

# CORPORATE SOCIAL RESPONSIBILITY

2010  
REPORT



BNY MELLON



# MAKING THE MOST OF OUR IMPACT ON THE WORLD

This marks the fourth Corporate Social Responsibility (CSR) report since BNY Mellon formally launched its current commitment to corporate citizenship in 2007. While our CSR initiatives continue to evolve and, in many cases, intensify, our overriding goal remains the same: to choose where we can make a strong, positive impact on the world — and then make the most of that impact. This commitment is centered on our core values of Client Focus, Trust, Teamwork and Outperformance.

Our people are involved in the CSR program at every level, from the Board of Directors, which has created an oversight committee for all CSR initiatives, to individuals in operations around the globe. Year over year, we have seen steady increases in the number of employees actively engaged in CSR activities.

Through focus and a continued commitment to strong CSR performance, BNY Mellon has been able to achieve impressive results. This report provides a detailed overview of BNY Mellon's CSR program for 2010. All of our company's reporting follows Global Reporting Initiative (GRI) guidelines as detailed in the GRI Index.

Looking ahead, BNY Mellon will continue working to enhance its CSR program. We will work to increase awareness among stakeholders, and we will continue to report on the challenges, progress and success of BNY Mellon's standing commitment to make the most of our impact on the world.

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# A MESSAGE FROM OUR CHAIRMAN AND CEO

Over the last few years, BNY Mellon has made dramatic progress as a socially responsible corporate citizen. We've adopted some fairly aggressive goals relating to everything from governance to environmental sustainability and, in a short time, accomplished a great many of them. And we've continued to push ourselves to do better.

If you're wondering why we put so much energy into this effort, it's for one very compelling reason: corporate social responsibility (CSR) is good business. It's helped us become a better partner to our clients, a more attractive employer to our people and just a stronger company generally.

As a global leader in financial services, our behavior sets a powerful example. By doing business the right way, we are helping to drive an economy of responsible business practices in every market in which we operate. Among our accomplishments in 2010, we:

- maintained top rankings for client service;
- minimized the impact of credit volatility;
- launched a six-year, \$6 million global workforce development initiative to help vulnerable youth make the transition into adulthood;
- grew employee participation in our Community Partnership program;
- reduced our carbon footprint;
- introduced our Human Rights Statement to guide us in making ethical decisions at every level in the company; and
- instituted a CSR Council of senior managers to help drive our efforts forward, under the oversight of the CSR Committee of the Board of Directors.

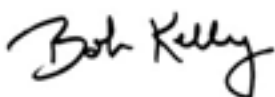
In the process, we achieved a total shareholder return of 9.4 percent, outperforming our trust bank peers and placing us in the second quartile of our broader, 12-member peer group. This reflects the strength of our business model and our continued investment in building a platform for growth. And we think it's evidence that our strategy is working and our focus on CSR is paying off.

I encourage you to read my letter to shareholders contained within **BNY Mellon's 2010 Annual Report**, posted at [bnymellon.com](http://bnymellon.com), in which I discuss the current economic and business environment for financial companies as well as matters that threaten the prosperity of the U.S.

Our work on the CSR front continues. In 2011, we're focused on making measurable improvements in the following areas:

- Strengthening employee engagement around the world
- Continuing to enhance our governance and ensure responsible business practices
- Expanding our efforts to more meaningfully serve our communities
- Improving our performance in the area of environmental sustainability

I look forward to updating you next year on our progress.



Robert P. Kelly, Chairman and Chief Executive Officer, BNY Mellon



ASSETS UNDER CUSTODY  
AND ADMINISTRATION

**\$25** TRILLION

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## OUR COMPANY

BNY Mellon is a global financial services company focused on helping clients manage and service their financial assets, operating in 36 countries and serving more than 100 markets. BNY Mellon is a leading provider of financial services for institutions, corporations and high-net-worth individuals, offering superior investment management and investment services through a worldwide client-focused team.

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ASSETS UNDER  
MANAGEMENT

**\$1.17** TRILLION

OUTSTANDING  
DEBT SERVICED

**\$12** TRILLION

GLOBAL PAYMENTS  
PROCESSED PER DAY

**\$1.6** TRILLION  
(AVERAGE)

### Our Businesses

#### Asset Management

A leading global provider of investment management products and services

#### Asset Servicing

Helping clients worldwide enhance the management, administration and oversight of their investment process

#### Issuer Services

Offering the industry's leading suite of comprehensive corporate trust, depository receipt and shareowner services

#### Clearing Services

An industry-leading provider of operational support, trading services, investment solutions and practice management for financial institutions and independent registered investment advisors

#### Treasury Services

Delivering high-quality performance in global payments, trade services, cash management, capital markets, foreign exchange, derivatives and liquidity services

#### Wealth Management

Intensely focused on meeting each client's distinct needs through investment management, wealth and estate planning, private banking, asset servicing and information management

Additional information about our major businesses can be found online or in our

**At a Glance** summary.

# BNY MELLON 2010 CSR SNAPSHOT

## GLOBAL BUSINESS

	Unit of Measure	2010 Value	2009 Value
Assets under custody and administration	Trillion USD	\$ 25.0	\$ 22.3
Assets under management	Trillion USD	\$ 1.2	\$ 1.1
Service: Outstanding debt	Trillion USD	\$ 12.0	\$ 12.0
Process: Global payments daily	Trillion USD	\$ 1.6	\$ 1.6
Total capitalization	Billion USD	\$ 37.5	\$ 33.8
Location of operations	Countries	36	34
NYSE ticker symbol		BK	BK
Client Base: Percent of Fortune 500		88%	87%
Client Base: Percent of Fortune 1,000		77%	74%
Client Base: Percent of Global 500		75%	71%

## GLOBAL EMPLOYEES

Number of employees		48,000	42,200
Total payroll	Billion USD	\$ 3.5	\$ 3.0
Employee training hours	Hours per employee	30	25
Performance Management Program coverage	Percent of employees	100%	100%
Employee retention		91%	95%

## COMMUNITY

Total cash donations <sup>a</sup>	Million USD	\$ 34.9	\$ 32.3
— Grants and other charitable sponsorships	Million USD	\$ 20.9	\$ 19.5
— Community Partnership employee contributions and company match	Million USD	\$ 14.0	\$ 12.8
Number of team volunteer hours	Hours	43,000	26,000
Number of volunteer and fundraising teams	Teams	1,100	650

## ENVIRONMENT

Emissions: Direct CO <sub>2</sub> emissions from operations <sup>b</sup>	Metric tons CO <sub>2</sub>	9,483	9,550
Emissions: Indirect CO <sub>2</sub> emissions from operations <sup>b,c</sup>	Metric tons CO <sub>2</sub>	214,240	232,600
Energy: Electricity consumed <sup>d</sup>	Million kilowatt-hours (kWh)	372	348
Carbon Disclosure Project score		66	78
Energy: Percent of global electricity usage offset by alternative energy <sup>d</sup>	Offset	62%	29%
Energy: Percent of sq. ft. awarded ENERGY STAR <sup>e</sup>	Owned or controlled sq. ft.	31%	60%
Waste: Total company waste <sup>f</sup>	Million pounds	12.2	12.7
Waste: Total recycled material	Million pounds	6.7	7.1

<sup>a</sup> Employee and company giving, including our two foundations, BNY Mellon Foundation and BNY Mellon Foundation of Southwestern Pennsylvania

<sup>b</sup> Actual emissions data are released in July of each year after the reporting deadline for this document. Therefore data within each column represents the actual emissions data for the full previous year; does not include acquisitions in 2010

<sup>c</sup> Includes Carbon Disclosure Project's scope 2 and 3 indirect emissions

<sup>d</sup> Data within each column represents the actual electricity consumption data for the full previous year; does not include acquisitions in 2010

<sup>e</sup> Data is based on total square footage owned or controlled for actual year, including acquisitions in 2010

<sup>f</sup> Data is based on actual year and does not include acquisitions in 2010

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## OUR CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Corporate Social Responsibility (CSR) is fundamental to BNY Mellon's culture and core values.

It reflects the corporate social commitments we make to our clients, shareholders, employees and communities around the world. These commitments enable us to perform with the highest standards of good governance and ethics; provide products and services that meet the rising expectations of our clients and business partners; attract and retain quality employees; provide meaningful support in our communities; and improve the social and environmental impact of our business practices and those of our suppliers.

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### Our CSR Commitments

- Ensure sound corporate governance and compliance practices, and increased transparency in the reporting of those activities
- Maintain ethical policies and provide training to ensure that all employees perform with high standards of integrity and ethics
- Develop and enhance products and services that provide social and environmental options for clients and prospects
- Continue to provide talent management and wellbeing programs that support a diverse workforce and create an environment, where employees can thrive and excel.
- Drive corporate philanthropy that advances quality of life where our employees and clients work, live and do business
- Expand environmentally sustainable management and business practices
- Build relationships with suppliers whose CSR goals and activities are aligned with our expectations
- Continue to enhance programs that ensure proper risk management and data security
- Provide active and engaged CSR oversight, including the establishment of key performance indicators and communication of progress

# BNY MELLON KEY PERFORMANCE INDICATORS

BNY Mellon sets and publishes annual Key Performance Indicators (KPIs) each year consistent with our long term CSR commitments. These KPIs represent annual goals for the company in each of the key areas of CSR and serve the valuable purpose of helping BNY Mellon set and raise expectations throughout the company from year to year. We also each year publish our performance against these KPIs for the prior year.

In 2010, the company achieved most of the goals reflected in the KPIs, but fell short in two areas.

Especially significant success was achieved in:

- Growing and creating new employee development programs
- Expansion of affinity networks and sustaining employee confidence in our commitment to diversity and inclusion
- Growing and bringing higher impact to our community support

There were a couple areas where progress was more difficult:

- Overall employee engagement, which declined by 2 percent (this is consistent with trends reported by other companies during a period of ongoing global economic stress)
- Measuring the outcomes of our community investments

We have set goals for 2011 that seek to continue strong momentum in some areas and build performance and expand in other areas.

