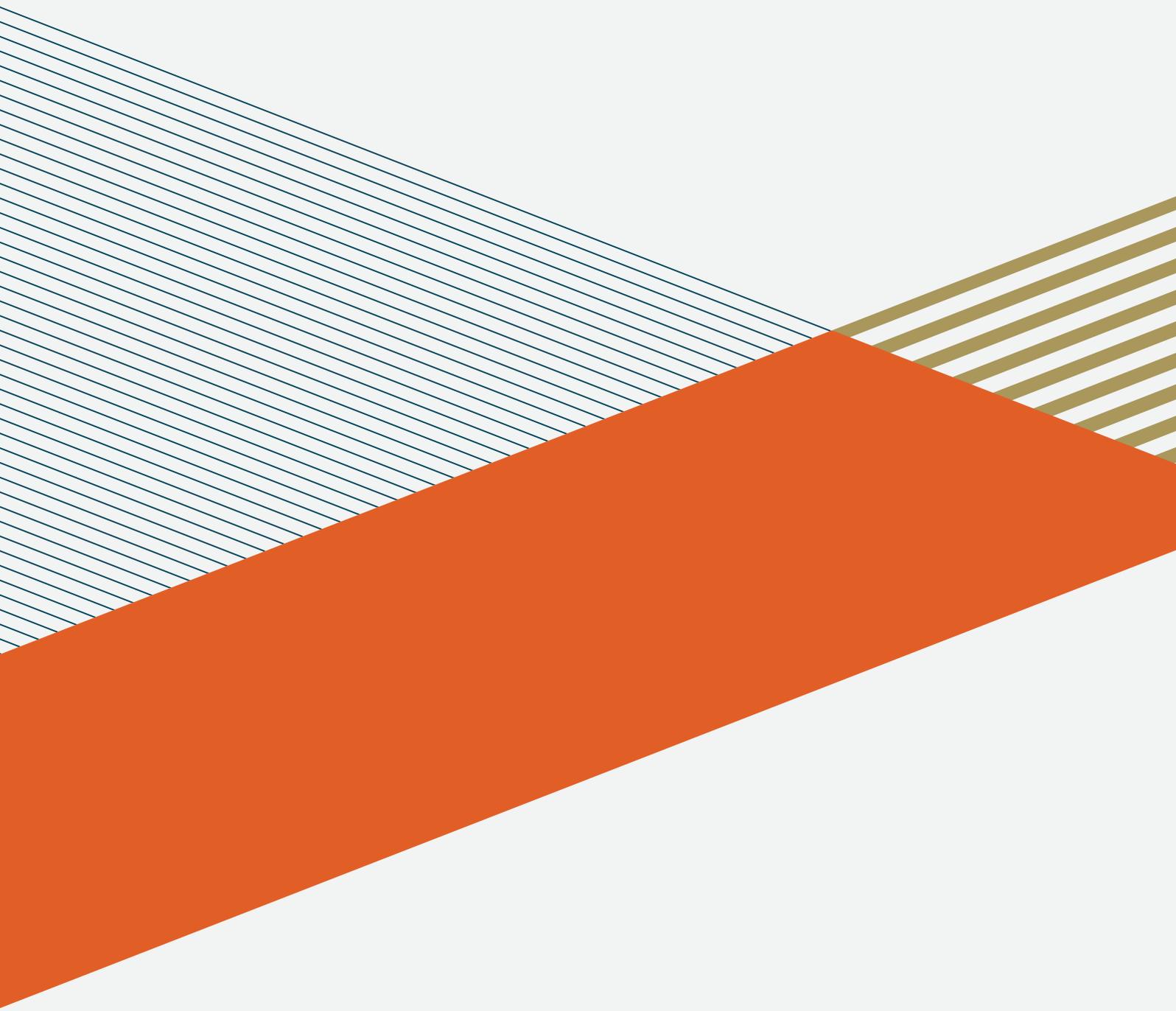




# Corporate Social Responsibility

2019 REPORT

*Powering a World of Difference*



# About This Report

This is BNY Mellon's 13th report covering corporate social responsibility (CSR) and environmental, social and governance (ESG) topics. Our annual updates in this report are not just about our company's social and environmental impact, but also about how we view and integrate ESG considerations throughout our operations, leveraging opportunities and mitigating risks cross-functionally and across our lines of business.

We publish our CSR report annually in the second quarter on [www.bnymellon.com/CSR](http://www.bnymellon.com/CSR). Unless otherwise noted, this report includes data and activities from BNY Mellon's global operations for the calendar year 2019. Unless otherwise noted, all data is as of 12/31/2019 and covers The Bank of New York Mellon Corporation and its subsidiaries. The report provides select data from past years in order to facilitate year-over-year analysis.

This is our 11th report using the Global Reporting Initiative's (GRI) framework, the world's most widely used sustainability reporting framework. We prepared the report according to GRI Standards Comprehensive option.

[View the GRI Index on page 80.](#)

## 2019 CSR and ESG Awards and Recognition

Dow Jones Sustainability World Index (DJSI)

6 consecutive years

CDP A List for climate management leadership

7 consecutive years

FTSE4Good Global Benchmark Index

8 consecutive years

Perfect score on the Corporate Equality Index for LGBTQ workplace equality, Human Rights Campaign Foundation

13 consecutive years

Bloomberg Gender-Equality Index

5 consecutive years

See a full list of our [awards](#).

# BNY Mellon Overview

At BNY Mellon, we power individuals and institutions to succeed across the financial world through a comprehensive suite of investment services and investment management solutions.

As an investment manager and servicer with global scale, we move, manage and process securities and cash, while unlocking the value of the associated data. Those efforts help clients improve investment performance, help enhance their financial operations, and alleviate many of the challenges they face, including pricing pressures and regulatory changes.

In **Investment Services**, we provide operational support for large institutions, including clearance and settlement, custody, fund administration and global payments. In **Investment Management and Wealth Management**, we help institutions and individuals reach their financial goals by strategically managing their investments.

What sets us apart? **We believe that the best way to succeed at anything is to *Consider Everything*.** Our wide range of solutions and deep subject matter expertise help us serve clients in ways others cannot.

We are proven **stewards with scale** and among the market leaders in almost every aspect of managing and servicing financial assets, making us vital to the smooth functioning of the world's financial markets. Our broad and **unique perspective** allows us to gather insights that no one else can, anticipate future client needs and drive innovation. We operate in an **open and objective** manner, engineering the best solutions for our clients by co-creating or co-sourcing with other financial institutions and tech firms. This allows us to expand our product portfolio and provide our clients with greater flexibility, quality, transparency and efficiency.

Since our founding in 1784, we have served as a safe, reliable and trusted partner through every market cycle. And we're keenly focused on the future, developing technologies and digital capabilities that will help deliver valuable benefits not only to our clients, but also to communities, businesses, governments and people everywhere.

## Assets Under Management

\$1.9 trillion

## Assets Under Custody and/or Administration

\$37.1 trillion

## Global Reach

35 countries

35% of 2019 revenue generated outside United States

## Workforce

48,400 employees

48% of employees based outside United States

## Client Franchise<sup>1</sup>

70% of Fortune 500 companies

93% of the top 100 investment managers

84% of the top 100 U.S. pension and employee benefits plan sponsors

<sup>1</sup> Fortune 500: Fortune, Time Inc. ©2019; Investment Managers, Pensions and Employee Benefits: Pensions & Investments, P&I Crain Communications Inc. ©2019; BNY Mellon client data as of February 2020

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# Message From Our CEO

## A statement from Todd Gibbons Chief Executive Officer, BNY Mellon



BNY Mellon plays a critical role in the global financial system. We help markets function smoothly and provide investors with access to a broad range of banking and investment products. We embrace this responsibility with great accountability, transparency and integrity. This permeates every aspect of our culture and is why we are compelled and committed to use our reach, market influence and resources to address global issues, contribute to healthy economies that provide opportunities for all to thrive, and make a positive impact on people around the world. This becomes even more urgent in uncertain times.

While this report highlights progress toward our commitments to CSR in 2019, I would be remiss if I didn't reflect on the first half of 2020—a period that will forever have a profound effect on society. Upon entering this new decade, we have been faced with the gravity of COVID-19, a global pandemic, and with societal unrest, spurred by racial injustice. Both have significant implications for how we operate as a business and as a corporate citizen. And we believe that what the world needs now is real action with a real purpose.

COVID-19 is a game changer, in many respects, for businesses, governments, the medical profession and communities everywhere.

During this unprecedented period, we have been a source of stability for our clients and employees, and a strong supporter of efforts to aid those affected by the virus ([CSR Overview Report](#)). The investments we've made in our infrastructure, operating platforms and

cyber and information security enabled us to be there for our clients and the global financial system, and I could not be prouder of how BNY Mellon professionals rose to the occasion.

While a period of uncertainty lies ahead for all of us, our clients, communities and society at large can continue to rely on BNY Mellon to be their trusted steward—with a relentless ambition to have a more profound impact on the world around us.

To that end, we are issuing refreshed pillars with associated goals and key performance indicators (KPIs). Within this report, we are introducing our new CSR strategy pillars: Culture and Purpose, Responsible Business and Global Citizenship.

While we are focused on new challenges in 2020, we note some highlights of our commitment to CSR in 2019:

- Named to the Dow Jones Sustainability World Index, one of the most highly regarded global sustainability indices, for the sixth consecutive year
- Introduced 2020-2025 CSR Pillars and Goals
- Pledged to implement the Task Force for Climate-related Financial Disclosures (TCFD) recommendations to formalize our integration and communication of risks related to climate change
- Set new five-year environmental sustainability goals related to efficient use of natural resources
- Expanded the functionality of our ESG analytics tool to integrate fixed-income scoring for corporate bonds
- Paid women and minority employees in the United States more than 99% of their respective counterparts, on average, according to a 2019 global pay equity analysis
- Increased parental leave from 12 weeks to 16 weeks in the U.S., and global maternity company paid leave to 16 weeks in all countries
- Achieved carbon neutrality in our operations for the fifth year in a row<sup>2</sup>

We will continue to build on our momentum, and act with urgency to ensure we do our part as a good corporate citizen. We are energized to do more, do better and do what's right.

<sup>2</sup> For Scope 1 and Scope 2 greenhouse gas emissions, including our data centers, as well as Scope 3 business travel emissions

# Approach to CSR



# Our Corporate Social Responsibility Commitment

BNY Mellon powers individuals and institutions to succeed across the financial world. We are committed to using our reach, market influence and resources to help address pressing issues in these rapidly changing times.

As a major global financial institution, we consider the impacts that our business has on the environment and society and, in turn, how climate-related risks and societal needs present opportunities for our company.

We strive to contribute to sustainable economic growth that helps protect healthy markets, enhances our own business resiliency and longevity, and aims to deliver positive impact for key stakeholders, such as clients, employees, shareholders and communities.

We help our clients manage their ESG-related risks and opportunities, such as those relating to climate, by continuing to develop and offer ESG products and services.

## 2019 Highlights

We demonstrated our ongoing commitment to CSR and its integral role in our business and culture throughout 2019. Here are some of our notable actions:

- Pledged to implement the Task Force on Climate-related Financial Disclosures (TCFD) recommendations to formalize our integration and communication of risks related to climate change
- Paid women and minority employees in the United States more than 99% of their respective counterparts, on average, according to a 2019 internal global pay equity analysis
- Increased parental leave from 12 weeks to 16 weeks in the U.S., and global maternity company paid leave to 16 weeks in all countries

- Expanded our *Transgender Guidelines: Gender Transition, Identity and Expression* from the United States to our Asia-Pacific, Europe, Middle East and Africa regions
- Provided more than 3,000 hours of pro bono technical expertise to nonprofit partners, valued at more than \$500,000<sup>3</sup>
- Fulfilled our commitment of \$1 million to the City University of New York (CUNY) to help equip high-achieving, underrepresented students with the knowledge and skills necessary for the next-generation workforce
- Expanded the functionality of our Asset Servicing ESG analytics tool to integrate fixed-income scoring for corporate bonds
- Serviced the world's first sovereign blue bond in Corporate Trust, issued by the Republic of Seychelles, to protect marine resources
- Set new five-year 2025 environmental sustainability goals for reducing waste, paper, water, and energy and greenhouse gas emissions, in line with Science-Based Targets Initiative methodology
- Achieved carbon neutrality<sup>4</sup> in our operations for the fifth year in a row

<sup>3</sup> [https://cecp.co/wp-content/uploads/2020/01/CECP-2020-Giving-in-Numbers\\_Valuation-Guide.pdf](https://cecp.co/wp-content/uploads/2020/01/CECP-2020-Giving-in-Numbers_Valuation-Guide.pdf)

<sup>4</sup> For Scope 1 and Scope 2 greenhouse gas emissions, including our data centers, as well as Scope 3 business travel emissions

# Announcing: Our 2020-2025 CSR Strategy

BNY Mellon periodically adjusts our CSR approach to remain current with stakeholder concerns, global trends and our own business strategies. In 2019, we took steps to increase alignment of our CSR efforts both within our organization and with external reporting frameworks. We updated our CSR strategy, including goals and key performance indicators (KPIs), to guide our actions from 2020 through 2025.

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## Identifying Material Issues

Our 2025 CSR strategy and goals are based on research and stakeholder input gathered through a formal materiality assessment process that helped us determine the most relevant ESG issues.

Working with a leading global consultant, we identified 27 issues across six categories pertinent to our business model and operations, then prioritized and validated those issues. We engaged our stakeholders through a series of internal interviews to prioritize the issues based on their importance to our external stakeholders and their influence on our business success. The most important issues are defined as those fundamental to business transformation in the current operating environment.

Various guidelines, such as the United Nations Global Compact (UNGC), Principles for Responsible Investment (PRI), Task Force on Climate-related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB) and rating and ranking frameworks, influenced our new strategy and goals. Finally, we considered input from external stakeholders on an informal basis. We plan to incorporate structured input from external stakeholders in a formalized manner in the future.

After identifying our most material issues and organizing them into key themes, we refreshed our strategy and established new goals to drive action. We present the outcome of the analysis and strategy below, and our new goals and KPIs on [page 10](#). We will work toward these goals during the coming years and report our progress for the first time in our 2020 CSR Report.

## Materiality Assessment Key Themes



## Corporate Social Responsibility Pillars

BNY Mellon’s CSR Strategy is built on three pillars that correspond with what is currently most relevant to the company and our clients, employees, communities and society.

Culture & Purpose	Responsible Business	Global Citizenship
<ul style="list-style-type: none"> <li>• Diversity &amp; Inclusion</li> <li>• Leadership &amp; Development</li> <li>• Employee Engagement &amp; Wellbeing</li> <li>• Community Partnership</li> </ul>	<ul style="list-style-type: none"> <li>• Risk Management</li> <li>• Technology</li> <li>• Governance</li> <li>• ESG Client Solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental Sustainability</li> <li>• Supply Chain</li> <li>• Public Policy</li> <li>• Human Rights</li> </ul>

# CSR Goals 2020-2025

Guided by our new strategy, we intend to resource and support projects and programs that will contribute to the company’s long-term success. These goals will also have a measurable, positive impact on society and the environment.

Culture & Purpose	Goals and Key Performance Indicators
<p><b>Diversity &amp; Inclusion</b></p>	<p><b>GOAL: Drive a culture of inclusion and advance diverse representation</b></p> <p>Increase senior leadership positions held by women and ethnically and racially diverse employees with:</p> <ul style="list-style-type: none"> <li>• Unique percentage point targets by Executive Committee member</li> </ul> <p>Consistently rank among the top employers for leadership in the field of diversity and inclusion including:</p> <ul style="list-style-type: none"> <li>• Maintain 100% Human Rights Campaign Foundation Corporate Equality Index score, and work to ensure our placement on the Bloomberg Gender-Equality Index and the Disability Equality Index</li> </ul> <p>Increase percentage of participation in Employee Business Resource Groups, as evidenced by employee registered membership in at least one group, by 3% year over year, starting from the 2019 baseline year</p>
<p><b>Leadership &amp; Development</b></p>	<p><b>GOAL: Drive a culture of high productivity, engagement and commitment to continuous learning and development to support successful leaders, managers and their teams</b></p> <p>Improve manager effectiveness score by 5% year over year, as measured through Manager Upward Feedback process</p> <p>Run a new company-wide employee engagement survey in 2020 to establish baseline engagement scores; perform on target with benchmark engagement scores for financial services industry</p> <p>Increase the number of discrete employees participating in/utilizing non-mandatory learning programs, on a year-over-year basis</p>
<p><b>Employee Engagement &amp; Wellbeing</b></p>	<p><b>GOAL: Support a culture of wellbeing through a holistic program focused on engaging employees and developing key management behaviors to help decrease health risk</b></p> <p>Increase positive response to employee health survey question “Do you think your workplace supports a culture of health and wellbeing?” by 5%</p> <p>Offer at least two wellbeing programs that meet or exceed market benchmarks; increase enrollment and/or active participation by 10% year over year</p>
<p><b>Community Partnership</b></p>	<p><b>GOAL: Leverage the company’s resources and employee talent to help significantly increase impact of community support in the regions and countries in which BNY Mellon operates</b></p> <p>Direct 65% of corporate philanthropy donations to organizations and causes that are aligned with our strategic focus of developing the workforce of the future</p> <p>Facilitate 130,000+ hours of employee volunteerism</p> <p>Achieve a skills-based volunteering target of 40% of total employee volunteer hours, ensuring that a significant portion of volunteer efforts leverage employees’ professional experience.</p> <p>Increase total hours of pro bono consulting delivered to nonprofits by 10% over the 2019 baseline year</p>

Responsible Business	Goals and Key Performance Indicators
Risk Management	<p><b>GOAL: Risk Framework: Continue to evolve and fortify our risk infrastructure</b></p>
	<p>Ensure a consistent and aligned utilization of the risk appetite framework across the company as a driver of business decisions for product, client and geography prioritization</p>
	<p><b>GOAL: Risk Culture: Sustain strong global risk culture focused on ownership and ethical behavior</b></p>
	<p>Drive employee ownership of risk and compliance outcomes through ongoing strategic communication and development</p>
Technology	<p><b>GOAL: Continually evolve business protocols to help ensure systems continuity in every jurisdiction in which we operate, and across borders</b></p> <p><b>GOAL: Evolve business protocols to provide technology knowledge, resilience and business continuity</b></p>
	<p>Expand our information security management system based on an internationally recognized specification (i.e., ISO 27001) for all critical applications and business services</p> <p>Cultivate a globally competitive level of workforce awareness concerning information systems security</p>
Governance	<p><b>GOAL: Continue to engage a slate of candidates with varying backgrounds, experience and perspectives to maintain diversity in the composition of the corporate Board of Directors</b></p> <p><b>GOAL: Increase engagement with top shareholders</b></p>
	<p>Expand diversity criteria beyond race, gender, ethnicity and sexual orientation</p> <p>Among our top clients as outlined by the Global Client Management group, achieve a 90% rating of "Willingness to Recommend BNY Mellon" as measured in our surveys of external clients</p>
ESG Client Solutions	<p><b>GOAL: Provide best-in-class client solutions to the global ESG community, by:</b></p> <p><b>Offering leading ESG investment solutions: Investment Management and Wealth Management solutions</b></p> <p><b>Empowering ESG investors globally: Asset Servicing solution</b></p> <p><b>Enabling ESG financing: Issuer Services, and Markets, Clearing and Collateral solutions</b></p>
	<p>Increase ESG assets under management/advisory</p> <p>Increase number of clients who use our ESG Global Risk Solutions, and Data and Analytics solutions</p> <p>Increase volume of green bonds administered</p> <p>Demonstrate ESG thought leadership and proof points as measured by industry recognition and client satisfaction metrics</p>

Global Citizenship	Goals and Key Performance Indicators
Environmental Sustainability	<p><b>GOAL: Maintain commitment to environmental sustainability including effectively managing natural resource use, such as energy, water and paper, and the production of greenhouse gas emissions and waste</b></p>
	<p>Reduce greenhouse gas emissions by 20% by 2025 from a 2018 base year, including data centers, in line with Science Based Targets methodology</p> <p>Maintain carbon neutrality commitment through 2025</p> <p>Divert 80% of office waste from landfills by 2025</p> <p>Target zero waste to landfills for technology equipment by 2025</p> <p>Work with technology partners to maintain our commitment to paper neutrality in the United States and India through 2025</p> <p>Drive water use reduction in building operations</p>
Supply Chain	<p><b>GOAL: Build a Supplier Diversity Program that has longevity, consistent with BNY Mellon's value proposition and diversity initiatives</b></p>
	<p>Design and execute an efficient onboarding process for diverse suppliers to improve customer experience</p> <p>Implement a company-wide sustainable training program on supplier diversity</p> <p>Increase outreach with diverse suppliers through quarterly procurement summits</p>
Public Policy	<p><b>GOAL: Continue to engage with stakeholders on key regulatory and legislative issues important to BNY Mellon</b></p>
	<p>Expand internal awareness of regulatory and legislative impacts and trends</p> <p>Strategically advocate on priority legislative and regulatory issues affecting BNY Mellon</p>
Human Rights	<p><b>GOAL: Continue the commitment to preventing modern slavery and human trafficking in our operations, supply chain and communities</b></p>
	<p>Conduct due diligence and training practices to promote understanding of Modern Slavery Act principles</p>

# Global Megatrends

Our CSR strategy also addresses powerful societal and environmental forces affecting people, communities and our business. In 2019, four major trends continued to influence our focus and efforts.

## Responsible Economic Growth

Increasingly, companies are embracing their role in creating responsible economic growth to build healthy inclusive communities where all people have opportunities to thrive without harming the environment. Businesses realize their responsibility for generating the employment opportunities, safe working conditions, and access to essential resources that contribute to quality of life and individual wellbeing.<sup>5</sup>

## Gender Equality

In recent years, it has become clear that providing gender equality to girls and women can increase the wealth of nations and enable countries to develop in sustainable ways. A 2018 report cited that if women earned as much as men during their lifetimes, global wealth would increase by an average of \$23,620 per person, or a total of \$160 trillion.<sup>6</sup> Providing equal pay to women would reduce the poverty rate for all working women, dramatically impacting their families and benefitting their children.<sup>7</sup>

## The Future of Work

Accelerating change and evolving employee expectations dominate the workplace today. Emerging technological solutions are creating new jobs, transforming tasks in existing jobs, and changing how people work together.<sup>8</sup> More than ever, employees are seeking social support and shared purpose at work.<sup>9</sup> To attract and retain top talent, companies must invest in their employees by offering effective learning and development programs, access to current technology, and a purposeful, inclusive culture that welcomes a diverse workforce.

## Climate Action

The past 10 years were the warmest decade on record, closed out by the second-hottest year on record in 2019.<sup>10</sup> These statistics, paired with more instances of extreme weather events, floods, droughts and fires, are harsh evidence that society is confronting perils unlike those in the past. Nations are grappling with problems ranging from insufficient fresh water to waves of climate refugees. The United Nation's Intergovernmental Panel on Climate Change advocates for action on climate change as nations and investors call for the transition to a low-carbon economy. World leaders identify climate action failure as arguably the risk with the greatest impact on the global economy.<sup>11</sup>

5 U.N. SDG 8: Decent work and economic growth, United Nations Sustainable Development Goals

6 Georgieva, K., Bibeau, MC. *This is the global price of gender inequality* World Economic Forum, June 12, 2018

7 Milli, Jessica, Huan, Yixuan, Hartmann, Heidi, and Hayes, Jeffrey, *The Impact of Equal Pay on Poverty and the Economy*, April 5, 2017, <https://iwpr.org/publications/impact-equal-pay-poverty-economy/>

8 Guzman, D. *5 Workplace Trends Shaping the Future of Work: Which Are Most Important to You?* Mercer, October 19, 2018

9 Shawn Achor, Andrew Reece, Gabriella Rosen Kellerman, and Alexi Robichaux, *9 out of 10 People Are Willing to Do Earn Less Money to do More-Meaningful Work*, Nov. 6, 2018, Harvard Business Review, <https://hbr.org/2018/11/9-out-of-10-people-are-willing-to-earn-less-money-to-do-more-meaningful-work>

10 <https://www.noaa.gov/news/2019-was-2nd-hottest-year-on-record-for-earth-say-noaa-nasa>

11 <https://www.climatechangenews.com/2020/01/15/climate-change-tops-risks-for-world-in-2020-davos-report/>

# CSR Governance

A clear governance structure drives the integration of our CSR strategy throughout our enterprise and helps ensure that our activities align with our business goals and cultural values. Our governance mechanisms balance the interests of our varied stakeholders and help inform our policies, practices, reporting and disclosure.

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## CSR Governance Structure

The work of considering and integrating ESG issues across all levels of our enterprise extends from the highest level of leadership to employees across the globe.

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### **Corporate Governance, Nominating and Social Responsibility (CGNSR) Committee of the Board of Directors**

Consists of independent directors who regularly review our CSR performance and monitor progress against long-term goals and provide guidance to management

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### **Executive Committee**

Responsible for CSR progress and success; approves and monitors progress on long-term goals, anticipates market trends and future client needs, and drives business innovation

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### **CSR Team**

Leads CSR strategy development and governance processes, provides subject matter expertise, collaborates with company functions and departments to assist in development of ESG integration initiatives, manages public reporting and disclosures related to CSR and ESG activities, facilitates external stakeholder input, and collaborates with experts and facilitates thought leadership

### **Subject Matter Experts**

Staff across varying areas of the company who manage the day-to-day execution of policies, practices and programs that relate to ESG areas of the business

### **Employee Groups**

Involve local and regional employees in initiatives that support the company's social or environmental impact; examples include employee/business resource groups (E/BRGs), sustainability ambassadors, and volunteer and philanthropic fundraising committees

As the primary oversight body of BNY Mellon's CSR efforts, the CGNSR Committee monitors a broad range of activities, including:

- Strategic philanthropy, employee giving, community involvement, and related policies, programs and strategy
- Public policy and advocacy, including lobbying and political contributions
- Compliance with Community Reinvestment Act (CRA) and Fair Lending Laws
- Environmental management
- Supplier responsibility
- Operations and programs regarding human rights toward suppliers, clients and communities

Read more in the [CGNSR Committee Charter](#).

## Stakeholder Engagement

We strategically engage with a range of stakeholders in various ways to solicit and analyze feedback and help determine our CSR focus.

### Our Clients

Advisory boards and idea-sharing conferences  
Direct conversations  
Satisfaction and engagement surveys  
Social media feedback  
Thought leadership collaborations

### Our Investors

Annual and quarterly reports  
Annual Meeting of Stockholders  
Financial services conferences  
Proxy voting  
Webcasts and conference calls

### Our People

Conversations with managers  
Employee groups  
Engagement surveys  
Materiality analysis interviews  
Performance management and development programs  
Town Hall meetings

### Our Communities

Employee volunteering and giving-related relationships with community organizations  
Meetings with local leaders and advocacy groups  
Nonprofit board memberships and financial support partnerships (grants and sponsorships)

The four groups above represent key stakeholders defined during a comprehensive strategic analysis in 2014. External partners, suppliers, peer companies, nonprofits and industry associations are also important stakeholders for our firm, and we connect with these groups regularly.

# CSR and ESG Data

Markets <sup>(A)</sup>	2019	2018	2017
Assets under custody and/or administration (AUC/A) <sup>(B)</sup>	\$37,100 billion	\$33,100 billion	\$33,300 billion
Assets under management (AUM) <sup>(C)</sup>	\$1,910 billion	\$1,722 billion	\$1,893 billion
Number of countries of operations	35	35	35
Company credit rating (S&P credit rating of long-term senior debt)	A	A	A
Capital levels (estimated common equity tier 1 [CET1] ratio, fully phased-in-non-generally accepted accounting principles [GAAP]) <sup>(D)</sup>			
Standardized approach	12.5%	11.7%	11.5%
Advanced approach	11.5%	10.7%	10.3%
Active employees certified as having read and understood the Code of Conduct <sup>(E)</sup>	100%	100%	100%
Independent members of the Board of Directors <sup>(F)</sup>	89%	92%	92%
Women members of the Board of Directors <sup>(G)</sup>	33%	25%	25%
Ethnically diverse members of the Board of Directors <sup>(H)</sup>	33%	17%	Not Reported
<b>People</b>			
Employees (full-time)	48,400	51,300	52,500
Open positions filled internally	36%	39%	33%
Voluntary employee retention	87%	88%	90%
Senior leadership positions held by women <sup>(I)</sup>	29%	28%	27%
Women in our global workforce	41%	41%	42%
Employees with diverse racial or ethnic backgrounds hired in the U.S.	48%	42%	43%
Total employee learning hours	690,000	700,000	1 million
Employees engaged with our Wellbeing digital platform	24,000	21,500	16,150

(A) For further information, please see the Corporation's reports filed with the Securities and Exchange Commission, including our 2019 Annual Report, at [www.bnymellon.com/investorrelations](http://www.bnymellon.com/investorrelations).

