatives that advance access to capital, markets, business networks, technology, training and equal protection under the law to those in need. We invest in education and curricula that provides retraining, reskilling and the necessary tools to help people become the workforce of the future. We support socially responsible entrepreneurship that delivers positive environmental or sustainable impact and improves lives.

Invested in Technology and Digital Capabilities

We support development of a globally diverse technology talent pipeline. We invest in digitization and technological solutions that target global unemployment and underemployment. We help youth (ages 16-24) pursue technology careers through education, training, skills building, internships and mentoring. We fund women in technology initiatives, early education for girls and expanded digital and financial literacy access to enhance employment opportunities.

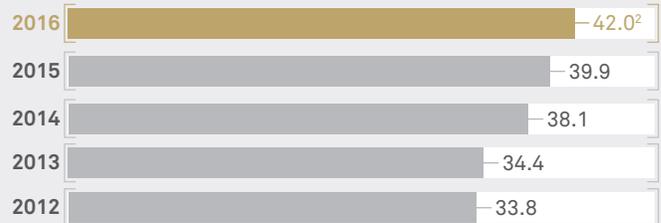
Support for Diversity and Inclusion

In addition to recruiting, developing and retaining a diverse and inclusive workforce, we support organizations that foster diversity and inclusion by targeting marginalized or hard-to-reach groups.

Ready for the Unexpected

When disasters strike, we partner with relief organizations to provide funds for immediate assistance and short-term rebuilding. Our global Disaster Relief Match Giving program provides a company match for employee contributions to eligible disaster relief efforts. The Employee Care Fund aids employees of BNY Mellon and its wholly owned subsidiaries who are most severely impacted by disaster.

Total community support¹ (\$m)



¹ Community support includes donations, grants and charitable sponsorships made by BNY Mellon and employee donations to charities that qualify for our matching program.

² The calculation of Community Support for 2016 includes amounts that were provided by BNY Mellon in previous years but were not included in the tally of Total Community Support prior to 2016.

Philanthropy in Action

Our philanthropic giving and community involvement make tangible differences in our communities.

At-Risk Youth in the UK Inspired to Progress

The partnership between BNY Mellon and Salford Foundation in Manchester, UK, is an excellent example of business and philanthropic collaboration. For several years, BNY Mellon funding has enabled the Foundation to conduct training, skills development programs and work-related experiences for young people, inspiring them to achieve professional and personal goals. In 2016, we contributed to a program expansion into the neighboring borough of Trafford. The expansion helps provide work-related experiences for youth at risk of not progressing into employment or further study.

“Our partnership with BNY Mellon goes back almost 10 years,” said Peter Collins, Chief Executive, Salford Foundation. “In that time, we have made a real difference to many groups and individuals. BNY Mellon’s community partnership, financial support and the dedication of all the volunteers highlight the impact business can make in the community.”

Another highlight is the National Citizen Service project. BNY Mellon volunteers host workshops for young adults to help develop workforce skills such as planning, pitching and branding. In 2016, more than 700 students attended a workshop.

Code2040 Programs Open Doors to Tech Careers

Code2040 aims to close achievement, skills and wealth gaps in the U.S. Their goal is to ensure that by 2040 – the start of the decade when the majority of the U.S. population will consist of people of color – Blacks and Latinos are proportionally represented in America’s innovation economy as technologists, investors, thought leaders and entrepreneurs.

BNY Mellon provided grant funding to expand Code2040’s Fellows Program and Technical Application Prep, which has more than 4,000 students and early career professionals in the network. Our grant helps African Americans and Latinos succeed in technology and gives technology companies access to a broad pool of qualified talent. The Fellows Program places high-performing software engineering students in internships with top tech companies while providing mentorship, leadership training, career coaching, skills building and network development. Encouragingly, more than 90 percent of Fellows receive a job offer from their host company. In 2016, BNY Mellon became the first financial institution to host a Fellow. The Technical Application Prep program prepares students for careers in technology through career coaching, leadership training and entrepreneurship mentoring, retreats and workshops.

“The environment Code2040 provided helped me equip myself with the tools I would need to not only navigate tech, but the entire world as a black man,” said Ocean Evers-Pete, 2016 Code2040 Fellow. “Though the time was short, the knowledge and connections I gained over that summer will surely last a lifetime.”



Code2040 fellows.

Building Stars of Tomorrow

BUILD Greater Boston uses entrepreneurship-based, experiential learning to ignite the potential of youth in under-resourced communities and prepare them for high school, college and career success. The program offers students a four-year entrepreneurship to reinforce the Common Core, develop 21st-century skills and motivate engagement in school. Starting in ninth grade, BUILD students work with peers and mentors to develop business ideas, pitch to funders and launch real businesses.

Supported by a \$75,000 gift grant from BNY Mellon, BUILD saw 97 percent of their second class of seniors graduate on time and be accepted to college. They expanded to a sixth partner school, launched an innovative dual-enrollment program at Charlestown High School in partnership with Bunker Hill Community College and increased student enrollment from 250 to 350. BUILD recruited more than 100 mentors to work with students weekly and hired two new full-time staff members to help meet their growth goals.

“BNY Mellon’s generosity is making college accessible for low-income Boston students who otherwise might never get the chance to pursue higher education,” said Ayele Shakur, Regional Executive Director, BUILD Greater Boston. “With BNY Mellon’s gift, BUILD was able to serve 100 more students this year than last year. Thank you for helping BUILD students achieve their dreams.”



Students showcasing their business as part of BUILD Greater Boston.

In 2016, BNY Mellon became the first financial institution to host a Code2040 Fellow.



BetaBurgh's Aquaponics Project for urban farming.

BetaBurgh Support for Early-Stage Companies

The Pittsburgh Downtown Partnership (PDP) develops and implements innovative programs to enhance Pittsburgh's Downtown neighborhood. With support from the BNY Mellon Foundation of Southwestern Pennsylvania and assistance from the City of Pittsburgh, the Urban Redevelopment Authority (URA) and other local partners, the PDP launched BetaBurgh, a mini-grant program to promote local, regional and early-stage businesses to use their products to activate public spaces in Downtown Pittsburgh.

In 2016, BetaBurgh awarded grants to four local organizations: The Aquaponics Project, an urban farm installation that tests the sustainability of using an aquaponics farming system to grow and sell produce in an urban environment; Digital Dream Labs, a large-format 'puzzlets' product that engages children

in cooperative and creative game play while teaching them STEM principles; Fine Art Miracles & CEEMI (Collaborative Experiential Electronic Musical Instruments), a partnership that turns any wi-fi compatible device into a musical instrument, encouraging smart-device users to engage with one another, not just their devices; and Land Art Kids, a solar-powered art installation and mobile device charging station made from reusable materials, all conceptualized, designed and built by students in Pittsburgh's Larimer neighborhood.

"We're thinking not just about tech companies," said PDP president and CEO Jeremy Waldrup, "but about retail, mom-and-pop businesses and anyone with a plan for the underserved communities, or who wants to connect with individuals that live and work Downtown."

BNY Mellon and Aidha Support Financial Education for Migrant Domestic Workers in Singapore

Many migrant domestic workers in Singapore take care of children, the elderly and household chores, often on a minimum salary. Many also send money home to help their families, leaving themselves with no savings. Aidha, a BNY Mellon Singapore grant partner, provides a comprehensive and holistic financial education program for these workers to help them navigate their challenges. In 2016, our support enabled 100 students to attend Aidha's lifechanging nine-month course.

Many students in the Aidha program are the primary breadwinners in their families and work to break the cycle of poverty.

Through Aidha's courses, they learn to save and plan for their financial futures and gain skills and confidence to achieve their goals.

Students who complete Aidha's course typically increase their monthly savings by 78 percent. Business ownership rises from 6 percent among new registrants to more than 40 percent among alumni. Aidha's studies show students' financial well-being has a significant multiplier effect, with the positive impact extending to an average of nine other people who depend on the student.

Our Employees Give Back

Community Partnership at Work for Everyone

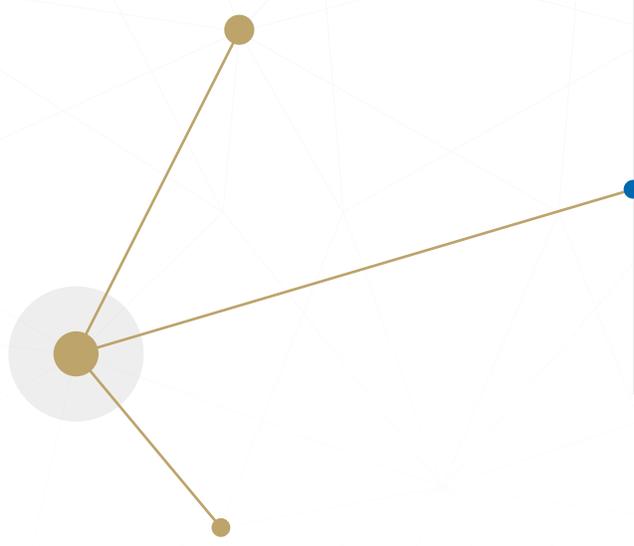
Our year-round, global Community Partnership program encourages employees to volunteer and help with fundraising in communities where they live and work. We offer each eligible employee up to three days of paid volunteer time per year and regional team and individual volunteer project opportunities. We let employees choose any Community Partnership-eligible charitable non-profit they want to support and provide a corporate match to charities for team volunteer time and fund-raising efforts.

Through our year-round, Individual Matched Giving program, we encourage employees to donate to a wide range of non-profit organizations in their communities. We offer company matching contributions for personal giving.

Thirty-four percent of our volunteer hours are skills-based, with employees using their business skills and expertise to make an even greater impact. Skills-based volunteerism benefited more than 650 non-profit organizations in 2016, with employees serving on boards, volunteering individually or volunteering with a team.

Employee Community Involvement Progress

	2012	2013	2014	2015	2016
Employee donations and company match (in millions)	\$14.5	\$14.5	\$15.2	\$16.1	\$17.2
Volunteer hours	84,000	105,000	127,000	140,000	143,000



Case study

New skills for students in india



In recent years, the lack of skilled labor in India has come to public attention. To increase skills in this workforce, BNY Mellon funds higher education in Pune, India, through a Deep Griha Society project that has given nearly 200 students from economically disadvantaged backgrounds access to courses such as accountancy, computer engineering, mechanical engineering and commerce.

Our support allows young people from families unable to finance their education to follow their personal and professional ambitions. Many students are the first in their family to go to school and college. Deep Griha has also contributed to changing the skilled labor market in India by giving girls equal access to quality education and jobs.

In addition to financial support, students in the final stages of their education receive employability skills mentoring from BNY Mellon volunteers. This includes preparing curriculum vitae, uploading them to job portals, practicing for interviews and developing communication skills. This element of the project is vital to helping students make the transition from education to employment.