2010 GOALS AND RESULTS	2011 GOALS
EMPLOYEES	
<p><b>Employee Engagement</b></p> <p>Continue to focus on first-quartile engagement in 2010</p> <ul style="list-style-type: none"><li>• 84 percent of BNY Mellon employees globally responded to the 2010 Employee Engagement Survey, our highest response rate in four years</li><li>• Overall engagement rate is at the top of the second quartile within our benchmark group. This is down 2 percent from our overall rating in 2009, which was just within the first quartile. Overall engagement is up 4 percent on a net basis since the first survey in 2007</li></ul>	<p>Sustain positive levels of engagement by leveraging and tailoring internal employee engagement best practices globally</p>
<p><b>Employee Development</b></p> <p>Global implementation of expanded talent development capabilities and tools for managers and employees at all levels</p> <ul style="list-style-type: none"><li>• Created and launched new Global Competency Map worldwide. This powerful tool for managers and employees facilitates all talent development programs — from hiring through development, performance management, talent reviews and succession planning</li><li>• Designed and rolled out MyDevelopment, a portal accessible by all employees globally that provides online access to more than 1,000 classroom and e-learning programs for employees at all levels, including four long-term development tracks, and a range of other development programs and ideas</li><li>• Invested in more than 1 million hours of training, similar to 2009</li></ul>	<p>Expand and measure manager and employee use of development planning process and associated talent development tools; track employee perceptions of the development opportunities available to them</p>



## 2010 GOALS AND RESULTS

### Diversity and Inclusion

Sustain positive trends in diversity and inclusion measures in engagement survey

- A very high percentage of employees agree that people with diverse backgrounds are valued in the company, up significantly from the first survey in 2007
- Expanded company-sponsored affinity networks globally, now with 82 chapters of the four groups in 19 countries (up from 39 chapters in 12 countries in 2009)

## 2011 GOALS

Sustain positive momentum and trends in diversity and inclusion through surveys and other mechanisms

## COMMUNITY

Measurably increase the impact of our philanthropy

- Enhanced focus on Powering Potential and directed 50 percent of donations toward that focus
- Implemented highly successful disaster relief program
- Increased employee participation in Community Partnership program

- Quantify the impact and outcomes achieved through Powering Potential
- Sustain significant growth rate in employee community engagement

## ENVIRONMENT

Continue to be a leader among financial institutions in environmental sustainability

- Achieved the EPA Green Power Leadership award
- Compiled sustainability profiles of every owned and controlled facility, along with U.S. leased locations greater than 20,000 square feet
- Evaluated all ENERGY STAR facilities for LEED Existing Building certification
- Earned one of the first ENERGY STAR certifications for data centers in the U.S.
- Used our portfolio of certified or developing LEED Commercial Interiors projects as a foundation for establishing a set of environmental specifications and performance criteria for interior design and construction projects
- Evaluated lighting and retrofit opportunities of all data centers and LEED Existing Building projects
- Became a Carbon Disclosure Project Signatory
- Carbon Disclosure Project score declined from 78 to 66, actively working to improve
- Implemented green cleaning policy at all owned and controlled facilities
- Launched a corporate PaperWise program with a goal of 30 percent paper reduction from 2008 to achieve by 2011

Continue to be a leader among financial institutions in environmental sustainability

- Achieve 10 percent electrical energy reduction in our tracked domestic office portfolio by 2015 from 2007 baseline
- Continue to offset 75 percent of domestic electricity consumption from 2009 through renewable energy investments and more than 50 percent of EMEA energy consumption through direct energy purchases
- Achieve 30 percent reduction in internal copy paper usage from 2008 baseline
- Achieve significant improvement in our Carbon Disclosure Project score

## GOVERNANCE

Governance

Ensure that our risk appetite principles permeate the company's culture and are incorporated into our strategic decision-making processes





# THE IMPACT OF STRONG CORPORATE GOVERNANCE

At BNY Mellon, practicing sound governance is everyone's responsibility. From the Board of Directors to entry-level employees, the way we conduct business underscores our long-standing reputation for integrity and excellence.

In the end, all business relies on the ability of the company to earn and keep trust. A comprehensive system that ensures the company is constantly working to earn and keep that trust is the core of CSR and the foundation on which all business must be conducted. Strong corporate governance encompasses many critical areas that have a direct influence on the behavior of each individual within the organization and the company as a whole. This section focuses on:

- Corporate Governance
- Corporate Social Responsibility Governance
- Active Risk Management
- Compliance and Ethics — Doing What's Right
- Resilient and Prepared Business Continuity
- Focus on Stakeholders
- Creating Superior Shareholder Value
- Government Affairs

## A Commitment from Leadership— Corporate Governance

BNY Mellon's Board of Directors is responsible for the oversight of the company's management in the interests of the company and its shareholders. Our directors are subject to the Directors' Code of Conduct. This code provides guidance to help our directors recognize and address ethical issues, provide mechanisms to report possible unethical conduct, and foster a culture of honesty and accountability. The Directors' Code of Conduct requires directors to:

- avoid any conflicts of interest between the directors and the company;
- comply with the procedures set forth in our related party transactions policy;
- maintain the confidentiality of information entrusted to them by the company and any other confidential information about the company that comes to them, except when, and to the extent that, disclosure is authorized by the company or legally mandated;

- endeavor to deal fairly with the company's clients, suppliers, competitors and employees;
- protect the company's assets and oversee their efficient and effective use;
- comply with laws, rules and regulations applicable to the company, and oversee compliance by employees, officers and other directors of the company;
- encourage the reporting of any possible illegal or unethical behavior; and
- communicate any suspected violations of the code promptly to our general counsel or the chairman of our Corporate Governance and Nominating Committee.

A copy of the **Directors' Code of Conduct** is available on our website, as well as our **Corporate Governance Guidelines**.

These guidelines address the full range of corporate governance matters, including the board's roles and responsibilities; annual self-evaluation; composition; diversity; meetings, agendas and materials; information and resources and committees; qualifications; independence; resignations; orientation and training; compensation and stock ownership; the role of the lead director; communications with directors; and authority delegated to management.

Non-management directors hold executive sessions without management at each regularly scheduled board and committee meeting. Any interested party, including shareholders and employees, may communicate directly with the lead director, who is independent of management. Such communications may include complaints regarding accounting, internal accounting controls or auditing matters and confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters. Such communications may be made by letter addressed to:

The Bank of New York Mellon Corporation  
Church Street Station  
P.O. Box 2164  
New York, N.Y. 10008-2164  
Attn: Non-Management Director

Interested parties may also send such communications to the lead director by e-mail at [non-managementdirector@bnymellon.com](mailto:non-managementdirector@bnymellon.com).

Information concerning our board committees is also available under Board Meetings and Board Committee Information starting on page 18 of the **proxy statement for our 2011 annual meeting**.

For a detailed description of our corporate governance matters, including director independence, the role of the lead director, our board leadership structure and the role of the board in risk oversight, please see the section titled Corporate Governance Matters on pages 18-28 in the 2011 proxy statement.

The Board of Directors has six standing committees. Each committee, other than the Executive Committee, consists entirely of independent directors and has a charter that sets forth its roles and responsibilities, and an annual self-assessment. Information concerning the **members of each board committee**, as well as a copy of each committee's charter, is available on our website.

## Committees of the Board

Audit Committee  
Corporate Governance and Nominating Committee  
Corporate Social Responsibility Committee  
Executive Committee  
Human Resources and Compensation Committee  
Risk Committee

## Independence of the Board

**13** Independent Members

**2** Non-independent Members

## Corporate Social Responsibility Governance

The Corporate Social Responsibility (CSR) Committee of the Board of Directors, which is made up entirely of independent directors, reviews the program and its progress regularly. Committee members provide oversight and discuss each area covered by the Key Performance Indicators and other subject-related goals, as well as the development of this annual CSR report.

At BNY Mellon, CSR is managed by a team of dedicated specialists who work with individual program areas across the company to develop and coordinate initiatives, monitor progress on material issues and build the annual CSR report. Each program area is responsible for planning and executing the initiatives specific to their business.

In 2010, the company instituted a CSR Council of senior managers, which is structured to match BNY Mellon's approach to CSR. The execution and management of each CSR area is owned by each individual part of the company. The CSR Council works to build collaboration by bringing together internal subject matter experts, as well as senior leaders representing all of our businesses and major regions globally. The CSR Committee of the Board of Directors will continue to provide oversight and guidance to the CSR team and CSR Council.

## CSR Council

Corporate Social Responsibility (CSR) is fundamental to BNY Mellon's culture and values, and reflects the corporate, social and environmental sustainability commitments we make to our clients, shareholders, employees and communities around the world. Because we believe that delivering on these commitments is critical to our sustained ability to grow, innovate and outperform, we are focused on accelerating our efforts in this area.

### Objectives

- Advance the company's CSR efforts through advocacy within each business area, including raising awareness of the value of CSR, championing sustainable behavior and engaging employee participation in employee, community and environmental programming
- Contribute to a meaningful dialogue, providing perspective and feedback on potential strategies
- Collaborate with key constituents and business leaders to build stronger CSR engagement and support throughout the company

## Active Risk Management

Risk taking is a fundamental characteristic of providing financial services and arises in every transaction we undertake. Our primary risk exposures are operational risk and, to a lesser extent, credit and market risk. A more extensive discussion of these risks can be found in the **BNY Mellon Annual Report**.

Our approach to risk management is driven by the fact that we are a leading provider of financial services and play a major role in the global marketplace. As a result, we are committed to maintaining a balance sheet that remains strong throughout market cycles to meet the expectations of our major stakeholders, including our clients, shareholders, employees and regulators. The balance sheet will be characterized by strong liquidity, superior asset quality, ready access to external funding sources at competitive rates, and a strong capital structure that supports our risk-taking activities and is adequate to absorb potential losses.

These characteristics support our goal of superior debt ratings versus our peers. To that end, the company's Risk Management Framework has been designed to: 1) ensure that appropriate risk tolerances ("limits") are in place to govern our risk-taking activities across all businesses and risk types; 2) ensure that our risk management principles permeate the company's culture and are incorporated into our strategic decision-making processes; 3) ensure rigorous monitoring and reporting of key risk metrics to senior management

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BNY Mellon has established systems and processes to identify, address and report on risk management issues.

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and the board of directors; and 4) ensure that there is an ongoing, and forward-looking, capital planning process to support our risk-taking activities.

### New Product Risk

When new products are introduced, corporate policy requires a product review and risk assessment. The review and risk assessment requires the approval of senior business management and senior risk management officers. It ensures that the product is in full compliance with corporate policies and all legal and regulatory requirements; any preconditions to the product offering are met; product performance is tracked against standards; risks are identified and effective controls exist; and a post-approval review of the product risk profile and financial results is conducted within 12 months of product launch.

### Social and Environmental Risk

Besides those relating to Compliance and Ethics, BNY Mellon does not have specific environmental or social policies or training applied across the board to our businesses. However, the company has established processes for considering reputational risks tied to potential investments and activities. The goal of these processes is to ensure that our investments are consistent with the core values of the company.

Each business and boutique firm explores opportunities within regulatory guidelines to meet the specific goals and needs of their clients. Individual businesses are responsible for actively identifying, assessing and managing the risks taken. The development of new products and services addressing climate change is most directly related to specific products discussed in the Business section of this report.

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BNY Mellon processes millions of transactions every day for our clients. Our work in a complex, highly regulated industry requires a best-in-class approach to operations and technology risk management.

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### Operational and Technology Risk

Information security risks are rising exponentially, and financial services companies are among the most targeted in the world. BNY Mellon has implemented a multi-year strategy to proactively protect the company from information, technology, supplier,

business continuity and other operational risks within a balanced control environment, while enabling critical business solutions. We use state-of-the-art information security tools to protect our vital information assets and mitigate existing and new threats appropriately. Our internal auditors, internal control group, external auditors and regulators monitor and test our controls and financial reporting systems on an ongoing basis. We offer services such as business continuity planning and testing; identity and access management governance; risk assessment and data analysis; information security risk and control monitoring, reporting and key metrics; security incident management, including forensic tools and analysis; and training and communications to ensure that risk management is considered and optimized in all corporate decision-making.