(B) Consists of AUC/A primarily from the Asset Servicing business and, to a lesser extent, the Clearance and Collateral Management, Issuer Services, Pershing and Wealth Management businesses. Includes the AUC/A of CIBC Mellon Global Securities Services Company, a joint venture.

(C) Excludes securities lending cash management assets and assets managed in the Investment Services business.

(D) For our CET1, Tier 1 and Total capital ratios, our effective capital ratios under U.S. capital rules are the lower of the ratios as calculated under the Standardized and Advanced Approaches. Beginning Jan. 1, 2018, consolidated regulatory ratios were fully phased-in. The regulatory ratios for all prior periods are presented on an estimated fully phased-in basis. For additional information on our regulatory capital ratios, see "Capital" beginning on page 41 of our 2019 Annual Report.

(E) May vary because of launch date, employee acquisitions or legal restrictions.

(F) Certain figures contained in the 2020 Proxy Statement are provided as of the date of its distribution and based on director nominees for the 2020 Annual Meeting of Stockholders, and may differ as a result.

(G) Certain figures contained in the 2020 Proxy Statement are provided as of the date of its distribution and based on director nominees for the 2020 Annual Meeting of Stockholders, and may differ as a result.

(H) Certain figures contained in the 2020 Proxy Statement are provided as of the date of its distribution and based on director nominees for the 2020 Annual Meeting of Stockholders, and may differ as a result.

(I) "Senior leaders" are inclusive of BNY Mellon's director-level and above employees, excluding executive leaders.

World	2019	2018	2017
Assets managed that we classify as responsible investments (billions USD) <sup>(J)</sup>	\$130.4	\$115.6	\$77.2
Assets managed by investment firms that are signatories to the UNPRI (percentage of total assets under management) <sup>(K) (L)</sup>	75%	75%	74%
Market value of portfolios screened for ESG factors in Asset Servicing <sup>(M)</sup>	\$1.0 trillion	\$874 billion	\$864 billion
Issuance volume of green bonds administered (billions USD)	\$38.0	\$24.1	\$19.3
Community support (millions USD) <sup>(N)</sup>	\$33.4	\$38.2	\$41.7
Employee contributions and company match (millions USD)	\$8.6	\$11.0	\$15.6
Employee volunteering hours	128,000	143,000	143,000
Net carbon emissions <sup>(O)</sup>	0	0	0
Greenhouse gas (GHG) reductions (from 2008 baseline) <sup>(P)</sup>	58%	55%	52%
Electricity usage offset by renewable energy	100%	100%	100%
Real estate certified for sustainability (by at least one third party and by percentage of square feet) <sup>(Q)</sup>	56%	50%	40%
Water use reduction (from 2015 baseline; tracked facilities only)	11%	8.6%	11.4%
Waste diverted from landfills (tracked facilities only)	68%	71%	73%

(J) Prior to 2017, IM presented exclusionary screened AUM only. In 2017, this number evolved with our product set and additionally included positive ESG screened, ESG-thematic and impact AUM. In 2018, the number evolved further to include assets presented as ESG integrated.

(K) PRI AUM represents the aggregate total of investment firm signatories' AUM, and does not include assets managed by investment firm personnel as dual officers of The Bank of New York Mellon and The Dreyfus Corporation. Siguler Guff AUM is not included in this calculation, given the minority interest in the firm held by BNY Mellon.

(L) Insight's AUM is represented by the market value of cash, securities and derivatives held in client accounts. Where a client mandate requires INA to manage some or all of a client's liabilities, and INA is to be paid an investment management fee based upon the value of such liabilities, the AUM for the account will be based on the value of the liabilities plus the gross notional value of any derivatives used in the management thereof.

(M) Due to changes in methodology, data may differ from past CSR Reports

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

(O) After reducing our Scope 1 and 2 for all tracked locations, excluding data centers, we matched our remaining emissions, including those from data centers, with the purchase of carbon offsets and renewable energy products.

(P) Includes Scope 1 and 2 CO<sub>2</sub>e emissions percentage reduction compared to a 2008 baseline for global tracked properties, excluding data centers.

(Q) These third-party certifiers include Leadership in Energy and Environmental Design (LEED), ISO 14001 and ENERGY STAR.

# Culture & Purpose

The people in our highly skilled, global workforce enable us to deliver value to our clients and society every day. Embracing individuals from all backgrounds and experiences contributes to our strength. We invest in opportunities for our people to grow and advance, help them adapt to the changing workplace, support their engagement and wellbeing, and maintain a culture of inclusion. By providing financial support, skills and expertise, we create more resilient communities.

# Diversity and Inclusion

Diversity forms the very fabric of our interconnected world, shaped and accelerated by globalization. It powers a competitive business advantage and, as studies show, enables companies to better attract top talent. Diversity can improve customer relations, employee satisfaction, critical decision-making and financial performance. And, it helps companies secure their license to operate.<sup>12</sup> Diversity and inclusion is a business imperative that drives performance and enables individuals to achieve their full potential.

## Our Opportunity and Approach

BNY Mellon is in the business of managing, growing and preserving assets. That's why diversity and inclusion at BNY Mellon is a business strategy. It is central to high performance, competitive advantage, innovation and growth.

Our enduring ambition is to build the best global team—one that is inclusive of varying perspectives, backgrounds and experiences, and represents the increasingly varied markets and clients we serve. We empower our teams to do their best work, make unique contributions, and build purposeful careers in an equitable environment where they are treated with fairness, dignity and respect.

Our intentions are matched by action. We deliver programs and create policies that help support wellbeing and a balanced life, and offer a range of family-friendly, inclusive employment policies and employee forums to support the engagement, development and advancement of our people.

Our actions are backed with accountability. We set goals with specific targets that prioritize diversity and inclusion throughout the talent life cycle, from recruitment and development to retention and advancement. Our most senior leaders' variable compensation is tied in part to performance against diversity and inclusion goals. Through the Human Resources Compensation Committee, we engage our Board of Directors on diversity and inclusion approach, progress and challenges.

Our approach to diversity and inclusion delivers benefit and impact beyond our business and industry. Often, clients and peer companies seek our advice and guidance on diversity and inclusion, and we share our ideas, practices and experiences with them. We partner with clients, think tanks, professional associations, community organizations and nonprofit organizations to discuss, challenge and collaborate on diversity and inclusion issues.

## 2019 Achievements

**Expanded our Transgender Guidelines: Gender Transition, Identity and Expression, creating a global suite of resources for managers and employees in support of transgender/transsexual and broader Lesbian, Gay, Bisexual, Transgender and other sexual orientations and gender identities (LGBT+) inclusion in the United States, Asia-Pacific, Europe, the Middle East and Africa.**

**Conducted periodic pay practice review and found total compensation for both women and U.S. minority employees is, on average, more than 99% of their respective counterparts.\***

**Signed an amicus brief to the U.S. Supreme Court in full support of the view that Title VII of the Civil Rights Act should be interpreted as inclusive of protecting the rights of LGBT+ people.**

\* This analysis is adjusted for certain factors, including geography, level and job.

<sup>12</sup> *Delivering through Diversity*, McKinsey & Company, January 2018, pg. 2 [https://www.mckinsey.com/~/media/McKinsey/Business%20Functions/Organization/Our%20Insights/Delivering%20through%20diversity/Delivering-through-diversity\\_full-report.ashx](https://www.mckinsey.com/~/media/McKinsey/Business%20Functions/Organization/Our%20Insights/Delivering%20through%20diversity/Delivering-through-diversity_full-report.ashx)

### The Language of Progress

We define *diversity* as: Our differences that enable each of us to make unique contributions.

We define *inclusion* as: Establishing and maintaining a workplace culture where all employees are valued and respected, feel a sense of belonging, and have equal opportunity to contribute to their full potential.

## Defining Diversity

Our people are seen and see themselves through more than one diversity lens or social identity. Their value and contributions are shaped by the intersection of a broad spectrum of differences. These include attributes they are born with and attributes they acquire, earn and develop through life experiences. Language is important to improving understanding and empathy. We are evolving the conversation to drive progress:

From	To
<ul style="list-style-type: none"> <li>• Disabilities</li> <li>• Gender</li> <li>• Generations</li> <li>• Nationality</li> <li>• Race and ethnicity</li> <li>• Sexual orientation</li> <li>• Veteran status</li> </ul>	<ul style="list-style-type: none"> <li>• Digital smarts</li> <li>• Disability inclusion and accessibility</li> <li>• Emotional intelligence</li> <li>• Family status</li> <li>• Gender identity and expression</li> <li>• Generational savvy</li> <li>• Global mindset</li> <li>• Military background</li> <li>• Multiracial, multicultural and multilingual</li> <li>• Neuro-diversity</li> <li>• Socioeconomic diversity</li> <li>• Value systems and beliefs</li> <li>• Work-life agility</li> </ul>

### 2019 Recognition

2020 Women on Boards

American Banker Most Powerful Women in Banking

Asia Society Best Employer for Promoting Asian Pacific American (APA) Women, LGBT Asian Employees (Distinguished Performance) and Most Innovative Practices for LGBT Employees

Bloomberg Gender-Equality Index

Equileap Gender Equality in the U.S. Report & Ranking

Financial News 100 Most Influential Women in European Finance

Financial Times Diversity Leaders

Hong Kong LGBT+ Inclusion Index Gold Standard

Human Rights Campaign Foundation 2020 Corporate Equality Index 100% Score and 2020 Best Places to Work for

Investing Ethnicity | The Ethnicity Awards

LGBTQ Workplace Equality

Morningstar® Women’s Empowerment Index<sup>SM</sup>, Minority Empowerment Index<sup>SM</sup>

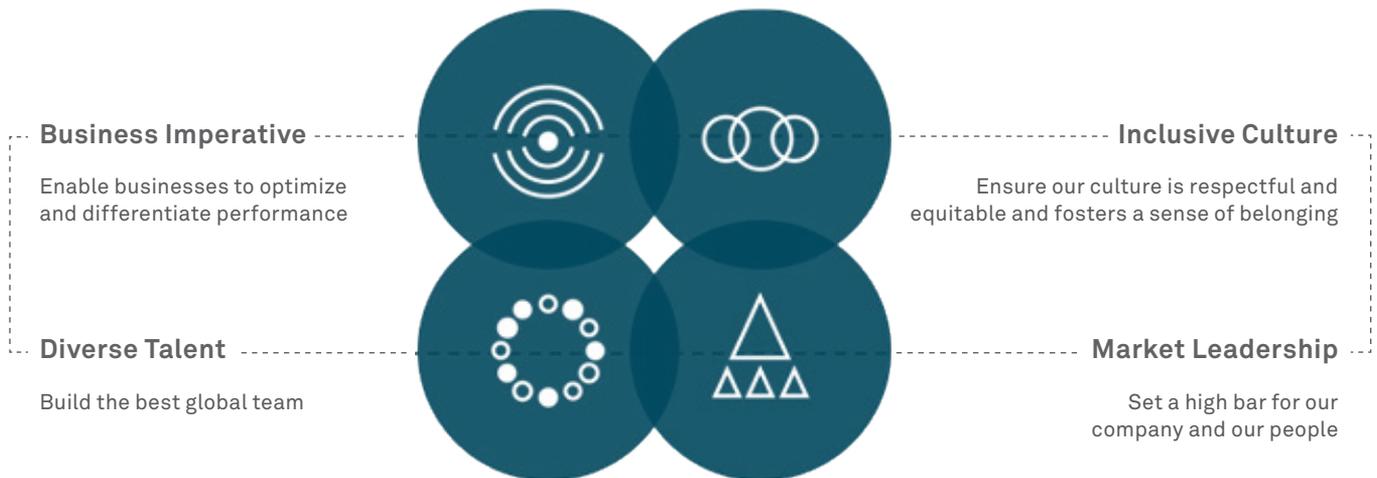
National Business Group on Best Employers | Excellence in Health and Well-Being Silver Award TechWomen100

UK Ministry of Defence Armed Forces Covenant Gold Award

Yahoo! Finance Role Model Lists – Women HERoes, EMpower Ethnic Minority, LGBT+

## Diversity and Inclusion Strategy

Diversity and inclusion is integral to who we are as a company, what our people experience as members of our global team, and how we serve all our stakeholders. Our diversity and inclusion strategy is not separate, but embedded in our business strategy, operating model, talent experience and client value proposition. Our strategy is built on four pillars:



## Progress Against Our Strategy

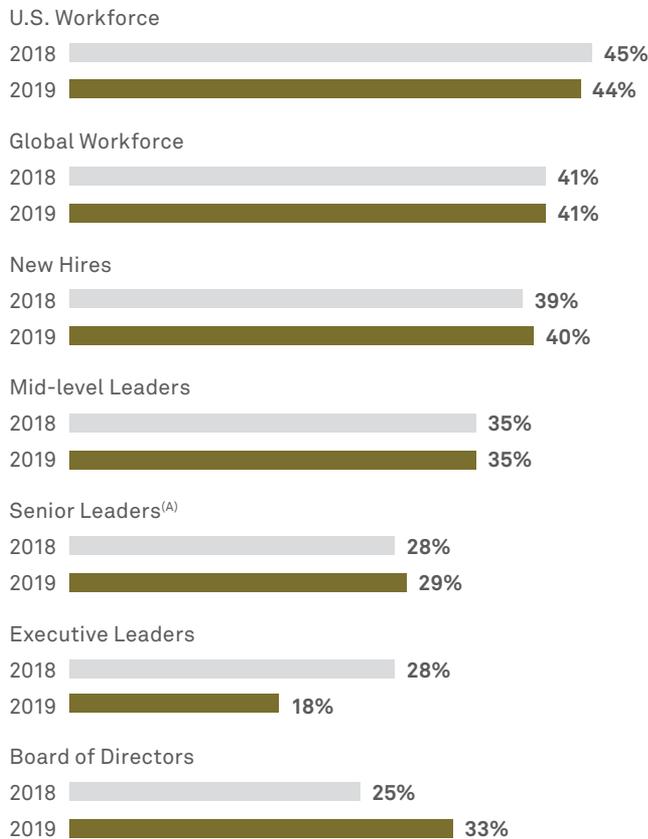
Our diversity and inclusion efforts have led to some success, but we know there's more work to do to sustain improvement and accelerate progress. While we preserve and scale best practices, we continue to pilot new initiatives, monitor and learn, and move forward with new technologies and digital ways of working.

At the most senior level, our Executive Committee set diversity and inclusion goals in 2019 with specific targets to improve senior leader diversity. In addition to requiring diverse slates for all roles at all levels, and expanding the diversity of candidate pipelines, we have enhanced talent sourcing and recruiting partnerships, capabilities and systems.

The BNY Mellon Workforce Strategy team maintains and publishes workforce representation data, which enables us to track diversity, identify changes, and improve representation throughout the talent life cycle.

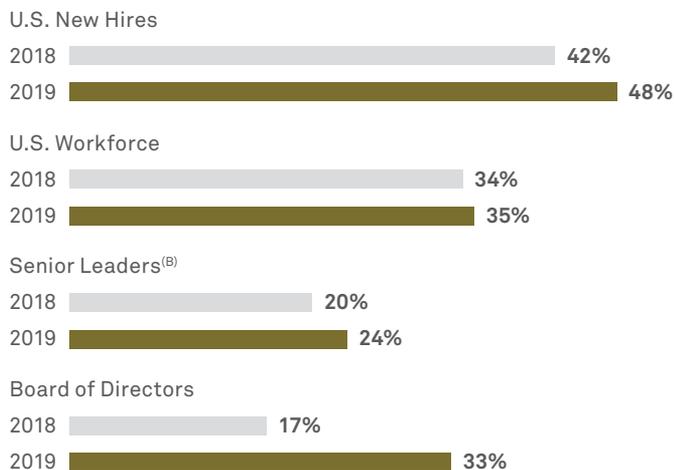
## Global Gender Diversity

% women



## U.S. Ethnicity

% of different ethnic/racial backgrounds



<sup>(A)</sup> "Mid-level leaders" are inclusive of BNY Mellon's vice president-level employees

<sup>(B)</sup> "Senior leaders" are inclusive of BNY Mellon's director-level and above employees, excluding executive leaders

<sup>(C)</sup> "Executive leaders" are inclusive of BNY Mellon's Executive Committee

(A) Global representation of women in senior leadership roles rose 1.1 percentage points to 29%

(B) U.S. ethnic minority representation in senior leadership roles rose 3.6 percentage points to 24%

## Building a High-Performance Team

At BNY Mellon, all employees share in the responsibility of building a high-performance team and culture, as diversity and inclusion goals are included in their performance management plans. We are elevating inclusion as a leadership competency, making inclusive leadership an imperative for anyone responsible for managing, or who aspires to manage, high-performance teams. We also implement programs specifically designed to advance a culture of inclusion.

## Attracting Diverse Talent

To increase our talent pool diversity, we work with professional associations, educational institutions, think tanks and nonprofits to deepen engagement with Black, Latinx, Asian, LGBT+ and neuro-diverse individuals, people with disabilities, and other talent from underrepresented backgrounds. We aim for fair inclusion by requiring diverse candidate slates and creating gender-neutral job descriptions. We engage nontraditional candidates, such as those looking to reenter the workforce after an extended leave of absence and veterans looking to transition into civilian life and the corporate workforce.

Our Sophomore Summits expose younger college students to financial services career paths and help position them for future internships through a full day of development workshops on personal brand, resume writing and interview skills. In partnership with our Employee/Business Resource Groups (E/BRGs), we plan to hold 10 Sophomore Summits in 2020, including a session with community partnership organizations dedicated to supporting low-income, underrepresented students.

In 2019, we hosted more than 50 recruitment events with diversity-focused college student clubs and associations, both on and off campus. We continue to share best practices and collaborate with colleges and universities, including new partnerships with historically black colleges and universities (HBCUs), to strengthen student body and talent pipeline diversity.

Our 2019 entry-level intern class was our most diverse to date, with women making up 29% of the class globally and ethnic minorities making up 42% of the class in the United States, as well as participants with disabilities and veterans/returning military. Our inaugural MBA intern class included 44% women and engaged students from six countries.

## Internal Talent Pipeline

We embed diversity and inclusion in our talent review processes, succession benches and development plans to improve promotion readiness and advance talent from all backgrounds. Additional development and leadership opportunities also help high-performers and high-potential individuals leverage peer networks and experts in other industries as coaches, mentors and sponsors. Our six E/BRGs provide a supplemental support system for our people throughout their career journey.

Sponsorship is part of our approach to improving workforce representation. In 2020, we added to our learning and professional development curriculum a course called “Sponsor Ready” to build awareness and skill in sponsoring and to create a sponsorship culture that will contribute to sustained knowledge sharing, skill building, diversity of thought and competitive advantage across our businesses. The Bank of New York Mellon (International) Limited, our UK Bank, piloted a UK Shadow Executive Committee program that engaged several less-tenured, high-potential employees in activities that mirrored those of the UK Bank’s Executive Committee.

## Creating an Inclusive Culture

We recognize the benefits of a workplace that is free from discrimination and works to promote inclusion for all. Here are examples of the initiatives conducted during 2019 to strengthen our inclusive culture.

- We expanded confidential candidate and employee self-identification in the United States and the UK with additional questions and response options for gender identity and sexual orientation. This aligns to new UK government ethnicity identifications and continues to cover veteran status and disabilities. Our goal is to extend the voluntary disclosure opportunity to other jurisdictions over time, in accordance with local regulations and privacy laws.
- In India, interactive drama workshops involved more than 300 senior and mid-level managers in role-playing scenarios to increase their awareness of the impact of non-inclusive behaviors.
- In London, BNY Mellon became a founding member of WAVE, a cross-industry LGBT+ coalition that offers a safe, friendly and open environment for junior LGBT+ professionals to learn how to advance their careers and expand their personal and professional networks.
- BNY Mellon’s Pershing provided neuroscience-based training to hundreds of managers, teaching them how to mitigate biases in decisions, improve the quality of decisions, and promote inclusion to yield better team interactions and business outcomes.
- We believe that a widely representative workforce can help us achieve exceptional performance in the digital era. In 2019, our Head of Asset Servicing and Digital built a diverse team with varying perspectives, experiences, cultures and capabilities to power transformative change and a culture of innovation. Learn more on [page 49](#).
- We believe we can play a meaningful role in developing and sharing best practices to help more companies and organizations integrate people with disabilities in the workforce, and are doing more to engage people with

disabilities. One billion people, or 15% of the world’s population, experience some form of disability, according to the World Bank,<sup>13</sup> and in 2019 the unemployment rate for disabled individuals in the United States was twice the overall unemployment rate.<sup>14</sup> To advance our own efforts and contribute to broader awareness around the opportunities for disability inclusion, we participate in the Disability Equality Index, a leading benchmarking initiative designed to measure key performance indicators across organizational culture, leadership, accessibility, employment, community engagement, support services and supplier diversity. In 2019, BNY Mellon was named to the Disability Equality Index® “Best Places to Work” list by Disability:IN and the American Association of People with Disabilities.

**SPOTLIGHT**

**Harnessing the Autism Advantage**

Traits that make great software testers—intense focus, commitment to quality and consistency, and a memory for details, among others—also happen to be characteristics of people with autism. To offer opportunities for this population and to benefit from the unique skills that these individuals can offer, our Technology Enterprise Quality Engineering team initiated a Neuro-Diversity Program, engaging a 10-member cohort of engineers with autism and an engagement manager. Next steps include forming neuro-diverse teams of quality engineers and analysts to tackle projects and launching an Autism@Work Program in two divisions, Technology and Operations, and in two of our largest offices, New York City and Pittsburgh.

**Advocacy and Thought Leadership**

We speak out on important issues that affect our employees and society at large, and in 2019 BNY Mellon signed a [corporate amicus brief](#) filed with the U.S. Supreme Court in support of extending federal anti-discrimination protections to LGBT+ workers. Collaborating with PRISM, BNY Mellon’s LGBT+ employee resource group, we also expanded our *Transgender Guidelines: Gender Transition, Identity and Expression*, creating a global suite of resources for managers and employees in support of transgender/transsexual and broader LGBT+ inclusion in the United States, Asia-Pacific, Europe, the Middle East and Africa.

BNY Mellon’s Pershing’s INSITE 2019 conference featured its first all-women panel, “Future-proofing Your Business” on the main stage. Women C-suite leaders, including Catherine Keating, CEO, BNY Mellon Wealth Management, shared their experiences, points of view and insights on topics such as technology, developing next-gen talent, competition and personal stories of their rise to success.

Newton Investment Management, a BNY Mellon company, was part of a stakeholder working group that developed a [white paper](#) on performance continuity, offering asset owners, managers and other investment firms guidance and case studies to help avoid loss and minimize turnover of diverse talent in portfolio management.<sup>15</sup>

As a founding member of the Hong Kong LGBT+ Interbank Forum, we address LGBT+ inclusion and issues that impact the banking and financial services sector in that city. Recently, we hosted representatives from other international banks to share successful practices and discuss opportunities related to the Gay Games, which are scheduled to come to Asia (i.e., Hong Kong) for the first time in 2022.

Bringing greater transparency to workforce data can help accelerate and sustain diverse talent engagement and improve their representation.

<sup>13</sup> Disability Inclusion, World Bank, <https://www.worldbank.org/en/topic/disability>

<sup>14</sup> U.S. Bureau of Labor Statistics, Feb. 26, 2019, Table 1, <https://www.bls.gov/news.release/pdf/disabl.pdf>

<sup>15</sup> <https://diversityproject.com/special-projects>

As a founding member of Women in Finance Belgium, our European Bank signed the Belgian Gender Diversity in Finance Charter<sup>16</sup> to drive fair and equal opportunities for women and men at all levels across the industry. Led by our senior women, BNY Mellon championed and joined a similar gender-lens charter and industry goal-setting in Luxembourg and signed up to the UK HM Treasury's Women in Finance Charter.

## Governance, Executive Ownership and Accountability

We are engaging more leaders across the company to bring fresh perspectives to our diversity and inclusion work through a restructured governance model that includes an interactive, results-oriented and forward-looking Diversity and Inclusion Advisory Council, chaired by our Chief Executive Officer.

Our Office of Global Diversity and Inclusion has appointed a global head and regional leads in EMEA and India. These dedicated experts partner with our business leaders and employees, and engage stakeholders—including clients, investors and regulators—to share ideas and successes.

Our Executive Committee set goals in 2019 to diversify senior leadership with specific targets to increase women representation globally and minority ethnic representation in the United States. Executive Committee members' variable compensation is tied to performance against these goals. Members also engage with the Board of Directors on diversity and inclusion goals, progress and challenges through the Human Resources Compensation Committee.

Recognizing the societal unrest spurred by ongoing racial injustice in the first half of 2020, our senior leadership has reinforced our company's commitment to diversity, inclusion and equality. As we explore options to augment our initiatives, our immediate plans include offering open internal forums to foster meaningful dialogue on race relations, diversity, inclusion, equity, belonging and other topics that foster inclusivity; refreshing our Unconscious Bias and D&I Certification Program; and providing additional philanthropic and community support.

<sup>16</sup> [https://www.debtagency.be/sites/default/files/content/download/files/gender\\_diversity\\_in\\_the\\_belgian\\_financial\\_sector\\_-\\_charter.pdf](https://www.debtagency.be/sites/default/files/content/download/files/gender_diversity_in_the_belgian_financial_sector_-_charter.pdf)

## Equitable Pay and Benefits

We support equal pay for equal work and periodically review our pay practices and processes. In 2019, we voluntarily published the results of [our global pay equity analysis](#), which measures whether men and women are being paid equally for doing equivalent jobs with similar levels of experience and skill.

Our internal global analysis found that total compensation for women and U.S. minority employees were both, on average, more than 99% of their respective counterparts. This analysis is adjusted for certain factors, including geography, level and job.

As part of our commitment to equality, we published our 2019 [UK Gender Pay Gap Report](#), in accordance with the UK Government's criteria, our third such report. The gender pay gap is a measure of the difference between the average earnings of men and women, which is not the same as measuring equal pay. As of April 5, 2019, the disclosable median pay gap at BNY Mellon's London Branch was 18% and the mean pay gap was 19%. For 2018, the figures were 20% and 18% respectively. Analysis of our gender pay gap shows that it is influenced by a greater proportion of men than women in senior, higher-paid roles.<sup>17</sup>

Until we have more balanced representation of men and women at every level of the organization, a pay gap is likely to persist. We are actively supporting the advancement of women into senior management and, as signatories of HM Treasury's UK Women in Finance Charter since 2016, we are committed to championing industry-wide gender diversity transformation.<sup>18</sup>

We continue to take actions to improve gender balance and the overall diversity of our teams, at all levels in the UK and around the world. In our ongoing efforts to support families, we increased our parental leave from 12 weeks to 16 weeks in the U.S. and global maternity company paid leave to 16 weeks in all countries and ensure incentive eligibility for employees during all company-paid leaves.

<sup>17</sup> UK Gender Pay Gap Report 2019, <https://www.bnymellon.com/emea/en/who-we-are/gender-pay-gap-report.jsp>

<sup>18</sup> UK Gender Pay Gap Report 2019, <https://www.bnymellon.com/emea/en/who-we-are/gender-pay-gap-report.jsp>

## Employee-Led Inclusion

BNY Mellon sponsors six [E/BRGs](#) that include 11,500 members—nearly one in four employees—with more than 380 leaders in nearly 180 chapters in more than 33 countries. With Executive Committee member sponsorship, these groups connect our people around the world. Membership in an E/BRG enables employees to contribute their unique value, gives them access to development opportunities, and encourages them to leverage their difference. With this support, members are empowered to achieve our business objectives, become enterprise leaders, raise their visibility and build purposeful careers.