Young people participating in programs at Deep Griha Society.

Case study
Students fast-tracking their dreams



BNY Mellon judges greet start-up teams at final competition as part of Zahn Innovation Center's Summer Accelerator Program.

New York is full of people with bright ideas for businesses that benefit society. But not everyone has the resources to bring their ideas to life. For students with underrepresented backgrounds, children of immigrants and those who are the first in their families to attend college, the road can be even tougher.

Zahn Innovation Center, a business and social impact venture incubator at The City College of New York, offers hope and help to make business dreams come true. Their 10-week Summer Accelerator Program supports technology-enabled start-ups and social impact ventures with \$10,000 stipends, co-working spaces, practical workshops and mentorship from business professionals.

In 2016, BNY Mellon employees volunteered to mentor start-ups in the program to help them refine their business models and entrepreneurial plans. Many volunteers came from BNY Mellon ERGs including IMPACT/PEER (Peer Engagement & Empowerment Resource, an ERG forum for the newest generation entering the workforce), WIN and GenEdge. They helped students learn to make sound decisions, build strong business plans, run a fund-raising

campaign, negotiate with future stakeholders and launch innovative businesses.

Because BNY Mellon mentors volunteered nearly 450 hours, the Zahn Innovation Center received \$9,000 in matching contributions, which they used as prize money for the competition at the end of the program. Start-up teams presented their plans to a BNY Mellon panel of judges, who evaluated them on criteria including audacious goals, massive transformational purpose and business plan strength. First place went to VeriPAD, offering innovative technology to battle counterfeit medications in low- and middle-income countries. Two start-ups tied for second place: Gleam, a patient management tool to help mental health professionals optimize treatment; and StreetLabs, a device to evaluate road conditions so local governments can make faster and more effective repairs.

“This was an amazing experience for us and the students,” said one BNY Mellon volunteer. “It was wonderful to watch these future leaders develop and the experience sparked a new spirit of innovation we can take back to BNY Mellon.”

Human Rights

A Firm Stance to Improve Lives

Throughout our company and our supply chain, we work to preserve human rights and contribute to global human rights initiatives. For more information on our approach, please see our [Human Rights Statement](#).

BNY Mellon supports the UN Global Goals for Sustainable Development launched in 2015, which stress accountability, non-discrimination and equality, in particular, gender equality. We are determined to see all human beings fulfill their potential with dignity in a safe, healthy environment.

Our Position Against Slavery

An estimated 45.8 million people are victims of some form of modern slavery including servitude, forced or compulsory labor and human trafficking.¹ In 2015, the UK passed the Modern Slavery Act requiring organizations conducting business in the UK with revenues of more than £36 million per year to publish an annual statement of their awareness of modern slavery and steps taken to mitigate it in their operations and supply chain during the previous financial year. The legislation was introduced by then-UK Secretary Theresa May to tackle the global problem by consolidating existing legislation and introducing new measures.

In early 2017, BNY Mellon posted [our statement](#) on [bnymellon.com](#), meeting the UK Modern Slavery Act requirements. We also updated our [global Human Rights Statement](#), also available on our website, to expressly cover modern slavery.

What We Expect of Non-Profits

We foster a culture of inclusion and expect recipients of our philanthropic funds to have the same commitment. We ask non-profit organizations (e.g. charities, NGOs) applying for financial sponsorship or donations to certify their compliance with BNY Mellon's Non-Discrimination Policy Certification for Non-profits. For more information on protected groups, see our [Equal Employment Opportunity Statement](#).

Support for LGBTQA Individuals' Rights

When LGBTQA individuals cannot be themselves in the workplace and in society, there is a significant impact on productivity and economies. PRISM, our LGBTQA ERG, keeps up with developments affecting the LGBTQA community and brings key issues and opportunities to BNY Mellon senior management's attention. BNY Mellon has advocated for diversity, inclusion and equality since 2013, to help protect and advance human rights, harness critical talent and drive performance for our business, sector and clients. For example:

- We supported amicus briefs in favor of the business case for marriage equality in the U.S., and participated in similar efforts in Ireland. BNY Mellon has also been a member of the Human Rights Campaign's 'Business Coalition', which supports federal legislation to prohibit workforce

discrimination based on sexual orientation. By lending our support to these and other efforts, we reaffirm our commitment to an inclusive workplace.

- We support important legal department pro bono projects. Our employees created a comprehensive, free, online tax resource to help same-sex couples and their tax preparers navigate state tax laws and reporting regulations. Employees led an effort to expand the Transgender Legal Defense and Education Fund's Name Change Project, which assists in the complex legal process of changing one's name to match one's gender identity.
- We signed an open letter in the U.S. opposing anti-inclusion legislation and supporting inclusion of gender identity within civil rights law. BNY Mellon supported An Act Relative to Transgender Anti-Discrimination (HB1577/SB735), a bill that would create non-discrimination protections for transgender people in public places throughout Massachusetts.
- Internationally, we signed an open letter in Australia to support marriage equality, signed the Diversity Charter Ireland and adopted the Hong Kong Code of Practice against Discrimination in Employment on the Ground of Sexual Orientation. We are one of only two Fortune 500 companies that reference sexual orientation and gender identity in board diversity statements. BNY Mellon was named among the Best Places to Work, with a 100 percent score, on the Human Rights Campaign's Corporate Equality Index for the 10th consecutive year.
- BNY Mellon sponsored a groundbreaking study, 'Out in the World: Securing LGBT Rights in the Global Marketplace', with the Center for Talent Innovation, released in January 2016. It provides a compelling case for multinational corporations to support lesbian, gay, bisexual and transgender (LGBT) equality and maps opportunities for pro-LGBT companies operating in anti-LGBT markets. EMEA clients recognized BNY Mellon's leadership after a launch event in London, and expressed interest in collaborating to advance LGBTQA issues and asked for our help in leveraging LGBTQA perspectives for better employee and client engagement.

¹ The Global Slavery Index, <http://www.globallslaveryindex.org/findings/>

Looking Ahead Community Commitment



Our commitment to communities and people takes us wherever the needs are greatest and we can have the most impact. We decided to focus on economic empowerment and technology education because of their potential to improve lives, and because we have the resources to truly make a difference. We continually scan the landscape and consider emerging trends that affect our stakeholders, our business and society.

Environmental Management

Our Opportunity

As a major global player in financial markets, BNY Mellon is invested in creating an inclusive, sustainable world where people, communities and economies thrive. It is critical to our culture, our reputation, our business longevity and our long-term value that we manage environmental risks in our business operations. Sustainable environmental management spurs innovation and engages our stakeholders to build resiliency and improve value chain collaboration across the company.

Key Trends

Climate resiliency and global market shifts are at the forefront of global concerns. We understand the need for urgency and are committed to doing our part by mitigating climate change risks in our operations.

- **GHG emissions are at their highest levels in history**
While many businesses have begun decarbonizing their operations, more must be done quickly to keep climate change from undoing the progress made in the past several years. We must all take advantage of renewable energy and other measures to reduce emissions and increase adaptation efforts.
- **Water is increasingly scarce**
Goal 6 of the UN's Sustainable Development Goals is to ensure access to water and sanitation for all. Water scarcity affects more than 40 percent of people on earth and this number is expected to rise.¹
- **Everyday changes make a difference**
Human activities are the most significant contributors to GHG emissions. Experts agree that unless we change our behaviors, climate change will threaten the way we live and the future of our planet. BNY Mellon gives our employees ways to take responsibility for helping mitigate climate change risks at work and we encourage them to do the same in their personal lives.

Our Approach

We believe we can make a substantial and positive impact on the environment by prioritizing our activities in the areas of climate change advocacy, energy efficiency, water, landfill diversion and paper use reduction.

Our Holistic Plan

We look at environmental management holistically to support sustainable development and manage risk. Our programs enable us to operate effectively while considering financial and environmental responsibility. We currently focus our activities in four categories:

- **Resource conservation**
We manage use of resources including energy, water, materials, water, waste, paper and travel to generate economic and reputational benefits.
- **Advocacy**
We advocate for climate action and set the tone in our industry for excellence, thought leadership and innovation.
- **Risk management**
We consider environmental risk in corporate lending risk assessments, supplier management and business continuity planning (real estate, natural disaster recovery, etc.).
- **Serving clients**
We serve clients' environmental finance needs by leveraging and growing our products and solutions, advancing industry dialogue and finding opportunities to promote environmental leadership.

¹ Sustainable Development Goals, <http://www.un.org/sustainabledevelopment/water-and-sanitation/>

The Power of our Business and Environmental Sustainability Ambassadors

Our global Business and Environmental Sustainability (BES) Ambassadors are essential to our environmental management success. This global network, launched in 2009, includes more than 300 participants from all businesses and business partner groups who are interested in environmental sustainability and want to make a difference. We have nine regional networks: Europe, Middle East and Africa (EMEA); Pittsburgh; Central New York; New York City; Massachusetts; Mid-Atlantic; India; Asia-Pacific; and Florida.

Ambassadors have Three Important Roles:

- Educate and involve fellow employees to create change in their workplaces, homes and communities and contribute social and environmental benefits
- Empower colleagues to improve the company's business and environmental performance and motivate sustainable teamwork in our organization
- Encourage sustainable innovation and ideas to improve the company's environmental impact
- Engage all employees by listening to, considering and incorporating their ideas where appropriate

In 2016, BES Ambassadors initiated nearly 50 events to encourage sustainable practices among employees. Examples are:

- BNY Mellon's EcoDays
- Partnership with BNY Mellon University to create online recycling training for eight locations in the U.S. and Europe, Middle East and Africa
- Quarterly Global Speaker Series featuring internal and external speakers
- Binless office program support in Pittsburgh and across Europe, Middle East and Africa
- Styrofoam™ recycling program in Wilmington, Delaware
- Supplier education fairs in Massachusetts, Central New York and Pittsburgh
- Book exchanges in Wilmington, Delaware, and Oriskany, New York
- Bike to Work Day in the U.S. and Europe, Middle East and Africa
- Earth Day clean-up events across the U.S.

In 2016, we restructured our Ambassador group to align more closely with the company's CSR priorities and empower local chapters. When we surveyed Ambassadors to get feedback for 2017 planning, they voiced support for projects related to further energy savings, composting, going paperless, banning disposable cups and education on environmentally friendly behaviors and products.



Our Environmental Management Goal

Address climate change issues including potential impacts, risk and opportunities and expand and improve environmental management, resource efficiency and reputation.

How We'll Achieve It

We will work to continue to rank among leaders for climate change disclosure and performance. We will build on our environmental management performance by managing paper and toner use, using renewable energy, conserving water and diverting waste from landfills.