## Ethics and Compliance — Doing What's Right

Although the financial services industry has changed markedly over the past several years, our continued commitment to ethics and compliance has not. Because of this commitment, we weathered one of the most challenging periods in the industry's history with our strong reputation intact.

We have been able to navigate through this challenging environment by adhering to our key principle, Doing What's Right. This is more than ensuring the company's actions comply with the applicable laws in the jurisdictions in which we do business. It is also the foundation of each employee's job responsibilities. Upon this foundation, we have given our employees the structure and means to perform their duties to high ethical standards. These include:

- A Doing What's Right campaign that includes a message to managers, dedicated intranet pages, poster campaign and brochure to all employees
- A personal commitment by all employees to understand and comply with the Code of Conduct and its key principles
- Ethics training based on real-life scenarios
- Quarterly employee communications illustrating real-life ethical situations
- A dedicated Ethics Help Line and Ethics Hot Line.

We remain committed to delivering on our commitment to our clients, communities and shareholders, fostering and maintaining a culture of the highest standards of ethical conduct.

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All active employees were required to complete a 49-question Code of Conduct Questionnaire and certify their compliance with the Code of Conduct.

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## Doing What's Right — Six Key Principles

**Respecting others** — Mutual respect, professional treatment, harassment-free environment, safety, security, managers' responsibilities

**Avoiding conflicts** — Navigating potential conflicts with regard to gifts; entertainment; outside employment; outside business dealings; outside service as a director; officer or general partner; ownership of an outside business; fiduciary responsibilities; personal investment decisions; dealing with family and close personal friends; corporate opportunities

**Conducting business** — Fair competition, antitrust, anti-corruption, improper payments, combating financial crime, anti-money laundering and anti-bribery

**Working with governments** — Obligations, basic principles

**Protecting assets** — Financial integrity; additional standards for senior financial professionals; use of company assets; protecting client and employee records; observing our privacy principles; records management; use of computers, systems and corporate information; inside or proprietary information

**Supporting our communities** — Political activities; investor and media relations; charitable contributions; corporate sponsorships; participating in trade associations, conferences and speaking engagements

Additional resources available to employees include:

- Ethics Help Line operated by BNY Mellon Ethics Office
- Ethics Hotline operated by EthicsPoint®, an independent hotline administrator
- Incident reporting through an easy-to-use desktop application
- Correspondence with a lead director of the board through our Director's mailbox

Our ethics training extends to security personnel as well. Companies providing security staff to BNY Mellon in the UK are required to provide training on equality and diversity, powers of arrest and dealing with aggressive individuals. The current staff is 100 percent compliant with this requirement. Additional ongoing training in these areas is being made available to security personnel in the near future.

BNY Mellon also has security personnel services provided by companies in Brussels, Belgium. These personnel are trained on diversity, dealing with hostile people, duty of care and legal rights. The current staff is 95 percent compliant with this requirement; annual refresher training on these topics is also mandatory.

The security personnel companies providing services to BNY Mellon in the U.S. are required to provide training on use of force, powers of arrest, workplace violence and harassment, conflict resolution, and demonstration or protest procedures. The current staff is 95 percent compliant with this requirement; ongoing training in these areas is also available to the security staff.

Ethics and Compliance Training

BNY Mellon maintains a comprehensive suite of relevant, broad-based compliance and ethics training programs. These programs are designed to quickly adapt to meet the ever changing legal and regulatory global environment in which we operate and to ensure employees have the necessary tools to conduct business lawfully and in accordance with the highest possible standards of ethical conduct. In addition to the courses listed below, new employees participate in a set of specifically designed courses that allows for flexibility to accommodate the requirements of their on-boarding process and job training.

MANDATORY ETHICS AND COMPLIANCE TRAINING COURSES

2010	2011
Information Protection and Classification Standards	Bribery and Corruption — General Awareness
Insider Trading	Ethics Refresher
Conflicts of Interest	Anti-Money Laundering Refresher
BNY Mellon Code of Conduct	
Anti-Money Laundering Refresher	

Anti-corruption Program

The company has a zero-tolerance policy for bribery and corruption. Our anti-corruption program is designed to facilitate compliance with applicable laws such as the Foreign Corrupt Practices Act and the Impending UK Bribery Act. This program extends to all the company's business dealings and transactions in all countries in which it or its subsidiaries and associates operate.

Our Commitment to Human Rights

In 2010, BNY Mellon introduced its Commitment to Human Rights Statement, which serves as an overarching statement that encompasses corporate policy-making to protect the rights of the individual. At our company, we recognize that the value of the person and a respect for human dignity transcends borders, oceans and cultures.

In developing this statement, the company considered many models, including the United Nations' Universal Declaration of Human Rights. While such models help to stimulate dialogue on human rights, especially within governments, a succinct Human Rights Statement at our company had to take into account and embrace the nature of our relationships with all major stakeholders and of our business, everywhere we operate.

BNY Mellon's Human Rights Statement

BNY Mellon is committed to the protection and preservation of human rights around the world.

Our commitment to human rights is embedded in the culture and values that define our company and is reflected in our policies and actions toward our employees, suppliers, clients, and the communities and countries where we do business.

We strive to create an environment of respect for all individuals. We do not tolerate corruption, discrimination, harassment, or forced or child labor in any form.

We are committed to an inclusive, safe and ethical workplace as demonstrated within our Code of Conduct, Equal Employment Opportunity statements, and our other human resources policies. Our human resources policies require compliance with local laws concerning employment and individuals' rights in every country in which we operate.

We work with our communities and our suppliers to encourage cultural, economic and social development.

We believe that, through our actions, we can be a constructive influence for human rights.

Resilient and Prepared Business Continuity

BNY Mellon's first priorities in any emergency are the safety and wellbeing of our employees, the security of our clients' financial assets and the continuity of our businesses.

Our Global Business Continuity program is designed to ensure resilience and preparedness to withstand and recover from natural or man-made emergencies. This is increasingly important as BNY Mellon expands globally and continues to monitor, adjust and reinforce our business continuity planning strategies and worldwide recovery processes. The company's overall response to any emergency is based on best practices learned from actual events and testing. Service reliability and systems resilience are essential components of the company's business strategy. The Global Business Continuity group guides BNY Mellon's businesses and recovery coordinators, helping them to identify and manage risks and prepare the company for continued service in the face of events or disruptions. BNY Mellon's business continuity planning programs focus on three key areas: crisis management, business resumption and technology recovery.

We continually assess our business resumption readiness, providing annual business continuity training for all staff. During 2010, we

substantially added to our remote access and work-at-home capabilities, which enhances our pandemic preparedness business continuity strategy and enables staff to work remotely, providing continuity of service to clients during extreme weather or building emergencies. We also employed precautionary, proactive health strategies, such as providing free flu vaccinations and portable hand sanitizer to curtail infection and the spread of seasonal and H1N1 flu viruses in the workplace. Our business recovery programs include the ongoing use of cross-regional partners to maintain service to clients during a crisis.

## Focus on Stakeholders

BNY Mellon engages in substantive and growing interactions with our stakeholders in order to understand and inform them of our decision-making and help them understand the full impact of our company. Each of these constituencies has a significant influence on the reputation of our company. Because of this, we developed the accompanying chart to identify primary BNY Mellon stakeholder groups, along with focus areas for each relationship. In addition, to obtain an external perspective on the development of this report, we consulted with a leading organization on corporate responsibility,

### SHAREHOLDERS

#### **Our Responsibility**

Manage company in best interest of shareholders

#### **Our Interaction**

Annual and quarterly reports and meetings  
Webcasts and conference calls  
Financial services conferences  
Proxy voting

### CLIENTS

#### **Our Responsibility**

Excellent service

#### **Our Interaction**

Client satisfaction survey  
External surveys  
Informal/formal meetings

### EMPLOYEES

#### **Our Responsibility**

Foster an engaged workforce  
Treat employees fairly

#### **Our Interaction**

Engagement survey  
Town halls  
Performance Management and Development programs  
Affinity networks

### COMMUNITIES

#### **Our Responsibility**

Build better communities

#### **Our Interaction**

Financial support  
Volunteering, including board service  
Fundraising



### ENVIRONMENT

#### **Our Responsibility**

Good environmental stewardship

#### **Our Interaction**

Strong environmental management of company facilities  
Carbon Disclosure Project signatory

### GOVERNMENT

#### **Our Responsibility**

Corporate citizenship  
Share expertise

#### **Our Interaction**

Advise  
Advocate

### EXTERNAL PARTNERS

#### **Our Responsibility**

Understand market trends  
Share expertise

#### **Our Interaction**

Solicit feedback  
Senior leaders industry involvement

### SUPPLIERS

#### **Our Responsibility**

Ensure quality and compliance  
Be responsible with buying power

#### **Our Interaction**

Risk survey and evaluation

\* External partners include peer companies, nonprofits and other industry associations.



Business for Social Responsibility, regarding key content and material issues.

The global focus of our stakeholder engagement programs was an area of attention in 2010. We enhanced our communication and interaction with international communities through philanthropy and government affairs, as well as our environmental sustainability efforts. The CSR Council of senior managers has also enriched the conversation with stakeholders from functional areas across the company. The CSR Council has provided a valuable forum for collaboration on efforts to address feedback received through our multiple surveys and communication vehicles.

Later in this section, we discuss our commitment to shareholders and engagement with government stakeholders. In subsequent sections, we specifically address our engagement with clients, employees, communities and the environment.

As a global company, we partner with dozens of external organizations. Following are some of the major industry associations in which we have substantive relationships:

- Bank Administration Institute
- Bank Technology Conference
- Bankers Association for Finance and Trade
- BITS
- British Bankers Association
- CFA Institute
- CHIPS
- Clearing House
- Depository Trust and Clearing Corporation
- Electronic Check Clearing House Organization
- Euroclear
- European Securities Forum
- Financial Services Forum

- Financial Services Roundtable
- Foreign Exchange Committee
- Information Technology Senior Management Forum
- Institute of International Finance
- National Association of Pension Funds
- National Association of Securities Dealers
- The Association of Global Custodians

## Creating Value for Shareholders

Shareholders constitute a core group of stakeholders. At BNY Mellon, we are committed to creating long-term value for our shareholders. Our businesses are revenue-led, driven by organic growth and market share gains, and supplemented with incremental acquisitions or divestitures.

Our long-term financial goals are focused on achieving superior total shareholder returns. This is accomplished by generating first-quartile earnings per share growth over time, relative to a group of peer companies. Key components of this strategy include:

- Successful integration of acquisitions
- Providing superior client service versus our peers, as measured through independent surveys
- Strong investment performance, relative to investment benchmarks
- Above-median revenue growth, relative to peer companies for each of our businesses
- Increasing the percentage of revenue and income generated outside the U.S.
- Competitive margins
- Positive operating leverage

We provide quarterly and annual reports of our financial results, host quarterly conference calls to discuss our performance, and participate in financial services conferences to review our strategy, objectives

## STAKEHOLDER ENGAGEMENT: Industry Partners

Since the financial crisis, BNY Mellon has led the call for meaningful financial regulatory reforms.