[GENEDGE](#) improves collaboration across generations and regions to leverage thought diversity in order to solve business problems. Their programs include reverse mentoring and a pilot UK Shadow Executive Committee program.

[HEART](#) elevates awareness of disabilities and promotes a safe, respectful and welcoming environment where all employees feel included, valued and able to contribute their diverse abilities. Providing practical support, this group spearheaded closed captioning capability for deaf and hard-of-hearing colleagues, and sponsors events such as an annual Disability Mentoring Day.

[IMPACT](#) provides a resource for the recruitment, retention, professional development and advancement of multicultural employees. Its Building Global Bridges series connects and educates employees across businesses, and its DiverseTech engagement events attract talent.

[PRISM](#) promotes LGBT+ inclusion for the benefit of all colleagues and the company through workplace activities and external engagement. Through our 2019 Pride event, BNY Mellon brought the Amsterdam Rainbow Dress living work of art to Wall Street.

[VETNET](#) serves as a resource, advocate and network for BNY Mellon's veterans, military spouses, family members and their colleagues. In one initiative during 2019, VETNET partnered with the U.S. Army War College to bring students together with BNY Mellon senior leaders and external subject matter experts to discuss crisis management and resiliency.

[WIN](#) supports the advancement of women at BNY Mellon by offering a deep roster of professional development opportunities, including leadership roles, mentoring and sponsorship, skills training, and networking with peers, clients and the company's executive leadership.

# Leadership and Development

Offering robust and varied opportunities for continuous learning and professional development has become a competitive advantage for organizations vying for employees. Talented individuals seek out employers who evidence a clear commitment to and investment in ongoing opportunities to learn, grow and realize their full potential. Companies that offer a strong learning culture and equip employees with the skills to succeed in their current and future roles experience higher employee performance and retention rates.<sup>19</sup>

With the business market and technology changing at a rapid pace, organizations must become more agile in their response to, and even anticipation of, these shifts. By quickly reskilling and upskilling employees as well as providing relevant learning experiences that enhance technical and soft skills, companies prepare themselves—and their employees—for the workplace of the future.<sup>20</sup>

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## Our Opportunity and Approach

We support employees' development as individual contributors and leaders by providing opportunities for them to acquire new skills and competencies at every stage of their BNY Mellon journey.

Our commitment to high performance and professional development starts with our executive leaders and reaches every level of the organization. Employees have access to robust learning resources, training programs and performance management feedback that enable them to drive their own career development. At all levels, we provide education, training and support to help our people succeed in a changing, digital world.

## Our Lifelong Learning Culture

In order to evolve with the demands of the changing workplace, we offer employees a variety of learning opportunities to advance their skills. In 2019, BNY Mellon delivered more than 690,000 learning hours and supported our learning culture by:

- Improving content curation and distribution via a new learning portal
- Increasing content choices and providing easy access to a variety of learning materials across topics
- Continuing to develop interactive and engaging scenario-based simulations; data leveraged from these simulations is enabling follow-up learning to reinforce desired behaviors
- Enhancing our Client Experience Playbook, supporting competencies for critical business development, including for new employees
- Structuring and aligning skills training within a career path framework

<sup>19</sup> *Trends 2020, The Broadening Role of L&D*, Training Industry, Nov/Dec 2019, <https://trainingindustry.com/magazine/nov-dec-2019/trends-2020-the-broadening-role-of-ld/>

<sup>20</sup> *Trends 2020, The Broadening Role of L&D*, Training Industry, Nov/Dec 2019, <https://trainingindustry.com/magazine/nov-dec-2019/trends-2020-the-broadening-role-of-ld/>

## Training and Development

At key career transition points, from internship to executive management, we offer programs and development opportunities to help employees advance their careers and progress within our organization. Courses and role-specific training in global financial markets, specialized finance, management and leadership are presented on-demand, in virtual classrooms and via on-site learning experiences. Our extensive training and development opportunities enable employees to grow professionally and advance within our organization and, in 2019, 36% of open positions were filled by internal candidates.

### Emerging Talent Programs

**Sophomore Summit:** These one-day early student engagement events are designed for college sophomores who are interested in a career within the financial services industry and want to learn more about various aspects of BNY Mellon, including our commitment to diversity and inclusion as well as our campus program offerings.

**Summer Analyst Program:** This robust 10-week summer internship program gives undergraduate students exposure to BNY Mellon and the financial services industry through valuable, dynamic project work that aligns to critical business needs for entry-level talent.

**Summer Management Associate Program:** We offer this 10-week summer internship program for high-performing, high-potential MBA and master's degree candidates who wish to make an impact by helping to develop and implement the company's long-term strategic objectives.

**Emerging Leaders Program:** Our selective one-year rotational development program for recent college graduates with demonstrated leadership potential enables participants to start their careers at BNY Mellon by completing three four-month rotation assignments. Program participants cycle through assignments in an identified line of business or functional area while developing foundational skills and knowledge about our company and the vital

role it plays within the financial services industry. Capability development occurs through traditional topically oriented learning programs, along with participation in strategic projects and networking.

**Operations Campus Analyst Program:** This two-year business immersion program aims to recruit and develop high-potential college graduates with diverse academic backgrounds as a mechanism to build a strong talent pipeline for key roles within Operations.

**Returning Military Program:** We offer a six-month work placement and training program that supports servicemen and women entering the corporate workforce from the UK Armed Forces.

### Professional Skills Development Programs

**New Hire Program:** This program offered in our Global Delivery Centers supports the onboarding process to welcome new hires and provides tools, courses and support to start their career journeys.

**Professional Foundations:** Courses included in Professional Foundations are designed to help those who are developing foundational professional skills to adopt winning behavioral standards for workplace effectiveness.

**Advanced Professional Skills:** The offerings in this portfolio focus on developing and enhancing essential soft skills such as collaboration, change management, emotional intelligence, goal-setting and problem-solving.

**Virtual Learning:** Several of our Professional Skills Development programs are offered as an interactive blended learning experience in which participants develop skills such as decision-making, presentation and time management. More than 7,500 employees attended webinars on topics such as career management and emotional intelligence in 2019. These classes are supplemented with curated articles and videos.

## Management and Leadership Development

During 2019, we focused on equipping our managers and leaders to understand and help advance our cultural transformation. This included supporting managers in executing a spans-and-layers organizational restructure design to speed the flow of ideas and decisions, as well as a rollout of our new company Expectations. Through a carefully orchestrated change management campaign, we provided ongoing communications, training and tools to support our workforce in making needed shifts in mindsets, behaviors and capabilities. Scalable, open-enrollment virtual learning programs, such as Leading Change, Leading with Accountability and Building Resilience, were highlights of this effort. We also offered managers our learning modules on effective interviewing and managing low performers.

Following this, we rolled out two new leadership transition programs. Our New to Manager program equips individual contributors moving to manager positions with knowledge and capabilities needed for a smooth transition. Our New to Director program develops the leadership competencies of our more experienced managers, enabling them to more effectively lead their teams and drive strategy to help ensure enterprise alignment and rigorous execution.

Altogether, more than 4,400 managers participated in the leadership development programs, in addition to relevant programming available through our on-demand, self-paced learning channels.

## Performance Management

Our Performance Management Program plays a critical role in building our high-performance culture, as well as in ensuring alignment of individual contributions with enterprise strategy. It enables a rich feedback loop between managers and their team members to help ensure performance standards are understood and met, and to fuel ongoing professional development. Our performance management and feedback processes include:

- Talent reviews focused on real-time development needs and opportunities
- Succession planning for leadership roles
- Individual, results-based goals specific to one's role, and corporate goals for risk management and diversity, which are applicable to all
- Individual development goals to support ongoing career growth
- Mid-year and year-end performance feedback focal points
- An upward feedback process, which enables employees to provide anonymous managerial effectiveness feedback annually to their manager
- Multi-rater, 360-degree feedback available on demand to support leadership development activities

# Employee Engagement and Wellbeing

With a strong economy and ample job opportunities for those in the skilled labor force, employers face stiff competition for talent. Leading employers seek to provide an appealing candidate experience, competitive pay and robust benefits in order to attract desirable candidates.<sup>21</sup> Employees often evaluate employers and workplaces on factors such as culture, work-life balance, benefits, social impact, access to current technology<sup>22</sup> and work environment. They look for organizations whose values align with theirs, where diversity and inclusion are priorities, and where employee wellbeing is supported. To attract and retain top talent, employers must strive to meet these expectations and create a culture in which employees feel valued and engaged.

## Our Opportunity and Approach

We seek to attract and retain employees by providing a rewarding employee experience, which encompasses not just our culture but our technological and physical environment as well. We are updating our facilities to create collaborative, technology-rich workplaces to provide an environment where people can interact seamlessly and do their best work. Engaged, healthy employees are critical to our ability to serve clients with excellence and achieve our goals. When employees are at their best, they are more productive and contribute to a vibrant, productive workforce.

We recognize that employees seek a supportive, enjoyable workplace, and we continually evaluate our employee engagement and wellbeing programs in an effort meet those expectations. We encourage employees to share their thoughts through our employee survey, internal social media site and listening culture. To nurture employees' wellbeing, we offer programs to encourage and enable employees to care for their physical, emotional and financial health, and maintain social connections.

## Employee Engagement

We engage with employees to encourage innovation, show appreciation for their contributions, and gather feedback on how we can build a more rewarding, inclusive workplace. By listening and responding to employees' voices, we retain valuable people who share our purpose and create an environment that helps us attract new talent.

### 2019 Achievements

**Delivered Preventing Workplace Harassment training to 7,200 managers and 35,300 employees in the United States and Asia-Pacific region.**

**Increased parental leave from 12 weeks to 16 weeks in the U.S., and global maternity company paid leave to 16 weeks in all countries**

<sup>21</sup> <https://ripplematch.com/journal/article/stats-that-show-just-how-competitive-the-current-labor-market-is-691e77c1/>

<sup>22</sup> <https://www.forbes.com/sites/forbestechcouncil/2018/06/28/meeting-millennial-expectations-in-these-four-areas-of-technology/#14519fe94ffc>

## Listening to Employees

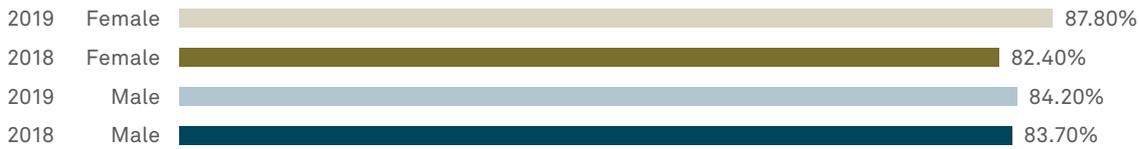
We regularly gather feedback through an all-employee survey, and last year we responded to the results of our most recent survey, which established the baseline for a new set of expectations and cultural norms. Throughout 2019, we worked to improve communications, create a more integrated experience by simplifying access to resources, and provide more on-site wellness opportunities, such as opening an employee health center in India.

## Employee Retention

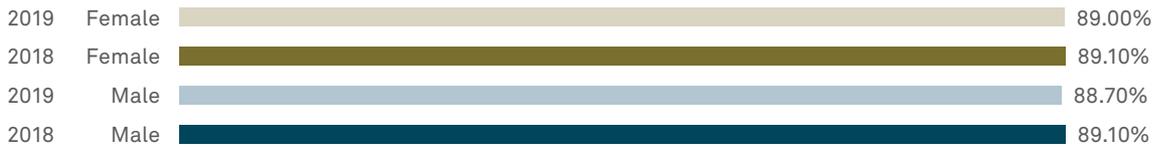
We track employee retention globally and regionally: In 2019, our company-wide retention rate was 87%, a 1 percentage point decrease from 2018.

### Employee Retention by Region

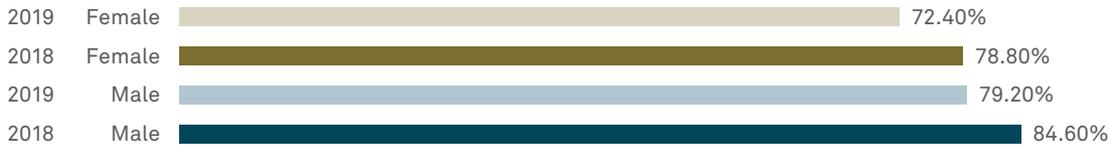
#### Asia Pacific



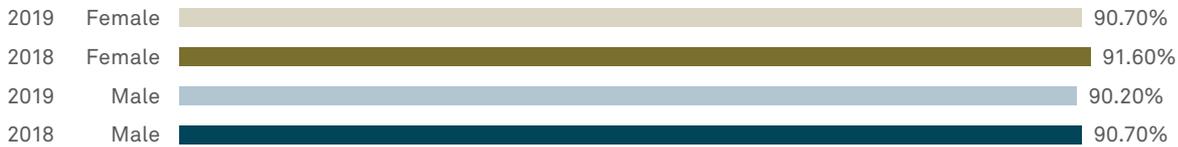
#### Europe, Middle East & Africa



#### India



#### Latin America



#### U.S. & Canada



#### Total



## Employee Wellbeing

BNY Mellon’s distinctive, holistic approach to employee wellness is designed to create a healthy, vibrant workforce. We encourage employees to prioritize their own health and wellbeing so they can be their best at work, at home and in their communities. Our programs give employees easy access to resources to help improve their physical health, emotional resilience, financial wellbeing and social connections.

### Physical Wellbeing

Strongest element of global strategy, built on Live Well U.S. and UK initiatives since 2011

**Primary focus: lower long-term health risks (and costs) of employees and family members**

### Financial Wellbeing

Financial problems are a common cause of stress for many employees, impacting overall wellbeing

**Primary focus: improving financial security at every phase of employee life cycle**



### Emotional Wellbeing

Mental health issues are key drivers of healthcare costs and absenteeism

**Primary focus: lowering stigma of mental health, building resilience and expanding access to effective treatment**

### Social Wellbeing

Individuals with strong social ties to families, friends and community are more resilient in the face of wellbeing challenges

**Primary focus: the critical connections all individuals need in their work teams, families and communities**

## IN Wellbeing Program

The BNY Mellon’s Global IN Wellbeing Program uses multiple internal communication channels to promote all four elements of employee wellbeing. We engage employees and their covered spouses/domestic partners in various activities through Virgin Pulse, a digital app and website that facilitates connecting and getting healthy with others. Throughout the year, we conduct healthy habit challenges, global activity challenges, training and events to increase employee awareness of and engagement in their health and wellbeing.

We will continue to create a culture of wellbeing by:

- Improving the awareness and value perception of resources through email, intranet, internal social media and award applications

- Enhancing our program to reflect the evolving needs of our employees through policy changes for parental and maternity leave and introducing new programs focused on personal resiliency
- Increasing employee engagement by delivering resources such as dependent care, financial counseling, and biometric screenings in a more meaningful and personalized way

**SPOTLIGHT**

**Mental Health Matters**

BNY Mellon is committed to providing a supportive working environment where employees feel comfortable accessing resources. In 2019, we completed the third year of our global focus on reducing the stigma of mental health with a six-week “Checking IN: Are you OK?” campaign. The initiative spotlighted and encouraged use of company resources to help support emotional wellbeing. Resources included online, on-demand training, videos featuring employee personal experiences, and new Virgin Pulse modules on yoga, emotional intelligence and mindfulness.

During the campaign, personal stories and articles were accessed more 30,000 times, generating more than 350 comments and messages of support. In a further measure of success, an increased number of employees contacted the Employee Assistance Program (EAP), a confidential, no-cost 24/7 support service.

**2019 Key Data: Wellbeing**

**Global**

Biometric screenings: **17,200**

Employees who completed a health risk assessment: **14,500**

Flu shots: **11,000**

Wellbeing digital platform users: **24,000**

**United States Only**

On-site health center appointments: **25,000**

Employee Assistance Program users: **1,800**

Financial planning and education users: **4,000**

Health coaching participants: **7,200**

**WELLBEING RESOURCES**

**Physical**

- Digital health risk assessment
- On-site health centers
- Tobacco cessation
- Health and wellness coaching
- Flu vaccinations
- Healthy food options
- Fitness discounts
- Biometric screenings
- Preventive screenings and exams
- Virtual and telemedicine
- On-site massage and fitness classes
- Bicycle racks
- Designated walking routes
- Race entry discounts

**Emotional**

- Employee Assistance Program<sup>23</sup>
- Educational trainings and webinars (positive psychology, stress management and others)
- Digital self-care tools
- Employee and manager mental health training
- Remote psychological consultations
- Domestic violence training
- Legal services

**Social**

- Team-based activity challenges
- Flexible work arrangements
- Parental/Maternity leave programs
- Adoption support services
- Child and elder care programs
- On-site nursing mother rooms

**Financial**

- Personalized financial counseling
- Financial education seminars and webinars
- Digital planning tools

<sup>23</sup> Through the EAP, all BNY Mellon employees and their household members have access to personal and professional resources to help with everyday challenges. Whether they need help managing their time or personal concerns, balancing work and family life, or with a legal consultation, the EAP can assist. Eligible members can speak confidentially with a consultant by telephone. On-site EAP counselors are available in Everett, Massachusetts; Pittsburgh, Pennsylvania; New York City, New York; and Jersey City, New Jersey.

## Health and Safety

We work to ensure the safety of our employees and clients in all our facilities. Our programs, policies and competitive benefits are designed to promote employee health and wellbeing. We also strive to create healthy and high-performing workspaces. See details in our [Health and Safety Statement](#).

## Workplace Experience

At BNY Mellon, we believe the work environment is a critical component of the overall employee experience and contributes to our ability to deliver quality client experiences. Our multiyear renovation initiative is collectively upgrading working spaces and common areas for a substantial portion of the space we occupy. These projects include BNY Mellon world headquarters at 240 Greenwich Street in New York City as well as additional ongoing projects in Chennai, India; London, United Kingdom; Dublin, Ireland; Jersey City, New Jersey; and Pittsburgh, Pennsylvania.

Our standard workplace design seeks to create client-centric spaces that encourage innovation. All renovated facilities will feature the best elements of workplace design, such as integrated technology, updated conference rooms and desk setups as well as cafeteria renovations and service enhancements.

Technology plays a crucial role in the workplace experience. As an integral component of our enterprise-wide digital transformation and facility renovation, we are investing in technology solutions and tools to help enable our teams to work anytime, in a variety of locations. We are transforming our offices to reflect our culture as a technology-enabled, virtually collaborative, and client-focused business. Senior Site Leaders in our principal locations play a key role in maintaining safe and healthy workspace environments and partner with other local leaders to enhance the workplace experience.

### Workplace Design Principles

Use technology, physical design and environmental best practices **to support productive and healthy workspaces** and deliver a sustainable office environment.

Create energized and ergonomic workspaces that **encourage innovation and flexibility**.

**Promote wellbeing and healthy dining** through education, convenient access to healthy and nutritious food and beverage options, and sourcing of fresh and local ingredients where possible.

**Encourage employee participation and action** to minimize waste sent to landfills, optimize printing and minimize resource consumption, including energy and water.

## Advancing Human Rights

We support human rights and treat employees with fairness, dignity and respect at work. BNY Mellon is a staunch advocate of equal rights for all in our workforce and in society. [See page 24](#) for initiatives related to our advocacy and support of LGBT+ rights. We are committed to preventing modern slavery and human trafficking ([see page 79](#)) in our operations and supply chain. These values help define our company, and we reinforce them through policies governing our supply chain ([see page 76](#)) and employment practices:

[Drug- and Alcohol-free Workplace policy](#)

[Equal Employment Opportunity/Affirmative Action \(EEO/AA\) policy](#)

[Gender Equality Statement](#)

[Health and Safety Statement](#)

[Notice of Affirmative Action Programs and Notice to Veterans and Individuals with Disabilities](#)

[Sexual and Other Discriminatory Harassment policy](#)

As a tangible expression of these values, many BNY Mellon lawyers dedicate their time and skills to advocate for human rights through our Legal Pro Bono program. Learn more on [page 79](#).

## **A Shared Commitment**

We expect the recipients of our philanthropic funding to share our commitment to protect human rights.

We require nonprofit organizations, such as charities and nongovernmental organizations, applying for financial sponsorship or donations to certify compliance with BNY Mellon's Non-Discrimination Policy Certification for Non-Profits and to complete a thorough vetting process.

# Partnering With Communities

Propelled by the growth of automation and artificial intelligence, the transformation to a digital world is accelerating, opening exciting new opportunities for business growth and rewarding careers.<sup>24</sup> Globally, as many as 375 million workers, or 14% of the global workforce, may need to change occupations by 2030.<sup>25</sup> While nearly 40% of U.S. jobs are in occupations that are likely to shrink by 2030, the economy is adding jobs that make use of new technologies and tap into human creativity or socioemotional skills.<sup>26</sup>

To succeed in this environment, young people entering the workforce will need to acquire critical foundational technical skills, soft skills and meaningful work experiences.<sup>27</sup> Many current workers will require reskilling and upskilling, and companies will need new approaches to talent development. To maintain healthy, vibrant communities, companies must use their resources to tackle these and other societal issues for positive impact on business, economies and lives.

## Our Opportunity and Approach

BNY Mellon fully acknowledges—and embraces—the future in our philanthropic efforts, which focus on developing a workforce to meet the demands of a technologically driven society. We do so by supporting education, training and development of critical skills necessary for business and advanced technology fields for underserved populations so that all communities can become equipped to engage in a thriving digital economy.

Through corporate donations and employee volunteerism, we invest in programs and organizations that provide education, specialized training and support to help people build viable, rewarding careers in the digital world.

### 2019 Achievements

**Leveraged social entrepreneurship**, awarding more than \$1 million to help scale innovative solutions to pressing global problems.

Fulfilled our commitment of \$1 million to the City University of New York (CUNY) to **equip high-achieving, underrepresented students with the knowledge and skills necessary for the next-generation workforce.**

**Provided more than 3,000 hours of pro bono technical expertise to nonprofit partners**, services valued at more than \$500,000.<sup>28</sup>

<sup>24</sup> <https://www.gettingsmart.com/2019/07/preparing-young-people-for-tomorrows-world-of-work-today/>

<sup>25</sup> *Jobs lost, jobs gained: What the future of work will mean for jobs, skills, and wages*, McKinsey & Company, Nov 2017

<sup>26</sup> *Will Your Job Still Exist in 2030?*, NPR, July 11, 2019, <https://www.npr.org/2019/07/11/740219271/will-your-job-still-exist-in-2030>

<sup>27</sup> *Preparing Young People for Tomorrow's World of Work Today*, July 1, 2019, <https://www.gettingsmart.com/2019/07/preparing-young-people-for-tomorrows-world-of-work-today/>

<sup>28</sup> [https://cecp.co/wp-content/uploads/2020/01/CECP-2020-Giving-in-Numbers\\_Valuation-Guide.pdf](https://cecp.co/wp-content/uploads/2020/01/CECP-2020-Giving-in-Numbers_Valuation-Guide.pdf)

## Philanthropic Giving

Our giving strategy fully aligns with our company’s purpose and expertise, which we use to help build the workforce of the future.

2019 Total Community Support (\$ Millions)	
Total*	\$33.4 million
Employee Giving	\$3.3 million
Company Matching Donations	\$5.3 million
Foundation Giving	\$5.6 million
Corporate Grants and Sponsorships	\$18.7 million

\* Includes value of pro bono volunteerism, in-kind donations, grants and charitable sponsorships made by BNY Mellon and employee donations to charities that qualify for our matching program.

Learn more about our community support on our [Global Philanthropy webpage](#).

## Building the Workforce of the Future

Through partnerships with nonprofits and other organizations, we connect young people and adults from underserved communities with training and education in technology and business. We align our community commitments with our mission and provide our employees with opportunities to make meaningful contributions to this effort through their giving and volunteer service, furthering the company’s impact and fostering their own sense of purpose.

### Developing Professional Skills

At our offices around the world, we strategically offer education, training and real-world experiences to help underserved populations develop professional and leadership skills, and foster adaptable, innovative thinking. We also support programs that advance social entrepreneurship to help prepare students to use their skills and talents to make a positive global impact.

- Throughout Poland, underemployed residents can find training for jobs in growth industries such as technology and business process outsourcing through NESsT, a global nonprofit that invests in social enterprises focused on job creation

in emerging markets. BNY Mellon funds the charity’s work across Poland, while employees from our Wroclaw site provide their skills and expertise to add value to NESsT’s portfolio of social enterprises.

- Gaining stable, fulfilling employment is a critical step for refugees to successfully resettle in a new culture. Through the London-based nonprofit Breaking Barriers, BNY Mellon is funding the Aspire program, tailored to help underemployed refugees find roles that best match their skill sets. Together, we aim to support more than 150 refugee clients over the next year, equipping them with the knowledge, confidence and experience they need to secure stable and fulfilling jobs and to progress in their careers.
- As digitization transforms India, BNY Mellon Technology has been promoting education and digital literacy among children since 2002. Through funding and employee volunteering, BNY Mellon Technology has sponsored and executed projects at more than 52 schools and orphanages, including summer internships, desktop donations, weekend classes, and computer labs and smart classrooms. All told, these programs have benefited around 17,000 children, with a focus on girls, those who are differently abled, or children who live in lower income areas or come from tribal areas.

## Building Diverse Pathways to Technology Careers

We direct funding and resources to support technology education, training programs and mentoring, especially for women and people of color.

- Through \$1.35 million in funding for academic scholarships, we are providing tuition assistance for up to 830 eligible students pursuing business or STEM majors at four-year institutions through various funding partners. This funding will help enable scholars to pursue degrees in fields where they are underrepresented and place them on firm pathways forward. Our partners include Asian Pacific Islander American Scholars, the City University of New York (CUNY), Hispanic Scholarship Fund, the Jackie Robinson Foundation and Spelman College. At CUNY alone, 330 juniors and seniors on track to earn baccalaureate degrees in either a STEM or business-related field are receiving financial support through a multiyear, \$1 million grant announced in 2019.
- Young innovators from 15 countries gathered in Ireland to compete in Coolest Projects International 2019, the world's largest technology fair for young people. At this free event supported by BNY Mellon, students shared creations they developed using computer technology to compete across categories such as apps, machine learning, visual programming and games.<sup>29</sup>
- Students and teachers in the Pittsburgh region now have more resources to learn about digital fabrication. In 2019, BNY Mellon provided financial support for the Fab Lab at Pittsburgh's Carnegie Science Center and funding for two Mobile Fab Labs. Part of a global network of more than 1,200 hands-on digital fabrication laboratories, Fab Labs serve as platforms for learning and innovation. The BNY Mellon Fab Lab includes an on-site makerspace located in the Science Center's Highmark SportsWorks®, while the two Mobile Fab Labs bring student workshops and professional development opportunities for teachers to schools across the region.

- Approximately 5,600 students from schools and community organizations in underserved communities in the Boston area participated in field trips, overnights and the Museum of Science's traveling programs, funded by BNY Mellon. Our support of the Museum's STEM Access Fund gave students opportunities for exploration and discovery to enrich their regular classroom environment.

## Employee Giving and Volunteering

Research shows 88% of millennials feel their jobs are more fulfilling when they have opportunities to make a positive impact on social or environmental issues.<sup>30</sup> We encourage our employees to volunteer and give back to the communities where they live and work. BNY Mellon's year-round Community Partnership Program offers our employees several options to increase the impact of their financial contributions and to participate in purpose-driven volunteerism. Under this program, employees can donate, raise funds and volunteer for any approved charity they choose. We provide company matching donations to approved charities for employee donations, fundraising and volunteering.

### Community Volunteering

We believe in the value of using time, talent and skills to make a difference, and invite employees at all levels of the company to participate in our Community Partnership Program. Eligible employees may take up to three days of paid volunteer time per year, serving as individuals, on teams or through board service. Since the program's 2008 launch, BNY Mellon employees have volunteered more than 1 million hours valued at more than \$20 million.<sup>31</sup> Around the globe, our employees find creative, impactful ways to help those less fortunate.