2016 progress

- Secured carbon neutral status¹ and implemented three-year plan to maintain, using diverse energy sources from around the world
- Achieved top-tier CDP Climate Change rankings among peers for fourth consecutive year
- Continued improvement of environmental efficiency in our facilities

Eco Days at BNY Mellon

Our annual Eco Days start on Earth Day on April 22, and last until World Environment Day on June 5. During this six-week period, we encourage our employees around the world to be especially aware of their environmental impact and participate in sustainable activities at their locations.

¹ For Scope 1 and Scope 2 GHG emissions including our data centers, as well as Scope 3 business travel emissions.

Our Climate Change Agenda

Invested in Our Planet

Since 2015, BNY Mellon has been carbon neutral for all Scope 1 and Scope 2 emissions including our data centers, as well as Scope 3 business travel emissions, demonstrating our leadership and commitment to environmental sustainability to our clients, our teams and our stakeholders.

A company is carbon neutral when its net GHG emissions equal zero. To meet our carbon neutral goal, we first significantly reduced the energy we use in our offices and data centers. We then purchased energy from renewable sources, and lastly we purchased carbon offsets to compensate for, and offset, the emissions that we can't reduce ourselves. This program provides critical financing to essential renewable energy, forestry and resource-conservation projects globally. These projects, which would not be viable without the sale of carbon credits, generate reductions in GHG emissions.

Our carbon neutral status covers our Scope 1, Scope 2, and Scope 3 business travel GHG emissions. In other words, emissions are associated with all the energy we use worldwide: electricity, steam, natural gas, automotive and jet fuel, refrigerants and business travel.

In 2016, we exceeded our 2020 goal to reduce GHGs by 40 percent (from a 2008 baseline for all tracked real estate, excluding data centers) five years early with associated cumulative savings of \$79 million. We are on track to save significantly more through continued diligence and our Workplace Excellence model, which transforms workplaces into efficient, collaborative spaces and provides more flexibility and options in the future. We intend to set new goals in 2017.

Making the Grade

For the fourth consecutive year, BNY Mellon was listed on the [CDP Climate 'A List'](#) for leadership climate change performance. Every year, this status becomes more difficult to reach and only 9 percent of companies assessed received an A letter grade. Of the 193 companies listed, we were one of only four U.S.-based financial firms.

For this accomplishment and many more, the U.S. EPA named BNY Mellon to its National Top 100 list of the largest green power users from the Green Power Partnership. We appear at number 22 for our use of more than 290 million kilowatt-hours (kWh) of green power annually, moving up five spots from 2015. We also appear at number 12 on the EPA's Green Power Partnership Fortune 500® Partners List and rank second among financial services firms.

CDP Climate Change Scores	Disclosure*	Performance
2016	NA**	A
2015	100	A
2014	100	A
2013	100	A
2012	90	B

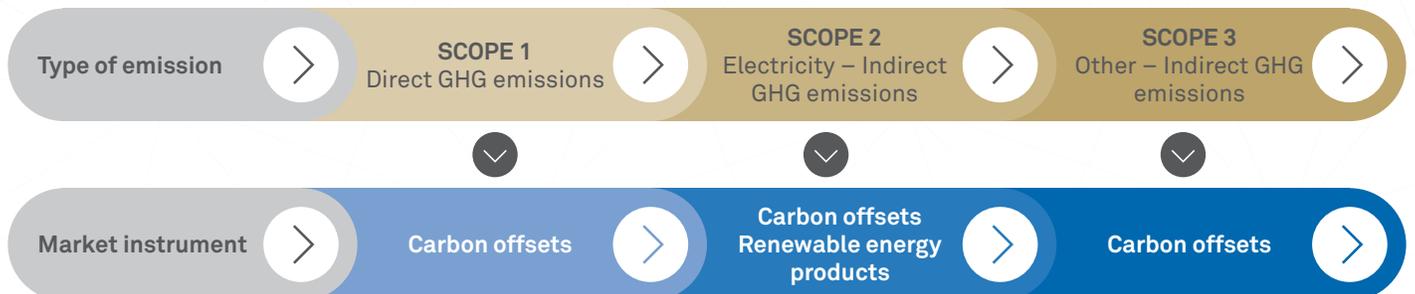
For our CDP Climate Change disclosure, our Scope 1, 2 and partial Scope 3 emissions are verified externally against ISO standard 14064-3.

*Maximum score is 100.

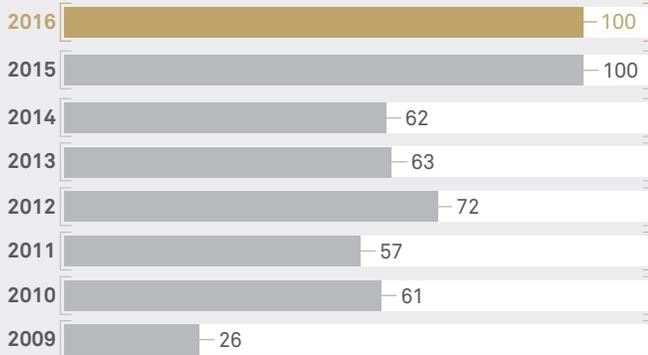
**The prior scoring system provided a numerical score for disclosure and a letter band for performance. Under CDP's new scoring methodology, organizations receive a single letter band per criteria.

“EPA applauds BNY Mellon for its commitment to using green power and for taking a leadership position on the environment, setting a stellar example for other financial institutions.”

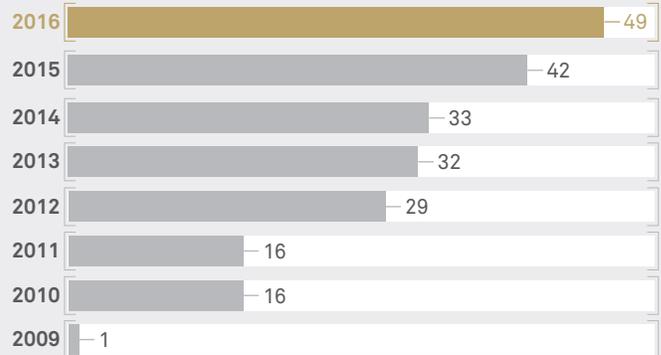
James Critchfield
Manager, EPA Green Power Partnership



Global electricity consumption offset with renewable energy (%)



Greenhouse gas emissions reduction from our 2008 baseline (%)



Environmental Leadership



Dow Jones Sustainability Index
 • 94th percentile for environmental score



CDP
 • Climate 'A' List for climate management leadership
 • Among the top 2 percent of 3,932 suppliers disclosing through CDP supply chain program



FTSE4Good
 • Achieved highest possible environmental score
 • Environmental score: 5 out of 5



EPA Green Power Partner
 • 22nd-largest U.S. purchaser of green power
 • Second-ranked financial services firm



Environmental Impact

- 49 percent reduction in GHG emissions
- \$79 million in energy cost avoidance since 2007
- 100 percent of 282,000 MWh of renewable energy purchased
- 32,000 mtCO₂e carbon offsets purchased globally
- 411 million gallons of water tracked across all controlled properties
- 11 percent reduction in global water consumption from 2015
- 75 percent diversion rate in waste and recycling
- 329 million pages deleted, eliminated, or avoided since 2012
- 390 million kWh saved through data center energy efficiency since 2006
- 43 percent of real estate certified for sustainability: 42 LEED and eight ISO 14001 certifications
- 300+ BES Ambassadors in 32 locations and nine chapters

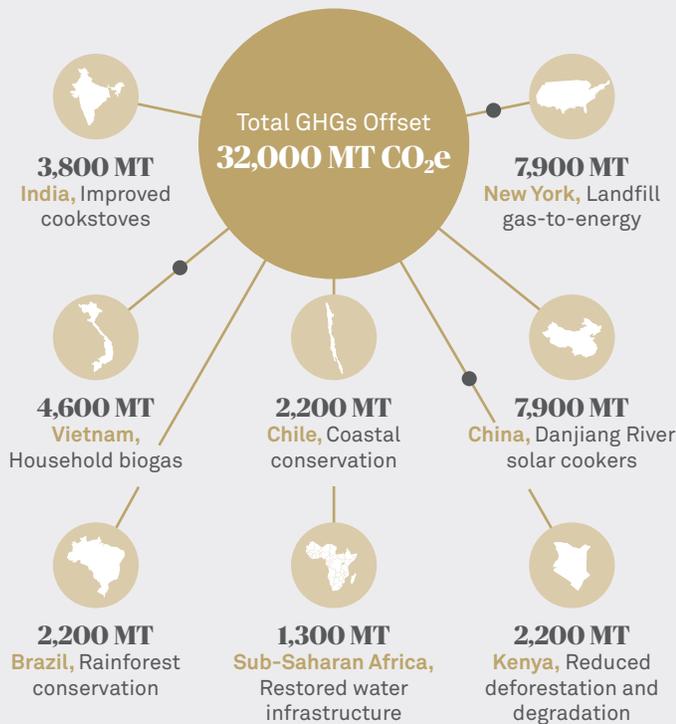
How We Maintain Carbon Neutrality

After reducing our Scope 1 and 2 emissions by 42 percent since 2008 for all tracked locations, excluding data centers, we matched our remaining emissions with the purchase of carbon offsets and renewable energy products.



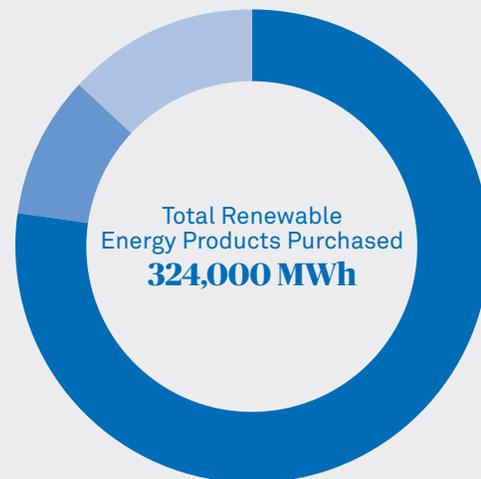
To offset our Scope 1 and 3 emissions, as well as Scope 2 steam, we purchased offsets that provide financing to projects around the world that achieve emissions reductions and other social and environmental benefits.

Greenhouse gas emissions (CO₂e)



We matched our Scope 2 electricity usage, excluding steam, by purchasing renewable energy products and certificates, depending on the location.

Electricity Use



Workspaces and Environment

Environmental Leadership

Our Multifaceted Approach to Minimizing Our Impact

The operation of our office facilities is among our greatest direct environmental impacts. We try to minimize our impact by creating efficiencies, educating our employees and providing high-performing workspaces. Numerous teams collaborate to deliver these efficiencies, including real estate, procurement, information technology, human resources, travel and food services and our BES Ambassadors.

Demonstrated Improvements in Real Estate

Our Sustainable Real Estate program drives continuous improvement at our sites throughout all life cycle phases of an office space. We use best-practice sustainability frameworks, including the U.S. Green Building Council's (USGBC's) LEED certification program and international standards, such as ISO 14001.