To help ensure that the most essential issues were addressed in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, we actively engaged with key legislators and regulators as the legislation took shape. Our CEO, Bob Kelly, chairs the Financial Advisory Council of the Federal Reserve Board and the Financial Services Forum, which is comprised of CEOs of 18 of the leading U.S. financial services companies. Through these organizations and BNY Mellon's own outreach, we have worked to remain part of a constructive dialogue as policy is shaped.

We are now urging U.S. legislators to turn their attention to other matters that endanger our prosperity and status as the world's largest economy, including the need to reduce our fiscal deficits, reform our mortgage system, adopt more competitive corporate tax rates and improve the quality of our education system so that we are preparing workers for 21st-century jobs.



and results. Our senior management is actively engaged with our shareholders, rating agencies and others in the investment community. We gather feedback from investors and analysts through our direct interactions and also through independent surveys, which a third party conducts monthly. We use all of this feedback to make certain our financial disclosures meet the highest standards of accountability and transparency. Throughout the financial crisis, we have incorporated suggestions from the investment community in many areas, including the provision of more detailed metrics for our businesses and enhanced disclosure around our investment securities portfolio. Investors often express their appreciation for our thorough disclosure.

## Government Affairs

The success of our business is directly tied to the health of the global capital markets, and that is why we have played and continue to play an active and constructive role during consideration of regulatory reform.

While supporting meaningful reforms, we emphasized the need for balanced legislation that would not hamper the ability of financial services companies to lend or compete globally. The wellbeing of our industry is essential to creating jobs and supporting the recovery, as well as ensuring that taxpayers are not footing the bill.

Given our role as a provider of critical infrastructure for the global financial markets and our daily interaction with our financial institution clients, we have special insights into the inner workings of the markets, ensuring that we will continue to serve as a key resource to U.S. government agencies during implementation of the Dodd-Frank Act.

### Political Activity (U.S. Only)

BNY Mellon is subject to an extensive system of federal and state laws and regulations that can significantly impact our shareholders, clients, employees and communities. Accordingly, we believe that participation in the political process is an integral part of corporate citizenship and of representing the company's business interests. One such form of participation is making political contributions, where permitted by law.

The company's political action committee (PAC) is a voluntary, nonprofit, bipartisan association that provides financial support to political candidates and committees. The PAC, which operates solely on the voluntary contributions of eligible employees, is regulated by the Federal Election Commission (FEC) and files regular reports with the FEC and relevant state election commissions on its receipts and disbursements. Reports filed with the **FEC** are available to the public.

Our PAC makes contributions to U.S. federal candidates, a limited number of state and local candidates, their campaign committees and other PACs. When making specific contribution decisions, the PAC considers a number of factors, including the candidates' positions on

issues related to our business, their leadership positions, their legislative committees and the communities they represent.

## 2010 Contributions

### Corporate

In 2010, corporate political disbursements were a combined total of less than \$10,000. Corporate contributions, which are subject to different legal requirements than apply to donations by the PAC, have historically been relatively small due to the nature of our business and corporate practices.

### PAC

In 2010, employees donated \$522,538 to the Political Action Committee, which subsequently distributed a total of \$610,850. The PAC disbursements vary from year to year, and funds remaining are carried for use in the next year. Funds were carried forward from 2009.

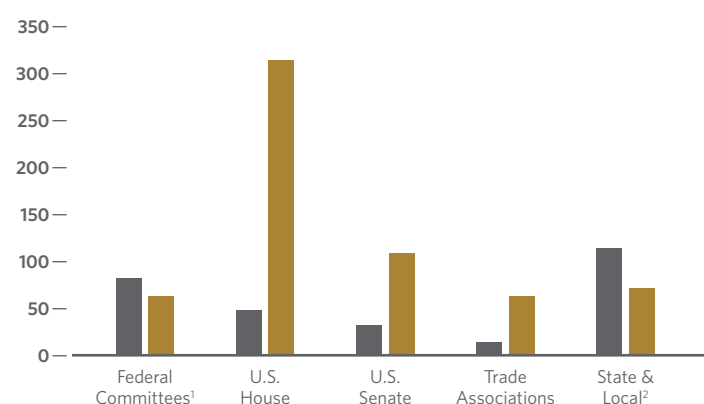
## Review and Oversight

Our Government Affairs group oversees all political activity by or on behalf of BNY Mellon, including the administration of our PAC. It is also responsible for reviewing potential contributions and, in conjunction with our Legal department, ensure that BNY Mellon's political activity complies with applicable legal requirements. The Corporate Social Responsibility Committee of our Board of Directors, which consists entirely of independent directors, provides oversight of BNY Mellon's programs regarding government affairs, including lobbying and political contributions.

BNY Mellon's Code of Conduct requires all employees to receive permission for the use of BNY Mellon's name or resources in connection with political events, political candidates and campaigns.

## PAC Contributions (in thousands)

**\$610,850 total**



<sup>1</sup> Includes contributions to federal candidates through federal accounts of state parties and association PACs (DELPAC and NY Bankers)

<sup>2</sup> Includes state executive, House, Senate, trade associations, county, and local



# RESPONSIBLE BUSINESS PRACTICES **DRIVE OUR IMPACT**

In this section, specific areas of focus are:

- Industry Discussion
- Empowering Clients
  - Through access to information
  - Through measuring satisfaction
- Products driven by environmental and social impact
  - Environmental Innovation Solutions
  - Asset Management and Socially Responsible Investing
- Working with Our Suppliers

In nearly every business transaction or decision, there is an opportunity to benefit society beyond the immediate business objective. At times, in fact, responsible business practices open new doors, new markets and new relationships that serve both the needs of the community and the company. In the section below, we explore a few of our company's products that do just that.

BNY Mellon is different from most traditional banks in that we are essentially in two core businesses: investment management and investment services. As a global leader in both of these areas, our

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Whether through specific products or our day-to-day client interactions, we conduct responsible business practices in every market in which we operate.

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core values of Client Focus, Trust, Teamwork and Outperformance have guided us over many years of operation. And, today, we're one of the healthiest financial services companies in the U.S..

## Industry Discussion

Within the financial services industry, responsible business practices have been at the forefront of attention in three areas: U.S. financial regulatory reform, continued debate about the U.S. mortgage industry, and industry practices around value-added services in the trust and custody business.

- 2010 saw a major transition in our industry with the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act. We welcomed these urgently needed reforms, having led the call for meaningful reform and engaged with key legislators and regulators to ensure the legislation addressed these issues. Although our business was not materially affected, throughout the company we increased support to help clients understand the transformative impact of the legislation. Through interactions at a panel discussion about new trading strategies and risk in the derivatives market, or during a client conference for equity issuers on corporate governance, or through regular updates on reporting requirements, we're holding ongoing, proactive conversations with clients.
- The debate has now begun on the future of the U.S. mortgage system. It was a core reason for the economic downturn, with tragic results for homeowners. We are in favor of the creation of national standards for qualifying for a mortgage and encouraging banks to carry the loans on their balance sheets as well as sell them through securitizations where they maintain some level of risk or accountability.
- Two services that add value to our asset servicing business — securities lending and foreign exchange — have generated substantial amounts of legal activity and related media coverage during the past two years. For additional details about the litigation, please see [note 25 of our 2010 Annual Report](#).

Our company's business practices and platforms play a critical role in creating a safe and reliable environment for global financial markets and, in this pursuit, BNY Mellon itself has become stronger.

## Empowering Clients through Access to Information

### Improved decision-making through risk analytics and transparency

Across all our businesses, we are dedicated to making sure clients have access to all of the information they need to make sound decisions. The company does this at multiple levels, from providing the right technological tools to maintaining teams with the talents and skill sets to deliver the highest quality service. Through a commitment to quality service, the company is able to achieve superior performance and meet all of its corporate citizenship obligations.

While we have seen significant recovery from the market crisis of late 2008 to early 2009, volatility remains and there is a sense of caution in the marketplace. The market downturn and credit crisis reinforced to some investors that they didn't necessarily know what their exposures were, the concentration of assets of those with whom they did business and whether investments were in line with their policies.

We also continue to see a tightening of regulations across all markets and segments, with new filing, disclosure and reporting requirements for asset owners and asset managers. We can expect further regulations and requirements in the future. A perfect storm of market conditions, misguided decisions and even criminal activity created a lack of trust in the marketplace.

As a result, many investors now demand more timely and granular information on their investments and greater transparency. Within the Investment Services part of our company, we respond to these industry challenges by empowering clients to better understand their own investments and improve decision-making.

- **Performance and Risk Analytics for Asset Owners** — We offer a broad spectrum of solutions that help asset owners and asset managers compare, analyze and understand the impact of their investment decisions. We've recently enhanced our capabilities to support a growing number of clients requiring daily security level performance, assisting them to understand exposures and performance at a detailed level.
- **Best Practices** — As the world's largest custodian responsible for \$9.7 trillion in assets under measurement, we have extensive insight into the everyday challenges investors face and how to solve them. Our consultative approach and partnership with clients enables us to bring best practices to the table to assist and provide perspective.
- **Supporting Regulatory Compliance** — With an ever-growing list of regulatory requirements, we continue to support our clients' interests. We proactively monitor potential legislation globally and provide a quarterly update to clients to help raise awareness. We have also launched new and innovative services to assist U.S.-based clients with SEC Rule 2a-7 (Money Market Stress Testing) and GASB 53 Derivatives Reporting, and are looking at how we can help clients with Europe's Undertakings for Collective Investment in Transferable Securities IV (UCITS IV).
- **Innovative Solutions and Risk Analysis** — Compliance monitoring and risk analysis remain firmly in the spotlight for our clients. We are supporting more clients with enterprise-wide investment risk analysis. Through our partnership with Investor Analytics, clients can look at risk across asset classes, understand sensitivities and see what would happen to their portfolios if certain events were to happen. On the compliance side, almost 200 global clients are now benefiting from our new compliance tool, with enhanced data attributes including additional environmen-

tal, social and governance (ESG) screening (see below for more information), improved reporting and flexibility.

- **Data Management and Reporting for Individual Investors —**

As investors seek to analyze more data across a growing list of instruments and asset classes, the management of that data is becoming more complex. Being able to look across instruments, asset classes and managers is now an everyday necessity. Clients are being tasked to do more with less and, with our integrated capabilities and online reporting, clients can easily find the

information they need and customize it to meet the needs of their audience.

Throughout the world today, outputs from BNY Mellon's Performance and Risk Analytics group within Asset Servicing are being used to help clients make informed decisions, analyze their investments and support regulatory filings. Our commitment to providing such capabilities and remaining at the forefront of an increasingly complicated market is a responsibility we take seriously.

## Environmental, Social and Governance Screening

Investors today increasingly consider environmental, social and governance (ESG) criteria in evaluating investment decisions. Although it is a departure from the traditional view of fiduciary responsibility, there is growing acknowledgement that the way results (i.e., investment returns) are achieved is as important as the results themselves.

In the Investment Management business, we see this through socially responsible investment practices, which are discussed later in the report. In our Investment Servicing business, BNY Mellon offers extensive screening capabilities to our client base to allow them to monitor the characteristics of their investments, including 27 controversial business issues globally. As an input to post-trade compliance monitoring, we have added additional screens in 2010 in response to growing interest from our global client base and specific criteria that institutional investors are looking for. Whether driven by value beliefs, ESG considerations or regulatory requirements, we are helping more clients to:

- screen for investments that may violate a restriction within a portfolio mandate (e.g., specific industry or business operation);
- understand business and revenue composition for a growing list of companies that operate multiple businesses; and
- meet obligations required by governments, such as the Office of Foreign Asset Control in the U.S.