<sup>29</sup> <https://coolestprojects.org>

<sup>30</sup> 2016 Cone Communications Millennial Employee Engagement Study <https://www.conecomm.com/2016-cone-communications-millennial-employee-engagement-study-pdf>

<sup>31</sup> Based on a valuation developed by Independent Sector

**SPOTLIGHT****Life Lessons in Managing Money**

Since 2018, more than 2,100 children learned important life lessons in handling money and making tough choices through an immersive experience provided by BNY Mellon India employees. Using the power of a simulation game, employees created a carnival-like venue with rides, games and refreshments in a mini amusement park. Differently abled, hearing-impaired and visually challenged children from lower economic backgrounds used fake currency to make purchasing decisions with their limited resources as they enjoyed the fun atmosphere. More than 1,100 BNY Mellon employees spent more than 7,000 hours planning the event and serving as shopkeepers, chaperones and guides for this project, which was presented twice for residents of four schools and orphanages.

**Employee Volunteerism**

- Volunteering and fundraising teams: 1,500
- Estimated employee participants: 20,000 from 17 countries
- Employee volunteer hours: 128,000
- Employee volunteering value: \$3.3 million

**Skilled Volunteers Give Back**

Each year, many BNY Mellon employees give back to society through skills-based volunteering, where they use their professional experience to help others. Many also choose to contribute by providing pro bono services, a form of volunteering that uses employees' job-specific or technical skills to help nonprofit organizations build capacity and increase their impact. In 2019, 45% of employee volunteer hours were skills-based and pro bono.

Our Signature Pro Bono Program pairs employees with nonprofit leaders to tackle organizations' most pressing needs. In 2019, employees in New York City, New York; Jersey City, New Jersey; Pittsburgh, Pennsylvania; and Boston, Massachusetts brought their expertise in technology, marketing, finance and human resources to 33 charities. Volunteer hours generated by the company's Signature Pro Bono Program increased by nearly 40% over the previous

year. Based on a fair market value of this support and pro bono legal services, BNY Mellon delivered more than \$500,000 in consulting services to nonprofits in 2019, and more than \$1 million in consulting services since the program began in 2017. A beneficial development experience for nonprofit and employee participants alike, the program is slated to expand further next year.

**Skills-Based and Pro Bono Volunteerism**

- Percent of volunteer hours that were skills-based and pro bono: 45%
- Number of nonprofit organizations benefited: 300
- Pro bono volunteer hours: 3,000  
Value of pro bono services provided: \$500,000

**SPOTLIGHT****A New Data Analytics Lab for Cancer Institute**

Technologists at the Cancer Institute (WAI)<sup>32</sup> in Ardya, Chennai, India, have established a Data Analytics Lab to convert hospital records into electronic form with the assistance of BNY Mellon employee volunteers. The initiative began with data entry and analytics training for institute staff and expanded into building an electronic medical records system for the nonprofit institute, which sees more than 15,000 new patients monthly. Learn more in our [CSR Overview Report](#).

<sup>32</sup> <http://www.cancerinstitutewia.in/CI-WIA/>

# Responsible Business

Excellence, integrity and accountability. These qualities have enabled us to earn the trust of our clients and stakeholders for more than 235 years. While global financial markets grow more complex and we face a pandemic with unprecedented impacts in 2020, we continue to support our clients through responsible governance, effective risk management and technological innovation. As a resilient global financial services provider, we strive to ensure the continuity of operations our clients expect and on which the markets depend. BNY Mellon powers progress to address climate change and other societal challenges through our responsible investment products and services.



# Risk Management

Risk management in today's financial markets is both critical and complex. Emerging challenges—COVID-19, climate change and human capital issues, to name a few—need to be considered alongside traditional business and operating risks.<sup>33</sup> Investors, regulators and the public alike are subjecting businesses to increased scrutiny on their operations, performance and risk management. Businesses that proactively promote ethical and transparent workplace standards, financial resiliency and advanced technological capabilities will prove more resilient and better positioned for the future.

## Our Opportunity and Approach

Customers and broader society depend on BNY Mellon for our financial strength, safety and trustworthiness. Around the world, we are recognized for our solid balance sheet, healthy risk culture and commitment to financial stability in all market cycles.

To fulfill our responsibility to our clients, our communities and the global financial system, we seek to manage risk responsibly and serve as a reliable custody and investment source. Comprehensive management of financial and nonfinancial risk is integrated throughout our business strategy, operations and practices. Our risk framework, culture and use of technology help us build trust and protect stakeholders. By providing continuity and supporting stable global financial markets, we offer a significant competitive differentiator for prospective clients, talent and investors.

## 2019 Achievements

**Committed to the responsible use of artificial intelligence and data analytics** by helping create and adopt Veritas, a framework for fairness, ethics, accountability and transparency, co-created by the financial industry and the Monetary Authority of Singapore.<sup>34</sup>

**Pledged to implement the Task Force on Climate-related Financial Disclosures (TCFD)** recommendations to formalize our integration and communication of risks related to climate change.

<sup>33</sup> <https://corpgov.law.harvard.edu/2019/12/10/thoughts-for-boards-of-directors-in-2020/>

<sup>34</sup> BNY Mellon Joins with Financial Industry to Promote the Responsible Adoption of Artificial Intelligence and Data Analytics, Nov. 14, 2019 press release <https://www.bnymellon.com/us/en/newsroom/news/press-releases/bny-mellon-joins-with-financial-industry-to-promote-the-responsible-adoption-of-artificial-intelligence-and-data-analytics.jsp>

## Our Risk Management Framework

BNY Mellon plays a vital role in the global financial markets, and effective risk management is critical to our success.

BNY Mellon's business model requires taking on risk in a responsible and measured manner, balancing risk relative to reward to achieve our strategic objectives and business goals. BNY Mellon's Risk Identification process is the foundation for understanding and managing risk across our five primary risk categories: Operational Risk, Market Risk, Credit Risk, Liquidity Risk and Strategic Risk.

Each quarter, the firm's risks are aggregated, reviewed and evaluated to determine the set of risks most material to the BNY Mellon. Outputs from the Risk Identification process inform elements of our risk framework such as Risk Appetite, Enterprise-wide Stress Testing and Capital Plans.

BNY Mellon's Risk Appetite Statement expresses the aggregate level of risk we are willing to assume to meet our objectives in a manner that balances risk and reward while considering our risk capacity and maintaining a balance sheet that remains resilient throughout market cycles. This guides BNY Mellon's risk-taking activities and informs key decision-making processes, including the manner by which we pursue our business strategy and the method by which we manage risk. As part of our process to annually refresh the Risk Appetite Statement and associated key risk metrics to monitor appetite, the Risk Committee of the Board of Directors approved an updated statement in early 2020. The updated Risk Appetite Statement includes more clarity around the operational risk themes that reinforce our responsibility to the global financial markets, including cybersecurity, resiliency and conduct risk.

For more on our approach to risk management, see our [2019 Annual Report](#).

## 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.

**Market:** The risk of loss due to adverse changes in financial markets. Our market risks are primarily interest rate, foreign exchange and equity risk. Market risk particularly impacts our exposures that are fair valued, such as the securities portfolio, trading book and equity investments.

**Credit:** The risk of loss if any of our borrowers or other counterparties 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 runoff or contingent liquidity events.

**Strategic:** The risk arising from adverse business decisions, poor implementation of business decisions, or lack of responsiveness to changes in the financial industry and operating environment. Strategic and/or business risks may also arise from the acceptance of new businesses, the introduction or modification of products, strategic finance and risk management decisions, business process changes, complex transactions, acquisitions/divestitures/joint ventures and major capital expenditures/investments.

## Three Lines of Defense

BNY Mellon's Three Lines of Defense model is a critical component of our risk management framework to clarify roles and responsibilities across the organization.

BNY Mellon's first line includes senior management and business and corporate staff, excluding management and employees in Risk Management, Compliance and Internal Audit. Senior management in the first line is responsible for maintaining and implementing an effective risk management framework. They are responsible for ensuring that BNY Mellon appropriately manages risk consistent with its strategy and risk tolerance, including establishing clear responsibilities and accountability for the identification, measurement, management and control of risk.

Risk & Compliance is the independent second-line function. This team is responsible for the framework, policies and tools for managing risk and compliance, and provides review and challenge to the first line's management of risk. The organizational model facilitates the management of risk and compliance across three views—businesses, regions and enterprise-wide disciplines—applying consistent standards across the firm with ultimate accountability to BNY Mellon's Chief Risk Officer. The Chief Risk Officer has reporting lines to both the BNY Mellon Chief Executive Officer and the Risk Committee of the Board of Directors.

Internal Audit is BNY Mellon's third line of defense, and serves as an independent, objective assurance function that reports directly to the Audit Committee of the company's Board of Directors. It assists the company in accomplishing its objectives by bringing a systematic, disciplined, risk-based approach to evaluate and improve the effectiveness of the company's risk management, control and governance processes. Internal Audit's work includes the review and evaluation of the adequacy, effectiveness and sustainability of risk management procedures, internal control systems, information systems and governance processes.

## Our Risk Culture

Risk culture refers to an organization's system of values and behaviors that influence the risk decisions made by managers and employees. BNY Mellon's risk culture informs employees' daily actions and behaviors, ensuring we consider risk in everything we do.

BNY Mellon continuously strengthens and further embeds risk culture throughout our company. A formal global risk culture program supports a connected, consistent and unified strategy across the company.

### Risk Culture Principles

**Leading by Example.** We stress the highest ethical standards, transparency and openness; consistent executive sponsorship and governance of risk, compliance and ethics issues; and learning from mistakes.

**Demonstrating Integrity.** We consider and promptly address potential impacts to clients, the markets and stakeholders, including regulators.

**Ensuring Risk Ownership.** This is our first line of defense, ensuring clear guidance on our risk appetite and consistent evaluation of risks when making business decisions.

**Embedding Ethical Behavior.** We reinforce the right behaviors by integrating risk, compliance and ethics into the employee life cycle through training, communications and encouraging reporting and escalation of issues and concerns.

### Ethical Behaviors

We take multiple approaches to educating employees on ethics, compliance and risk management, stressing their importance to the company's success. This starts with our Code of Conduct, which defines our high ethical standards. In 2019, 100% of active employees certified through our annual attestation program that they read and understood all Code of Conduct provisions. Our ongoing measures to reinforce these provisions and standards include:

- Annual employee training, which covers topics such as anti-corruption, protecting assets,

business continuity, anti-money laundering and information risk. Targeted programs cover regulations and best practices by region, business and other qualifiers.

- Regular, global communications through channels such as executive blogs, news stories and email newsletters, which highlight practices such as early risk identification and prompt escalation and reinforce risk ownership, ethical behavior and putting clients first. A “Dear Ethics Officer” column introduces timely ethical situations, stresses appropriate actions, and reminds employees of resources.

In 2020, we are simplifying the annual Code of Conduct certification and questionnaire, focusing on topics that pose the highest potential risk to the company. We are streamlining the number of questions asked of our employees, consolidating related questions and clarifying the questions that remain. All employees will complete the same questionnaire and be asked questions focused on policy and conflict, providing better insights into policy adherence.

## Raising Concerns

We encourage employees at all levels to immediately report ethical issues and concerns to their managers and to our Compliance and Legal teams. We give them several ways to ask questions or make a report, including an Ethics Helpline, operated by the BNY Mellon Ethics Office; an Ethics Hotline, operated by independent administrator EthicsPoint; a desktop Incident Reporting System; and Director’s Mailbox, a communication directed to an independent director of our Board. We urge all employees to ask questions and escalate issues until they are resolved, and we prohibit retaliation against whistleblowers who raise concerns.

### Code of Conduct Principles

**Respecting Others:** We insist on a respectful, inclusive and professional workplace.

**Avoiding Conflicts of Interest:** We help our workforce navigate potential conflicts of interest and require them to identify, mitigate and reduce conflicts.

**Conducting Business:** We teach employees about fair competition, antitrust, anti-corruption and improper or illegal activities, and require them to comply 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 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 and commit to being honest, fair and transparent as individuals and as a company.

## Bribery and Corruption

We have a zero-tolerance policy on bribery and corruption. Our Codes of Conduct for employees and the Board of Directors detail our expectations regarding anti-corruption compliance. We monitor potential conflicts through our anti-corruption compliance program, which covers business dealings and relationships in countries where BNY Mellon, our subsidiaries and associates operate. The program enforces compliance with both domestic and applicable foreign laws, including the U.S. Foreign Corrupt Practices Act and the UK Bribery Act. It covers business activities and regulatory requirements, including gifts and entertainment, charitable contributions, hiring practices and third-party intermediary due diligence.

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## 2019 Key Data: Risk Culture

**100%** of active employees certified through our annual attestation program that they read and understood all Code of Conduct provisions.

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## Enterprise Resiliency

Enterprise resiliency is a critical component of BNY Mellon's overall business strategy. In our "always on" world, it is necessary to take a robust, holistic approach—considering not just how to resume operations after disruptions, but also how to manage through them to deliver continuous service. Our approach to enterprise resiliency is to prevent, respond to, recover from and learn from operational disruptions. This approach helps us operationalize our enterprise resiliency strategy to develop and sustain the capabilities necessary for maintaining or quickly resuming operations in the face of business disruptions and threats through the implementation of a comprehensive framework.

BNY Mellon's Enterprise Resiliency Office aligns, centralizes and integrates our resiliency disciplines and capabilities to deliver a coordinated approach to incident and crisis management, business continuity and disaster recovery. This office teams with Technology, Operations and BNY Mellon's businesses to provide clients with resilient world-class products and services. We leverage best practices, lessons learned from our enterprise-wide operational activities, and feedback from our partners to continuously improve our resiliency posture.

## Information Systems, Governance and Risk Management

At BNY Mellon, we are relentlessly focused on resiliency. At the center of the world's financial markets, we must strive to always be on—our clients not only depend on it, they expect it.

We monitor threats, both internal and external, to help identify and respond to anomalies before they impact service continuity. Success requires synchronicity between our business operations, cybersecurity and technology teams.

We evaluate our technology processes and critical services against industry standards and best practices, and we quickly respond to disruptions to restore routine functioning. Our resiliency management program focuses on:

- Business continuity/technology recovery
- Technology risk and control

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

Our Cyber, Technology and Operations Center is the result of our commitment to resiliency. We have built a 360-degree watchtower with a clear view of what is happening in our systems and in the world around us. We have an optimized team representing every functional area we need to identify and respond quickly to threats or incidents to perform better for our clients.

## Third-Party Governance

BNY Mellon, like other financial institutions, relies on third parties to execute a range of functions in support of businesses, clients and employees as a whole. These third-party arrangements bring strategic and operational value, enabling the company to innovate and succeed in today's economic environment. However, they must be carefully managed, as the risk management responsibility cannot be outsourced. BNY Mellon's Third-Party Governance (TPG) framework is designed to help ensure that the third parties our businesses engage to deliver products or services, or to perform activities on their behalf, do so in a safe and sound manner, and in compliance with BNY Mellon's policies and principles as well as laws and regulations.

BNY Mellon's global TPG framework is founded on a risk-based approach, with the required level of due diligence and ongoing monitoring aligned to the level of risk and complexity of third-party engagements. Third-party engagements are required to be managed according to the third-party engagement life cycle prescribed by regulatory guidance: Planning, Due Diligence, Contracting, Ongoing Monitoring, and (if applicable) Termination. This includes performing an inherent risk assessment in the Planning phase.

The Office of TPG owns and governs policies, standards, and processes related to BNY Mellon's use of third parties. All BNY Mellon employees are required to comply with the TPG policies and follow the prescribed processes for establishing and

managing third-party engagements. This includes employees who execute, consult, advise, supervise, oversee, assess, report on or provide information regarding any aspect of the third-party engagement life cycle.

Business stakeholders (engagement managers) own all aspects of sourced products and services and the associated third-party agreements. They are ultimately responsible for the safety and soundness of their third-party engagements.

Centralized groups with functional and risk expertise perform common third-party risk management activities and work with engagement managers to resolve any risk assessment issues. These groups include Global Supply Chain Management and Third-Party Risk Assessment, as well as Cybersecurity, Corporate Security, Enterprise Resiliency, Compliance, Privacy, Credit Risk and Legal.

Regulators continue to focus on third-party risk management and third-party governance, with a growing number of regulations and guidelines published across the globe. Managing the risk of doing business with third parties and complying with evolving regulations is a high priority for BNY Mellon.

## Security Certification

The Bank of New York Mellon Corporation's Information Security Management System is ISO/IEC 27001:2013 certified. This is an internationally recognized information security standard. Our certification was approved and recommended by the British Standards Institution (BSI) Group, the world's largest management systems standards certification body.

## Cybersecurity

The financial services industry is an appealing target to hackers and cybersecurity adversaries. We implement strict controls, integrating our cybersecurity strategy into the business with multiple control layers to protect clients' information and technology assets.

Our Cybersecurity Services Model adheres to leading standards such as ISO 27001/2 and the National Institute of Standards and Technology Cybersecurity Framework. We monitor changing regulatory requirements, guidelines and technologies in all countries in which we operate, and our global program reflects industry and business best practices.

An important component of our cybersecurity strategy is the protection of data across our operations and communications. We invest in advanced technology to protect data, including encryption techniques such as Transport Layer Security to protect communications between clients and internal systems. All our techniques are based on industry best practices and leading standards, which are incorporated into internal policies.

For additional readiness, our Threat Intelligence team prepares for evolving security threats using information from diverse sources, including our peers and the broader financial services industry, as well as law enforcement, government, and a variety of public and private sources. We continuously evaluate our enterprise for vulnerabilities and risks and watch for advanced adversaries to increase situational and contextual awareness.

## Employee Awareness

A risk-aware culture is vibrant, active, engaged and curious; it is not afraid to find and fix the risks.

We know technology alone is not sufficient protection. Employees in our technology departments and throughout the firm play a vital role in identifying and mitigating risks. We perform annual information risk training and conduct ongoing risk awareness campaigns to empower our staff worldwide to serve as risk defenders of our company and its information assets. These activities include campaigns, special events and training to stress the importance of cybersecurity risk management and compliance. We track participation rates and survey results to evaluate what works well and what areas need improvement.

In 2019, our cybersecurity risk awareness and education efforts included:

- Robust training on topics such as cybersecurity threats, device security, phishing identification and reporting suspicious activities
- Regular phishing simulations to test our susceptibility and educate employees on tactics used by adversaries
- Ongoing communications, tips and tools, including a dedicated, staff Cybersecurity Awareness page and inclusion in the company-wide Your Risk & Compliance Roundup newsletter
- Presentations and events throughout the year, including Cybersecurity Awareness Month in October

## Financial Resiliency

BNY Mellon performs critical functions in global financial markets. With our role comes a responsibility to demonstrate sound leadership in terms of capital strength, liquidity risk management, and payment, clearing and settlement activities. We are committed to maintaining a strong capital base to meet regulatory requirements, remaining a strong and trusted counterparty to our clients, and preparing for potentially adverse events. Our global resolution plan details how we would maintain critical operations in case of company failure or insolvency. Our 2019 stress tests demonstrated our financial strength and commitment to maintain appropriate capital adequacy.

### Capital Adequacy and Stress Testing

It is BNY Mellon's policy to perform regular capital adequacy evaluation and enterprise stress testing as part of the Internal Capital Adequacy Assessment Process (ICAAP). We analyze capital adequacy in a stressed environment through our Comprehensive Capital Analysis and Review (CCAR) stress testing, as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act. Our collective stress-testing practices allow us to analyze all businesses, products, regions and risk types and identify potentially high-risk touch points in business activities.

To verify capital adequacy: first, modelers check models for accuracy; second, the Model Risk Management Group leads the review of our quantitative and qualitative models and frameworks and challenges their performance reliability; and third, Internal Audit performs an independent review of our stress-testing processes. Our stress-test projections and capital plan are reviewed and challenged by the Stress Test Oversight Group, Asset Liability Committee and the Board of Directors before formally submitting the bank's stress-test results.

Our Asset and Liability Committee, a cross-company governance body, monitors our capital adequacy outside of stress testing. Any recommendations made by this committee to modify capital levels are evaluated by our Corporate Treasurer, Chief

Financial Officer (CFO) and Chief Risk Officer (CRO). BNY Mellon's capital adequacy governance structure stretches from the Board of Directors and executives, including the CRO and CFO, to mid-level managers of risk and finance departments.

## MINIMUM CET1 RATIO AFTER STRESS TESTING IN SEVERELY ADVERSE SCENARIO, %\*

### Comprehensive Capital Analysis and Review stress test, 2019

Credit Suisse Holdings (USA), Inc.	16.2
DB USA Corporation	14.8
TD Group US Holdings LLC	12.4
Barclays US LLC	11.1
UBS Americas Holding LLC	11.0
Northern Trust Corporation	9.0
<b>The Bank of New York Mellon Corporation</b>	<b>8.2</b>
State Street Corporation	8.2
Morgan Stanley	7.7
Wells Fargo & Company	7.0
Citigroup Inc.	6.9
HSBC North America Holdings Inc.	6.8
The Goldman Sachs Group, Inc.	6.7
U.S. Bancorp	6.5
The PNC Financial Services Group, Inc.	5.8
Bank of America Corporation	5.6
Capital One Financial Corporation	4.6
JPMorgan Chase & Co.	4.6

\* These projections represent hypothetical estimates that involve an economic outcome that is more adverse than expected. These estimates are not forecasts of capital ratios. The tables include the minimum ratios assuming the capital actions originally submitted in April 2019 by the firms in their annual capital plans and the minimum ratios incorporating any adjustments to capital distributions made by a firm after reviewing the Federal Reserve's stress test. The minimum capital ratios are for the period 2019:Q1 to 2021:Q1 and do not necessarily occur in the same quarter.

Source: Federal Reserve estimates in the severely adverse scenario.

## Results of Dodd-Frank Act Stress Test on Our Basel III Common Equity Tier 1 (CET1) Ratio and Leverage Ratio

Following stress testing under CCAR 2019, in which the Federal Reserve simulated a recession more severe than the Great Recession, BNY Mellon's risk-based capital ratios remain resilient. For example, in the Federal Reserve's comparison of CCAR 2019 results, BNY Mellon had a projected minimum CET1 ratio well above the regulatory minimum requirement at 8.2 % over the nine-quarter planning horizon in the severely adverse scenario. We also maintained a resilient minimum U.S. tier 1 leverage ratio of 4.9%.

## Internal Audit

Internal Audit is an independent, objective function that uses a risk-based approach to review and evaluate our management procedures, internal control systems, information systems and governance processes. It determines if our processes are adequate, effective and sustainable in verifying data accuracy.

Internal Audit reports to the Audit Committee of the Board of Directors, which meets regularly to review:

- The integrity and accuracy of our financial statements and financial reporting process
- Legal and regulatory compliance
- Our independent registered public accountant's qualifications
- Our registered public accountants, and Internal Audit function's independence and performance

# Digital Transformation

We are embracing digital and data to shift our business model from processing transactions and managing investments to building resiliency around core competencies and delivering insights focused on the client experience. As the world's largest custodian and a leader across investment services and investment management, we are ideally suited to lead in this space, given the scope of our business and our vast stores of data.

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We are taking a different path to digitizing our enterprise that we believe is the only approach that delivers truly sustainable results: by reinventing ourselves, changing each process, product and client interaction, and deploying cutting-edge technology. Our strategy encompasses three elements:

- Core digitization - Automating and digitizing products and services to improve accuracy and ease of use and reduce risk
- Client reimagination – Rethinking client journeys end-to-end, from their perspective, to create seamless digital experiences
- Digital business development - Building innovative digital products and services for our clients, and establishing an open ecosystem of solutions

## Digital by Diverse Design

Compelled by both research and our own experience, we are harnessing the power of diversity to spur innovation and power business growth. We have thoughtfully constructed a diverse Digital team to lead BNY Mellon's transformation into the investment services firm of the future. Drawing on talent from different backgrounds, industry experience and business lines, this group is collaborating on a shared mission as it drives major changes, initiates partnerships and directs shifts in investment. Learn more in our [2019 CSR Overview Report](#).

## Responsible Adoption of Artificial Intelligence and Data Analytics

BNY Mellon is taking steps to remain at the forefront of the digital transformation of the financial industry, through partnerships, new products and solutions. An essential element of this progress is promoting the responsible use of these powerful technologies. At each step, we work to make sure that our actions align with proper governance, incorporate ethical standards, promote diversity and inclusion, and support responsible investment. We believe we can help strengthen and contribute to the dialogue influencing this important aspect in the evolution of the financial sector.

## Our Vision for Artificial Intelligence

Artificial intelligence (AI) is embedded throughout our approach to digital transformation. BNY Mellon aims to achieve lasting impactful performance improvement and create disruptive innovation by pairing AI with HI (human intelligence). Within BNY Mellon, we see two major applications for artificial intelligence:

- Operational improvement - Reducing cost and time, and improving outcomes
- Innovation - Creating completely different products and insights that are not possible without artificial intelligence

## Responsible Usage

As BNY Mellon moves to adopt innovative technology, including AI and data analytics, we are committed to ensuring that we do the right thing for clients, the industry, our employees and regulators. We recognize our responsibilities to the wider financial system and look to ensure the ethical use of this technology. For example, while we recognize these tools' potential value in removing bias and ensuring fair treatment, we also acknowledge that it can be applied—either intentionally or not—in ways that are unfair or result in undesirable outcomes. We are collaborating with industry partners to embed responsible practices into this rapidly advancing field.

In 2019, we joined with other financial services providers to co-create Veritas, a framework around the responsible adoption of artificial intelligence and data analytics (AIDA) that the Monetary Authority of Singapore co-created with the financial industry to strengthen internal governance around the application of AI and the management and use of data. It will help enable financial institutions to evaluate their AIDA-driven solutions against the principles of fairness, ethics, accountability and transparency (FEAT). BNY Mellon is now working with the Veritas consortium and wider community, as well as engaging the broader financial services ecosystem, to accelerate its execution.

## The Power of Partnerships

A spirit of collaboration and partnership is a pillar of our digital strategy and is intrinsic to our way of doing business. As we continue to transform the company and bring new digital capabilities to our clients, we're open to the world—exploring partnerships with everyone from small fintechs to large tech firms—working with clients, providers and even competitors to establish an open ecosystem of solutions. Through new partnerships with three fintech firms and one of the world's leading hedge funds, we are moving to leverage AI, machine learning and risk solutions within our operations. In addition, we joined the ASEAN Financial Innovation Network in 2019 and serve on its Strategic Advisory Council. This network was established to facilitate innovation

and cooperation between financial institutions and fintechs in an effort to digitally transform the banking and financial sectors in Southeast Asia. Learn more in our [2019 CSR Overview Report](#).

### SPOTLIGHT

## Shaping the Digital Ecosystem

Head of Asset Servicing and Digital Roman Regelman shared insights from BNY Mellon's digital journey as he spoke on creating a digital innovation toolkit at the 16th Annual MIT Sloan CIO Symposium in 2019. Nearly 900 global business leaders gathered for the opportunity to learn how to leverage the latest technologies and scale them across their organization, thus enabling a smarter enterprise that is more customer oriented and quicker to market.

As BNY Mellon looks for ways to reimagine our business, we are forging relationships with cutting-edge, digital-first firms that can help us achieve that goal. To that end, we convened a diverse group of innovative fintech companies along with private equity investors, venture capitalists and BNY Mellon clients at the inaugural BNY Mellon Fintech Connect forum in November 2019. Tapping into the broader banking ecosystem through digital partnerships is core to BNY Mellon's digital strategy.

# Strong Governance

Expectations regarding corporate governance practices continued to evolve during 2019.<sup>35</sup> The emergent conversation around corporate governance includes calls for stronger board oversight of corporate culture and human capital management, and a more expansive view of board diversity that extends beyond ethnicity and race.<sup>36</sup> Effective internal governance and disclosures about governance frameworks in a variety of areas, including technology resiliency, data privacy and cybersecurity and climate-related risk management, shape expectations of investors, leading asset managers and the broader community.<sup>37</sup> In all of these areas, senior leadership, beginning at the board level, faces heightened scrutiny and accountability.

## Our Opportunity and Approach

BNY Mellon has been at the forefront of implementing sound corporate governance and board practices, particularly those that support a long-term approach to business and create shared value for all stakeholders. We are leaders in adapting our governance guidelines to support board performance, for example, by emphasizing board diversity on dimensions ranging from demographics such as race, gender and sexual orientation to professional background and experience as integral components of the director recruitment process. Strong governance, which manifests through our practices, rules and policies, is critical to promoting our culture of integrity and accountability.