In buildings where we have operational control regardless of LEED certification, our sustainable operations program includes green cleaning, waste management, integrated pest management and other indoor environmental quality measures. At locations where we lease space but do not have operational control, we work with landlords through our green leasing program to assess the health and sustainability of the spaces and implement improvements where needed.

Through 2016, we achieved:

- In total, 43 percent of real estate with third-party sustainability certification from LEED, ISO 14001 or ENERGY STAR
- 42 LEED certifications globally, representing 27 percent of our global footprint
- ISO-14001 certification for environmental management at eight certified locations in the UK, accounting for 48 percent of total square footage in EMEA
- 100 percent compliance with our sustainable operations program in the U.S.
- 90 percent of all new, renewed, and expanding domestic lease transactions subject to our green leasing program criteria
- Green leasing program expansion to additional sites in EMEA and Asia-Pacific

We continually evaluate our programs. In 2015, we implemented the LEED Dynamic Plaque program for LEED for Existing Building recertifications. This system monitors real-time building performance in energy, water, waste, transportation and human experience and accounts for new metrics, such as employees' commute distance and modes of transportation. In 2016, we initiated Dynamic Plaque in several buildings and received real-time data on commuting and user satisfaction/experiences. This visibility allowed building managers and engineers to respond immediately if needed.

Healthier Workplaces

In 2015, we launched the Workplace Excellence (WE) program to make our workplaces and technology more efficient, collaborative and flexible. As of 2016:

- 42 of our global locations are certified to the LEED standard, accounting for 27 percent of our global portfolio.
- 43 percent of our global portfolio is certified for sustainability through programs including LEED, ISO 14001 and ENERGY STAR.
- In buildings where we have operational control but have not yet pursued LEED, we put our sustainable operations and maintenance program in motion with green cleaning, waste management, integrated pest management and other indoor environmental quality measures.
- In locations where we lease space but do not have operational control, we work with landlords to determine how healthy these spaces are and improve them as needed.

How We Improve Efficiency in our Data Centers

1 Automate fan and pump speed control

2 Raise temperature set points within recommended limits to reduce energy usage

3 Create contained cold supply air aisle

4 Use raised floors for air delivery

5 Optimize and virtualize server utilization

6 Prevent unwanted mixing of hot and cold air and use blanking panels on equipment where needed

7 Seal all unmanaged openings and place perforated tiles only where needed

Managing Energy as we Grow

Progress in our Data Centers

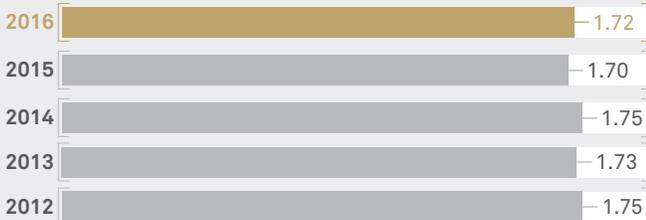
In 2016, our data centers accounted for approximately 30 percent of the total electricity used in our global properties. They produced roughly 31 percent of our total Scope 1 and Scope 2 carbon emissions.

We must expand our data storage as we grow. Our Enterprise Data Center Power Usage Effectiveness (PUE) program, launched in 2006, helps us use energy as efficiently as possible while meeting our data storage needs. Measures such as airflow management and improvements to building envelopes and associated ancillary systems saved 40 million kilowatt-hours (kWh) of electricity in 2016. Since we started the PUE program, we have saved over \$28 million in electricity cost avoidance.

What We've Accomplished

Data center average power usage effectiveness (PUE)

Power entering a data center versus power used to run the computer infrastructure inside. Efficiency improves as PUE decreases.



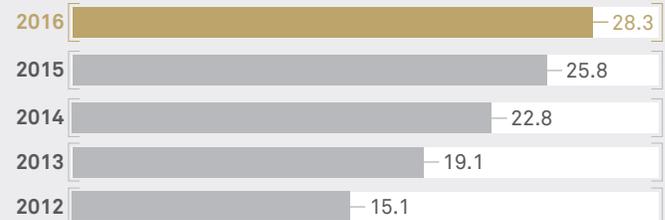
Data centers and energy

40.6 petabytes of data storage
 28.9K servers
 570K sq. ft. enterprise data center building space
 102M kWh used in 2016

- 40M kWh saved in 2016, enough to power more than 3,700 homes in the U.S. for one year*
- Zero downtime across enterprise data centers in 2016
- Zero downtime at primary data centers for more than 10 years

* Calculation based on average annual electricity consumption for a U.S. residential utility customer in 2015, as reported by the U.S. Energy Information Administration, <https://www.eia.gov/tools/faqs/faq.php?id=97&t=3>

Cumulative program dollar savings (\$m)



How we site our data centers to minimize risk



Water Conservation and Waste Recycling

A Clearer Focus on Water

Water consumption emerged as a top priority environmental risk for our stakeholders in 2016. As climate change impacts weather patterns, water scarcity and heavy weather events have become increasingly risky and damaging. In 2015, we started tracking water consumption in our U.S. and international controlled locations to give us a baseline for developing efficiency goals. We introduced new systems to reduce water consumption and increase water efficiency.

We focused heavily on water reductions in 2016, which help us prioritize conservation in water-stressed regions and manage water run off treatment responsibly. Our global water consumption decreased by 11 percent compared to a 2015 baseline. We replaced cooling towers with a water-efficient ice chiller cooling system at our Barclay facility in New York, accounting for a significant portion of the decrease, and installed more efficient irrigation systems and upgraded fixtures in other facilities.

Water Reduction

	Reduction Compared to 2015 Baseline	Decrease in water consumed per person for all tracked	Decrease in water consumed per square foot for all tracked facilities
Global	11.1%	43.5%	14.2%
U.S.	11.0%	18.7%	2.6%
International	15.8%	25.2%	8.8%

*Baseline compares facilities where tracked water data is available for two consecutive years. All tracked facilities include all facilities where tracked water data is available. In 2016 we tracked 63 percent of our global real estate portfolio. In 2015 we tracked 57 percent.

Keeping Waste out of Landfills

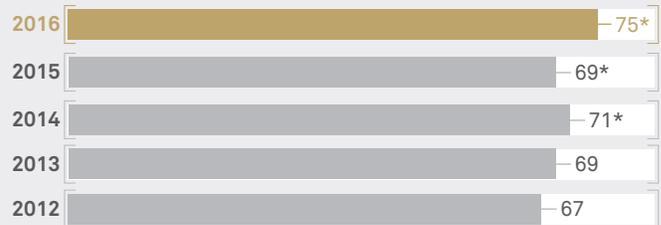
We are committed to diverting more than 80 percent of our office waste from landfills and upholding our technology groups' no-landfills policy. Our ISO certifications, LEED-rated buildings and sustainable operations program show we are invested in these priorities in our major locations.

To reach our goal, we expanded our binless desk-side and central-collection programs and reinforced them with employee education and engagement. We collaborate with our technology groups to recycle electronics and work with suppliers to find products made of recyclable material that can be reused to manufacture new products.

In 2016, we tracked waste and recycling rates in 8.2 million square feet of our locations, accounting for 60 percent of our global real estate portfolio and 64 percent of our employees. We diverted an average of 75 percent of our waste from landfills, recycled over 3,000 printers, and reused or recycled nearly 30,000 technology devices in 2016.

Waste diverted from landfills (%)

Combined building use categories

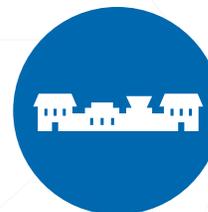


*Since 2013, our diversion number has expanded to include compost and incineration.

Current waste disposal practices



Recycling center



Composting organic waste



Waste-to-energy facility



Landfill



3,100 printers recycled in 2016



29,600 technology devices reused or recycled in 2016

Paper Management

New Program to Reduce Paper and Increase Efficiency

Starting with PaperWise in 2010, we have implemented programs to make employees aware of the impact of their paper and toner use on the environment. By promoting smart, sustainable choices when printing, copying and sharing documents, these programs have helped us reduce paper purchases by 61 percent through 2015.

To step up our paper reduction efforts, we launched the Managed Print program in 2015, and rolled it out globally in 2016. Managed Print places multifunctional printers in a central location in an office or data center, eliminating the need for personal or small group printers. Working in partnership with our technology team, we implemented default sustainability settings for paper and ink, which are managed centrally to ensure compliance and paper usage reductions. Managed Print also provides increased data tracking and reporting. Employees have easy access to printers in the office, and 'secure print' and 'follow me' functions simplify printing for traveling employees.

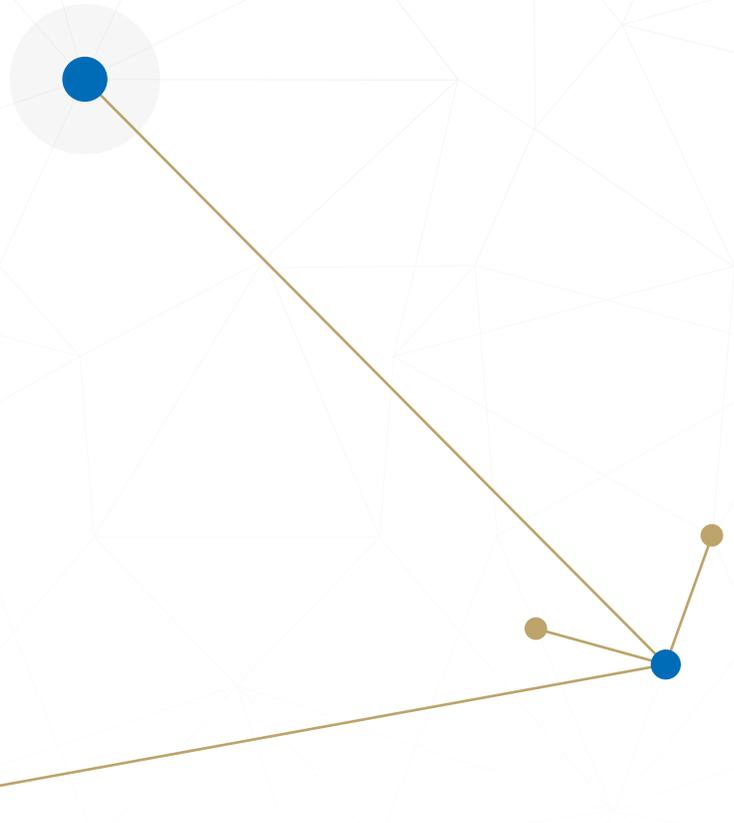
Through the Managed Print program, 29 million pages were avoided, eliminated, or deleted in 2016, bringing the total number of pages saved to nearly 330 million since 2012.