Although the current tool is mostly used for prohibitive screening, we will continue to work toward the possibility of using the screening in a more positive evaluation, identifying companies as outperformers based on their environmental or social responsibility. As of year-end, more than 200 clients had access to the extensive range of ESG data for use in the post-trade monitoring of their investments.

## Shareowner Services

As one of the leading transfer agents in the country, BNY Mellon Shareowner Services manages some of the largest and most complex programs in the market today. We believe transparency and reliability should be hallmarks in the way we do business. We help clients manage and operate more efficiently, as well as keep their own standards for accountability to regulators, their customers and the community. BNY Mellon Shareowner Services is a leading provider of integrated corporate equity and employee stock plan solutions to more than 2,600 institutional clients, approximately 30 million shareowners and more than 2 million employee stock plan participants worldwide.

Our range of flexible products and services not only reduces the time and effort associated with basic activities related to stock ownership, it also helps our clients' shareholders become more informed, responsible and successful investors. Through EquityAccess and Notice and Access websites, shareholders and employees are able to download statements, tax forms and other important documents, acknowledge employee stock plan grants, and view annual meeting and proxy materials — all of which would have previously been conducted via paper and by maintaining an extensive document inventory. Now, through our e-delivery offering, we can simultaneously reduce expenses for our clients, improve reliability and reduce our collective environmental impact.

**Publications are available online** that provide insight on developments impacting our industry.

These are just a few of the awards we've received, thanks to our focus on world-class client satisfaction.

**Fortune World's Most Admired Companies, 2010**

- No. 3 Superregional Bank (U.S.)

**Financial News Awards for Excellence in Institutional Asset Management Europe, 2010**

- Most Influential Woman in Asset Management — Helena Morrissey, CEO of Newton

**Global Investor/ISF Global Custody Survey, 2010**

- No. 1 vs Peers Overall (unweighted)
- No. 1 Overall in Americas (weighted)
- No. 1 Single Custodian: Asia-Pacific

**Global Custodian Hedge Fund Administration Survey, 2010**

- Top scores for client service
- Top-rated by "Leading Clients," clients with \$1B+ in assets and multi-strategy clients
- 47 best-in-class awards

**Global Custodian 2010 Tri-Party Securities Financing Survey**

- Top-rated Globally and in North America

**Global Custodian 2010 Global Custody Survey**

- No. 1 among peers in North America
- 132 best-in-class awards globally

**Investment News, 2009**

- No. 1 U.S. clearing firm ranked by broker-dealer customers (Pershing)

**Global Investor/ISF FX Survey, 2010**

- #1 in 25 categories including #1 in all four overall performance tables

**Global Finance World's Best Treasury and Cash Management Providers, 2010**

- Best White Label System Provider

**International Custody and Fund Administration Magazine, 2010**

- European Broker/Dealer Custody and Clearing Provider of the Year (second consecutive year)
- Fund Administrator of the Year: Ireland (fifth consecutive year)
- Custodian of the Year: Netherlands

**Global Trade Review, 2010**

- Best Trade Outsourcing Bank (second consecutive year)

**Financial-i Magazine, 2010**

- Leader in Innovation for Securities Services Provider — North America

**National Quality Review (NQR)**

- Retail Services Call Center named best-in-class for service excellence, third quarter (Dreyfus)

## Empowering Clients through Measuring Satisfaction

Our clients' satisfaction is central to our success. Client trust us every day with their information and assets, and that's a responsibility we take seriously. BNY Mellon is centered on achieving the highest levels of client satisfaction. So, it's no coincidence that Client Focus is one of our company's core values.

Throughout the company, we partner with clients to solve problems faced by their industry or their company. This collaborative approach significantly increases the potential for loyalty, positive references and new business opportunities.

We proactively prepare our employees to be good partners through:

- increased skills training;
- enhanced industry knowledge; and
- a clear expectation to "deliver the whole company."

BNY Mellon continues to refine its client coverage structure to ensure that human capital is used effectively to enhance our clients' and prospects' relationship with our company.

In addition to the ongoing evaluation that happens as a natural part of the client-company dialogue, we monitor both long- and near-term client satisfaction by conducting surveys and comparisons to industry norms. We collect feedback from more than 9,000 clients every year, across our major businesses, and use it to take action on client input about our products, services and relationship management. In annual marketplace surveys, we assess our brand strength using ratings from more than 1,700 prospects and clients concerning the awareness and reputation of our brand. Our businesses also participate in a large number of client satisfaction and performance surveys conducted by trade publications and industry groups. Many of our transaction-oriented businesses also conduct client surveys to gauge near-term satisfaction with our service delivery.

Client satisfaction levels and brand strength measures are reported to our company's Executive Committee throughout the year. The committee assesses progress against our goals and defines appropriate follow-up to ensure the best possible client satisfaction and brand strength. These leadership groups use survey results to drive service improvements and, in some cases, tie compensation directly to client satisfaction trends.



## STAKEHOLDER ENGAGEMENT: Clients

In 2010, as in previous years, we invited representatives from some of our largest clients to a meeting of our Operating Committee, the team of top executives from around the world who lead our company.

Participants included the CEOs of a global investment manager and a Fortune 500 company and senior executives from a leading insurance company and one of the world's top investment banks.

As is customary at this meeting, the clients shared their views of BNY Mellon and offered ideas on how we can most effectively interact with and serve them. Concrete feedback from the meeting was shared with all staff globally to help them become more valuable partners to our broader client base.

## Products Driven by Environmental and Social Impact

### Environmental Innovation Solutions

Environmental financial markets, where carbon offsets and allowances are traded, are extremely dynamic as regulation, legislation and environmental awareness continue to evolve. These markets are designed to support environmentally beneficial activities related to greenhouse gas emissions, clean water, biodiversity, forestry preservation and a host of other environmental efforts. We believe it is important to help the environmental markets grow and mature, both for the good of the planet and for our company.

Market mechanisms can provide for an efficient and effective means of solving environmental challenges. Successful environmental financial markets require robust and reliable market infrastructures — proven processes and procedures that provide confidence and convenience to regulators and non-governmental organizations to issue environmental units. In general, these units can then be used to monitor actions that impact the environment and to reward environmentally beneficial behaviors. The environmental financial markets allow investors to trade the units and regulated entities to acquire, safekeep and tender units for compliance.

The Environmental Innovation Solutions (EIS) team segregates the environmental markets into three constituencies:

- Issuers and administrators of carbon credits and offsets
- Investors and liquidity providers in carbon credits and offsets
- End-users of carbon credits and offsets

It's our goal to support our communities and our clients in cultivating their own environmental sustainability, across all kinds of needs associated with environmental units. With global capabilities, a proven track record in asset servicing and advanced management skills, EIS provides the following services to the environmental financial markets:

- **Bilateral Trade Support** — By facilitating the transfer between buyers' and sellers' accounts, we greatly reduce aspects of risk
- **Auction Support Services** — Interfacing with various auction platforms, we facilitate the settlement of environmental auctions
- **Trade Clearing and Settlement** — Leveraging our securities processing and cash management capabilities, we have ready-made trade processing solutions for the many start-up exchanges
- **Safekeeping/Custody** — Recordkeeping, reporting and transacting these units can be complex, as these units can exist in many forms
- **Emission Reduction Purchase Agreement and Offset Project Escrow Support** — Offset projects typically sell their compliance units under forward purchase agreements. Our escrow services provide all parties with reassurance that the escrowed property will be distributed as specified in the agreement
- **Consolidated Reporting** — Our custody engine provides a single interface for multiple types of compliance units
- **Collateral Management** — Environmental units require sophisticated collateral management tools that BNY Mellon currently applies to other assets
- **Environmental Fund Recordkeeping** — Our proven capabilities in private equity and hedge fund processing can be applied to the growing number of environmental funds as well
- **Energy Information Services** — Strong accounts payable services for utility bills linked to energy usage audits and comparison to comparable properties
- **Registry Services** — BNY Mellon's leading position as debenture trustee and transfer agent can be leveraged against the needs of government entities and non-governmental organizations to accurately record, transfer and report compliance unit positions.



Susan Skerritt,  
Executive Vice President,  
Environmental Innovation Solutions

## Q-and-A with Susan Skerritt, Executive Vice President, Environmental Innovation Solutions

### ***Why are environmental markets an important issue for our industry and our world?***

Environmentally beneficial projects have the best opportunity for success when three things come together: regulation, technology and financing. Without all three pieces of the puzzle, a company or country does not have the incentive to invest in large-scale environmental projects, such as a nationwide solar grid or a manufacturer's investment in new equipment that reduces greenhouse gas emissions. Although regulation and technology move at their own pace, BNY Mellon helps provide the third critical component — a path to financing — by serving, not as a funding source but, as a trusted intermediary and supporting market infrastructure.

### ***How would you describe the current environmental markets, and what do you expect for 2011?***

To describe the current markets in a single word — uncertainty. There is a tremendous amount of uncertainty related to legislation and regulation. Some clarity is being achieved with the recent approval of California's Cap and Trade program. It will be interesting to track the other six western states and four Canadian provinces that are part of the Western Climate Initiative. We expect very little to happen in the U.S. at the federal level, given the recent election results, but we expect to see continued environmental action at state and regional levels domestically. Also, while no great progress was achieved at the recent UN climate meetings in Cancun, Mexico, there were no new roadblocks imposed to a post-2012 UN emissions scheme. Internationally, we will continue to support our clients as additional countries institute programs. A continued growth of a patchwork of different schemes is what the near- and medium-term future holds.

Uncertainty also surrounds the current market infrastructure. This is where BNY Mellon can really provide value. To date, the majority of transactions in these markets were between a small set of entities — primarily electrical generators — trading units on a bilateral basis. Over the past two years, these markets have grown. Our clients are concerned about the growing number of market participants and the lack of sufficient knowledge about this growing pool of potential counterparties. Confidence is provided to the entire market when well-respected organizations like BNY Mellon are brought into the process. Our suite of services provides the market with the comfort to transact with a broader number of participants. This, in turn, deepens the pool of liquidity and trading that fosters an efficient market. We expect the increased transaction volume to create numerous exchanges and auction sites that will increase transparency, decrease counterparty risk and decrease the cost of capital. All of this will allow more environmental projects to be undertaken.

### ***How is BNY Mellon leading the charge?***

We identified a market need early on and built a proprietary environmental unit custody platform in 2008. Through this platform, companies, brokers, investors effectively clear and settle trades of environmental offsets and allowances. At BNY Mellon, supporting the environmental markets is more than a standalone product offering. Our Environmental Innovation Solutions group takes a comprehensive approach, teaming with professionals from all of our businesses to help clients navigate through this dynamic market.