Sound governance positions BNY Mellon to provide quality services to clients in all market scenarios and conduct business with excellence and integrity. Just as we endeavor to provide regular and clear communication to our stakeholders on the topics that are important to them, we also adjust our risk management approach to deal with a changing environment, and in 2020, we will continue working toward reporting against the Task Force on Climate-

related Financial Disclosures (TCFD) framework, an industry-led set of recommendations. As TCFD recommendations encompass an organization's governance strategy, risk management, and metrics and targets, this process will involve board-level engagement and oversight.

## 2019 Achievements

**Revised our Corporate Governance Guidelines** to facilitate the selection of an independent Chair of the Board or a Lead Director based on the best interests of the company.

**Amended policies related to trading in company securities** by executive officers and directors to specifically prohibit pledging company securities.

**Reached out to our top investors to engage on governance discussions.**

<sup>35</sup> <https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans>

<sup>36</sup> <https://www.russellreynolds.com/insights/thought-leadership/2020-global-regional-corporate-governance-trends>

<sup>37</sup> BlackRock C.E.O. Larry Fink: Climate Crisis Will Reshape Finance, The New York Times, Jan. 14, 2020

## Corporate Governance

Effective corporate governance is foundational to a prosperous, sustainable business, as it can profoundly impact a company's ability to meet its responsibilities to shareholders and other stakeholders. As a leader in the global financial markets and a trusted institution in times of stress, BNY Mellon adheres to sound corporate governance principles for public companies, their boards of directors and their institutional shareholders.<sup>38</sup>

We continue our commitment to the robust corporate governance framework set forth in the Commonsense Principles 2.0, which we formally endorsed in October 2018. The Board of Directors, the Corporate Governance, Nominating and Social Responsibility (CGNSR) Committee and management evaluate corporate governance developments on an ongoing basis, including through engagement with stakeholder groups, to identify and, where appropriate, implement changes to align with best practices.

### SPOTLIGHT

## Chief Executive Officer Succession Planning

Our governance framework prioritizes the management of senior leadership succession planning as an important component to facilitating long-term, sustainable business practices. In accordance with our Corporate Governance Guidelines, the Board takes an active role in the oversight of CEO and senior management succession planning. The Human Resources and Compensation (HRC) Committee of the Board, and ultimately the full Board, regularly review the succession plan for the CEO. In addition, the CGNSR Committee maintains and annually reviews a CEO emergency succession management plan. The Board's independent Chair is engaged in these processes and consults with the HRC Committee and the CGNSR Committee on the CEO succession plan and the emergency succession management plan, respectively.

In connection with the appointment of an interim CEO and an independent Board Chair in September 2019, our Board delegated to the independent Chair the power to form a subcommittee composed of independent directors to determine a timeline and undertake the process of identifying and recommending to the Board one or more CEO candidates. The independent members of the Board conducted a comprehensive search process including internal and external candidates, which culminated in the announcement of Thomas P. (Todd) Gibbons as our CEO in March 2020.

Generally, our Board of Directors is responsible for overseeing management and supports our company and stockholders' interests. All Board members are subject to our Director's Code of Conduct, which provides ethics and accountability guidelines to which each director certifies compliance on an annual basis. Read more about our Board in our [2020 Proxy Statement](#).

<sup>38</sup> <https://www.governanceprinciples.org/wp-content/uploads/2018/10/CommonsensePrinciples2.0.pdf>

## 2019 Key Data: Board of Directors<sup>39</sup>

Average director attendance:  
**93%** at Board and committee meetings

Minimum required director attendance:  
**75%** of Board and committee meetings

Board independence: **89%**

Women directors: **33%**

Ethnic and racial diversity: **33%**

Average Board member tenure: **5.4 years**

## An Independent Board

We have a strong independent leadership structure on the Board of Directors, with well-defined roles and authority. In connection with the appointment of our then-interim CEO, the CGNSR Committee recommended and the Board approved the appointment of an independent Chair. As a result, the Board appointed Joseph J. Echevarria as independent Chair. Our CEO Todd Gibbons serves as the only non-independent member of the Board. Independent directors meet in executive sessions, presided over by our independent Chair, at regularly scheduled Board meetings. Our CGNSR Committee and Board annually, or more frequently as needed, evaluate this structure to help ensure alignment with the needs of the company.

## Strength in Diversity

The strength of our Board rests upon the variety of our directors' experience, diversity, differing perspectives and institutional knowledge. As of early 2020, 70% of the members of our Board are diverse by gender or ethnic characteristics. This includes three women, one of whom serves in a leadership role as a committee chair, as well as one Hispanic and three African American directors.

To expand our understanding of diversity, in 2018, BNY Mellon updated the Corporate Governance Guidelines for our Board of Directors to include sexual orientation among diversity criteria for new Board members, making BNY Mellon one of only

six Fortune 500 companies with this guideline.<sup>40</sup> And, in 2019, we revised our Corporate Governance Guidelines to provide the CGNSR Committee with the discretion to recommend to the Board, and the Board the discretion to approve, a nominee for re-election who would be 75 years of age or older at the time of election if, after considering the criteria for selecting director nominees, the capacity of such nominee to continue to make meaningful contributions to the Board, and the needs of the company, the Board determines that the re-nomination is in the best interests of the company.

We believe that this range of backgrounds and life experiences brings differing perspectives, which enhance the performance of our Board.

## Ongoing Board Evolution

Our CGNSR Committee identifies and recommends nominees to the Board. As discussed above, diversity is an integral component of the process for recruiting candidates and evaluating the composition of the Board of Directors. In addition to diversity characteristics, the CGNSR Committee looks for experienced candidates with skills applicable to our businesses and strategy, including experience in leadership roles at large, global companies. The CGNSR Committee regularly considers director retention, succession and refreshment matters to help ensure that we benefit from legacy knowledge and generate creative thinking on the Board and each of its committees. This practice enables us to address the firm's needs relative to strategy, prepare for director retirements, and respond to stockholder feedback. The CGNSR Committee and the full Board also regularly review and refresh Board and committee leadership to reflect changes in the Board's composition. Our average Board member tenure is 5.4 years, compared to an average of 10.7 years within S&P 500 companies.<sup>41</sup>

<sup>39</sup> Certain figures contained in the 2020 Proxy Statement are provided as of the date of its distribution and based on director nominees for the 2020 Annual Meeting of Stockholders, and may differ as a result

<sup>40</sup> BNY Mellon Joins in Opposing Discrimination Based on Sexual Orientation, Gender Identity, July 2, 2019, [www.bnymellon.com/us/en/newsroom/news/company-news/bny-mellon-joins-in-opposing-discrimination-based-on-sexual-orientation-gender-identity.jsp](http://www.bnymellon.com/us/en/newsroom/news/company-news/bny-mellon-joins-in-opposing-discrimination-based-on-sexual-orientation-gender-identity.jsp)

<sup>41</sup> S&P 500 Trend Report: Board Composition, Diversity and Beyond, Diligent Insights, Apr. 19, 2019, <https://insights.diligent.com/board-composition/sp-500-trend-report-board-composition-diversity-and-beyond>

## Board Skills and Evaluation

Investors and stakeholders want greater transparency and easier ways to assess Board skills. Annually, the Board and each of our standing committees conduct a self-evaluation to continually enhance performance. The Board and management then work together to enhance Board and committee effectiveness in light of the results of the self-evaluations. Areas of consideration in the Board self-evaluations include director contribution and performance, Board structure and size, Board dynamics, the range of business, relevant industry experience, professional and other backgrounds of directors necessary to serve the company, and the range and type of information provided to the Board by management. Self-evaluation results are compared to prior year results to track improvements and promote long-term accountability. As part of the Board self-evaluation process, directors participate in annual, individual interviews that allow them an opportunity for candid self-reflection on their personal contributions to the Board, among other matters.

## Committees of the Board of Directors

The Board of Directors has six standing committees consisting entirely of independent directors. Each committee has distinct roles and responsibilities described in a charter as supplemented by the company's Corporate Governance Guidelines.

Audit Committee

Corporate Governance, Nominating and Social Responsibility (CGNSR) Committee

Finance Committee

Human Resources and Compensation Committee

Risk Committee

Technology Committee

## Executive Compensation

Our executive compensation program is structured to drive results over the long term. We pay bonuses and incentives based on performance against goals, including those on specified corporate social responsibility (CSR) topics, such as diversity and inclusion and risk management. Seventy-five percent of our CEO's compensation and generally 70% of our other senior executives' compensation is delivered in equity awards, with the balance paid in cash. The Board reviews and agrees on the executive compensation program every year. We highly value dialogue and engagement with our stockholders and have given them the opportunity for an advisory vote on our executive compensation program each year since 2009. See our [2020 Proxy Statement](#) for compensation discussion and analysis.

## Stockholder Rights

BNY Mellon stockholders enjoy ample stockholder rights, including:

- No staggered Board (i.e., directors are voted on every year)
- Written consent rights that allow stockholders representing at least the minimum number of votes that would be necessary to take action at a meeting, to take the action without formally meeting
- Proxy access that allows stockholders, individually or in a group of up to 20, holding 3% of our outstanding stock for at least three years, to nominate up to 20% of the Board
- Majority 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)
- Special meeting rights for stockholders, individually or in a group, holding 20% of our outstanding common stock

## Investor Engagement

Our governance and investor relations teams meet regularly with our top investors. We offer meetings on governance issues between top investors and Board members and track the discussions and outcomes. Our analysts and executives meet with broader investor audiences in our offices. Our senior leaders attend and speak at industry conferences and host individual and group meetings with investors.

## Reporting on Potential Climate-Related Impacts

Recognizing that growing climate-related impacts represent potential risks to our business, our clients and global markets, BNY Mellon has committed to support the Task Force on Climate-related Financial Disclosures framework, having signed on in 2019.

The TCFD recommendations provide a useful governance and reporting framework to help BNY Mellon identify and disclose the potential financial impacts of climate-related risks and opportunities on our business. The framework covers financial disclosures related to physical and transition risks associated with climate change and will help us to align our disclosures with investors' needs.<sup>42</sup> We will use this voluntary framework to provide consistent information to investors, lenders, insurers and other stakeholders. BNY Mellon has begun incorporating the recommendations to formalize our integration, which will help us further align our efforts.

Using this framework provides major opportunity for us to grow as we review our processes, analyze future scenarios, develop action plans and embed climate-related matters into our CSR Strategy and overall business strategy.

In supporting this framework, BNY Mellon joins with more than 1,000 other global institutions, including four of our investment management firms, Alcentra, Insight, Mellon and Newton. Insight and Newton have each issued TCFD disclosures, available on their respective websites.

This process will formalize our integration and communication regarding risks and opportunities related to climate change. Additionally, our management team continues to engage with industry peers and the investor community on developments related to sustainability disclosure standards and frameworks.

## Tax Policy

Our firm's culture of "Doing What's Right," as represented in our Code of Conduct, extends to paying taxes. 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. We communicate openly with tax authorities and regulators and develop real-time working relationships, where possible. More information related to taxes is in our [Annual Report](#).

<sup>42</sup> <https://www.fsb-tcfid.org/about/>

# ESG Client Solutions

Around the globe, ESG strategies have surged as sustainable investment assets passed the \$30 trillion mark in 2018,<sup>43</sup> driven in part by investors who aim to generate social and environmental impact alongside financial returns. A full 70% of institutional investments report that they weigh ESG factors when making investment decisions.<sup>44</sup> Increasingly, financial analysts and investors are incorporating the United Nations Sustainable Development Goals (SDGs) when they assess the sustainability value of investments. As the 2030 target date for achieving the SDGs nears, both the need for and interest in socially responsible investments is expected to grow.<sup>45</sup>

## Our Opportunity and Approach

At BNY Mellon, ESG Client Solutions encompasses proprietary investment management strategies designed to generate financial returns while creating positive change, such as advancing gender equality, sustainable development and access for disabled persons, or to address other social and environmental concerns. As manager of nearly \$2 trillion in assets, we leverage our size and wide-ranging subject matter expertise to bring responsible investment products to scale and to make responsible investment more accessible.<sup>46</sup> We provide a variety of ESG products and services to a broad range of clients and support strategic decisions throughout the investment life cycle. Our internal Social Investing Business Council convenes leaders from across our businesses who develop and support ESG products to share knowledge and support product and services development.

The ESG Client Solutions Working Group (ESGWG) convenes ESG leaders from across BNY Mellon's lines of business and functions, with the aim to develop leading ESG solutions that address our clients'

needs. The ESGWG is designed to support our clients' ambitions across all geographies, client segments, and industry value chains—today and in future. To achieve these goals, the ESGWG works together with clients, academia, and industry trade bodies—it is supported by Executive Committee member Hani Kablawi, Head of International.

### 2019 Achievements

**Asset Servicing:** Expanded the functionality of our environmental, social and governance (ESG) analytics tool to integrate scoring for corporate bonds.

**Investment Management:** Increased responsible investment strategies for clients and provided thought leadership through participation in industry engagements, conferences and events.

**Corporate Trust:** Appointed by the Republic of Seychelles to service the world's first sovereign blue bond, dedicated to protecting marine resources.

<sup>43</sup> Global Sustainable Investment Review 2018, pg. 3

<sup>44</sup> *An Evolving Landscape, 2019 Responsible Investment Survey*, RBC Global Asset Management, pg. 3 <https://www.rbcgam.com/documents/en/other/esg-executive-summary.pdf>

<sup>45</sup> *Roadmap for Financing the 2030 Agenda for Sustainable Development 2019-2021*, UN Secretary General, pp. 1,2

<sup>46</sup> <https://www.bnymellon.com/us/en/newsroom/news/expert-voices/expanding-access-to-social-investing-opportunities.jsp>

## 2019 Key Data: Responsible Investment

Investment Management - Assets incorporating values-based ESG screens, ESG themes, impact criteria, and/or are presented as ESG integrated: **\$130.4 billion**<sup>47</sup>

Investment Management - Assets overseen by investment firms that are Principles for Responsible Investment (PRI) signatories: **\$1.4 trillion**, or 75%, of our total assets under management <sup>48 49</sup>

Asset Servicing - Market value of portfolios screened for ESG factors: **\$1.0 trillion**

Corporate Trust - Green bonds administered: 116 representing approximately \$38 billion in issuance volume Low-Income Housing Tax Credit (LIHTC) equity investments: **\$145.4 million**

### SUPPORTING OUR CLIENTS' RESPONSIBLE INVESTMENT OBJECTIVES

<p><b>Individual Investors</b></p> <p>BNY Mellon provides responsible investment options and technology to empower underserved populations</p>	<p><b>Institutional Investors</b></p> <p>BNY Mellon provides responsible investment options and greater access to ESG data</p>
<p><b>Corporate and Public Sector Issuers</b></p> <p>BNY Mellon advises firms and facilitates socially responsible projects</p>	<p><b>Asset Managers</b></p> <p>BNY Mellon enables the execution of ESG strategies</p>

### BNY MELLON RESPONSIBLE INVESTMENT CAPABILITIES

<p><b>CLEARING, MARKETS AND CLIENT MANAGEMENT</b></p> <p><b>Capital Markets:</b> <sup>(A)</sup></p> <p>Asset Origination and Advice (Innovative Responsible Investment Vehicles)</p> <p>Sales and Trading (e.g., Green Bonds)</p> <p><b>Treasury Services:</b></p> <p>Real-Time Payments</p> <p>Tokenized Payments</p> <p>SWIFT gpi</p>	<p><b>ASSET SERVICING</b></p> <p>ESG Investment Analysis and Monitoring</p> <p>ESG Fintech Development</p> <p>ABLE Savings Plan Solution</p> <p>ESG Analytics</p>	<p><b>INVESTMENT MANAGEMENT</b></p> <p>Responsible Investment Products (e.g., Mutual Funds, Separate Accounts, Custom ESG and Values Screening, Impact Bonds)</p> <p>Responsible Investment Strategy Evaluation</p> <p>Proxy Voting and Issuer Engagement</p>	<p><b>ISSUER SERVICES</b></p> <p><b>Corporate Trust:</b></p> <p>Debt Administration for Responsible Bonds and Infrastructure Projects</p> <p>Specialty Products &amp; Services</p> <p><b>Depository Receipts:</b></p> <p>ESG Advisory Solutions*</p> <p><small>*Non-fee-based services offered to select Depository Receipts clients</small></p>
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Affordable Housing Lending and Investments

Small Business Investment Corporation (SBIC) Lending

Tax Credit Investments (e.g., State Tax Credits)

Strategic Partnerships

Thought Leadership

(A) Products are offered through BNY Mellon Capital Markets, LLC, which is an indirect-wholly-owned subsidiary of The Bank of New York Mellon Corporation and a member of FINRA/SIPC. This information is for reference purposes only and is not a solicitation, recommendation or offer to buy/sell a financial instrument or adopt any investment strategy and must not be construed as such in any jurisdiction where such an offer, solicitation or trading strategy would be illegal.

<sup>47</sup> This number includes assets classified as responsible investment, which includes exclusionary screening, positive ESG screening, ESG thematic, impact and ESG integrated assets under management (AUM).

<sup>48</sup> PRI AUM represents the aggregate total of investment firm signatories' AUM, and does not include assets managed by investment firm personnel as dual officers of The Bank of New York Mellon and BNY Mellon Investment Adviser, Inc. (formerly, The Dreyfus Corporation). Siguler Guff AUM is not included in this calculation, given the minority interest in the firm held by BNY Mellon.

<sup>49</sup> Insight's AUM is represented by the market value of cash, securities and derivatives held in client accounts. Where a client mandate requires INA to manage some or all of a client's liabilities, and INA is to be paid an investment management fee based upon the value of such liabilities, the AUM for the account will be based on the value of the liabilities plus the gross notional value of any derivatives used in the management thereof.

## Investment Management

### Multi-Investment Firm Model

BNY Mellon Investment Management is composed of Asset Management and Wealth Management. The Asset Management business consists of eight investment firms, each with its own style, strategy and investment management teams. This model enables us to offer a wide range of diversified and customizable investment strategies. As of December 31, 2019, we managed \$130.4 billion in assets that we classify as responsible investments; these assets incorporate values-based ESG screens, ESG themes, impact criteria, and/or are presented as ESG integrated.<sup>50</sup>

### Responsible Investment Framework

Responsible Investment (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.

BNY Mellon Investment Management breaks Responsible Investment (RI) strategies into three classifications based on 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. The three classifications are not mutually exclusive, however; 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.

RESPONSIBLE INVESTMENT FRAMEWORK		
Values Expression	Influence Change	Return Enhancement
Describes the intent of investors whose objective is to align investments with their environmental and/or social principles. 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.	These 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.	ESG risks and opportunities are increasingly integrated into investment strategies to support long-term, risk-adjusted investment performance. Additionally, managers cite elements of active ownership, including engaging with companies and casting proxy votes, to encourage and directly affect companies' ESG practices to support long-term shareholder value.

<sup>50</sup> This number includes assets classified as responsible investment, which includes exclusionary screening, positive ESG screening, ESG thematic, impact and ESG integrated assets under management (AUM).

## Investment Firm RI Capabilities

Many of our Investment Management investment firms have developed independent RI expertise and capabilities. For example, Newton, Walter Scott and Siguler Guff<sup>51</sup> integrate ESG risks and opportunities into investment decisions where the ESG consideration is relevant, i.e., has potential financial impact. Insight believes ESG risks are relevant to credit and sovereign analyses. Mellon<sup>52</sup> 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. And, many of our investment firms screen portfolios for ESG criteria based on custom client-directed mandates.

During 2019, our investment firms conducted internal ESG training, appointed several RI-dedicated personnel, participated in collaborative engagements, supported education through speaking engagements and thought leadership, and continued exploration of RI product capabilities. Notably, in 2019:

- Insight bolstered its methodology for proprietary corporate ESG risk scores
- Mellon created an internal guide to its direct engagement efforts and remodeled its proxy voting committee; and
- Newton expanded its sustainable investment suite and played leading roles in key engagement initiatives.

Investment Firm	Personnel	Investment Process/Products	RI/ESG Policy
<b>Insight</b>	Three dedicated ESG professionals All fixed-income investment personnel trained to analyze relevant ESG risks	ESG integration across relevant credit and sovereign investment decisions Dedicated sustainability products	Yes
<b>Mellon</b>	Investment and data champions coordinate ESG implementation Industry investment personnel trained to analyze relevant ESG risks and opportunities	ESG risk analysis across relevant security and sovereign investment decisions Dedicated impact bond strategies Carbon Efficiency Strategy incorporates carbon and ESG data into the investment decision	Yes
<b>Newton</b>	Seven-person dedicated RI team	ESG integration across all portfolios Dedicated sustainability products	Yes

<sup>51</sup> BNY Mellon owns an approximate 20% interest in Siguler Guff & Company, LP, and certain related entities.

<sup>52</sup> Investment Management's Mellon Capital Management Corporation (Mellon Capital), Standish Mellon Asset Management Company LLC (Standish) and The Boston Company Asset Management, LLC (The Boston Company) were merged into a single business unit on February 1, 2018, which was branded Mellon effective January 2, 2019.

## Select RI Strategies at BNY Mellon

Strategy	Managed By	Invested as of December 31, 2019
<p><b>Carbon Efficiency Strategy</b></p> <p>Seeks to provide broad equity exposure while reducing exposure to companies with high carbon emissions and improving the overall ESG profile.</p>	Mellon	\$618 million
<p><b>Japan Womenomics</b></p> <p>Invests in Japanese equities considered to be attractive medium- to long-term investments under the theme of women's empowerment. The strategy focuses on companies that actively hire and promote women, provide products or services that target women, and benefit directly or indirectly from the economic potential of improved gender parity in the workforce. The strategy is available for U.S. investors in the BNY Mellon Japan Womenomics Fund* (a BNY Mellon mutual fund sub-advised by AMJ) and, separately, for Japanese investors.</p>	BNY Mellon Investment Management Japan Limited (AMJ)	\$21 million
<p><b>Sustainable Euro Corporate Bond</b></p> <p>Aims to deliver attractive total returns in excess of a credit benchmark by investing predominately in investment-grade euro-denominated corporate bonds while taking ESG factors into account. It favors issuers with superior sustainability profiles, and Insight actively engages with companies held in the portfolio to try to rectify issues if their sustainability profiles deteriorate. The strategy is available only in select European markets and is not available to U.S. investors.</p>	Insight Investment Management (Global) Limited	\$572 million
<p><b>Sustainable Real Return</b></p> <p>A global multi-asset strategy designed to seek absolute returns irrespective of market conditions, investing for the long term in securities that demonstrate attractive investment attributes and sustainable business practices. This strategy is currently available in Ireland and UK-domiciled vehicles.</p>	Newton Investment Management Limited	\$299 million
<p><b>Sustainable U.S. Equity</b></p> <p>Invests in equity securities of U.S. companies that demonstrate attractive investment attributes and sustainable business practices and have no material unresolvable ESG issues. The strategy is available to U.S. investors in the BNY Mellon Sustainable U.S. Equity Fund, Inc.* (a BNY Mellon mutual fund sub-advised by Newton) and as a variable account.</p>	Newton Investment Management Limited	\$616 million

This report is intended for informational purposes only; it does not constitute investment advice and it should not be relied upon as such. It should not be considered a solicitation to buy or an offer to sell any investment or investment product. It does not take into account any investor's or potential investor's particular investment objectives, strategies, tax status, risk appetite or investment horizon. Investors should always obtain and read an up-to-date investment services description or prospectus before deciding whether to appoint an investment manager or to invest in a fund or strategy. If you require investment advice, you should consult your financial, tax or other professional advisor. Investing entails risks and there can be no assurance that BNY Mellon will achieve profits or avoid incurring losses.

\* 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 [im.bnymellon.com](http://im.bnymellon.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. BNY Mellon Securities Corporation, distributor.

## Responsible Investing Initiatives

Many BNY Mellon Investment Management firms participate in initiatives to advance industry-wide RI efforts, in addition to each pursuing their independent RI strategies. Each firm owns the requirements of being a signatory or participant in such initiatives.

For example, BNY Mellon investment firms Alcentra, Insight, Mellon, Newton, Siguler Guff and Walter Scott are among more than 2,500 global investors that are signatories to the Principles for Responsible Investment (PRI), a set of six voluntary, aspirational principles for incorporating ESG issues into investment practices. As of December 31, 2019, BNY Mellon Investment Management investment firms that are PRI signatories oversaw \$1.4 trillion, or 75%, of our total assets under management.<sup>53 54</sup>

### Involvement in Responsible Investing Initiatives

**CDP** (formerly the Carbon Disclosure Project): Insight, Mellon, Newton

**Climate Action 100+**: Insight, Newton

**Green Bond Principles**: Insight

**Institutional Investors Group on Climate Change (IIGCC)**: Insight, Newton (Newton sits on the IIGCC scenario analysis group and resolutions subgroup)

**International Corporate Governance Network (ICGN)**: Newton (Newton Head of Governance sits on the ICGN board)

**PRI Signatory**: Alcentra, Insight, Mellon, Newton, Siguler Guff, Walter Scott

**Task Force on Climate-related Financial Disclosures (TCFD) Supporters**: Alcentra, BNY Mellon, Insight, Newton, Mellon

**UK Sustainable Investment and Finance Association (UK SIF)**: Insight

<sup>53</sup> UNPRI AUM represents the aggregate total of investment firm signatories' AUM, and does not include assets managed by investment firm personnel as dual officers of The Bank of New York Mellon and BNY Mellon Investment Adviser, Inc. (formerly The Dreyfus Corporation). Siguler Guff AUM is not included in this calculation, given the minority interest in the firm held by BNY Mellon.

<sup>54</sup> Insight's AUM is represented by the market value of cash, securities and derivatives held in client accounts. Where a client mandate requires INA to manage some or all of a client's liabilities, and INA is to be paid an investment management fee based upon the value of such liabilities, the AUM for the account will be based on the value of the liabilities plus the gross notional value of any derivatives used in the management thereof.

## Wealth Management

BNY Mellon Wealth Management provides comprehensive wealth planning and investment services to high-net-worth individuals, families and institutional investors. This group offers a growing selection of internally and externally managed equity, customized fixed-income and alternative RI strategies, including ESG-aligned strategies, which we customize to align with clients' unique social, faith-based or family values. We field an increasing number of queries from clients about RI options and continue to expand our RI offerings across asset classes. We also have several initiatives to enhance communication and understanding of strategic philanthropy and responsible investment opportunities.

In 2019, Wealth Management RI assets under management (AUM) grew by approximately 30%. The ESG Total Market portfolio, launched in late 2018, gained approximately \$9 million in 2019. Additionally, in mid-2019 Wealth Management partnered with Newton Investment Management to launch a global sustainable equity portfolio for Wealth Management clients.

## Proxy Voting and Issuer Engagement

BNY Mellon Investment Management firms are directly responsible for casting proxy votes on behalf of clients' assets held in managed portfolios across the globe. Firms with equity mandates employ detailed, documented voting guidelines or principles for specific types of proposals and matters commonly submitted to shareholders, including those related to ESG concerns. To facilitate the proxy voting process for the firms, BNY Mellon's Investment Management Proxy Research team makes available research, benchmarking, reporting and regulatory proxy compliance services. These combined efforts determined vote decisions at more than 12,000 annual and special shareholder meetings for U.S. and international companies in 2019.

In addition to proxy voting, Investment Management firms hold engagement meetings with companies on a range of issues. These firms typically engage on matters they believe will strengthen the alignment

between company leaders and shareholders, including: corporate governance transparency, risk management, review of leadership and the board of directors' business strategy, and the alignment between executive compensation and performance relative to peers. This engagement dialogue informs and supports proxy voting decisions.

## SPOTLIGHT

### Future-Proofing Portfolios for AI and Climate Change

Artificial intelligence and climate change are two global megatrends for the coming decade, potentially affecting all companies, markets and societies, according to a new research study launched by BNY Mellon. Prepared by CREATE-Research, *Future 2024: Future-proofing your asset allocation in the age of mega trends* describes the related challenges, how these trends are impacting asset allocations, and what actions investors are already taking to future-proof their portfolios.<sup>55</sup>

## Asset Servicing

Asset Servicing supports institutional investors and investment managers through the provision of world-class portfolio custody and administration solutions designed to safeguard assets and support critical operational processes. Our offerings include services that process, monitor and measure clients' investment data to help them better understand their portfolios.