Looking Ahead

Environmental Management



Government entities and private industry are making progress toward climate change goals, but more and faster actions are needed. We will continue to implement new ways to manage our environmental impact and help clients succeed. Our approach entails a new, possibly science-based GHG emissions target, collaboration with suppliers to incorporate sustainable practices and packaging in our products, environmental sustainability education programs for employees and suppliers, and social investing solutions for clients.



Our Performance

2016 Performance

Dollar amounts are in billions USD, unless otherwise noted.

Our Markets^(A)	2016	2015	2014
Assets under custody and/or administration (AUC/A) ^(B)	\$29,900	\$28,900	\$28,500
Assets under management ^(C)	\$1,648	\$1,625	\$1,686
Total revenue	\$15,237	\$15,194	\$15,692
Percentage of non-U.S. total revenue ^(D)	34%	36%	38%
Market capitalization	\$49.6	\$44.7	\$45.4
Company credit rating (S&P credit rating of long-term senior debt)	A	A	A+
Number of countries of operations	35	35	35
Capital levels (Estimated CET1 Ratio, fully phased-in – Non-GAAP) ^(E)			
Standardized approach	11.3%	10.2%	10.6%
Advanced approach	9.7%	9.5%	9.8%
Active employees certified as having read and understood the Code of Conduct ^(F)	100%	100%	100%
Number of employees aware of the risks relevant to their work	96%	96%	96%
Client willingness to recommend BNY Mellon	96%	88%	–
Our People	2016	2015	2014
Global employees (full-time)	52,000	51,200	50,300
Staff expense ^(G)	\$5.73	\$5.837	\$5.845
Employee retention	89%	87%	88%
Managing director and above positions held by women	27%	27%	26%
Women in our global workforce	42%	43%	–
Diverse employees hired in the U.S.	39%	37%	–
Total employee learning hours	1 million	1 million	1 million
Employee engagement globally (percentage of overall positive survey results)	79%	77%	76%
Our World	2016	2015	2014
Assets responsibly screened ^(H)	\$69.3	\$63.0	\$80.0
Assets covered by the UN Principles for Responsible Investment	37%	37%	38%
Community Support (millions USD) ^(I)	\$42.0	\$39.9	\$38.1
Employee contributions and company match (millions USD)	\$17.2	\$16.1	\$15.2
Total employee volunteering hours	143,000	140,000	127,000
CDP score (disclosure and performance)	A^(J)	100 A	100 A
Global operations greenhouse gas emissions reductions (from 2008 baseline) ^(K)	49%	42%	33%
Global electricity usage offset by renewable energy	100%	100%	63%
Water use reduction (from 2015 baseline, tracked facilities only)	11.1%	–	–
Annual savings through owned or controlled buildings' energy-efficiency projects (millions USD)	\$7.4	\$10.0	\$13.3
Real estate certified for sustainability (by at least one third party and by percentage of sq. ft.) ^(L)	43%	35.6%	34.3%

^(A) For further information, please see the Corporation's reports filed with the Securities and Exchange Commission, including the 2016 Annual Report, at www.bnymellon.com/investorrelations

^(B) Includes the assets under custody and/or administration of CIBC Mellon Global Securities Services Company ('CIBC Mellon'), a joint venture with the Canadian Imperial Bank of Commerce, of \$1.2 trillion at Dec. 31, 2016, \$1.0 trillion at Dec. 31, 2015, \$1.1 trillion at Dec. 31, 2014, \$1.2 trillion at Dec. 31, 2013 and \$1.1 trillion at Dec. 31, 2012.

^(C) Excludes securities lending cash management assets and assets managed in the Investment Services business and the Other segment.

^(D) Risk-based capital ratios at Dec. 31, 2016 and Dec. 31, 2015 reflect the adoption of new accounting guidance related to Consolidations (ASU 2015-02). At Dec. 31, 2014, risk-based capital ratios include the net impact of the total consolidated assets of certain consolidated investment management funds in risk-weighted assets. These assets were not included in prior periods' risk-based ratios. The leverage capital ratio was not impacted.

^(E) May vary because of launch date, employee acquisitions or legal restrictions.

^(G) Staff expenses consists of compensation expense, incentive expense, and employee benefit expense. For more information please see the 2016 Annual report.

^(H) The 2014-2015 change in AUM is due primarily to client liquidity needs caused by market conditions, including commodity price volatility, and other exogenous factors affecting a significant segment of screened portfolios.

^(I) Community support includes donations, grants and charitable sponsorships made by BNY Mellon and employee donations to charities that qualify for our matching program.

^(J) The old CDP scoring system gave a numerical score for disclosure and a letter band for performance. Under CDP's new scoring methodology, organizations receive a single letter band per criteria.

^(K) Includes Scope 1 and 2 CO₂e emissions percentage reduction compared to a 2008 baseline for global tracked properties, excluding data centers.

^(L) These third-party certifiers include LEED, ISO 14001 and ENERGY STAR.

Global Reporting Initiative (GRI) Index

The following is supplemental information to BNY Mellon's 2016 Corporate Social Responsibility Report. It is arranged according to the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines indicator list. All data is reported as of December 31, 2016 unless otherwise noted.

This index provides responses for individual GRI indicators in the following ways: (1) section and page references to our 2016 CSR Report, (2) direct responses within the index; (3) references to other company reports (e.g. Annual report or Proxy); or (4) materials located on our website.

Category: Standard Disclosures		
Aspect: Strategy & Analysis		
Indicator	Disclosure	Our Response
G4-1	CEO Letter	CSR Report, Message From Our CEO p. 6
Aspect: Organizational Profile		
Indicator	Disclosure	Our Response
G4-3	Organization Name	BNY Mellon Annual Report p. 4
G4-4	Primary brands, products and services	BNY Mellon Factsheet
G4-5	HQ location	BNY Mellon Annual Report, Corporate Information, inside back cover
G4-6	Where the organization operates	1) CSR Report, Our Performance p. 115 2) BNY Mellon Annual Report, p. 26 3) BNY Mellon Location Directory
G4-7	Nature of ownership and legal form	BNY Mellon Annual Report, p.4
G4-8	Markets Served	1) CSR Report, About BNY Mellon p. 4 2) BNY Mellon Annual Report, pgs. 16-29
G4-9	Scale of Organization	1) CSR Report, Our Performance, p. 115 2) BNY Mellon Factsheet 3) BNY Mellon Annual Report, p. XIV
G4-10	Total number of employees by type	EE01 Document, see end of GRI Index
G4-11	Collective bargaining agreements	BNY Mellon fully complies with local laws regarding employee rights and collective bargaining. In certain locations outside of the US we have works councils, engage with trade unions and adhere to applicable national collective bargaining agreements. We also have client and vendor relationships with trade unions. Our Code of Conduct applies to our employees globally and emphasizes the company's commitment to foster a culture where all employees feel valued, engaged and are able to bring their whole selves to the workplace. Employees are encouraged to raise any concerns through multiple channels identified in the Code of Conduct.

Category: Standard Disclosures		
Aspect: Organizational Profile		
Indicator	Disclosure	Our Response
G4-12	Supply chain description	1) CSR Report, Supply Chain Responsibility, pgs. 95-97 Our supply chain includes over 13,000 suppliers who support each of our lines of business with the services and products necessary to provide investment services and investment management to our clients globally. The supply chain is coordinated through our Global Procurement function in five broad categories: Real Estate and Corporate Services; Professional Services (including Consulting and Contract Labor); Financial Services (including Market data and Business Technology Solutions); Information Technology Hardware and Software; and Legal Services. Geographically, 69% of our supplier spend is in the North America, 21% In Europe/Middle East/Africa, 6% in Asia Pacific, and 4% in South & Latin America.
G4-13	Organizational changes during the reporting period	BNY Mellon Annual Report, p. 6
G4-14	Precautionary Principle	1) CSR Report, Environmental Management, pgs. 106-114 2) CSR Report, Responsible Financing & The Equator Principles, p. 94
G4-15	External charters, principles, or other initiatives	1) UNPRI: Newton, Insight, Standish, Mellon Capital, Siguler Guff, The Boston Company 2) Investor Network on Climate Risk: Insight 3) CDP: BNY Mellon, Newton, Insight, Standish 4) UNEP FI: Newton is a supported not a member 5) US Social Investment Forum: Newton has been a member for over 10 years and Insight has been a member of the UK SIF since 2001 6) UNEP Finance Initiative: Newton is a supporter not a member 7) FTSE4Good: BNYMellon 8) DJSI: BNYMellon 9) UK Stewardship code: Newton, Insight 10) CDP Carbon Action and Water: Insight 11) CDP Forest: Insight 12) Institutional Investors Group on Climate Change: Insight 13) UN PRI Credit Rating Agency Steering Committee: Insight 14) COP21 Climate Action Pledge: Insight 15) Climate Bond Initiative: Standish 16) SRI Connect Alcentra 17) Asian Corporate Governance Association: Newton 18) UK Corporate Governance Forum: Newton 19) International Corporate Governance Network: Newton 20) Council of Institutional Investors: Newton
G4-16	Membership Associations	1) Our memberships include; Business for Social Responsibility (BSR), Banking Environmental Initiative (BEI), BCUN (Business Council for the United Nations), GIIN (Global Impact Investing Network) 2) Political Engagement activity/Trade Associations 3) 2017 Proxy pgs. 9-15, Board Biographies

Category: Standard Disclosures		
Aspect: Identified Material Aspects and Boundaries		
Indicator	Disclosure	Our Response
G4-17	Entities included in financial statements	1) BNY Mellon Annual Report, p. 16-26 2) BNY Mellon Factsheet
G4-18	Process for defining report boundaries and content	1) CSR Report, About This Report, p. 1 2) CSR Report, CSR at BNY Mellon, pgs. 9-14
G4-19	Material aspects included in the report	All material aspects are reported against in this GRI Index. More information is in our CSR Report p. 13
G4-20	Descriptions of material aspect boundaries within the organization	CSR Report, CSR at BNY Mellon, pgs. 9-14
G4-21	Descriptions of material aspect boundaries outside the organization	CSR Report, CSR at BNY Mellon, pgs. 9-14
G4-22	Restatements	None
G4-23	Changes from previous reports in terms of scope and/or boundaries	None
Aspect: Stakeholder Engagement		
Indicator	Disclosure	Our Response
G4-24	Stakeholder Groups	CSR Report, Stakeholder Engagement, p. 20
G4-25	How were stakeholders identified	CSR Report, Stakeholder Engagement, p. 20
G4-26	Approach to stakeholder engagement	CSR Report, Stakeholder Engagement, p. 20
G4-27	Topics raised during stakeholder engagements	CSR Report, Stakeholder Engagement, p. 20
G4-28	Reporting Period	CSR Report, About This Report, p. 1
G4-29	Date of most recent report	CSR Report, About This Report, p. 1
G4-30	Reporting Cycle	CSR Report, About This Report, p. 1
G4-31	Report contact	CSR Report, About BNY Mellon, p. 3
G4-32	'In accordance' option GRI Index and report assurance	1) CSR Report, About This Report. p. 1 We do not currently seek external assurance over our CSR report
G4-33	Policy regarding report assurance	We do not currently seek external assurance over our CSR report but we do have limited assurance over our Scope 1, 2 & 3 emissions as indicated in our See CDP Response*