In addition, we have the experience and expertise to act as a facilitator in helping all market participants meet the challenges and seize the opportunities presented by the environmental markets. EIS is designed to:

- Streamline processes for market trading, reporting, information management and settlement of most environmental unit trades
- Mitigate risk and support regulatory compliance for state, federal, international cap and trade programs
- Improve transparency and create efficiencies of scale
- Manage the long-term programs and costs linked to sustaining a viable environmental financial market.



## GEM: Our Universal EIS Portal

Global Environmental Markets (GEM) is our proprietary, web-based universal custody and registry services platform. GEM was created to facilitate access to and management of diverse environmental products and multi-currency cash positions through a single, flexible interface, and to provide all market participants with a universal portal to BNY Mellon's robust systems and global capabilities.

For most clients with any sort of environmental portfolio, there are significant challenges in managing the variety of regulated and unregulated standards of environmental credits operating on different registries. These are typically managed separately through various systems and spreadsheets, making reporting and tracking onerous. In response to this need, the BNY Mellon GEM platform brings the following benefits to our clients:

- A single point of record and account
- Reduced reporting time and costs
- Traceability and audit trail reporting
- A trusted, independent, credit-rated counterparty
- A committed global leader for custody and safekeeping
- Mitigation of operational risk
- Reduced operational costs
- Robust technology from a committed service provider

BNY Mellon's GEM platform provides a powerful reporting tool, which is at the heart of our environmental custody and escrow services. This

system performs allocations, generates detailed account statements and offers the flexibility needed to meet the specialized reporting needs of this sector.

## Socially Responsible Investing

BNY Mellon Asset Management is a leading global provider of investment management products and services. With a great depth and breadth of expertise, we help clients achieve their goals through a wide array of strategies, in every major sector and asset class, through a variety of distribution channels.

Our clients include some of the world's leading corporations, governments, unions, foundations, endowments, mutual funds and high-net-worth individuals. Our independent investment firms provide asset management service that is responsive to our clients' needs, transparent in its processes and consistently working to pursue strong performance and results for clients.

The core responsibility of an asset manager is to act in a fiduciary manner, investing client funds in concert with agreed-upon objectives. In selecting investment opportunities, we evaluate all characteristics of the underlying companies that offer securities. In socially responsible investing (SRI), clients prefer to invest in companies that are good corporate citizens and, for this subset of clients, our customized portfolios reflect this belief. In addition, we offer a number of specialized SRI funds:

			
Third Century Fund*	Socially Responsible Growth Fund*	Global Sustainability Fund*	SRI Restricted Multi-Strategy, Multi-manager*
<b>One of first SRI funds on the market, launched in 1972</b>	<b>Launched in 1993</b>	<b>Launched in 2008</b>	<b>Strategy inception in 2006</b>
<b>Assets under management 2009: \$243 million 2010: \$256 million</b>	<b>Assets under management 2009: \$228 million 2010: \$235 million</b>	<b>Assets under management 2009: \$7.5 million 2010: \$7 million</b>	<b>Assets under management 2009: \$232 million 2010: \$254 million</b>
<b>2010 Performance: first quartile of Lipper peer group (Class 1 shares)</b>	<b>2010 Performance: Top third of Lipper peer group (Initial Class shares)</b>	<b>2010 Performance: Second quartile of Lipper peer group (Class I shares)</b>	<b>Investment objective of long-term capital appreciation with moderate volatility and moderate correlation to global equity and fixed income markets, through investments in third-party hedge fund managers</b>
<b>Benchmark: S&amp;P 500</b>	<b>Benchmark: S&amp;P 500</b>	<b>Benchmark: Dow Jones Sustainability Index</b>	
<b>Focus: Enhances the quality of life in America**</b>	<b>Focus: Enhances the quality of life in America**</b>	<b>Focus: Environmentally sustainable operations and/or products</b>	<b>Focus: Applies investment restrictions that support certain faith-based, ethical principles</b>

\*These materials do not constitute a solicitation or recommendation for any fund or securities product offering.

\*\*Quality of life in America: protection and improvement of the environment and the proper use of our natural resources, occupational health and safety, consumer protection and product purity, Equal Employment Opportunity

## Highlights from Two of BNY Mellon's Asset Management Boutiques

### Mellon Capital Responsible Investing

Mellon Capital Management Corporation, one of BNY Mellon's boutiques, views environmental, social and governance/socially responsible investing (ESG/SRI) as a complement, not compromise, to its investment approach. Mellon Capital incorporates ESG/SRI guidelines in indexing and active equity strategies, while staying true to its core investment philosophy and disciplines. Its systematic approach to investing emphasizes risk control and efficient implementation.

Mellon Capital's ESG/SRI approach is client-driven. When clients have certain restrictions or principles as part of their investment policies, Mellon Capital works with them to establish an appropriate benchmark and clarify the criteria to be used in the security selection process. A client often provides a restricted list of companies, which is rigorously followed. In other situations, where a client seeks to invest in companies with certain ESG/SRI attributes, a team of investment professionals aims to provide knowledgeable assistance in implementing the client's specific criteria.

For a client that wants to implement ESG guidelines but does not have pre-specified criteria, Mellon Capital starts with a broad set of

criteria and works with the client to define the scope. For instance, if the client wants to exclude stocks involved in certain activities from the portfolio, Mellon Capital determines a list of restricted stocks, assesses the impact on the overall portfolio and establishes monitoring procedures for implementing the restrictions. Conversely, a client may be interested in investments that outperform its peers on measures such as diversity, environmental performance or labor practices. Mellon Capital identifies companies that are best in class in those measures and integrates them into the investment process.

Mellon Capital has provided custom ESG/SRI solutions to institutional clients for more than 20 years. As of the end of 2010, our ESG/SRI-related assets under management were \$7.8 billion, of which \$4.7 billion were indexing and \$3.1 billion were active. Some examples of inclusive or exclusive screens include sustainability, socially responsible investing and other criteria dictated by individual client investment policies.

### Newton's Approach to Responsible Investing

Responsible investment is integral to Newton's investment process. The consideration of environmental, social and governance (ESG) matters resonates with many of Newton's investment themes, such as "earth matters, more government and developing economies."

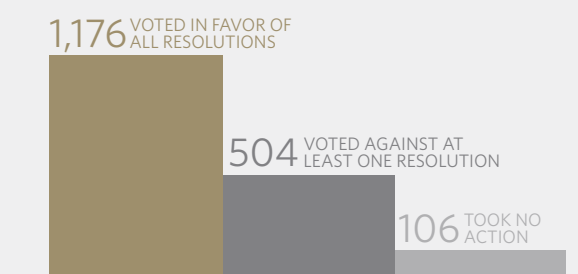
Newton believes that responsibly managed companies are best positioned to achieve a sustainable competitive advantage and provide strong, long-term growth. Dedicated analysts for ESG matters are an important part of Newton's Research Team. During investment discussions, the analysts provide added expertise on ESG matters.

Newton's ESG analysts are charged with exercising voting rights, conducting research into and carrying out engagement activities on ESG matters. The work of Newton's ESG analysts are not necessarily geared toward the exclusion of potential investments, but aims to achieve a better understanding of the relevant ESG risks or seek improvement in the investee company's behavior.

Newton frequently reports on ESG issues, discloses examples of engagement and publishes its voting activities. Through the end of 2010, Newton exercised its clients' voting rights at 1,786 company meetings, and votes were instructed against 1,198 resolutions, including remuneration practices/policies, share allocations and appointments/election of board members. During the same period, Newton's analysts and fund managers held individual meetings with 1,150 companies to initiate or maintain dialogue around financial performance and/or responsible investment matters.

Within the UK, Newton complies with seven Stewardship Code principles that center around areas such as Conflicts of Interest;

### Global Voting Summary for 2010 by Meeting



Monitoring and dialogue with companies on their appropriateness or viability of strategy, product positioning and management structure; Escalation; Acting Collectively; Voting; Reporting and reporting on how they manage their Stewardship policies.

Some recent issues under consideration as part of the investment process have included:

- **Access to Medicine Index 2010** — Seeks to increase access to medicine for the poorest in society
- **Labor Issues in China** — Explores workers' conditions and moves to improve them
- **The Bribery Act 2010** — Enables prosecution of bribery committed in the UK or in other countries by any company with a presence in the UK

## Working with Our Suppliers

BNY Mellon believes in forging strong supplier relationships. In the financial services industry — just as in the manufacturing industry — developing our relationships with suppliers is important to the success of our company. Suppliers are evaluated on the quality of their product or service, competitive pricing, information security, programs for integrity and ethics, business continuity and many other criteria. In recent years, we began to explore the importance of and best avenues for including environmental, social and governance (ESG) criteria in these evaluations.

Two years ago, during a pilot program, we reviewed the CSR programs of our key 95 suppliers, either through an online review of their CSR report or a self-assessment survey. This effort has yielded a baseline to understand the status of CSR programs and reporting within our supplier network.

In 2010, as a follow-up to the pilot surveys, we sent feedback to a subset of key suppliers, based on the audit of their CSR report or their self-assessment survey. We also used this opportunity to communicate BNY Mellon's corporate social responsibility principles and our expectations of the supplier network in upholding those principles.

Throughout the year, our outreach to industry groups and internal due diligence teams confirmed that a targeted approach would be best, customized for each of the areas within the company that handle vendor management. The challenge here is that developing new industry standards takes time, and we were not able to progress as quickly as hoped. Our goals for the coming year continue to be focused on integrating ESG criteria into existing industry and company practices and increasing dialogue among relevant stakeholders.

## Corporate Travel Services

Corporate travel is an area where sustainability awareness and evaluation of CSR issues need to be addressed. Hotel suppliers are becoming increasingly aware of the interest that their corporate clients have in their sustainability programs. Two years ago, we introduced an online request for proposal (RFP) tool for our annual solicitation of hotel partners and, for the first time, included environmental sustainability questions as a part of the required responses. Of the hotel sites that responded to the RFP, 93 percent reported having an environmental program.

Environmental sustainability within the hotel and travel industries has clearly progressed in recent years, with a recent focus on developing standard metrics. Our Corporate Travel Services group is working with its partners to gather and document hotel suppliers' environmental profiles. Our goal is to encourage these suppliers to become more environmentally sensitive and give employees choices during the travel selection process, with the expectation that this will build a personal commitment to the most sustainable option. As we move forward with this initiative, Corporate Travel Services will evaluate our own employees' travel patterns and the industry's best practices to develop informational resources and increase awareness.

## Supplier Diversity

Supplier diversity is an important component of BNY Mellon's corporate business strategy. Through our company's Supplier Development Program, we take positive steps to build and maintain a diverse supplier base.

In 2010, 27 percent of competitive spend was channeled to diverse suppliers — defined as women, minorities, small business, veterans,

### CORPORATE TRAVEL SUMMARY

	2009	2010
Total number of respondents	184	236
Total number of U.S. hotels	106	112
Total number of international hotels	78	124
Percentage of hotels with stated environmental programs	86%	93%
Percentage of hotels participating in certification programs	49%	61%
Percentage of hotels with active recycling program	80%	84%
Percentage of hotels with green cleaning	67%	75%
Percentage of hotels with water conservation program	78%	85%
Percentage willing to provide copy of certification	51%	54%

## SUPPLIER DEVELOPMENT PROGRAM

### VENDOR PROFILE: New York Staffing Services

Michael Robinson established New York Staffing Services in 1990, after spending 25 years in Human Capital Management at several major U.S. firms. Michael's insight and experience provide an advantage in understanding corporate staffing needs, and the company customizes its services to meet those requirements. In 2004, as an additional, value-added service, Michael established Microbin, a vendor management system.