### ESG Screening and Scoring

BNY Mellon has offered investment compliance monitoring services for more than a decade. In 2019, the number of BNY Mellon clients using ESG rules or screens had increased by 60% from 2012. In dollar terms, the market value of portfolios we screen for ESG factors reached over \$1 trillion in 2019.

#### COMMON ESG SCREENS<sup>(A)</sup>

Tobacco	13.33%
Weapons and Military	19.75%
Global Sanctions	14.57%
Alcohol	10.99%
Environment	7.65%

(A) Data reflects usage of Asset Servicing's investment compliance monitoring product offering in 2019 and is as of December 31, 2019.

Investors last year put \$20.6 billion into funds focused on environmental, social and governance (ESG) issues, according to Morningstar data, which is almost quadruple the volume the prior year.<sup>56</sup> As more investors migrate toward using ESG factors to mitigate financial risk and enhance long-term performance, our services help asset owners and asset managers improve ESG implementation, especially as they attempt to consolidate sustainability data from multiple sources into actionable portfolio monitoring, analysis and reporting. Many institutional investors use our

<sup>55</sup> <https://www.prnewswire.com/news-releases/climate-change-and-artificial-intelligence-seen-as-risks-to-investment-asset-allocation-finds-new-report-by-bny-mellon-investment-management-and-create-research-300918179.html>

<sup>56</sup> <https://www.morningstar.com/articles/961765/sustainable-fund-flows-in-2019-smash-previous-records>

services and tools to monitor their investment managers' adherence to ESG investment guidelines.

In 2019, Asset Servicing expanded our ESG capabilities with the launch of BNY Mellon ESG Analytics. BNY Mellon ESG Analytics provides institutional investors with information on how their equity and corporate fixed income holdings are scoring against key ESG and sustainability metrics. Clients are able to view scores at the company, security and portfolio level based on environmental, social and governance factors as well as the principles of the United Nations Global Compact (UNGC). For ESG scoring, each company is evaluated on financially material information against similar companies in that sector. The UNGC score is a normative assessment of a company based on the framework defined by the United Nation's Global Compact.

In addition, Asset Servicing is working with our Data & Analytics' Business Applications team to develop a cloud-based ESG Analytics app that will enable clients to customize their portfolios to match their ESG preferences and apply factor data verification tests and normalization across ESG data providers. This tool will also offer a crowdsourcing feedback loop to support the development of standards and understand ESG relevance among users.

## SPOTLIGHT

### Thought Leadership on Regulatory Change in Europe

Asset Servicing regularly publishes thought leadership on ESG and sustainable investment topics to support our clients in navigating implementation and analysis.

In 2019, we published a report that explored the origins and implications of IORP II on ESG-related risk. IORP II is an extensive EU directive that seeks to strengthen pension fund governance, risk management and member communications for workplace pensions in Europe. It places greater emphasis on ESG-related risks and, specifically, requires occupational pension funds to either invest for the long-term interest of members and beneficiaries, taking into account the long-term impact of ESG factors, or explicitly account for reasons why ESG factors have not been incorporated into an investment strategy.

During 2019, the regulatory environment in Europe evolved significantly alongside the progression of the European Union's 2018 Action Plan on Sustainable Finance. Our subject matter experts continue to support clients through these changes.

## SPOTLIGHT

### The Intersection of Fintech and Sustainable Finance

As responsible investing and impact investing grow, the intersection between fintech and sustainable finance could significantly influence financial markets and the global sustainability agenda over the next decade. At the seventh annual BNY Mellon Tax and Regulatory Client Forum, BNY Mellon professionals explained the potential positive impact of new technologies such as distributed ledger technology, cloud computing, machine learning and natural language processing on sustainable development. The event attracted more than 250 asset manager and asset owner clients from more than 20 countries.

### Client Advisory Boards

We regularly discuss RI opportunities with our client advisory boards, which consist of institutional investors, including public and private pension funds, university endowments and foundations. These discussions help us understand client perspectives, establish priorities and identify needed services.

In 2019, we provided the Client Advisory Boards of many European clients with guidance regarding ESG considerations related to IORP II, the European Union's sweeping reform of pension fund legislation, which places a renewed focus on governance and communication standards.

### Award for Excellence in Asset Servicing

BNY Mellon received the 2019 European Pensions Innovation Award for Innovation in recognition of our capabilities that support European pension schemes for ESG investing, portfolio optimization, defined contribution platforms and regulatory compliance.

## State-Sponsored Savings Plans

Two tax-advantaged savings plans, codified in the Internal Revenue Code's section 529, were created to help individuals and families save for important expenses. These 529 college savings plans allow individuals and families to save for educational goals, while 529A ABLÉ savings plans enable people with disabilities to invest for the future without compromising important state and federal benefits.

BNY Mellon simplifies delivery of these plans by providing states with service delivery, service management and customer support. We helped early adopter states Oregon and Maryland launch their ABLÉ plans in 2016 and 2017. In 2018, we launched Washington State's ABLÉ plan, launched Washington State's new DreamAhead college savings plan and converted the Oregon College Savings Plan from another provider. Finally, in 2019 we converted Florida's ABLÉ from another provider. All told, we currently support four state ABLÉ plans and two state college savings plans serving over 163,000 participants holding over \$3.1 billion. We continue to enhance our services for these plans and are seeking new college and ABLÉ savings plan opportunities.

For individual savers, our simple and intuitive digital platform helps account holders set and work toward savings goals, make transfers, and receive gifts from friends and family.

## Issuer Services

### Corporate Trust

Corporate Trust offers the infrastructure, technology and processing services to help financial institutions, corporations, insurers, governments and nonprofit organizations navigate the debt capital markets. As sustainable investment is a critical part of BNY Mellon's strategy and long-term vision, Corporate Trust supports our clients' ESG needs with a diverse range of products and solutions. Some of these investments address UN SDG 9, which calls for investment in infrastructure and innovation, and SDG 13, which calls for combatting climate change and its impacts through actions such as increasing renewable energy use.

## Green and Blue Bonds

BNY Mellon helps advance society's transition to a more sustainable future while creating financial value by supporting issuers who raise capital through the growing green bond and new blue bond markets. In addition to traditional trust services and products, we administer debt securities that fund projects with environmental benefits, such as clean transportation or renewable energy projects. 2019 was another strong year for BNY Mellon as we administered over 100 green bond issuances. With a market share of 15% in deal value for green bonds in 2019, we are one of the leading administrators. Learn more in our [2019 CSR Overview Report](#).

In two noteworthy issuances, in 2019 BNY Mellon was appointed by Korean securities broker Mirae Asset Daewoo to service the first-of-its-kind sustainability bond in Korea, and by the Republic of Seychelles to service the world's first sovereign blue bond, dedicated to protecting marine resources.

We act as a listing agent for issuers listing securities on the Luxembourg Green Exchange, a platform exclusively for 100% green, social, sustainable or ESG-focused securities. We also continue to maintain "Observer" status to the International Capital Market Association's Green Bond Principles, which are voluntary process guidelines to promote integrity and transparency in the market.

As a leading global debt service provider, we take a proactive role in solving current bottlenecks in the green bond market. In partnership with key players, we are exploring the creation of an advanced technology-based ecosystem. This will allow for greater governance, traceability, accountability, comparability, credibility and transparency in green bonds. In this way, we seek to solve information asymmetry and trust issues, thereby helping our clients to make informed choices and mobilizing capital to credible green projects.

### Project Agent and Public-Private Partnerships

As urban population growth continues, so does the need for substantial investment in infrastructure. Public-private partnership investments have the potential to mobilize needed capital toward green and sustainable projects. Corporate Trust administers bonds and loans that help finance a wide range of infrastructure projects.

For example, in 2019 BNY Mellon was appointed by the Republic of Chile as trustee for Latin America's first sovereign green bond issuance totaling \$2.5 billion for renewable energy projects, infrastructure for electrified transport, water management projects and eco-friendly buildings. In 2019, our team in Australia supported the financing of one of Elliott Green Power's solar energy projects. This green loan was verified against the Climate Bonds Standard criteria for low carbon contribution to solar electricity generation.

### **Catastrophe Bonds and Insurance-Linked Securities**

While green and blue bonds focus on actions designed to mitigate the long-term effects of climate change, catastrophe bonds and insurance-linked securities address its immediate impacts. Catastrophe (CAT) bonds help reduce the cost of insuring risk from natural disasters by transferring the exposure from insurers to financial investors. Corporate Trust is an active administrator of these structures, contributing to BNY Mellon's position as the leading CAT bond trustee globally, with 78% of the global CAT bond market share in 2019.

A notable example from 2019 is our appointment by Insurance Australia Group as trustee for the first CAT Bond to offer protection against all natural peril risks in Australia and New Zealand and the first issued under Singapore's new insurance-linked securities laws.

### **Depository Receipts**

On stock exchanges throughout the world, depository receipts (DRs) play a major role in helping securities issuers access the world's financial markets. They facilitate cross-border trading, allow companies to access investors outside their home markets, and help investors in the United States and elsewhere invest in companies worldwide.

BNY Mellon manages more sponsored depository receipt programs than all other depository banks combined. As of December 31, 2019, we served 771 sponsored American and global depository receipt programs. Acting in partnership with leading companies from over 57 countries, BNY Mellon is committed to helping securities issuers access the world's rapidly evolving financial markets and delivers a comprehensive suite of depository receipt services.

### **ESG Advisory Solutions**

Through our ESG Advisory Solutions, BNY Mellon helps our depository receipts clients better navigate the evolving ESG landscape. We develop effective ESG strategies that are integrated with clients' capital markets and investor relations activities. Specifically, we can support our clients in the following areas:

**Education and Benchmarking:** Provide company-specific ESG ratings, industry and thematic research and create bespoke peer benchmarking to focus on ESG themes most relevant to their investors.

**Engagement Policy and Strategy:** Advise on how to best implement and position ESG practices to better align with the needs of the global ESG investment community.

**Intermediary Engagement:** Counsel on ways to effectively engage with ESG service providers, including ESG raters and rankers, sustainability index providers and proxy advisors.

**Investor Engagement:** Facilitate client engagement with the investment community on ESG and other topics.

### **Depository Receipts Recognition**

BNY Mellon received *Global Finance's* first-ever global award for the best Depository Receipts Bank. BNY Mellon has also been recognized by EMEA Finance and The Asset Triple A Asians Awards as the best Depository Receipts bank in the industry.

**SPOTLIGHT****Advancing Gender Diversity Disclosure and Pay Parity**

While many companies have implemented successful programs and initiatives to address the gender gap in their workforces, sometimes their efforts have gone unnoticed. In 2019, BNY Mellon offered guidance to companies on engaging with investors, third-party scoring methodologies and disclosure best practices through a new paper, *Disclosure on Gender Diversity*. Part of the IR Best Practices Insight series provided by the BNY Mellon Global Investors Relations Advisory team, the paper was also presented through a webinar that included two of our investment firms—Newton Investment Management and Mellon Capital—and leading ESG rating firm MSCI.

The paper and webinar were presented by our Depositary Receipts team in a broader effort to support the professional development and advancement of women. BNY Mellon also hosted *IR Magazine's* “Women in IR: Bridging the Gap in Pay and Skillset,” an event with networking, mentoring and a panel addressing gender equality and pay parity in the IR profession.

**Clearing, Markets and Client Management****Treasury Services**

BNY Mellon Treasury Services provides global payment, trade and liquidity services, enabling our clients to move money around the world quickly, safely and reliably. Through an extensive network of correspondent financial institutions, we help bank and non-bank financial institutions, corporations, nonprofits and government agencies streamline transactions, optimize cash flow, manage liquidity and make payments efficiently. For our clients, this means improved, faster access to working capital and other financial services, which are both key enablers of a more inclusive and productive global economy. It also helps enable them to offer the latest payment methods to their customers.

**Payment Modernization**

In the last few years, we have seen a significant shift in the payment services industry to enable safer, smarter and more efficient transactions, and a transformation into more open banking models. As mobile technology and digital commerce drive the need for safer and faster payments, BNY Mellon has continued our role as a leader in modernizing the global payment ecosystem.

- We were the first bank in the United States to launch and initiate 24/7/365 transactions through the Real-Time Payments (RTP®)<sup>57</sup> service in conjunction with The Clearing House (TCH). Through this payment platform for all federally insured U.S. depository institutions, businesses and consumers can send and receive funds and messages in real time at any time, directly from their existing bank accounts at participating institutions. The number of banks on the RTP® Network continued to grow during 2019, and now, with approximately 22 banks on the network, more than half of all demand deposit accounts in the country are eligible to receive real-time payments. BNY Mellon continues to work closely with TCH to provide an affordable, scalable platform for electronic payments, to help create economic opportunity and advance financial inclusion.
- Our SWIFT global payments innovation (gpi) solution offers increased cross-border payment speed, transparency and end-to-end tracking. BNY Mellon offers some of the leading value-added services in the transaction banking industry: gpi payment processing, an online Payment Tracker, and the gpi Stop and Recall Payment service. Together, these services are aimed at providing transparency and reducing friction in the world of cross-border payments. As part of our road map, we plan to further expand our value-added services, which includes payment tracking via APIs, payment notifications and gCASE.

In November 2019, BNY Mellon also participated in a gCASE pilot initiative focused on providing faster inter-bank inquiries and investigations. BNY Mellon

<sup>57</sup> RTP® is a registered service mark of The Clearing House Payments Company L.L.C.

was among the first four banks to complete the pilot for the new gCASE service.

- We are growing our Tokenized Payments solutions by offering our corporate banking clients services such as access to the Zelle<sup>®58</sup> Network for disbursements. By using alias-based payments, Zelle<sup>®</sup> eliminates the need for clients to store or process payees' bank account information and provides a fast, secure, convenient digital experience benefitting consumers and small businesses.

In 2018, we became the first bank to resell the Zelle<sup>®</sup> Disbursements capability to our financial institution clients. In 2019, our client Bank of the West went live on the RTP<sup>®</sup> Network. And, in 2020, Bank of the West began to offer another one of our immediate payment products—alias-based payments using Zelle<sup>®</sup>—to its commercial clients, providing businesses the ability to send money via email address or mobile phone number.

Through these efforts, BNY Mellon continues to provide innovative payments solutions for U.S. corporations, financial institutions, government entities and non-bank financial institutions.

## BNY Mellon Capital Markets

BNY Mellon Capital Markets, LLC (Capital Markets) is a full-service securities broker/dealer and an indirect, wholly owned subsidiary of BNY Mellon. Capital Markets provide underwriting services in debt and equity capital across public and private markets. We actively engage with a range of financial products, including U.S. Treasuries, U.S. government agencies, mortgage-backed securities, municipal securities, commercial paper, corporate bonds, high-yield debt, supra-sovereign debt, mutual funds and brokered certificates of deposit. We are actively involved in trading common stocks and listed options.

Public finance is a particularly important part of our Capital Markets business. We have a long track record of successfully structuring tax-exempt and taxable bond transactions for general obligation and revenue bond issuers throughout the United States.

## Impact Capital

Over the past decade, impact investing has been widely embraced both as an investment strategy and an approach to addressing pressing social and environmental challenges. The Global Impact Investing Network estimates the current size of the global impact investing market to be \$502 billion.<sup>59</sup> Investors are pursuing impact investments as a way to generate financial returns with positive social and environmental impacts.<sup>60</sup> Capital Markets provides a number of products and services that can meet the needs of investors in and users of socially responsible capital. In particular, we have been active in the affordable housing space since the early 1990s and continue to serve many clients in this space.

In response to the growing volume of socially driven capital and increasingly sophisticated financial structures entering the market, Capital Markets leverages its deep experience and track record in the bond markets to introduce new impact financing options and investment opportunities. Our work supports issuer and investor interests in various transactions.

For nonprofit and community organizations looking for creative capital to promote economic opportunity and inclusion, we are developing a unique bond model to finance community development. The structure is designed to offer residents and small businesses in transitional communities the opportunity to participate in and profit from local economic growth. The first transaction is expected to close in Q3 2020.

Social businesses often search for more patient alternatives to traditional venture capital to enable growth and scale impact. In 2019, we assisted the State of New York Mortgage Agency in the distribution of the bond issues to promote affordable rental housing and homeownership.

Many municipalities, public agencies and corporations need cost-effective capital for environmental projects. We have acted as underwriter for green bonds for the Metropolitan Transportation Authority, the Massachusetts Clean Water Trust, Mid-American Energy Company, Boston Properties and Northern States Powers Company.

<sup>58</sup> Zelle and the Zelle related marks are wholly owned by Early Warning Services, LLC and are used herein under license.

<sup>59</sup> *Sizing the Impact Investing Market*, April 2019, GIIN, pg. 3

<sup>60</sup> *Sizing the Impact Investing Market*, April 2019, GIIN, pg. 4

**SPOTLIGHT****Preparing for a Low-Carbon Economy**

We seek to use our expertise and reach to advance the field of impact investing by helping the market scale with integrity. In 2019, BNY Mellon presented alongside other industry leaders at an impact investing conference hosted by the State Oil Fund of the Republic of Azerbaijan, a leading global oil producer, in partnership with the International Finance Corporation. We shared insights on trends in markets and products, providing insights on the use of impact investing to build a sustainable future in a low-carbon economy.<sup>61</sup>

**Community Reinvestment Act at BNY Mellon**

In the United States, two BNY Mellon banking entities—BNY Mellon N.A. and Bank of New York Mellon—are evaluated in accordance with the Community Reinvestment Act (CRA), a law intended to encourage banks to help meet the credit needs of the communities in which they operate. Regulators rated BNY Mellon N.A. as “Outstanding” and The Bank of New York Mellon as “Satisfactory” for their performance related to community development lending, investments and community service activities. The banks’ range of CRA activities include financing affordable housing, investing in small businesses, and philanthropy and community service.

**Financing Affordable Housing and Community Innovation**

One of the most significant ways BNY Mellon’s banking entities can meet their CRA obligations is by providing financing to expand affordable housing. Many U.S. metropolitan areas face growing demand for convenient, quality, affordable, energy-efficient housing.

By financing affordable housing developments, BNY Mellon helps clients produce innovative, sustainable responses to this need while simultaneously improving quality of life in low-income communities and benefitting from economic returns.

One example is Sixth Ward Flats in Pittsburgh’s Lawrenceville neighborhood, two three-story mixed-use buildings with 35 affordable residential units and commercial, office and community space. Located on previously vacant property, the project is convenient to downtown Pittsburgh and the Oakland university-healthcare center, and served by multiple bus lines. Set in the core of a thriving urban community that has experienced rapid housing price escalation, the new development is close to three neighborhood-oriented commercial districts with grocers, retail, professional services, restaurants, parks and schools.

Another development, Boys and Girls Club of New York Apartments, consists of a mixed-use and mixed-income project composed of 79 residential units located on the site of a five-story former school in the Hamilton Heights section of Manhattan. Community space on the ground floor plans to house the Boys and Girls Club of Harlem Inc. headquarters, including a membership office, activity rooms, tech center, teen center and digital arts studio.

**Small Business Investment Corporation Portfolio**

Small Business Investment Corporations (SBIC) are CRA-eligible investment vehicles authorized and regulated by the U.S. Small Business Administration. Companies with little or no access to conventional financing turn to SBICs to grow their businesses. BNY Mellon’s SBIC portfolio consists of investments totaling \$128 million in 17 funds.

<sup>61</sup> SOFAZ Impact Investing Conference, Sept 2019, <https://oilfund.az/en/fund/ImpactInvestingConference/GeneralInformation>

## Philanthropy and Community Service

BNY Mellon's corporate commitment to philanthropy and volunteerism contributes to the bank's CRA record. Monetary donations, in-kind services and employee involvement in certain qualified activities and organizations are tracked through our internal Community Partnership portal, adding to the community's wellbeing and the bank's reputation. In 2019, CRA-qualified giving represented a \$6.9 million commitment to American communities.

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## 2019 Key Data: Affordable Housing Investments

New LIHTC equity investments: Five investments totaling **\$145.4 million**

Construction, line and letter of credit financing: **\$245.6 million**

Units produced (LIHTC investments only): **745 units**

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## Responsible Financing and the Equator Principles

The Equator Principles are an internationally recognized framework used by financial institutions to assess the social and environmental risks of their project financing<sup>62</sup> activities. Although BNY Mellon is not and does not plan to become active in project financing and is therefore not an Equator Principles signatory, we adhere to guidelines consistent with the Equator Principles for other lending activities, such as large-scale infrastructure projects. Our periodic lending portfolio evaluations against these guidelines show minimal exposure to environmental and social risk.

<sup>62</sup> The Equator Principles uses the Basel Committee on Banking Supervision's definition of project finance, which is "a method of financing in which the lender looks primarily to the revenues generated by a single Project, both as the source of repayment and as security for the exposure. This type of financing is usually for large, complex and expensive installations that might include, for example, power plants, chemical processing plants, mines, transportation infrastructure, environment, and telecommunications infrastructure." Basel Committee on Banking Supervision, International Convergence of Capital Measurement and Capital Standards ("Basel II"), November 2005.

# Global Citizenship

As never before, there is global momentum to address climate change and other societal challenges with innovative, concerted action. Businesses worldwide contribute to this progress by striving to mitigate environmental risk and impact in their operations. Likewise, there are heightened expectations for cultivating resilient, responsible supply chains. This is evident in a company's ethical practices and policies, particularly with respect to the protection of human rights.

# Environmental Sustainability

At the start of the new decade, the top five global risks cited in the World Economic Forum's 10-year outlook all relate to the environment. The report cites extreme weather, natural disasters and biodiversity loss in addition to the failure to act on climate change and human-made environmental damage.<sup>63</sup> Adding to these concerns, in 2019 the Intergovernmental Panel on Climate Change (IPCC) highlighted the urgent need for ambitious, coordinated action to address enduring changes to the ocean, cryosphere<sup>64</sup> and cities, as well as climate change pressure on land use, and food and water security.<sup>65</sup> In the face of growing climate-related impacts, investors, clients and employees are seeking stronger environmental strategies and greater climate action from companies.

## Our Opportunity and Approach

BNY Mellon is committed to addressing environmental and climate-related risks and opportunities through a comprehensive approach that encompasses all aspects of our business. Our practices include:

- Resource conservation - Reducing use of energy, water, paper and travel
- Risk management - Considering environmental risk in corporate lending risk assessments and business continuity planning, disclosure of risks through CDP, and pledging to implement the TCFD recommendations
- Client service - Serving clients' environmental finance needs through environmental solutions, dialogue and promotion of environmental leadership

Continual improvement and expansion of environmental management and resource efficiency is a core component of our CSR strategy. We strive to design and implement processes that reduce our environmental footprint, offer employees opportunities to contribute to conservation, and

demonstrate favorable sustainability practices to our industry peers and supply chain partners. We are guided by our [Environmental Sustainability Policy](#), which sets forth the scope of our efforts and broad commitments. In 2019, we adopted a new set of environmental sustainability goals that will inspire continued performance improvement through 2025. [Learn more on page 72.](#)

### 2019 Achievements

Achieved carbon neutrality in our operations for the fifth consecutive year<sup>66</sup>

Set new five-year 2025 environmental sustainability goals for reducing waste, paper, water, energy and greenhouse gas emissions, in line with Science-Based Target initiative (SBTi) methodology, by 2025

Named to CDP's climate change A List for the seventh consecutive year and one of only five U.S.-based financial services firms of the 182 companies listed on the A List<sup>67</sup>

<sup>63</sup> *The Global Risks Report 2020*, World Economic Forum. <https://www.weforum.org/reports/the-global-risks-report-2020>

<sup>64</sup> *Special Report on the Ocean and Cryosphere in a Changing Climate*, Summary for Policymakers, IPCC. <https://www.ipcc.ch/2019/09/25/srocc-press-release/>

<sup>65</sup> *Climate Change and Land*, Summary for Policymakers, IPCC. [https://www.ipcc.ch/2019/08/08/land-is-a-critical-resource\\_srccl/](https://www.ipcc.ch/2019/08/08/land-is-a-critical-resource_srccl/)

<sup>66</sup> For Scope 1 and Scope 2 GHG emissions, including our data centers, as well as Scope 3 business travel emissions.

<sup>67</sup> The A List 2019. CDP. <https://www.cdp.net/en/companies/companies-scores>

## 2025 Environmental Sustainability Goals

To continue to advance our commitment to sustainability, we have established a new set of long-term environmental performance targets as part of our updated CSR strategy and 2025 goals. Key among these is our ambition to reduce greenhouse gas emissions through direct action within our own operations. In line with the SBTi methodology, we are targeting a reduction in greenhouse gas emissions by 20% by 2025, from a 2018 base year.<sup>68</sup> This goal is consistent with levels required to keep increases in global warming to well below 2°C.

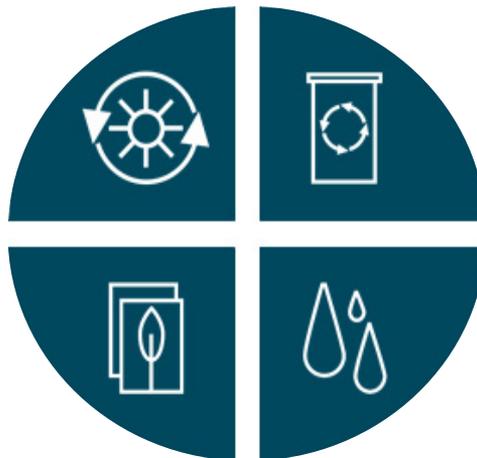
### Energy and Greenhouse Gas Emissions

Reduce greenhouse gas (GHG) emissions by 20% by 2025 from a 2018 base year, in line with science Based Targets (SBTi) methodology

Maintain Carbon Neutrality commitment through 2025

### Paper

Maintain paper neutrality in U.S. through 2025



### Waste

Divert 80% of office waste from landfills by 2025  
Target zero waste to landfills for technology equipment by 2025

### Water

Drive water use reduction in building operations

## Carbon Neutrality and Emissions Reduction

BNY Mellon has been carbon neutral (zero net greenhouse gas emissions) for our global operations since 2015. Our program covers Scope 1 and Scope 2 greenhouse gas emissions associated with the use of electricity, steam, natural gas, fuel oil, automotive fuel, jet fuel and refrigerants, as well as Scope 3 business travel.

Our three-part approach for achieving carbon neutrality (shown below) includes: first, reducing our energy use and related greenhouse gas emissions; then procuring renewable electricity; and finally, using carbon offsets to compensate for remaining emissions in our footprint.

<sup>68</sup> This location-based target includes BNY Mellon's global Scope 1 and 2 greenhouse gas emissions.

## How We Achieve Carbon Neutrality

BNY Mellon has achieved carbon neutrality for Scope 1, Scope 2, and Scope 3 business travel GHG emissions associated with the electricity, steam, natural gas, automotive fuel, jet fuel, fuel oil, refrigerants and business travel we use worldwide.

<p><b>Reduce our own GHG emissions</b></p>	<p>We reduced our GHG emission by 58% for all tracked locations, excluding data centers from a 2008 base year. Additionally, against our new goal set in line with SBTi, we reduced GHG emissions by 8% relative to 2018 including data centers. We lowered energy consumption through energy-efficient lighting; upgrades to heating, ventilation, and air conditioning (HVAC) and building controls; and window and roof insulation improvements.</p>	<p>Total Scope 1, 2 and 3 business travel emissions included in carbon neutrality: <b>152,912 MT CO2e</b></p>
<p><b>Procure renewable electricity</b></p>	<p>99% of global electricity consumption for all locations including data centers offset with renewable energy. Renewable electricity is procured through renewable energy products, including Renewable Energy Certificates, International Renewable Energy Certificates, Guarantees of Origin, and PowerPlus™ Instruments.</p>	<p>These products are used to match our Scope 2 emissions from electricity. 337,123 total MWh purchased which covers: <b>-126,808 MT CO2e</b></p>
<p><b>Purchase carbon offsets</b></p>	<p>To offset our Scope 1 and 3 business travel emissions, as well as Scope 2 non-renewable electricity and steam, we purchased offsets that provide financing to projects around the world that achieve emissions reductions and other social and environmental benefits.</p>	<p>Total Scope 1, 2 and 3 business travel emissions covered by carbon offsets: <b>-26,104 MT CO2e</b></p>
		<p><b>0 net emissions</b></p>

Recognizing the importance of a sustainable, responsible supply chain, we encourage our suppliers to acknowledge their environmental impacts, address climate change, and continually reduce the negative environmental impacts of their products and services. For more information, see our [Supplier Code of Conduct](#).