Category: Standard Disclosures		
Aspect: Governance		
Indicator	Disclosure	Our Response
G4-34	Governance structure of the organization	2017 Proxy p. 18-29
G4-35	Process for delegating authority for sustainability topics from the board to senior executives and other employees	CSR Report, CSR Governance, pgs. 18-19
G4-36	High-level accountability for sustainability topics	1) CSR Report, CSR Governance, pgs. 18-19 2) CSR Report, Invested in Change from Within, p. 17
G4-37	Processes for consultation between stakeholders and the board on sustainability topics	2017 Proxy p.9 and pgs. 76-77
G4-38	Composition of the board and its committees	2017 Proxy p.9-23
G4-39	Whether the chair of the board is also an executive officer	2017 Proxy p.21
G4-40	Nomination and selection processes for the board and its committees	2017 Proxy p.16
G4-41	Board conflicts of interest	2017 Proxy p.16
G4-42	Board and executives' roles in the organization's mission statements, strategies, policies, and goals related to sustainability impacts	1) CSR Report, CSR Governance, pgs. 18-19 2) 2017 Proxy, p .27
G4-43	Board knowledge of sustainability topics	1) CSR Report, CSR Governance, pgs. 18-19 2) 2017 Proxy, p .27
G4-44	Board performance with respect to governance of sustainability topics	2017 Proxy p.19

Category: Standard Disclosures		
Aspect: Governance		
Indicator	Disclosure	Our Response
G4-45	Board role in the identification and management of sustainability impacts, risks, and opportunities	1) CSR Report, CSR Governance, pgs. 18-19 2) 2017 Proxy p. 27
G4-46	Board role in reviewing risk management processes for sustainability topics	1) 2017 Proxy p. 27 2) Risk Committee Charter
G4-47	Frequency of the board's review of sustainability impacts, risks, and opportunities	1) CSR Report, CSR Governance, pgs. 18-19 2) 2017 Proxy p. 27
G4-48	Highest committee or position that formally reviews and approves the organization's sustainability report	1) CSR Report, CSR Governance, pgs. 18-19 2) 2017 Proxy p. 27 3) CSR Report, Invested in Change from Within, p. 17
G4-49	Process for communicating critical concerns to the board	2017 Proxy p. 18
G4-51	Remuneration policies for the board and senior executives	1) CSR Report, CSR Governance, pgs. 18-19 2) 2017 Proxy pgs. 31-32, 33-71 3) See CDP Response*
G4-52	Process for determining remuneration	1) CSR Report, CSR Governance, pgs. 18-19 2) 2017 Proxy p. 29, 35-60
G4-53	Stakeholders' views on remuneration	1) CSR Report, CSR Governance, pgs. 18-19 2) 2017 Proxy p. 34

Category: Standard Disclosures		
Aspect: Ethics & Integrity		
Indicator	Disclosure	Our Response
G4-56	Code of conduct	CSR Report, Ethics, pgs. 35-36
G4-57	Helplines or advice lines for employees	CSR Report, Ethics, pgs. 35-36
G4-58	Mechanisms for reporting concerns about unethical or unlawful behavior	CSR Report, Ethics, pgs. 35-36

Category: Economic		
Aspect: Economic Performance		
Indicator	Disclosure	Our Response
G4-DMA		<ol style="list-style-type: none"> 1) BNY Mellon Annual Report pgs. XI-p. 64 2) CSR Report, CSR at BNY Mellon, pgs. 9-14 3) CSR Report, Community Commitment, pgs. 98-105 4) CSR Report, CRA at BNY Mellon, pgs. 92-94
G4-EC1	Economic Value	<ol style="list-style-type: none"> 1) CSR Report, Our Performance, p. 115 2) BNY Mellon Annual Report, Financial Summary, p. 1 3) CSR Report, Community Commitment, pgs. 98-105 4) CSR Report, CRA at BNY Mellon, pgs. 92-94
G4-EC2	Climate Change Risks	See CDP Response*

Aspect: Indirect Economic Impacts		
Indicator	Disclosure	Our Response
G4-DMA		<ol style="list-style-type: none"> 1) CSR Report, Project Agent and Public Private Partnerships, p. 87 2) CSR Report, Philanthropic Giving, pgs. 100-102 3) CSR Report, CRA at BNY Mellon, pgs. 92-94 4) CSR Report, Financing Wind Energy Projects, p. 94
G4-EC7	Infrastructure Investments	<ol style="list-style-type: none"> 1) CSR Report, Project Agent and Public Private Partnerships, p. 87 2) CSR Report, Philanthropic Giving, pgs. 100-102 3) CSR Report, CRA at BNY Mellon, pgs. 92-94 4) CSR Report, Financing Wind Energy Projects, p. 94
G4-EC8	Indirect economic impacts	<ol style="list-style-type: none"> 1) CSR Report, Community Commitment, pgs. 98-105 3) CSR Report, CRA at BNY Mellon, pgs. 92-94 4) CSR Report, Project Agent and Public Private Partnerships, p. 87 4) CSR Report, Financing Wind Energy Projects, p. 94

Category: Environmental		
Aspect: Energy		
Indicator	Disclosure	Our Response
G4-DMA		<ol style="list-style-type: none"> 1) CSR Report, Managing Energy As We Grow, p. 112 2) See CDP Response*

Category: Environmental		
Aspect: Energy		
Indicator	Disclosure	Our Response
G4-EN3	Energy consumption (scope 1 and 2)	<p>Direct</p> <ul style="list-style-type: none"> • 137,400 gigajoules. Fuel from fuel oil (9284 gigajoules), natural gas (84,235 gigajoules), corporate cars (1,458 gigajoules), and corporate jet (42,423 gigajoules). • 0 – While BNY Mellon does not purchase fuel from renewable sources directly, we do purchase Carbon offsets, Renewable Energy Certificates, Guarantees of Origins, and Power Plus Instruments to offset all of our emissions generated from Scope 1, Scope 2, and Scope 3 business travel. <p>Indirect</p> <ul style="list-style-type: none"> • Electricity – 1,165,948 gigajoules – BNY Mellon does purchase Renewable Energy Certificates, Guarantees of Origins, and Power Plus Instruments to cover all of our Electricity use. • Heating – BNY Mellon’s steam energy use is inclusive of heating. • Cooling – BNY Mellon does not purchase district chilled water. • Steam – 53,234 gigajoules. <p>Sold</p> <p>All 0 – BNY Mellon does not sell any electricity, heating, cooling, or steam.</p> <p>Total energy consumption</p> <p>1,356,582 gigajoules – BNY Mellon offsets all emissions associated with this energy use through RECs, GO, Power Plus instruments, and Carbon offsets.</p> <p>BNY Mellon defines its organizational boundary using the Operation Control approach. The worldwide facilities over which the Business has operational control are included in the total energy consumption inventory. This includes owned and leased facilities for which the Business pays utilities or has access to utility tracking. Domestic fleet vehicles and the corporate aircraft operations are included in the boundary.</p> <p>Scope 2 Electricity emissions are tracked or estimated for BNY Mellon’s real estate footprint. There is a portion of the leased portfolio where electricity consumption is included within the lease cost and BNY Mellon is not sub-metered for electricity or other energy. As a result, BNY Mellon does not receive a utility invoice for electricity consumed at these specific locations. Based upon accurate knowledge of annualized typical watts per square foot for like facilities within our portfolio, BNY Mellon includes a watts per square foot estimate for properties where electricity is inclusive of rent. A factor of 1.75 watts per square foot per hour is utilized. In this way, BNY Mellon approaches a more realistic Scope 2 indirect number versus leaving that usage out entirely due to lack of data.</p> <p>Energy consumption data is collected from utility tracking systems (Ameresco, EnerNOC, and EnergyStar) the Facility Management team, and the Global Services and Corporate Real Estate Department. Data is recorded and summed in Excel Spreadsheets.</p> <p>BNY Mellon calculates its total energy consumption in conjunction with calculating its greenhouse gas inventory. Therefore, The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) is the published methodology and standard used in energy and emission calculation.</p> <p>Conversions for Fuel and Electricity were done with the U.S. Energy Information Administration’s Energy Conversion Calculator which can be found here.</p> <p>As per the EIA’s calculator: 1 kWh = 3.59985055 megajoules, 1 cf of natural gas = 1.0845971 megajoules, 1 gallon of gasoline = 127.109109, and 1 gallon of diesel = 144.944577 megajoules. Steam was converted from BTU to joules using the factor: 1 BTU=1055.05585 joules as defined by the International Energy Agency’s Unit Converter</p>

Category: Environmental		
Aspect: Energy		
Indicator	Disclosure	Our Response
G4-EN4	Energy consumption (scope 3)	<p>Outside the organization 2,628,208 gigajoules.</p> <p>(Taken from CDP Report) BNY Mellon calculates its total energy consumption in conjunction with calculating its greenhouse gas inventory. Therefore, The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) is the published methodology and standard used in energy and emission calculation.</p> <p>BNY Mellon considers energy consumed from purchased goods and services, capital goods, fuel-and-energy-related activities, upstream transportation and distribution, business travel, employee commuting, downstream leased assets, and investments relevant to our operations. Methodology for each category as follows:</p> <ul style="list-style-type: none"> • Purchased Goods and Services – An EIO LCA model was used based on relevant dollar spend within our supply chain for purchased goods and services in the top 10 EIO sectors of impact; • Capital Goods – An EIO LCA model was used for capital improvement projects in real estate initiated in 2016; • Fuel-and energy-related activities – energy from electricity that is consumed (i.e. lost) in transmission and distribution in the United States which is estimated as 4.7 percent of gross generation as per the U.S. Energy Information Administration’s Annual Energy Review (Last updated Feb. 2017); • Upstream transportation and distribution – An EIO LCA model was used based on relevant dollar spend with shipping providers; • Business Travel – inclusive of employee travel by car and plane booked through the corporate travel partner AMEX who reports the number of miles traveled and the fuel used for each mode of transit (in 2016, BNY Mellon purchased carbon offsets to cover the total amount of business travel emissions); • Employee Commuting – BNY Mellon conducted employee commuting surveys in 2016 and obtained miles traveled and mode of transit for a subset of employees in several of our offices, the average fuel used by each employee was extrapolated to all employees in these offices; • Downstream Leased Assets – energy from electricity used by assets that BNY Mellon leases which are then subleased to other tenants, electricity is tracked for a portion of these facilities and estimated for the remaining facilities based on 1.75 watts per square foot (24 hours, 365 days a year); • Investments – an EIO LCA model was used to determine energy associated with investments made into wind energy generation projects. <p>Waste generated in operations, Upstream Leased assets, Downstream transportation and distribution, processing of sold products, use of sold products, end of life treatment of sold products, and franchises are not relevant. Explanation as follows: Waste generated in operations – BNY Mellon does not have accurate data to support energy consumption for this category;</p> <ul style="list-style-type: none"> • Upstream leased assets – all leased assets by BNY Mellon are included in our direct energy (scope 1 and 2) use; • Downstream transportation and distribution, processing of sold products, use of sold products, and end of life treatment – not material since BNY Mellon is a financial services firm and does to sell any physical products that would incur significant or material emissions from their processing; • Franchises – BNY Mellon does not have any franchises.