Growth for New York Staffing Services has risen steadily, and it is now a leading boutique-staffing firm, headquartered in the Wall Street area with offices in Florida and New Jersey. Revenues have grown from \$278,000 in 1990 to \$9.7 million in 2008.

BNY Mellon's spend with New York Staffing Services, one of our minority-owned vendors, has increased 700 percent since we began using their services in 2005, due in no small part to their team of highly skilled and motivated clerical and administrative temporary personnel.

New York Staffing Services saves us time and money by providing thorough screening, interviewing, testing and background checks for all candidates. When a candidate reaches us, we can be confident that he or she is reliable and ready for work.

New York Staffing Services prides itself on providing clients with excellent service and pricing as well as empowering its candidates to challenge and excel in the marketplace. Before candidates arrive onsite at BNY Mellon, New York Staffing Services coaches them about the company, including proper dress code and ethical conduct.

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*"Our insight and experience provides us with a definite advantage in understanding the staffing needs of our clients and the employment needs of our candidates. We ask the right questions and provide the ideal solution. The result is repeat business, and that makes everyone a winner."*

— Michael Robinson, CEO, New York Staffing Services

*"I truly enjoy working with Michael and his staff. They are responsive, professional, highly competent and reliable. I have confidence in their skills and know that, when I make a request, Michael and his staff will provide me with exactly what I need, when I need it."*

— Chryseis Constantine,  
BNY Mellon Negotiations Specialist for Temporary Staffing

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and lesbian, gay, bisexual and transgender (LGBT) — with 12 percent awarded specifically to minority- and women-owned companies. Our year-end numbers far exceeded the 2010 goal due in part to an expansion of our criteria to qualify as a diverse supplier. For the first time, we are now including all veterans, not just Vietnam era or disabled, and LGBT-owned companies in our program. With these changes and a continued effort to refine our data tracking capabilities, the company's spend with diverse suppliers increased by \$46 million (51 percent), and the spend awarded to minority- and women-owned companies increased by \$12 million (24 percent). For 2011, our goal is to award at least 20 percent of competitive supplier business to diverse suppliers, with 10 percent of that specifically going to minority- and women-owned businesses. Since our policy for the Supplier Development Program is to report only spending with direct suppliers, referred to as tier-one, we look to maintain our future spending at or near 20 percent, allowing for some volatility in the supplier base.

	2009	2010
Supplier Development Program	17.5%	26.9%
Specifically to Minority- and Women-owned Suppliers	10%	12.4%
Competitive Supplier Spend	100%	100%

We work closely with our diverse suppliers to expand their opportunities, by providing guidance and support as needed to prepare them to bid on new business with us. We collaborate with organizations — focusing on economic development, growth, learning and leadership — to promote the full potential of individuals, their companies, and the communities in which we live and work. This commitment to supplier diversity, along with the economic growth and development of these businesses, has the full support of our corporate leadership. BNY Mellon participated in 44 diverse supplier events, sponsored 42 and hosted 24. These events enable diverse suppliers to network, not only with BNY Mellon's supplier diversity staff and sourcing professionals, but also with the supplier diversity staff and buyers from other major corporations, state and city agencies, and each other.

Small and diverse businesses — such as those owned and operated by women, minorities, LGBT, veterans and the disabled — play a critical role in helping us achieve our objectives as a leading financial services institution. These companies supply the quality products and services that allow us to remain efficient and innovative in our businesses and in the global marketplace. We value their contributions and are committed to continuing our support for diverse firms that want to participate in and qualify for our procurement process.

We continue to create awareness about the program through internal communications with our employees, targeting key business leaders and our employee affinity networks.

Additionally, we are an active participant in a number of supplier diversity organizations. Through attendance at trade shows and other small business and supplier diversity events, we actively look to identify new sources of qualified diverse suppliers for our Supplier Development Program. We assess our use of diverse suppliers against industry best practices. We often work with our major suppliers to identify opportunities to use diverse suppliers through them, known as tier-two spend. We coach diverse suppliers to form collaborative, go-to-market arrangements among themselves. Supplier diversity not only makes good business sense at BNY Mellon, it's our policy, our commitment and our corporate responsibility.

Some of our supplier diversity affiliations include:

- Asian Women in Business
- Empire State Development Corporation
- National Association of Veteran Business Owners
- National Association of Women Business Owners
- National Hispanic Business Group
- The National Minority Business Council
- The Greater New England Minority Supplier Development Council
- The New York and New Jersey Supplier Development Council
- New York City Department of Housing, Preservation and Development
- New York City Department of Small Business Services
- U.S. Department of Commerce — Minority Business Development Council
- U.S. Hispanic Chamber of Commerce
- Workshops in Business Opportunities
- Western Pennsylvania Supplier Development Council

Claire Scanlon, Vice President and Manager of the Supplier Development Program, was named as a 2010 Champion of Diversity by *Diversity Plus* magazine and received the 2010 Corporate Appreciation Award from the National Hispanic Business Group.

# ENGAGED EMPLOYEES MAKE A POSITIVE IMPACT

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*"At BNY Mellon, it is our belief that an environment that celebrates and leverages each employee's uniqueness is fertile ground for meaningful contributions and outperformance."*

— Lisa B. Peters, Chief Human Resources Officer

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BNY Mellon now employs more than 48,000 people in 36 countries across six continents. The sheer size of the organization mandates that effective employee engagement be an integral part of our commitment to corporate social responsibility, and a cornerstone of the company's business management philosophy.

As a U.S.-headquartered financial services company, we are very proud of the global diversity of our senior management. BNY Mellon has an unwavering commitment to supporting all of our employees, no matter where they work. Individuals from nearly every country where we operate — make up our three most senior management teams — our Executive Committee, Operating Committee and Regional Executive/Operating Committees. Our senior leaders are spread across our global locations, and more than 86 percent of senior management roles in our international locations are filled by individuals who were born or raised outside the U.S. In addition, nearly 25 percent of our company's current Operating Committee members were born or raised outside the U.S.

Our diversity of thought leadership is vital to understanding the needs of our clients in a global economy and inspiring our global workforce.

With a presence in so many locations around the world, we leverage our diversity to successfully serve and meet the needs of clients in more than 100 markets.



Underpinning our people strategy at BNY Mellon is a firm acknowledgement that three factors are key to business success:

- Employee engagement
- Development of our talent
- An inclusive culture

Our 2010 CSR goals as they relate to people were centered around these three business imperatives, and this focus will continue in 2011.

Highly effective communication strategies, as well as robust policies and procedures tailored for multiple regulatory and statutory jurisdictions, continue to be critical enablers of our success.

Recognition for our talent initiatives in 2010 was very strong, just as in prior years. External organizations across the globe recognized BNY Mellon's efforts in engagement, diversity and inclusion with more than 20 prestigious individual or team awards.

## 2010 KEY PERFORMANCE INDICATORS

- Continue to focus on first-quartile engagement in 2010
- Implement expanded talent development opportunities and tools for managers and employees globally, at all levels of the organization
- Sustain positive trends in diversity and inclusion measures in annual Employee Engagement Survey

## 2011 KEY PERFORMANCE INDICATORS

- Sustain positive levels of engagement by leveraging and tailoring internal employee engagement best practices globally
- Expand and measure manager and employee use of development planning process and associated talent development tools; track employee perceptions of the development opportunities available to them
- Sustain positive momentum and trends in diversity and inclusion through surveys and other mechanisms

## 2010 RESULTS

- 84 percent of BNY Mellon employees globally responded to the 2010 Employee Engagement Survey, our highest response rate in four years
- Overall engagement rate is at the top of the second quartile within our benchmark group. This is down 2 percent from our overall rating in 2009, which was just within the first quartile. Overall engagement is up 4 percent on a net basis since the first survey in 2007
- Created and launched new Global Competency Map worldwide. This powerful tool for managers and employees facilitates all talent development programs — from hiring through development, performance management, talent reviews and succession planning
- Designed and rolled out MyDevelopment, a portal accessible by all employees globally that provides online access to more than 1,000 classroom and e-learning programs for employees at all levels, including four long-term development tracks, and a range of other development programs and ideas
- Invested in more than 1 million hours of training, similar to 2009
- A very high percentage of employees agree that people with diverse backgrounds are valued in the company, up significantly from the first survey in 2007
- Expanded company-sponsored affinity networks globally, now with 82 chapters of the four groups in 19 countries (up from 39 chapters in 12 countries in 2009)

## 2011 PLANS

- Establish senior-level, cross-company Employee Engagement Roundtable to ensure robust sharing of engagement best practices across all business groups and geographies
- Continue education in all regions associated with the BNY Mellon Competency Map, which takes our seven leadership competencies and maps/scales them all the way through the organization
- Continue to reinforce the value of all of the company's development planning tools, including individual development plans, in terms of continuously strengthening our talent pipeline
- Launch enhanced management training in diversity and inclusion
- Continue sponsorship of four affinity networks and provide strong support for ongoing regional growth
- Increase representation of non-U.S. employees on our Global Diversity and Inclusion Council



## Employee Engagement Defined

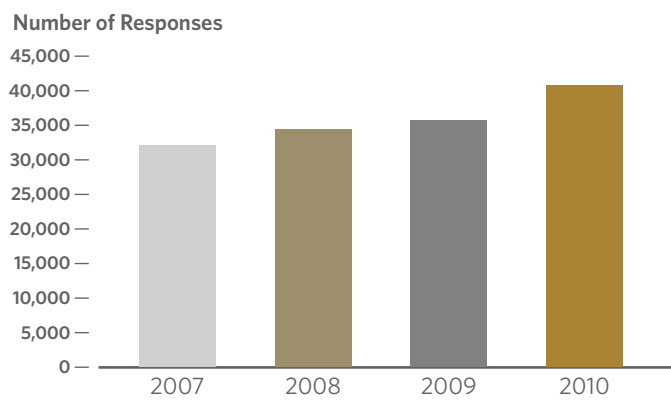
BNY Mellon has found that employee engagement is integral to our business success. In 2010, we surveyed all our employees around the world to measure engagement levels across multiple dimensions, to understand trends versus prior years, and to enable us to identify internal best practices as well as opportunities for improvement.

Just as in prior years, our survey results are rolled up into a ranking, which has formed the basis for our annual measurement over the past four years. Our ranking is assigned by the Boston Consulting Group, relative to the benchmark group of 107 companies globally, including 21 financial services firms. In 2007, the first year of our global survey, our results were at median levels across the company. By the end of 2009, we had achieved a first-quartile ranking in spite of the challenges facing all companies following or in the wake of the global financial crisis.

In 2010, overall engagement was down by just 2 percent — however, this resulted in a decline in our quartile rankings from bottom of quartile 1 in 2009 to the top of quartile 2 at the end of 2010. Overall engagement, however, remains 4 percent higher on a net basis than it was in 2007, the first year of our survey, and trends in a number of important areas remain positive. Eighty-four percent of our employees worldwide responded to our 2010 survey — our highest response rate since we began the survey in 2007 and across a significantly expanded employee base following merger and acquisition activity in 2009 and 2010.