### Independent Verification

Accurate accounting of greenhouse gas emissions allows us to identify opportunities for cost savings and energy efficiency. BNY Mellon engages a third-party organization to assure the accuracy of our data tracking and reporting. An independent party verified BNY Mellon’s total electricity consumption, 100% of Scope 1 and Scope 2 emissions, Scope 3 business travel emissions, renewable energy purchases and carbon neutrality status at a limited assurance level. [See the full verification statement](#).

### A CDP Climate Change Leader

In 2019, BNY Mellon was included in the CDP’s climate change A List for leadership in climate change performance for the seventh consecutive year. Only 2% of companies that disclosed their emissions received this grade. We were one of only five U.S.-based financial services firms of the 182 companies listed on the climate change A List.<sup>69</sup>

### Data Center Emissions

In 2019, BNY Mellon’s enterprise data centers accounted for approximately 37% of the electricity used in our global properties, producing approximately 34% of our total Scope 1 and Scope 2 carbon emissions. Our enterprise data center power usage effectiveness (PUE) program helps maintain or improve energy efficiency even as our data center utilization grows. Airflow management and building envelope and ancillary systems improvements also

<sup>69</sup> <https://www.cdp.net/en/companies/companies-scores>

save electricity. Since we started the PUE program in 2006, our PUE has improved by about 40% and we avoided more than \$35 million in electricity costs.

BNY Mellon recognizes the need to continuously improve management of our data center energy use. Thus, our new five-year goal to reduce greenhouse gas emissions by 20% from a 2018 base year includes emissions from our data centers, in line with the SBTi methodology to limit global warming to well below 2°C.

## Workspaces and Real Estate

We lessen our environmental impact through building system efficiencies, employee education and high-performing workspaces. We use best-practice sustainability frameworks to improve our office spaces and environmental management programs, including the U.S. Green Building Council's (USGBC) LEED certification program and international standards such as ISO 14001.

In buildings where we control operations, we use green cleaning, waste management, integrated pest management and other indoor environmental quality measures.

In locations where we lease space but do not control operations, we work with landlords through our green leasing program to assess and improve space health and sustainability.

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### 2019 Key Data:

#### Workspaces and Real Estate

Occupied real estate by square foot with third-party sustainability certification: **56%**

LEED certifications: **42**

ISO-14001 certified facilities: **89% in EMEA region**

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## Resource Conservation

### Sustainability Ambassadors

Composed of about 300 employees, our global Environmental Sustainability Ambassador network plays an essential role in supporting our sustainability values, goals and strategies. Through their own engagement and as catalysts at the local level, these employees help advance environmental sustainability throughout our organization. In 2019, these employee teams led over 30 activities, including educational events, environmentally focused partnership projects and regional initiatives. Among other efforts, Ambassadors hosted our eighth annual Eco Days, a company-wide six-week period between Earth Day and World Environment Day, to champion environmental stewardship and sustainable behaviors.

Organized in 13 chapters and located in 33 cities around the world, these employees:

- Educate and involve colleagues in behaviors to benefit their workplaces, homes and communities
  - Participate in BNY Mellon and community sustainability efforts
  - Encourage sustainable innovation to reduce our environmental impact and bring employees' ideas to BNY Mellon leaders
- 

### 2019 Key Data:

#### Resource Conservation

Global water consumption reduction since 2015: **11%**

Percent of waste recycled: **63%**

Waste and recycling rates tracked: **67%** of real estate by square foot and **70%** of employees

Waste diverted from landfills: **68%**

Technology devices (including printers) reused or recycled in 2019: **200 tons**

Trees planted since 2017: about **100,000**

Trees planted in 2019: about **15,000**

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## Water Conservation

As part of our commitment to efficient water use, we decreased our global water consumption by 11% in 2019, compared to a 2015 baseline. In addition to installing low-flow fixtures and aerators, efficient irrigation systems and cooling systems, we repaired or replaced leaking water systems. Our facilities management team regularly assesses sites for additional opportunities. We raise employee awareness of the importance of protecting water resources and provide employees options for healthy, environmentally responsible water consumption throughout our cafés, cafeterias, vending and catering services, and water fountains and bottle-filling stations. These efforts and others will help us achieve our 2025 goal to reduce water use in our building operations.

## Waste Diversion

We look for new ways to improve our recycling and waste diversion performance. Our comprehensive waste reduction and diversion approach includes recycling, composting, a no-landfill policy for end-user technology waste, incineration at waste-to-energy plants, and employee education and engagement. Beyond office waste, we are prioritizing the reuse and recycling of used furniture and non-technology equipment over disposal.

In 2019, we recycled 63% of our waste, which contributed to our landfill diversion rate of 68%. These recycling and diversion rates are based on data from 8.4 million square feet of BNY Mellon office locations, accounting for 67% of global real estate and 70% of employees.

As part of our new five-year environmental sustainability goals, we will seek to divert 80% of our waste from landfills by 2020 and maintain that through 2025. We plan to achieve this goal through increased employee communication around waste and recycling, practices such as binless workspace design, and working with our waste haulers to find the best waste disposal methods.

## Technology Waste

E-waste is the world's fastest growing stream of waste. Recognizing the negative environmental impacts and potential health hazards associated with the improper disposal of e-waste, we maintain a no-landfill policy for end-user technology waste. In 2019, we recycled or properly disposed of 200 tons of technology equipment. By 2025, we intend to divert 100% of technology equipment from landfills.

## Reducing and Recycling Paper

Paper makes up one of our largest waste streams. We have reduced our use of paper for internal printing by 45% since 2014 through print reduction and digital storage. We centrally manage printing for consistent double-sided and black-and-white settings.

Through a unique arrangement with our print provider, paper printed in our U.S. offices is offset by planting a number of trees equivalent to the pages printed. As of February 2020, around 100,000 trees have been planted. In addition, we recycled more than 4.9 million pounds of paper in 2019 through our program to recycle confidential paper after destruction. We intend to continue to remain paper neutral through 2025.

# Supply Chain

## Our Opportunity and Approach

Diversity in our supply chain brings valuable perspectives to our company. Our Supplier Diversity Program increases opportunities for businesses owned and operated by minorities, women, veterans, individuals with disabilities, LGBT+ individuals and small businesses. The program helps level the playing field and enables small and diverse suppliers to compete with bigger and more established companies for our business.

We continually advance our program to align with industry best practices. In 2019, we increased our outreach, communication and training with both internal partners and external stakeholders to find best-in-class diverse suppliers to provide products and services for BNY Mellon. In addition, we examined our existing programs and developed and implemented new internal policies and guidelines to include diverse suppliers in sourcing events.

## Outreach and External Advocacy Relationships

We are members of many advocacy organizations, including the Financial Services Roundtable for Supplier Diversity, National Minority Supplier Development Council and the New York & New Jersey Minority Supplier Development Council. Our participation magnifies our outreach and demonstrates our commitment to working with diverse vendors. Engagement with local and diverse suppliers can benefit both our business as well as local communities through job creation, and revenue and income generation.

In 2019, we partnered with advocacy organizations to host and participate in events to promote and facilitate supplier diversity in BNY Mellon's procurement processes. Two examples of these events include:

- We hosted our inaugural Veteran-Owned Business Networking Reception in partnership with the Veterans Chambers of Commerce from New York and New Jersey. This provided an opportunity for our sourcing professionals to network with veteran entrepreneurs and identify prospective suppliers in the following areas: marketing, advertising, media, technology and food services.
- We co-sponsored the New York Women's Chamber of Commerce's Women of Excellence Awards, which brought awareness to ContractHER, an organization supporting women entrepreneurs in New York City. This provided an opportunity to network with women entrepreneurs and identify women suppliers for potential sourcing events within our procurement process.

# Advocacy and Political Engagement

## Our Opportunity and Approach

The past decade has been characterized by significant changes in the global banking regulatory environment and the laws that affect the way we do business.<sup>70</sup> We engage in policy development and the political process, including thought leadership and policymaker discussions.

## Public Policy and Lobbying

BNY Mellon Global Public Policy and Government Affairs team identifies and prioritizes key legislative and regulatory issues in the United States and other jurisdictions, integrating regulatory, legislative, and industry monitoring and advocacy. Our Public Policy and Government Affairs group sets priorities and strategies, partnering with our senior management, lines of business, and corporate functions.

Through association memberships, with peer banks, or individually, we submit comment letters and respond to financial industry surveys to build

<sup>70</sup> 2020 Banking Regulatory Outlook, Deloitte, <https://www2.deloitte.com/us/en/pages/regulatory/articles/banking-regulatory-outlook.html>

alliances and drive advocacy. We educate legislators, regulators and policymakers globally about BNY Mellon's unique business model to help them understand the potential unintended consequences of new reforms and regulations.

BNY Mellon retains lobbying firms to advocate for our legislative and regulatory interests at the federal and state levels in the U.S. These activities as well as our disclosure reports are regulated pursuant to federal and state laws. In 2019, our federal lobbying expenses were \$1,330,000 as disclosed [on our website](#). Our state and local legislative lobbying is concentrated in New York and Pennsylvania, where BNY Mellon's primary business operations are located. Expenses are of a de minimis nature and disclosed where required by applicable law.

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## 2019 Key Data: Political Engagement

Federal lobbying expenses: **\$1,330,000**

Federal political action committee (PAC) contributions: **\$304,500**

Corporate contributions: **\$0**

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## Compliance and Oversight

Our Global Public Policy and Government Affairs team reports to the General Counsel. This team is responsible for all political activity by or on behalf of BNY Mellon, including PAC administration. When making contribution decisions, PAC officers consider candidates' leadership positions, legislative committee memberships, and the communities they represent. The CGNSR Committee of our Board of Directors (all independent directors) oversees our Public Policy and Government Affairs team.

See the [BNY Mellon Annual Report](#) for more information.

## Industry Participation

BNY Mellon belongs to various financial industry and general business associations. We regularly review our memberships for priority alignment and may not always agree with an association's or its members' positions or priorities.

We request that associations not use our membership fees to fund federal, state or local election-related activity. This includes contributions and expenditures (including independent expenditures<sup>71</sup>) to support or oppose any candidate for any office, political party committee or political committee.

## Principal Association Memberships

AFME (Association for Financial Markets in Europe)

American Bankers Association

ASIFMA (Asia Securities Industry and Financial Markets Association)

Bank Policy Institute

EFAMA (European Fund and Asset Management Association)

Febelfin

Financial Services Forum

GFMA (Global Financial Markets Association)

Institute of International Finance

Investment Company Institute

New York Bankers Association

Pennsylvania Bankers Association

SIFMA (Securities Industry and Financial Markets Association)

The City UK

The Clearing House

UK Finance

<sup>71</sup> An independent expenditure is an expenditure for a communication that expressly advocates the election or defeat of a clearly identified candidate and which is not made in coordination with any candidate or his or her campaign or political party.

## Political Contributions

BNY Mellon has two PACs funded entirely by voluntary employee contributions. In accordance with applicable federal, state and local regulations, our PACs can contribute to U.S. federal candidates, state and local candidates, political party committees and other PACs.

We do not reimburse or compensate employees for attending political events, engaging in political activities or making political contributions. Our Compliance and Ethics department reviews all individual employee contributions that may be affected by federal, state or local “pay-to-play” laws. They also review contributions that may limit corporations’ abilities to compete for business if certain employees contribute to officials with the authority to award business. Employees must comply with our [Code of Conduct](#) and corporate policy on engaging in personal political activities.

Our PACs are regulated by the Federal Election Commission (FEC) and file required reports with the FEC and state election commissions. These FEC reports are available to the public at <http://www.fec.gov>. BNY Mellon PAC contributions totaled \$345,550 in 2019. Details of our 2019 PAC contributions are available [on our website](#).

BNY Mellon did not make any corporate contributions<sup>72</sup> in 2019. When we make such contributions, we disclose it semiannually on our website. We do not use corporate funds for independent political expenditures to support or oppose any candidate for office.

FEDERAL POLITICAL ACTION COMMITTEE CONTRIBUTIONS IN 2019 (USD)			
	Republican	Democratic	Total
U.S. House	\$100,000	\$93,500	\$193,500 (64% House)
U.S. Senate	\$53,000	\$58,000	\$111,000 (36% Senate)
<b>Total</b>	\$153,000 (50.2% Republicans)	\$151,500 (49.8% Democrats)	\$304,500 <sup>73</sup>

<sup>72</sup> A corporate contribution is defined to include a state candidate committee, a 501(c) 4, 527 or ballot initiatives.

<sup>73</sup> Additional contributions include \$21,050 made to Pennsylvania candidates and \$20,000 made to trade association PACs, resulting in \$345,550 in total PAC disbursements.

# Protecting Human Rights

## Our Opportunity and Approach

We are committed to acting ethically and with integrity. Our governance framework and related corporate policies empower our employees and contractors to report and escalate concerns of unethical conduct, such as modern slavery and human trafficking.

We are also committed to preventing acts of modern slavery and human trafficking both in our own business activities and throughout supply chain. Our Supplier Code of Conduct states our zero-tolerance approach to modern slavery. We expect our suppliers to be committed to acting ethically and with integrity in all their business dealings and relationships and to implementing and enforcing effective systems and controls to help ensure modern slavery is not taking place in their businesses and supply chains.<sup>74</sup>

We reaffirm our commitment and actions each year through our UK Modern Slavery Act Annual Transparency Statement. In 2019, we ratified our updated UK Modern Slavery Act Annual Transparency Statement, which reflects our awareness of modern slavery and steps we take to prevent it. In 2020, we intend to continue our review of governance, due diligence and training practices to promote understanding of Modern Slavery Act principles. We set out our expectations and commitments in a number of policies, including those below. A complete list of our human rights, employment and related policies is available in the [BNY Mellon 2020 Proxy Statement](#).

[Human Rights Statement](#)

[Supplier Code of Conduct](#)

[UK Modern Slavery Act Statement](#)

## Taking Action Against Inequities

Our legal professionals often use their expertise and provide their services pro bono to various populations who are confronting inequities. During 2019, employees volunteered their time to:

- Partner with Legal Services NYC to support people seeking U.S. asylum based on persecution due to their LGBTQ+ and/or HIV-positive status, both for client intake and representing asylum seekers in the application process
- Help transgender people successfully navigate the court system and legally change their names to match their legal identities to their lived experience by providing critical assistance to the Legal Name Change Project with the Transgender Legal Defense and Education Fund (TLDEF)
- Represent foster parents in Pittsburgh in completing the adoptive process in Allegheny County Juvenile Court, in partnership with the Adoption Legal Services Project and Reed Smith, to address the need for safe, permanent homes for foster children
- Provide, in partnership with Linklaters, free housing law advice via the Mary Ward Legal Centre in London for people who cannot afford a lawyer and cannot access legal aid for their housing issues
- Provide free legal advice to individuals from disadvantaged communities in London who would have otherwise not been able to obtain legal assistance at the Free Legal Advice Centre provided by Toynbee Hall in London
- Sponsor an Equal Justice Works Fellow working with the African Services Committee in support of African and Caribbean immigrant women clients, including cisgender, transgender and gender nonconforming women, who have faced gender-based violence
- As part of a transnational team, support the Cyrus R. Vance Center for International Justice in its monitoring and reporting on human rights to produce "[Women in Prison](#)," a report on the disproportionately high and increasing numbers of women in prison across Africa.<sup>75</sup>

<sup>74</sup> BNY Mellon Supplier Code of Conduct, 11/18, pg. 5, <https://www.bnymellon.com/global-assets/pdf/suppliers/bny-mellon-supplier-code-of-conduct.pdf>

<sup>75</sup> <https://www.vancecenter.org/gambia/>

# Global Reporting Initiative (GRI) Index

The following is supplemental information to BNY Mellon's 2019 Corporate Social Responsibility Report. It is arranged according to the Global Reporting Initiative (GRI) Standards indicator list. All data is reported as of December 31, 2019 unless otherwise noted. This index provides responses for individual GRI indicators in the following ways: (1) section and page references to our 2019 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: Organizational Profile		
Standard	Disclosure	Our Response
GRI 102: General Disclosures 2016	102-1 Name of the organization	<a href="#">BNY Mellon Annual Report 2019</a> , General, p.4
	102-2 Activities, brands, products, and services	1) <a href="#">BNY Mellon Annual Report 2019</a> , Results of Operations, p.4 2) <a href="#">BNY Mellon Annual Report 2019</a> , Results of Operations, p.13-49
	102-3 Location of headquarters	<a href="#">BNY Mellon Annual Report 2019</a> , Corporate Information, inside back cover
	102-4 Location of operations	1) <a href="#">BNY Mellon Annual Report 2019</a> , International operations, p.18 2) <a href="#">BNY Mellon Location Directory</a>
	102-5 Ownership and legal form	<a href="#">BNY Mellon Annual Report 2019</a> , General, p.4
	102-6 Markets Served	1) <a href="#">BNY Mellon CSR Report 2019</a> , BNY Mellon Overview, p.3 2) <a href="#">BNY Mellon Annual Report 2019</a> , Review of business, p.12-17 3) <a href="#">BNY Mellon Annual Report 2019</a> , International operations, p.18
	102-7 Scale of the Organization	1) <a href="#">BNY Mellon Annual Report 2019</a> , Financial Highlights, p.X 2) <a href="#">BNY Mellon Annual Report 2019</a> , International operations, p.18 3) <a href="#">BNY Mellon CSR Report 2019</a> , CSR and ESG Data, p.13
	102-8 Information on employees and other workers	1) EE01 Document, see end of GRI Index 2) <a href="#">BNY Mellon Annual Report 2019</a> , International operations, p.18
	102-9 Supply chain	<a href="#">BNY Mellon CSR Report 2019</a> , Supply Chain, p.76
	102-10 Significant changes to the organization and its supply chain	<a href="#">BNY Mellon Annual Report 2019</a> , Key 2019 events, p.4
	102-11 Precautionary Principle or approach	1) <a href="#">BNY Mellon CSR Report 2019</a> , Environmental Sustainability, p.71 2) <a href="#">BNY Mellon CSR Report 2019</a> , Responsible Financing and the Equator Principles, p.69
	102-12 External initiatives	1) <a href="#">BNY Mellon CSR Report 2019</a> , Responsible Investing Initiatives, p.61 2) <a href="#">BNY Mellon CSR Report 2019</a> , Principal Association Memberships, p.69
	102-13 Membership of associations	1) In 2019, our memberships included: Business for Social Responsibility (BSR) and Global Impact Investing Network (GIIN) 2) <a href="#">BNY Mellon CSR Report 2019</a> , Industry Participation, p.69 3) <a href="#">BNY Mellon 2020 Proxy Statement</a> Item 1 Election of Directors, p.9

<b>Aspect: Strategy</b>		
<b>Standard</b>	<b>Disclosure</b>	<b>Our Response</b>
GRI 102: General Disclosures	<b>102-14</b> Statement from senior decision makers	1) <a href="#">BNY Mellon Annual Report 2019</a> , CEO Letter, p.I 2) <a href="#">BNY Mellon CSR Report 2019</a> , Message From Our CEO, p.5
	<b>102-15</b> Key impacts, risks, and opportunities	1) <a href="#">BNY Mellon CSR Report 2019</a> , Announcing: Our 2020-2025 CSR Strategy, p.8

<b>Aspect: Ethics and Integrity</b>		
<b>Standard</b>	<b>Disclosure</b>	<b>Our Response</b>
GRI 102: General Disclosures	<b>102-16</b> Values, principles, standards, and norms of behavior	1) <a href="#">BNY Mellon Employee Code of Conduct</a> 2) <a href="#">The Bank Of New York Mellon Corporation Directors' Code of Conduct</a>
	<b>102-17</b> Mechanisms for advice and concerns about ethics	1) <a href="#">BNY Mellon Employee Code of Conduct</a> 2) <a href="#">The Bank Of New York Mellon Corporation Directors' Code of Conduct</a>

<b>Aspect: Governance</b>		
<b>Standard</b>	<b>Disclosure</b>	<b>Our Response</b>
GRI 102: General Disclosures 2016	<b>102-18</b> Governance structure	1) <a href="#">BNY Mellon 2020 Proxy Statement</a> , Our Corporate Governance Practices, p.18
	<b>102-19</b> Delegating authority	<a href="#">BNY Mellon CSR Report 2019</a> , CSR Governance, p.14
	<b>102-20</b> Executive-level responsibility for economic, environmental, and social topics	<a href="#">BNY Mellon CSR Report 2019</a> , CSR Governance, p.14
	<b>102-21</b> Consulting stakeholders on economic, environmental, and social topics	1) <a href="#">BNY Mellon 2020 Proxy Statement</a> , Committees and Committee Charters, p.28 2) <a href="#">BNY Mellon 2020 Proxy Statement</a> , Stockholder Proposal, p.70
	<b>102-22</b> Composition of the highest governance body and its committees	<a href="#">BNY Mellon 2020 Proxy Statement</a> , Committees and Committee Charters, p.28
	<b>102-23</b> Chair of the highest governance body	<a href="#">BNY Mellon 2020 Proxy Statement</a> , Board Leadership Structure, p.23
	<b>102-24</b> Nominating and selecting the highest governance body	<a href="#">BNY Mellon 2020 Proxy Statement</a> , Director Qualifications, p.15
	<b>102-25</b> Conflicts of interest	<a href="#">BNY Mellon 2020 Proxy Statement</a> , Director Qualifications, p.15 <a href="#">Directors Code of Conduct</a> , p.1
	<b>102-26</b> Roles of highest governance body in setting purpose, values, and strategy	1) <a href="#">BNY Mellon CSR Report 2019</a> , CSR Governance, p.14 2) <a href="#">BNY Mellon 2020 Proxy Statement</a> , Committees and Committee Charters, p.28
	<b>102-27</b> Collective knowledge of highest governance body	1) <a href="#">BNY Mellon CSR Report 2019</a> , CSR Governance, p.14 2) <a href="#">BNY Mellon 2020 Proxy Statement</a> , Committees and Committee Charters, p.28
	<b>102-28</b> Evaluating the highest governance body's performance	<a href="#">BNY Mellon 2020 Proxy Statement</a> , Evaluation of Board and Committee Effectiveness, p.21
		<b>102-29</b> Identifying and managing economic, environmental, and social impacts
<b>102-30</b> Effectiveness of risk management processes		1) <a href="#">BNY Mellon 2020 Proxy Statement</a> , Committees and Committee Charters, p.28 2) <a href="#">Risk Committee Charter</a>
<b>102-31</b> Review of economic, environmental, and social topics		1) <a href="#">BNY Mellon CSR Report 2019</a> , CSR Governance, p.14 2) <a href="#">BNY Mellon 2020 Proxy Statement</a> , Committees and Committee Charters, p.28 3) <a href="#">BNY Mellon CSR Report 2019</a> , Announcing: Our 2020-2025 CSR Strategy, p.8

<b>Aspect: Governance (continued)</b>		
<b>Standard</b>	<b>Disclosure</b>	<b>Our Response</b>
	<b>102-32</b> Highest governance body's role in sustainability report	<ol style="list-style-type: none"> <li>1) <a href="#">BNY Mellon CSR Report 2019</a>, CSR Governance, p.14</li> <li>2) <a href="#">BNY Mellon 2020 Proxy Statement</a>, Committees and Committee Charters, p.28</li> <li>3) <a href="#">BNY Mellon CSR Report 2019</a>, Announcing: Our 2020-2025 CSR Strategy, p.8</li> </ol>
	<b>102-33</b> Communicating critical concerns	<a href="#">BNY Mellon 2020 Proxy Statement</a> , Our Corporate Governance Practices, p.18  <a href="#">Corporate Governance Guidelines</a>  <a href="#">Communications with Independent Chairman</a>
	<b>102-34</b> Nature and total number of critical concerns	<ol style="list-style-type: none"> <li>1) <a href="#">BNY Mellon CSR Report 2019</a>, CSR Governance, p.18</li> <li>2) <a href="#">BNY Mellon Annual Report</a>, Risk Management , p.50</li> <li>3) <a href="#">BNY Mellon 2020 Proxy Statement</a>, Oversight of Risk, p.26 and Contacting the Board , p.32</li> </ol>
	<b>102-35</b> Remuneration policies	<ol style="list-style-type: none"> <li>1) <a href="#">BNY Mellon 2020 Proxy Statement</a>, Director Compensation, p.33</li> <li>2) <a href="#">BNY Mellon 2020 Proxy Statement</a>, Item 2. Advisory Vote On Compensation, p.35</li> <li>3) <a href="#">BNY Mellon 2020 Proxy Statement</a>, Item 4. Stockholder Proposal Regarding Pay Equity Report, p.71</li> <li>4) <a href="#">BNY Mellon 2020 Proxy Statement</a>, Equity Compensation Plans, p.78</li> </ol>
	<b>102-36</b> Process for determining remuneration	<ol style="list-style-type: none"> <li>1) <a href="#">BNY Mellon 2020 Proxy Statement</a>, Director Compensation, p.33</li> <li>2) <a href="#">BNY Mellon 2020 Proxy Statement</a>, Item 2. Advisory Vote On Compensation, p.35</li> <li>3) <a href="#">BNY Mellon 2020 Proxy Statement</a>, Item 4. Stockholder Proposal Regarding Pay Equity Report, p.71</li> <li>4) <a href="#">BNY Mellon 2020 Proxy Statement</a>, Equity Compensation Plans, p.78</li> </ol>
	<b>102-37</b> Stakeholders' involvement in remuneration	<ol style="list-style-type: none"> <li>1) <a href="#">BNY Mellon 2020 Proxy Statement</a>, Director Compensation, p.33</li> <li>2) <a href="#">BNY Mellon 2020 Proxy Statement</a>, Item 2. Advisory Vote On Compensation, p.35</li> <li>3) <a href="#">BNY Mellon 2020 Proxy Statement</a>, Item 4. Stockholder Proposal Regarding Pay Equity Report, p.71</li> <li>4) <a href="#">BNY Mellon 2020 Proxy Statement</a>, Equity Compensation Plans, p.78</li> </ol>
	<b>102-38</b> Annual total compensation ratio	<a href="#">BNY Mellon 2020 Proxy Statement</a> , Pay Ratio, p.65
	<b>102-39</b> Percentage increase in annual total compensation ratio	<a href="#">BNY Mellon 2020 Proxy Statement</a> , Pay Ratio, p.65

<b>Aspect: Stakeholder Engagement</b>		
<b>Standard</b>	<b>Disclosure</b>	<b>Our Response</b>
GRI 102: General Disclosures 2016	<b>102-40</b> List of stakeholder groups	<a href="#">BNY Mellon CSR Report 2019</a> , CSR Governance, p.15
	<b>102-41</b> Collective bargaining agreements	BNY Mellon fully complies with local laws regarding employee rights and collective bargaining. In certain locations outside of the U.S., 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.
	<b>102-42</b> Identifying and selecting stakeholders	<a href="#">BNY Mellon CSR Report 2019</a> , CSR Governance, p.15
	<b>102-43</b> Approach to stakeholder engagement	<a href="#">BNY Mellon CSR Report 2019</a> , CSR Governance, p.15
	<b>102-44</b> Key topics and concerns raised	<a href="#">BNY Mellon CSR Report 2019</a> , CSR Governance, p.14