Category: Environmental		
Aspect: Energy		
Indicator	Disclosure	Our Response
G4-EN4 – continued	Energy consumption (scope 3) – continued	<p>An EIO LCA model was used to determine energy from Purchased Goods and Services, Capital Goods, Upstream Transportation and Distribution, and Investments. Dollar spend is imputed into the model to get energy as the output. Model can be found here</p> <p>kWh of electricity used in Fuel-and-energy-related Activities and Downstream Leased assets was converted to joules through the U.S. Energy Information Administration’s Energy Conversion Calculator which can be found here.</p> <p>As per the EIA’s calculator: 1 kWh = 3.59985055 megajoules. Transmission and distribution losses (electricity losses that occur between the point of generation and delivery to the customer) are estimated as 4.7 percent of gross generation as per the US Energy information Administration’s Annual Energy Review (February 2017). Fuel from Business travel and Employee commuting was converted to joules using the U.S. Energy Information Administration’s Energy Conversion Calculator (see above for link). As per the EIA’s calculator: 1 gallon of gasoline = 127.109109 megajoules.</p>
G4-EN5	Energy intensity	<p>Energy Intensity Ratio 89.032 gigajoules per million dollars; 0.09837 gigajoules per square foot.</p> <p>Denominator 2016 Revenue (15237 million dollars); 2016 average Rentable Square feet of real estate portfolio (13,791,192 Sq. ft.).</p> <p>All. Fuel, Electricity, and Steam are included; heating is included in BNY Mellon’s Steam use, and BNY Mellon does not consume district chilled water.</p> <p>The ratio uses energy consumed within the organization within BNY Mellon’s operational control scope 1 and 2.</p>
G4-EN6	Energy reductions	<p>269,818 gigajoules in energy reductions.</p> <p>All. Fuel, Electricity, and Steam are included; heating is included in BNY Mellon’s Steam use, and BNY Mellon does not consume district chilled water.</p> <p>BNY Mellon’s base year is 2010 for energy tracking. The reported energy reduction in part a is BNY Mellon’s 2016 reduction in energy consumption since this base year. 2010 was chosen as the base year because this was this first year we were able to effectively measure energy consumption. Energy consumption in 2010 was rebaselined due to increase in accuracy of activity data.</p> <p>BNY Mellon’s energy reduction was calculated by subtracting 2016 energy consumption from the base year’s energy consumption. This reduction is the result of ongoing real estate portfolio optimization initiatives and specific energy reduction projects.</p> <p>BNY Mellon sets its energy reduction targets in the form of GHG targets as these are a surrogate for energy targets. BNY Mellon calculates its total energy consumption in conjunction with calculating its greenhouse gas inventory. Therefore, The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) is the published methodology and standard used in energy and emission calculation.</p>

Category: Environmental		
Aspect: Water		
Indicator	Disclosure	Our Response
G4-DMA		<p>1) CSR Report, Water Conservation and Waste Recycling, p. 113</p> <p>Water consumption emerged as a top priority environmental risk for our stakeholders in 2016. As climate change impacts weather patterns, water scarcity and heavy weather events have become increasingly risky and damaging. In 2015, we started tracking water consumption in our U.S. and international controlled locations to give us a baseline for developing efficiency goals. We introduced new systems to reduce water consumption and increase water efficiency.</p> <p>We focused heavily on water reductions in 2016, which help us prioritize conservation in water-stressed regions and manage water runoff treatment responsibly. Our global water consumption decreased by 11 percent compared to a 2015 baseline. We replaced cooling towers with a water-efficient ice chiller cooling system at our Barclay facility in New York, accounting for a significant portion of the decrease, and installed more efficient irrigation systems and upgraded fixtures in other facilities. The reduction in the baseline came from:</p> <ul style="list-style-type: none"> • A water efficient ice chiller cooling system replaced cooling towers in 101 Barclay in 2016. The building reduced its water use by 12.5% (this accounted for the largest portion of the decrease) • Repaired a leak in 636 Pierce during 2015 • More efficient irrigation systems were installed in 636 Pierce and 111 Sanders Creek • Restroom fixtures were upgraded to low flow in 385 Riffle Camp, 500 Ross, and 101 Barclay
G4-EN8	Water withdrawals by source	<p>BNY Mellon withdraws all of its water from municipal sources. BNY Mellon consumed a total of 411,184,253 gallons of water in 2016 (384,136,670 gallons in the U.S. and 27,047,0583 gallons in international locations.) This number accounts for 45 of our buildings or 63% of our real estate portfolio, and for over 30,000 employees or 58% of our population. Facility Managers account for all water withdrawn from sources based upon water bills and report to Sustainability team for data collection.</p>
G4-EN9	Water sources affected by withdrawals	<p>BNY Mellon does not have property in designated protected areas, nationally or internationally. Most of BNY Mellon's building portfolio is located in dense urban areas in developed nations, which minimizes impact on the environment resulting from urban/suburban sprawl.</p>
G4-EN10	Water recycled and reused	<p>BNY Mellon does not recycle or reuse water in its office or data centers. The company's water is drawn from municipal sources exclusively.</p>
Aspect: Emissions		
Indicator	Disclosure	Our Response
G4-DMA		<p>1) CSR Report, Our Climate Change Agenda, pgs. 108-110</p> <p>2) See CDP Response*</p>
G4-EN15	GHG emissions (scope 1)	See CDP Response*
G4-EN16	GHG emissions (scope 2)	See CDP Response*
G4-EN17	GHG emissions (scope 3)	See CDP Response*
G4-EN18	GHG emissions intensity	See CDP Response*
G4-EN19	Reduction of GHG emissions	<p>1) CSR Report, How We Maintain Carbon Neutrality, p. 110</p> <p>2) See CDP Response*</p>

Category: Environmental		
Aspect: Effluents & Waste		
Indicator	Disclosure	Our Response
G4-DMA		1) CSR Report, Keeping Waste out of Landfills, p. 113 2) CSR Report, Paper Management p. 114
G4-EN23	Waste by type and disposal method	<p>Waste Weight Recycling = 8,059,072 pounds Composting = 12,840 pounds Incineration (mass burn) = 630,677 Landfill = 3,120,642 TOTAL (perishable = 1,700,484 pounds AND office landfill waste = 1,032,496 pounds)</p> <ul style="list-style-type: none"> • Disposed of directly by the organization or otherwise directly confirmed: the waste was disposed of by the waste hauler contractor • Information provided by the waste disposal contractor: waste data is provided to facility manager regarding frequency of pickup, quantity of pickup, and fate of waste. 3,092 printers recycled in 2016 • 29,647 technology devices reused or recycled in 2016 • 29 million pages were avoided, eliminated, or deleted in 2016
G4-EN24	Significant spills	There were no spills that occurred at BNY Mellon in 2016.
Aspect: Compliance		
Indicator	Disclosure	Our Response
G4-DMA		No environmental fines or sanctions were imposed on BNY Mellon in 2016.
G4-EN29	Environmental fines and sanctions	See DMA
Aspect: Transport		
Indicator	Disclosure	Our Response
G4-DMA		See CDP Response*
G4-EN30	Environmental impacts from product distribution and employee travel	See CDP Response*

Category: Social – Labor Practices and Decent Work		
Aspect: Employment		
Indicator	Disclosure	Our Response
G4-DMA		1) CSR Report, Our People, pgs. 51-74 2) BNY Mellon People Report 3) Supplier Code of Conduct
G4-LA1	Number and rate of new employee hires and turnover	CSR Report, Retaining great people as a measure of our success, pgs. 57-58
G4-LA2	Benefits provided to full-time employees	In the U.S., benefit programs include: health and dental insurance, retirement plans, life and disability insurance, holiday and vacation time, family medical and parental leave and commuter benefits; voluntary benefits such as long-term care insurance, pet insurance, homeowners insurance and legal services; and paid time off to volunteer.
Aspect: Training and Education		
Indicator	Disclosure	Our Response
G4-DMA		CSR Report, Leadership and Development, pgs. 53-55
G4-LA9	Average hours of training for employees	CSR Report, A Culture of Lifelong Learning, pgs. 54-55
G4-LA10	Programs for skills management managing career endings	CSR Report, A Culture of Lifelong Learning, pgs. 54-55
G4-LA11	Employees receiving performance and career development reviews	CSR Report, Leadership and Development, pgs. 53-55
Aspect: Diversity and Equal Opportunity		
Indicator	Disclosure	Our Response
G4-DMA		1) CSR Report, Diversity & Inclusion, pgs. 62-74 2) BNY Mellon Code of Conduct 3) BNY Mellon Sexual and Other Discriminatory Harassment Policy 4) BNY Mellon EEO/AA Policy
G4-LA12	Composition of governance bodies and employees	CSR Report, How we measure up. p. 67

Category: Social – Human Rights		
Aspect: Investment		
Indicator	Disclosure	Our Response
G4-DMA		1) CSR Report, Human Rights, pgs. 61 and 105 2) BNY Mellon Human Rights statement 3) BNY Mellon Supplier Code of Conduct 4) BNY Mellon Modern Slavery Act
G4-HR1	Investment agreements and contracts that include human rights clauses or underwent screening	We have a Human Rights policy and due diligence process with robust governance, including oversight by our CSR Committee of the Board and Executive Committee. This year we also have created and published a Modern Slavery Act statement which provides details around our risk mitigation process for our operations and supply chain. This statement was ratified by the CSR Committee of the Board of Directors and progress is assessed and will be published annually.
G4-HR2	Employee training on human rights	In order to respond to the UK Modern Slavery Act, we have conducted due diligence in partnership with our legal counsel, procurement team, Human Resources and our Corporate Social Responsibility Committee of the Board of Directors has signed our statement and disclosure. We will report annually on our policies, training, due diligence processes and the effectiveness of our measures to combat modern slavery and trafficking. These efforts build on our Supplier Code of Conduct and Master Agreement templates, which include human rights provisions for all potential new suppliers.
Aspect: Non-Discrimination		
Indicator	Disclosure	Our Response
G4-DMA		1) CSR Report, Human Rights, pgs. 61 and 105 2) BNY Mellon Code of Conduct 3) BNY Mellon Sexual and Other Discriminatory Harassment Policy 4) BNY Mellon EEO/AA Policy
Aspect: Assessment		
Indicator	Disclosure	Our Response
G4-DMA		1) CSR Report, Human Rights, pgs. 61 and 105 2) BNY Mellon Human Rights statement 3) BNY Mellon Supplier Code of Conduct 4) BNY Mellon Modern Slavery Act
G4-HR9	Operations that have been subject to human rights assessments	1) CSR Report, Human Rights, pgs. 61 and 105 2) BNY Mellon Human Rights statement 3) BNY Mellon Supplier Code of Conduct 4) BNY Mellon Modern Slavery Act