<b>Aspect: Reporting Practice</b>		
<b>Standard</b>	<b>Disclosure</b>	<b>Our Response</b>
GRI 102: General Disclosures 2016	<b>102-45</b> Entities included in the consolidated financial statements	1) <a href="#">BNY Mellon Annual Report 2019</a> , Review of businesses, p.12 2) <a href="#">BNY Mellon CSR Report 2019</a> , About this Report, p.2
	<b>102-46</b> Defining report content and topic Boundaries	1) <a href="#">BNY Mellon CSR Report 2019</a> , About this Report, p.2 2) <a href="#">BNY Mellon CSR Report 2019</a> , Our Approach to CSR, p.6
	<b>102-47</b> List of material topics	1) <a href="#">BNY Mellon CSR Report 2019</a> , Announcing: Our 2020-2025 CSR Strategy, p.8
	<b>102-48</b> Restatements of information	None
	<b>102-49</b> Changes in reporting	<a href="#">BNY Mellon CSR Report 2019</a> , Announcing: Our 2020-2025 CSR Strategy, p.8
	<b>102-50</b> Reporting period	<a href="#">BNY Mellon CSR Report 2019</a> , About This Report, p.2
	<b>102-51</b> Date of most recent report	<a href="#">BNY Mellon CSR Report 2018 was published in June 2019</a>
	<b>102-52</b> Reporting Cycle	<a href="#">BNY Mellon CSR Report 2019</a> , About This Report, p.2
	<b>102-53</b> Contact point for questions regarding the report	<a href="https://www.bnymellon.com/us/en/who-we-are/csr/index.jsp">https://www.bnymellon.com/us/en/who-we-are/csr/index.jsp</a>
	<b>102-54</b> Claims of reporting in accordance with the GRI Standards	<a href="#">BNY Mellon CSR Report 2019</a> , About this Report, p.2
	<b>102-56</b> External 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 CDP Response*

**CATEGORY: Economic**

<b>Aspect: Economic Performance</b>		
<b>Standard</b>	<b>Disclosure</b>	<b>Our Response</b>
GRI 103: Management approach 2016	<b>103-1</b> Explanation of the material topic and its Boundary	1) <a href="#">BNY Mellon CSR Report 2019</a> , Announcing: Our 2020-2025 CSR Strategy, p.8
	<b>103-2</b> The management approach and its components	1) <a href="#">BNY Mellon CSR Report 2019</a> , Announcing: Our 2020-2025 CSR Strategy, p.8
	<b>103-3</b> Evaluation of the management approach	1) <a href="#">BNY Mellon CSR Report 2019</a> , Announcing: Our 2020-2025 CSR Strategy, p.8

<b>Aspect: Economic Performance</b>		
<b>Standard</b>	<b>Disclosure</b>	<b>Our Response</b>
GRI 201: Economic Performance 2016	<b>201-1</b> Direct economic value generated and distributed	1) <a href="#">BNY Mellon Annual Report 2019</a> , Summary of financial highlights, p.5 2) <a href="#">BNY Mellon Annual Report 2019</a> , Noninterest expense, p.11 3) <a href="#">BNY Mellon CSR Report 2019</a> , Community Partnerships, p.36 4) <a href="#">BNY Mellon CSR Report 2019</a> , Community Reinvestment Act at BNY Mellon, p.68
	<b>201-2</b> Financial implicated and other risks and opportunities due to climate change	See CDP Response*
	<b>201-3</b> Defined benefit plan obligations and other retirement plans	<a href="#">BNY Mellon Annual Report 2019</a> , Note 18–Employee benefit plans, p.156
	<b>201-4</b> Financial assistance received from government	<a href="#">BNY Mellon Annual Report 2019</a> , Note 12–Income taxes, p.147

<b>Aspect: Indirect Economic Impacts</b>		
<b>Standard</b>	<b>Disclosure</b>	<b>Our Response</b>
GRI 203: Indirect Economic Impacts 2016	<b>203-1</b> Infrastructure investments and services supported	1) <a href="#">BNY Mellon CSR Report 2019</a> , Corporate Trust, p.64 2) <a href="#">BNY Mellon CSR Report 2019</a> , BNY Mellon Capital Markets, p.67 3) <a href="#">BNY Mellon CSR Report 2019</a> , Community Reinvestment Act at BNY Mellon, p.68 4) <a href="#">BNY Mellon CSR Report 2019</a> , Digital Transformation, p.49
	<b>203-2</b> Significant indirect economic impacts	1) <a href="#">BNY Mellon CSR Report 2019</a> , Corporate Trust, p.64 2) <a href="#">BNY Mellon CSR Report 2019</a> , BNY Mellon Capital Markets, p.67 3) <a href="#">BNY Mellon CSR Report 2019</a> , Community Reinvestment Act at BNY Mellon, p.68 4) <a href="#">BNY Mellon CSR Report 2019</a> , Digital Transformation, p.49

<b>Aspect: Procurement Practices</b>		
<b>Standard</b>	<b>Disclosure</b>	<b>Our Response</b>
GRI 204: Indirect Economic Impacts 2016	<b>204-1</b> Proportion of spending on local suppliers	1) <a href="#">BNY Mellon CSR Report 2019</a> , Supply Chain, p.76

<b>Aspect: Anti-corruption</b>		
<b>Standard</b>	<b>Disclosure</b>	<b>Our Response</b>
GRI 205: Anti-corruption 2016	<b>205-1</b> Operations assessed for risks related to corruption	1) <a href="#">BNY Mellon CSR Report 2019</a> , Our Risk Culture, p.43 2) <a href="#">BNY Mellon Employee Code of Conduct</a>
	<b>205-2</b> Communications and training about anti-corruption policies and procedures	1) <a href="#">BNY Mellon CSR Report 2019</a> , Our Risk Culture, p.43 2) BNY Mellon's anti-corruption policies and procedures have been communicated to the general public via BNY Mellon's website, and communicated to all employees and the Board of Directors. <a href="#">BNY Mellon Employee Code of Conduct</a>
	<b>205-3</b> Confirmed incidents of corruption and actions taken	<a href="#">BNY Mellon Annual Report 2019</a> , Legal Proceedings, p.178

<b>Aspect: Anti-Competitive Behavior</b>		
<b>Standard</b>	<b>Disclosure</b>	<b>Our Response</b>
GRI 206: Anti-competitive behavior 2016	<b>206-1</b> Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<a href="#">BNY Mellon Annual Report 2019</a> , Legal Proceedings, p.178

## CATEGORY: Environmental

Aspect: Energy		
Standard	Disclosure	Our Response
	Management approach disclosure	1) <a href="#">BNY Mellon CSR Report 2019</a> , Environmental Sustainability, p.71 2) See CDP Response*
GRI 302: Energy 2016	302-1 Energy consumption within the organization	<p>a. <b>Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used:</b> 137,257 gigajoules (includes natural gas, fuel oil, car gasoline, and jet fuel)</p> <p>b. <b>Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used:</b> While BNY Mellon does not purchase fuel from renewable sources directly; we do purchase carbon offsets and renewable electricity products to offset all of our emissions generated from Scope 1, Scope 2, and Scope 3 business travel.</p> <p>c. <b>Report in joules, watt-hours or multiples, the total: Electricity consumption, Heating consumption, Cooling consumption, Steam consumption Electricity consumption:</b> 1,093,093 gigajoules (BNY Mellon purchases renewable electricity products to offset our entire electricity use). BNY Mellon does not have any heating or cooling consumption. Steam consumption: 36,685 gigajoules</p> <p>d. <b>In joules, watt-hours or multiples, the total: Electricity sold, Heating sold, Cooling sold, and Steam sold:</b> BNY Mellon does not sell any electricity, heating, cooling, or steam.</p> <p>e. <b>Total energy consumption within the organization in joules or multiples:</b> 1,267,035 gigajoules</p> <p>f. <b>Standards, methodologies, and assumptions used:</b> BNY Mellon follows The Corporate Standard Greenhouse Gas Protocol for calculating emissions and energy use. An Operational Control boundary is used.</p> <p>g. <b>Source of the conversion factors used:</b> Conversions for Fuel and Electricity were done with the U.S. Energy Information Administration's Energy Conversion Calculator. 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>
	302-2 Energy consumption outside of the organization	Not yet available. BNY Mellon follows The Corporate Standard Greenhouse Gas Protocol for calculating emissions and energy use. An Operational Control boundary is used. 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. For more detail on methodologies and assumptions used, please see CDP Response*.

Aspect: Energy (continued)		
Standard	Disclosure	Our Response
	302-3 Energy intensity	<p>a. Energy intensity ratio: 76.97 gigajoules per million dollars; 0.101 gigajoules per square foot.</p> <p>b. Denominators: 2019 revenue (16,462 million dollars); 2019 average rentable square feet of real estate portfolio (12,499,101 sq. ft.).</p> <p>c. Fuel, electricity, and steam are included; BNY Mellon does not consume additional sources of heating or cooling.</p> <p>d. The ratio uses energy consumed within the organization within BNY Mellon's operational control scope 1 and 2.</p>
	302-4 Reduction of energy consumption	<p>359,364 gigajoules.</p> <p>Fuel, Electricity, and Steam are included; BNY Mellon does not consume additional sources of heating and cooling. BNY Mellon's base year is 2010 for energy tracking. 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 2019 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 emission reduction 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 A Corporate Accounting and Reporting Standard (Revised Edition) is the published methodology and standard used in energy and emission calculation.</p>

<b>Aspect: Water and Effluents</b>		
<b>Standard</b>	<b>Disclosure</b>	<b>Our Response</b>
GRI 103: Management approach disclosure		<a href="#">BNY Mellon CSR Report 2019</a> , Resource Conservation, p.74
GRI 303: Water and Effluents 2016	<b>303-1</b> Interactions with water as a shared resource	<p>BNY Mellon draws all of its water from municipal sources. Water is consumed in our office and data center facilities. Water is discharged through municipal sewer sources.</p> <p>Water-related impacts are assessed and addressed on a local site basis and on a corporate-wide basis.</p>
	<b>303-2</b> Management of water discharge-related impacts	All wastewater is discharged through municipal sewer sources.
	<b>303-3</b> Water withdrawal	<p>BNY Mellon draws all of its water from municipal sources. BNY Mellon withdrew a total of 423.81 megaliters of water in 2019 (311.04 megaliters in the U.S. and 112.76 megaliters in international locations).</p> <p>All water withdrawals are freshwater.</p> <p>This number accounts for 46 of our facilities or 57% of our real estate portfolio by square feet, and for about 28,000 employees or 57% 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>
	<b>303-4</b> Water discharged	BNY Mellon does not actively track water discharge volumes, category or area. All water is discharged through third-party municipal sewer sources.
	<b>303-5</b> Water consumption	<p>1) BNY Mellon uses water in our office facilities for our cafeterias, cooling and heating needs, restrooms, and irrigation.</p> <p>2) <a href="#">BNY Mellon CSR Report 2019</a>, Resource Conservation, p.74</p>

<b>Aspect: Emissions</b>		
<b>Standard</b>	<b>Disclosure</b>	<b>Our Response</b>
GRI 103: Management approach disclosure		1) <a href="#">BNY Mellon CSR Report 2019</a> , Carbon Neutrality and Emissions Reduction, p.72 2) See CDP Response*
GRI 305: Emissions 2016	<b>305-1</b> Direct (Scope 1) GHG emissions	8,102 Metric Tonnes of CO2
	<b>305-2</b> Energy indirect (Scope 2) GHG emissions	130,205 Metric Tonnes of CO2
	<b>305-3</b> Other indirect (Scope 3) GHG emissions	14,605 Metric Tonnes of CO2
	<b>305-4</b> GHG emissions intensity	See CDP Response*
	<b>305-5</b> Reduction of GHG emissions	1) <a href="#">BNY Mellon CSR Report 2019</a> , Carbon Neutrality and Emissions Reduction, p.72 2) See CDP Response*

<b>Aspect: Effluents and Waste</b>		
<b>Standard</b>	<b>Disclosure</b>	<b>Our Response</b>
GRI 103: Management approach disclosure		<a href="#">BNY Mellon CSR Report 2019</a> , Environmental Sustainability, p.71
GRI 306: Effluents and Waste 2016	<b>306-1</b> Water discharge by quality and destination	BNY Mellon does not actively track water discharge volumes. All water is discharged through third-party municipal sewer sources.
	<b>306-2</b> Waste by type and disposal method	BNY Mellon does not produce hazardous waste. Recycling = 6,634,094 pounds Composting = 83,027 pounds Incineration (mass burn) = 1,299,410 pounds Landfill = 3,827,312 pounds  Waste was disposed of by the waste hauler contractor Waste data is provided to facility manager regarding frequency of pickup, quantity of pickup and fate of waste.
	<b>306-3</b> Significant spills	There were no significant spills that occurred at BNY Mellon in 2019.
	<b>306-4</b> Transport of hazardous waste	BNY Mellon does not transport hazardous waste.
	<b>306-5</b> Water bodies affected by water discharges and/or runoff	BNY Mellon discharges all water withdrawals through third-party municipal sewer sources.

<b>Aspect: Environmental Compliance</b>		
<b>Standard</b>	<b>Disclosure</b>	<b>Our Response</b>
GRI 103: Management approach disclosure		<a href="#">BNY Mellon CSR Report 2019</a> , Risk Management, p.41
GRI 307: Environmental Compliance 2016	<b>307-1</b> Non-compliance with environmental laws and regulations	No environmental fines or sanctions were imposed on BNY Mellon in 2019.

<b>Aspect: Supplier Environmental Assessment</b>		
<b>Standard</b>	<b>Disclosure</b>	<b>Our Response</b>
GRI 103: Management approach disclosure		<a href="#">Environmental section of the Supplier Code of Conduct</a>
GRI 308: Environmental Compliance 2016	<b>308-1</b> New suppliers screened using environmental criteria	<a href="#">Contributing to the World Around Us section of the Supplier Code of Conduct</a>
	<b>308-2</b> Negative environmental impacts in the supply chain and actions taken	<a href="#">Contributing to the World Around Us section of the Supplier Code of Conduct</a>

**CATEGORY: Social**

<b>Aspect: Employment</b>		
<b>Standard</b>	<b>Disclosure</b>	<b>Our Response</b>
GRI 103: Management approach disclosure		<a href="#">BNY Mellon CSR Report 2019</a> , Culture & Purpose, p.18
GRI 401: Employment 2016	<b>401-1</b> New employee hires and employee turnover	1) <a href="#">BNY Mellon CSR Report 2019</a> , Progress Against Our Strategy, p.21 2) <a href="#">BNY Mellon CSR Report 2019</a> , Employee Engagement, p.30
	<b>401-2</b> Benefits provided to full-time employees that are not provided to temporary or part-time employees	In the U.S., benefit programs include: medical, prescription drug, dental and vision insurance, retirement plans, life and disability insurance, holiday and vacation time, family medical and parental leave and commuter benefits; dependent and healthcare flexible spending accounts and health savings accounts, voluntary benefits such as accident and critical illness insurance, pet insurance, auto and homeowners insurance, legal services, and identity theft insurance; and paid time off to volunteer.
	<b>401-3</b> Parental leave	<a href="#">BNY Mellon CSR Report 2019</a> , Equitable Pay and Benefits, p.25

<b>Aspect: Training and Education</b>		
<b>Standard</b>	<b>Disclosure</b>	<b>Our Response</b>
GRI 103: Management approach disclosure		<a href="#">BNY Mellon CSR Report 2019</a> , Leadership And Development, p.27
GRI 404: Training and Education 2016	<b>404-1</b> Average hours of training for employees	<a href="#">BNY Mellon CSR Report 2019</a> , Training and Development, p.28
	<b>404-2</b> Programs for skills management managing career endings	<a href="#">BNY Mellon CSR Report 2019</a> , Training and Development, p.28
	<b>404-3</b> Employees receiving performance and career development reviews	<a href="#">BNY Mellon CSR Report 2019</a> , Performance Management, p.29

<b>Aspect: Diversity and Equal Opportunity</b>		
<b>Standard</b>	<b>Disclosure</b>	<b>Our Response</b>
GRI 103: Management approach disclosure		<ol style="list-style-type: none"> <li>1) <a href="#">BNY Mellon CSR Report 2019</a>, Diversity and Inclusion, p.19</li> <li>2) <a href="#">2020 Proxy Statement</a></li> <li>3) <a href="#">Pay Equity at BNY Mellon</a></li> <li>4) <a href="#">BNY Mellon EEO/AA Policy</a></li> </ol>
GRI 405: Diversity and Equal Opportunity 2016	<b>405-1</b> Diversity of governance bodies and employees	<ol style="list-style-type: none"> <li>1) <a href="#">BNY Mellon CSR Report 2019</a>, Diversity and Inclusion, p.19</li> <li>2) <a href="#">2020 Proxy Statement</a></li> </ol>
	<b>405-2</b> Ratio of basic salary and remuneration of women to men	<a href="#">BNY Mellon Gender Pay Gap Report 2019</a>

<b>Aspect: Human Rights Assessment</b>		
<b>Standard</b>	<b>Disclosure</b>	<b>Our Response</b>
GRI 103: Management approach disclosure		1) <a href="#">BNY Mellon CSR Report 2019</a> , Advancing Human Rights, p.34 2) <a href="#">BNY Mellon CSR Report 2019</a> , Protecting Human Rights, p.79
GRI 412: Human Rights Assessment 2016	<b>412-1</b> Operations that have been subject to human rights reviews or impact assessments	1) <a href="#">BNY Mellon CSR Report 2019</a> , Protecting Human Rights, p.79 2) <a href="#">BNY Mellon Human Rights Statement</a> 3) <a href="#">BNY Mellon Supplier Code of Conduct</a> 4) <a href="#">BNY Mellon Modern Slavery Act</a>
	<b>412-2</b> Employee training on human rights policies or procedures	In order to respond to the UK Modern Slavery Act, we have conducted due diligence in partnership with our legal counsel, procurement team and 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.
	<b>412-3</b> Significant investment agreements and contracts that include human rights clauses or that underwent human rights 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. In 2016, we created and published a Modern Slavery Act statement that 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 is published annually. In 2017, we strengthened our vendor risk management by updating the Supplier Code of Conduct and added a vendor assessment/ attestation to ensure that expectations around human rights issues are clear.

<b>Aspect: Local Communities</b>		
<b>Standard</b>	<b>Disclosure</b>	<b>Our Response</b>
GRI 103: Management approach disclosure		1) <a href="#">BNY Mellon CSR Report 2019</a> , Protecting Human Rights, p.79 2) <a href="#">BNY Mellon Human Rights Statement</a> 3) <a href="#">BNY Mellon Supplier Code of Conduct</a> 4) <a href="#">BNY Mellon Modern Slavery Act</a>
GRI 413: Local Communities 2016	<b>413-1</b> Local community engagement, impact assessments and development programs	1) <a href="#">BNY Mellon CSR Report 2019</a> , Community Partnerships, p.36 2) <a href="#">BNY Mellon CSR Report 2019</a> , Community Reinvestment Act at BNY Mellon, p.68

<b>Aspect: Supplier Social Assessment</b>		
<b>Standard</b>	<b>Disclosure</b>	<b>Our Response</b>
GRI 103: Management approach disclosure		1) <a href="#">Modern Slavery Act statement</a> 2) <a href="#">Human Rights Statement</a>
GRI 414: Supplier Social Assessment 2016	<b>414-1</b> New suppliers that were screened using social criteria	1) <a href="#">BNY Mellon Modern Slavery Act</a> 2) <a href="#">BNY Mellon Human Rights Statement</a>
	<b>414-2</b> Negative social impacts in the supply chain and actions taken	<a href="#">BNY Mellon Supplier Code of Conduct</a>

<b>Aspect: Public Policy</b>		
<b>Standard</b>	<b>Disclosure</b>	<b>Our Response</b>
GRI 103: Management approach disclosure		<a href="#">BNY Mellon CSR Report 2019</a> , Advocacy and Political Engagement, p.76
GRI 415: Public Policy 2016	<b>415-1</b> Political contributions	<a href="#">BNY Mellon CSR Report 2019</a> , Political Contributions, p.78

<b>Aspect: Customer Privacy</b>		
<b>Standard</b>	<b>Disclosure</b>	<b>Our Response</b>
GRI 103: Management approach disclosure		1) <a href="#">BNY Mellon CSR Report 2019</a> , Risk Management, p.41 2) <a href="#">Privacy at BNY Mellon</a>
GRI 418: Customer Privacy 2016	<b>418-1</b> Substantiated complaints concerning breaches of customer privacy and losses of customer data	<a href="#">BNY Mellon Annual Report 2019</a> , Legal Proceedings, p.178

<b>Aspect: Socioeconomic Compliance</b>		
<b>Standard</b>	<b>Disclosure</b>	<b>Our Response</b>
GRI 103: Management approach disclosure		<a href="#">BNY Mellon CSR Report 2019</a> , Our Risk Culture, p.43
GRI 419: Socioeconomic Compliance 2016	<b>419-1</b> Non-compliance with laws and regulations in the social and economic area	<a href="#">BNY Mellon Annual Report 2019</a> , Legal Proceedings, p.178

\* CDP formerly the Carbon Disclosure Project [www.cdp.net](http://www.cdp.net)

## U.S. Workforce Demographics: EE0-1 Document 2019

### Male Workforce

Job categories	Hispanic or Latino	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or More Races	Overall total
Executive/ SR Officials & MGRS	0	10	1	0	2	0	0	13
First/Mid Officials & MGRS	108	2337	115	1	377	0	46	2984
Professionals	343	4746	344	9	1414	9	129	6994
Technicians	4	40	4	0	1	0	3	52
Sales Workers	5	84	8	0	2	0	0	99
Administrative Support	336	2707	570	10	409	2	133	4167
Craft Workers	0	0	0	0	0	0	0	0
Operatives	1	0	0	0	0	0	0	1
Laborers & Helpers	0	0	0	0	0	0	0	0
Service Workers	1	0	0	0	0	0	0	1
<b>Total</b>	<b>798</b>	<b>9,924</b>	<b>1,042</b>	<b>20</b>	<b>2,205</b>	<b>11</b>	<b>311</b>	<b>14,311</b>
Previous Report Total	793	10,725	1,115	15	2,265	11	302	15,226

### Female Workforce

Job categories	Hispanic or Latino	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or More Races	Overall total
Executive/ SR Officials & MGRS	0	3	1	0	0	0	0	4
First/Mid Officials & MGRS	84	1147	140	1	175	2	24	1573
Professionals	282	2745	399	2	887	4	108	4427
Technicians	3	40	2	0	3	0	1	49
Sales Workers	2	22	1	0	3	0	0	28
Administrative Support	563	2774	1231	7	640	8	122	5345
Craft Workers	0	0	0	0	0	0	0	0
Operatives	0	1	0	0	0	0	0	1
Laborers & Helpers	0	0	0	0	0	0	0	0
Service Workers	0	0	0	0	0	0	0	0
<b>Total</b>	<b>934</b>	<b>6,732</b>	<b>1,774</b>	<b>10</b>	<b>1,708</b>	<b>14</b>	<b>225</b>	<b>11,427</b>
Previous Report Total	934	7,450	1,912	11	1,754	16	258	12,335

**Male and Female Combined Totals**

	Hispanic or Latino	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or More Races	Overall total
<b>Total</b>	1,732	16,656	2,816	30	3,913	25	566	25,738
<b>Previous Report Total</b>	1,727	18,175	3,027	26	4,019	27	560	27,561



**VERIFICATION OPINION DECLARATION  
GREENHOUSE GAS EMISSIONS**

To: BNY Mellon

APEX Companies LLC, (Apex) was engaged to conduct an independent verification of the greenhouse gas (GHG) emissions reported by BNY Mellon for the period stated below. This Verification Opinion Declaration applies to the related information included within the scope of work described below.

The determination of the GHG emissions is the sole responsibility of BNY Mellon. BNY Mellon is responsible for the preparation and fair presentation of the GHG emissions statement in accordance with the criteria. Apex's sole responsibility was to provide independent verification opinion on the accuracy of the GHG emissions reported, and on the underlying systems and processes used to collect, analyze and review the information. Apex is responsible for expressing an opinion on the GHG emissions statement based on the verification. Verification activities applied in a limited level of assurance verification are less extensive in nature, timing and extent than in a reasonable level of assurance verification.

**Boundaries of the reporting company GHG emissions covered by the verification:**

- Operational Control
- Worldwide for Scope 1 and 2 Emissions
- USA and UK only for Scope 3 Emissions

**Types of GHGs:** CO<sub>2</sub>, N<sub>2</sub>O, CH<sub>4</sub>, HFCs

**GHG Emissions Statement:**

<b>Electricity Consumption Megawatt Hours (MWH) for 2019</b>	
Electricity Consumption MWH	303,637
Purchased Renewable Energy Certificates (RECs), Guarantees of Origin (GOs) and other renewable electricity instruments in MWH applied to Scope 2 Emissions from Purchased Electricity	301,891
<b>BNY Mellon Entity-Wide GHG Emissions for 2019</b>	
Scope 1 Emissions Metric Tonnes (mt) of CO <sub>2</sub> equivalent (CO <sub>2e</sub> )	8,102
Scope 2 Emissions – Location Based mt CO <sub>2e</sub>	130,205
Scope 2 Emissions – Market Based mt CO <sub>2e</sub> (purchased steam emissions and electricity emissions not covered by renewable electricity instruments)	3,397
Scope 3 Emissions – Category 6 Business Travel CO <sub>2e</sub>	14,605
<b>Total Scope 1 + Scope 2 Market Based + Scope 3 Business Travel CO<sub>2e</sub></b>	<b>26,104</b>
<b>GHG Emission Offsets and Net Emissions for 2019</b>	
Purchased GHG Emission Offsets mt CO <sub>2e</sub>	31,457
<b>Net Emissions CO<sub>2e</sub></b> (Scope 1 + Scope 2 Market Based + Scope 3) - Purchased GHG Emission Offsets	<b>0</b>



Data and information supporting the Scope 1 and Scope 2 GHG emissions assertion were in most cases historical in nature, but in some cases estimated.

Data and information supporting the Scope 3 GHG emissions assertion were in some cases estimated, rather than historical in nature.

**Period covered by GHG emissions verification:**

- Calendar Year 2019: January 1, 2019 to December 31, 2019

**Criteria against which verification conducted:**

- World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol, Corporate Accounting and Reporting Standard, Revised Edition (Scope 1 and 2) and the GHG Protocol Scope 2 Guidance, an amendment to the GHG Protocol Corporate Standard
- WRI/WBCSD Corporate Value Chain (Scope 3) Accounting and Reporting Standard

**Reference Standard:**

- ISO 14064-3: Greenhouse gases -- Part 3: Specification with guidance for the validation and verification of greenhouse gas statements

**Level of Assurance and Qualifications:**

- Limited
- This verification used a materiality threshold of 5% for aggregate errors in sampled data for each of the above indicators.
- Qualifications: None

**GHG Verification Methodology:**

Evidence-gathering procedures included, but were not limited to:

- Interviews with relevant personnel of BNY Mellon;
- Review of documentary evidence produced by BNY Mellon;
- Review of BNY Mellon data and information systems and methodology for collection, aggregation, analysis and review of information used to determine GHG emissions;
- Review of data and methodology for tracking purchases, certification and retirement of RECs, GOs, and GHG Offsets; and,
- Audit of sample of data used by BNY Mellon to determine GHG emissions.

**Verification Opinion:**

Based on the verification process and procedures conducted to a limited assurance level of the GHG emissions statement shown above, Apex found no evidence that the GHG emissions statement:

- is not materially correct and is not a fair representation of the GHG emissions data and information; and
- has not been prepared in accordance with the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard (**Scope 1 and 2**), and WRI/WBCSD Greenhouse Gas Protocol Corporate Value Chain Accounting and Reporting Standard (**Scope 3**).



It is our opinion that BNY Mellon has established appropriate systems for the collection, aggregation and analysis of quantitative data for determination of these GHG emissions for the stated period and boundaries.

**Statement of independence, impartiality and competence**

Apex is an independent professional services company that specializes in Health, Safety, Social and Environmental management services including assurance with over 30 years history in providing these services.

No member of the verification team has a business relationship with BNY Mellon, its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest.

Apex has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities.

The verification team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes, has over 20 years combined experience in this field and an excellent understanding of Apex's standard methodology for the verification of greenhouse gas emissions data.

**Attestation:**

A handwritten signature in blue ink, appearing to read 'Mary E. Armstrong-Friberg'.

Mary E. Armstrong-Friberg, Lead Verifier  
Principal Consultant  
APEX Companies, LLC  
Santa Ana, California

A handwritten signature in blue ink, appearing to read 'David Reilly'.

David Reilly, Technical Reviewer  
Principal Consultant  
APEX Companies, LLC  
Santa Ana, California

May 19, 2020

*This verification statement, including the opinion expressed herein, is provided to BNY Mellon and is solely for the benefit of BNY Mellon in accordance with the terms of our agreement. We consent to the release of this statement by you to CDP in order to satisfy the terms of CDP disclosure requirements but without accepting or assuming any responsibility or liability on our part to CDP or to any other party who may have access to this statement.*

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