Category: Social – Society		
Aspect: Local Communities		
Indicator	Disclosure	Our Response
G4-DMA		CSR Report, Community Commitment, pgs. 98-105
G4-S01	Local community engagement, impact assessments and development programs	1) CSR Report, Community Commitment, pgs. 98-105 2) CSR Report, CRA at BNY Mellon, pgs. 92-94
FS13	Access points in low-populated or economically disadvantaged areas by type	N/A as BNY Mellon does not have retail banking operations
FS14	Initiatives to improve access to financial services for disadvantaged people	N/A as BNY Mellon does not have retail banking operations

Aspect: Anti-corruption		
Indicator	Disclosure	Our Response
G4-DMA		CSR Report, Zero tolerance for bribery and corruption, p. 36
G4-S03	Risks related to corruption	1) CSR Report, Ethics, pgs. 35-36 2) BNY Mellon Code of Conduct
G4-S04	Communications and training on anti-corruption	1) CSR Report, Ethics, pgs. 35-36 Annual training on our Code of Conduct, which includes training on anti-corruption principles, is required for all employees
G4-S05	Confirmed incidents of corruption	BNY Mellon Annual Report, p. 205

Aspect: Public Policy		
Indicator	Disclosure	Our Response
G4-DMA		CSR Report, Advocacy and Political Engagement, pgs. 47-48
G4-S06	Political Contributions	CSR Report, Political Contributions, p. 48

Aspect: Anti-competitive behavior		
Indicator	Disclosure	Our Response
G4-DMA		CSR Report, Ethics, pgs. 35-36
G4-S07	Anti-competitive behavior	BNY Mellon Annual Report, p. 205

Category: Social – Society		
Aspect: Compliance		
Indicator	Disclosure	Our Response
G4-DMA		CSR Report, Risk Management and Reliability, pgs. 24-43
G4-S08	Fines for non-compliance with laws	BNY Mellon Annual Report, p. 205

Category: Social – Product Responsibility		
Aspect: Products and Services Labeling		
Indicator	Disclosure	Our Response
G4-DMA		CSR Report, Client Engagement, p. 49
G4-PR5	Surveys measuring customer satisfaction	CSR Report, Client Engagement, p. 49

Aspect: Customer Privacy		
Indicator	Disclosure	Our Response
G4-DMA		1) CSR Report, Risk Management and Reliability, pgs. 24-43 2) Privacy at BNY Mellon
G4-PR8	Complaints regarding breaches of customer privacy and losses of customer data	BNY Mellon Annual Report, p. 205

Aspect: Compliance		
Indicator	Disclosure	Our Response
G4-DMA		CSR Report, Ethics, pgs. 35-36
G4-PR9	Fines for non-compliance with laws and regulations concerning products and services	BNY Mellon Annual Report, p. 205

Category: Financial Sector Supplement		
Aspect: Product Portfolio		
Indicator	Disclosure	Our Response
G4-DMA		<p>1) CSR Report, Social Investing, pgs. 77-94 Environmental and social components are included within responsible investment policies across several boutiques. See the following boutique policy statements:</p> <ul style="list-style-type: none"> • Newton • Insight Statement 1 • Statement 2 • Statement 3 • Standish • Mellon Capital Management • Siguler Guff
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	N/A we do not track our business lines in this way
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	CSR Report, Social Investing, pgs. 77-94
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	CSR Report, Social Investing, pgs. 77-94

Category: Financial Sector Supplement		
Aspect: Audit		
Indicator	Disclosure	Our Response
G4-DMA		1) 2017 Proxy, p. 24 2) CSR Report, Reliability and Accuracy, p. 28
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	CSR Report, Reliability and Accuracy, p. 28

Aspect: Active Ownership		
Indicator	Disclosure	Our Response
G4-DMA		1) CSR Report, Proxy Voting and Issuer Engagement, p. 83 2) 2017 Proxy, p. 9 and pgs. 76-77
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	1) CSR Report, Proxy Voting and Issuer Engagement, p. 83 2) 2017 Proxy, p. 9 and pgs. 76-77
FS11	Percentage of assets subject to positive and negative environmental or social screening	1) CSR Report, Investment Management, pgs. 80-83 Total Negative Screen is 18.3bn AUM There are no strategies which are purely positive screens without also including negative screens Positive and negative screens combined is the same number as in the CSR report: \$69.3bn

* CDP Response Footnote: CDP formally the Carbon Disclosure Project www.cdp.net

U.S. Workforce Demographics – EEO-1

Job Category	Non-Hispanic or Latino							Overall total
	Hispanic or Latino	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or more races	
	Male							
Executive/SR Officials and Managers	0	7	0	0	1	0	0	8
First/Mid Officials and Managers	172	3,712	230	1	511	4	25	4,655
Professionals	295	5,029	376	8	1,102	5	72	6,887
Technicians	12	47	12	0	13	0	1	85
Sales Workers	24	309	17	1	20	0	1	372
Administrative Support	266	2,246	543	10	394	4	70	3,533
Craft Workers	0	0	0	0	0	0	0	0
Operatives	0	2	1	0	1	0	0	4
Laborers and Helpers	0	0	0	0	0	0	0	0
Service Workers	9	8	10	0	0	0	0	27
Total	778	11,360	1,189	20	2,042	13	169	15,571
Previous Report Total	758	11,208	1,196	18	1,863	15	148	15,206
	Female							
Executive/SR Officials and Managers	0	3	0	0	0	0	0	3
First/Mid Officials and Managers	132	2,160	318	1	314	4	21	2,950
Professionals	310	3,397	531	7	800	4	48	5,097
Technicians	4	37	16	0	4	0	0	61
Sales Workers	22	177	30	0	26	0	5	260
Administrative Support	509	2,571	1,253	4	614	9	64	5,024
Craft Workers	0	0	0	0	0	0	0	0
Operatives	2	1	4	0	0	0	0	7
Laborers and Helpers	0	0	0	0	0	0	0	0
Service Workers	2	0	3	0	0	0	0	5
Total	981	8,346	2,155	12	1,758	17	138	13,407
Previous Report Total	995	8,513	2,201	12	1,677	17	142	13,557
Male and Female Combined Totals								
Total	1,759	19,706	3,344	32	3,800	30	307	28,978
Previous Report Total	1,753	19,721	3,397	30	3,540	32	290	28,763

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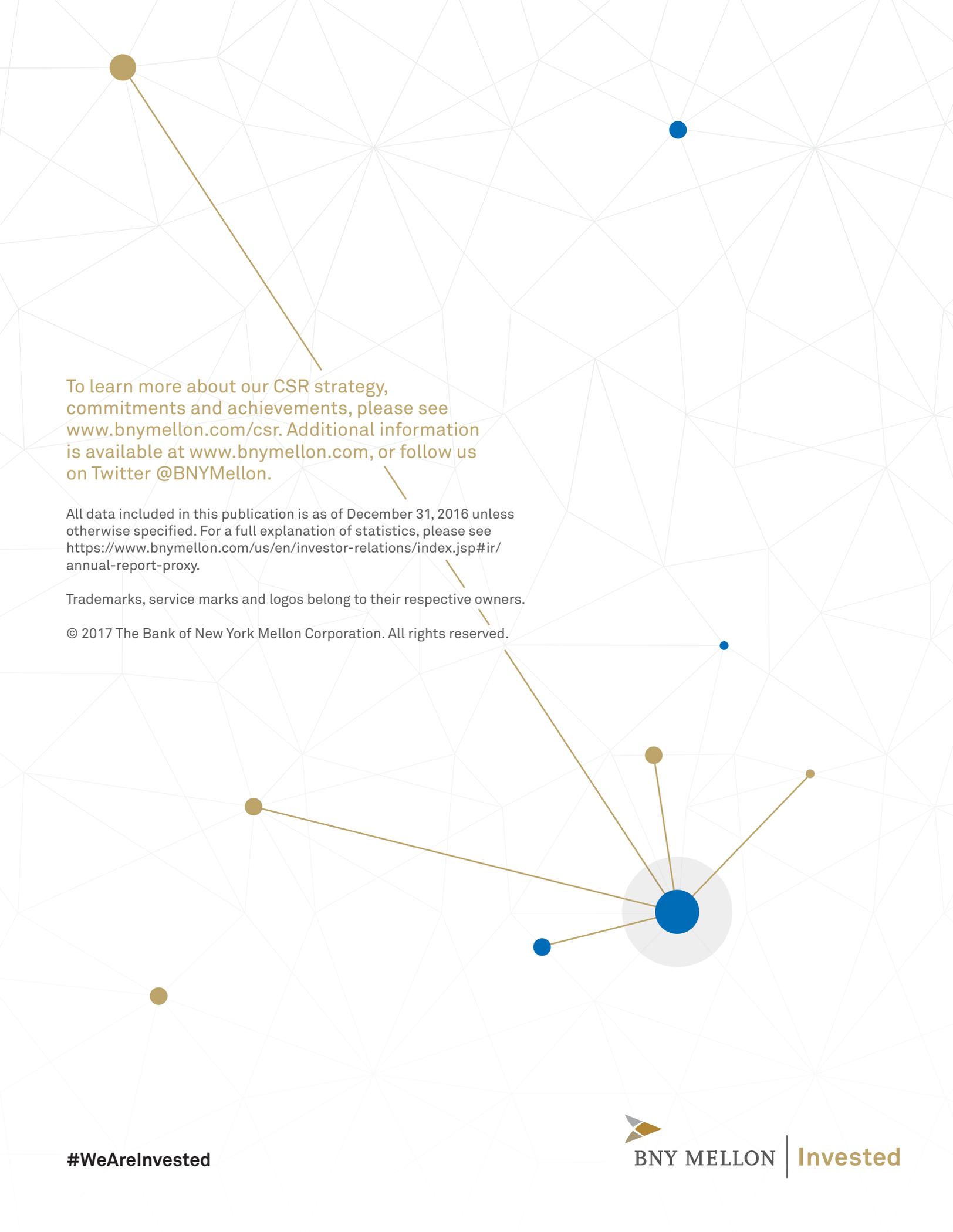
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