What matters most to us is the year-over-year trend in each of our businesses and geographic locations. We know how hard our managers and employees work together to create a great place to work. Now, with the benefit of four years of trend data, it is becoming easier for us to make evidence-based decisions about how and where to focus our engagement efforts, rather than working from

### BNY Mellon Employee Engagement Survey Response Rates — Past Four Years



assumptions or results for a particular period of time. Having such a high response rate to our survey gives us the confidence we need to target and localize our efforts.

BNY Mellon's Employee Engagement Survey contains 45 standard questions or "measures" and a number of supplementary questions; the latter are tailored for specific business groups, regions or locations. In 2010, the following six of the standard 45 measures received the highest positive ratings (more than 75 percent positive):

1. I understand how working collaboratively with other areas can add value to the business.
2. I understand the targets that my manager expects me to deliver personally.
3. My immediate manager/supervisor takes action to ensure the workplace is free from all kinds of discrimination and harassment.
4. It is a safe environment in which to question potentially improper activities.
5. Employees with diverse backgrounds are valued.
6. My immediate manager actively promotes teamwork and cooperation in our group.

This says a lot about our culture.

Each of these measures also scored very highly (more than 75 percent positive) in our 2009 survey — further evidence of our ability to sustain a collaborative, performance-driven, open and inclusive culture even as we've grown globally and faced the challenging economic climate of the past several years.

The following five measures have seen the highest increase in positive ratings, year-over-year, since 2007. Each of these measures is up by 8 percent or more, which is significant:

1. The values of this company really mean something to the people who work here.
2. The company's reputation in the communities where we live and work is a reflection of the volunteer activities of its employees.
3. We are oriented toward rewarding teams and individuals, including non-monetary recognition.
4. Employees with diverse backgrounds are valued.
5. My immediate manager/supervisor is transparent about decisions.

Additionally, we are proud to confirm that overall engagement was exactly the same for both male and female employees who declared their gender in the demographic section of our 2010 survey.

Continuing focus areas for us in 2011 relate to ensuring employees and managers continue to receive the guidance, training and tools they need to:

- manage performance as well as differentiate between talent; and
- engage in helpful conversations regarding their career aspirations

## "It's all about the conversation"

In our 2010 survey, a majority of BNY Mellon employees globally indicated they felt strongly or positively that they would recommend our company as a place to work.

All members of BNY Mellon's Executive Committee maintain an employee engagement goal in their annual performance plan to ensure accountability, commitment and continued improvement in this area.

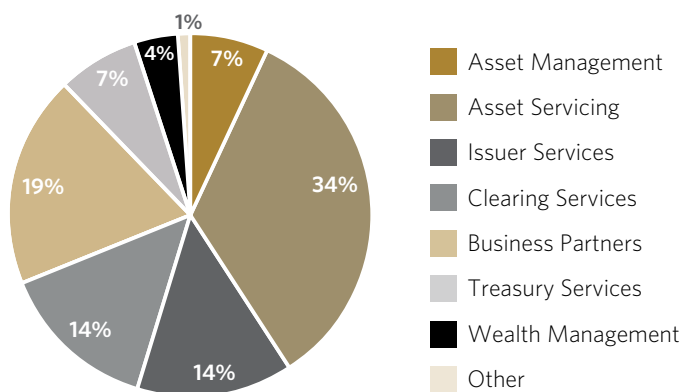
Our company's focus on engagement is palpable. For us, it is a two-way street. Managers and employees work jointly through each business and regional and local committees to analyze prior results, establish thematic approaches to future priorities and implement action plans.

At BNY Mellon, we understand that engagement is not a given. We know that a diverse, engaged workforce makes us more successful in building trust, empowering teams, serving clients and outperforming our peers.

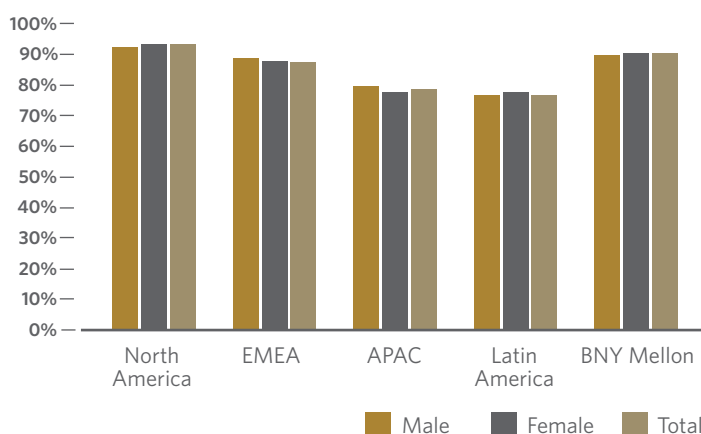
We know that there is also no "one size fits all" approach to engagement. Managers at all levels of our company know they need to remain in touch with and appreciate the unique background, contribution and perspective of each of their employees.

Our mantra is *"It's all about the conversation."* If managers are not regularly talking with their employees, sharing information, listening to their ideas, and providing meaningful opportunities for two-way dialogue on work performance and development plans, they may be taking their employees' engagement for granted.

## 2010 Global Employment by Business



## 2010 BNY Mellon Employee Retention



In 2010, employee retention at BNY Mellon was 91 percent overall, slightly lower than 2009 (95 percent). This result is not surprising given the global economic situation over the past few years, and remains strong overall in employment markets that have clearly opened up again. Employee retention continues to vary somewhat from region to region, as can be expected. On a very positive note, retention rates for men and women at BNY Mellon remain closely aligned, with variations of less than 2 percent one way or the other in all regions. The employee retention rate for female employees globally (91 percent) was 1 percent higher in 2010 than the retention rate for male employees (90 percent).

Employee retention, as one positive measure of employee engagement, is important in terms of top service and quality delivery, and it continues to be closely and continuously monitored by all BNY Mellon business leaders around the world.

## Developing Our Talent

At BNY Mellon, we are driven by a belief that everyone should be:

- Able to develop a career, not just do a job
- Clear about their goals and responsibilities
- Recognized for their contributions and rewarded for strong performance
- Able to identify their strengths as well as development opportunities
- Given tools and information to help them achieve their goals
- Treated fairly

BNY Mellon remains fully committed to supporting the ongoing development of all of its employees, in every area of the business, at all levels and in all locations. Our company's continued investment in training and developing our employees is paramount to our ongoing success, and a critical success factor in broadening and deepening our global talent pipeline.

In 2010, BNY Mellon launched two powerful talent development initiatives worldwide:

- A new global **Competency Map**, which took our seven established leadership competencies and mapped or “scaled” them for every employee and manager — from senior leadership to our front-line employees
  - Importantly, the competencies also facilitate conversations between managers and employees, and vice versa, regarding development planning and career management. The competencies, which include Client Focus, Global Acumen and Change Leadership, among others, enable employees to more easily focus on their strengths and opportunities for continued development.
- **My Development**, a portal that enables all BNY Mellon employees and managers, regardless of job level, business line or geography, to access an increasing array of learning and other development solutions that are relevant to them
  - Launched in May 2010, MyDevelopment houses more than 1,000 learning programs — both classroom and e-learning. Development opportunities and solutions will continue to be added throughout 2011 and beyond.
  - MyDevelopment also provides access to four development tracks for employees and managers at all levels of the company, aligned with the global competencies. This includes front-line supervisory and first-time manager training, as well as leadership programs for senior management and others in between.

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In 2010, BNY Mellon invested in more than 1.3 million hours of learning, equating to an average of more than 30 hours of formal training per employee. This is up 22 percent from 2009.

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Our “My” suite of global development tools, essential to our people strategy, now includes:

- **MyCareer** — A job portal where the vast majority of BNY Mellon positions are openly posted for access by all employees globally
- **MyPerformance** — Performance management system
- **MyDevelopment** — Learning and development portal
- **MyLearning** — Directly linked to MyDevelopment, this application enables employees to register for training programs and keeps a record of their learning

#### Performance Management Program

Performance management remains at the heart of our talent man-

agement and development strategy. At BNY Mellon, performance management is based on the concept of partnership between employees and the company, and between each employee and his or her direct manager. This partnership is built on dialogue.

Our Performance Management Program (PMP) — including tools, training and other resources — is designed for the benefit of both employees and managers. Among other things, the PMP:

- Helps employees understand expectations of them for the current performance year, regarding:
  - Specific work deliverables (Performance Goals) that they agree upon at the start of each year with their direct manager
  - BNY Mellon’s Global Competencies
  - BNY Mellon’s Values
  - Risk and Compliance standards
- May also include documentation regarding local regulatory requirements for some employees
- Provides each employee with the opportunity to document his or her Individual Development Plan for the current performance year, agree on it with his or her manager and discuss progress throughout the year
- Provides employees with opportunities at mid-year and year-end to reflect on their performance and write self-appraisals before obtaining manager feedback
- Provides managers with a framework for assessing and differentiating between the performance of all team members each year, to ensure a robust link to our pay-for-performance culture

Our PMP approach is consistent worldwide. In addition to the benefits outlined above, our PMP system also gives every employee the opportunity to record relevant, personal development goals for the year, discuss these with their manager and agree on relevant development solutions, and review progress regularly through discussions with their manager.

In short, our PMP process provides employees with goals, objectives and behavioral standards that are aligned with the goals and objectives of their business or business partner group, development planning opportunities, and a consistent means through which to receive associated performance feedback.

At BNY Mellon, performance management is a cyclical process that is based on the calendar year and consists of three phases:



## Diversity and Inclusion

At BNY Mellon, we know that an uncompromising focus on diversity and inclusion is the right thing to do for our employees, our clients and our company. It is part of how we lead and how we expect our employees to behave. It is one of the ways we demonstrate our genuine commitment to corporate social responsibility in every market we serve. And we believe that this commitment resonates with the kind of people we attract to our company.

We believe that a genuine commitment to inclusiveness in the workplace makes for a better, more productive, more enjoyable place to work.

Diversity matters at BNY Mellon. It's part of who we are. Our Equal Employment Opportunity (EEO) policies are robust and highly inclusive in the broadest sense, as you would expect of all global companies. But, to be sure we are translating strong policies into cultural norms, we make diversity real at BNY Mellon by focusing on inclusion — because inclusion requires action. It's about the way we behave, the way we manage our talent, and the way everyone wants and deserves to be treated.

Inclusion is the glue. For many global companies, one of the challenges is making the concept of diversity relevant to every employee in every geographic location. At BNY Mellon, we have found that inclusion represents a common language that everyone understands — regardless of business, job level or geographic location. It is something to which everyone can relate.

Diversity and inclusion in the workplace require acceptance and respect. It's more than just tolerating differences; it's welcoming those differences. True diversity and inclusion require the recognition and understanding that each person, as an individual, is unique and brings a valuable perspective because of that uniqueness. As noted earlier:

- People from nearly every country where we operate make up our three most senior management teams;
- More than 86 percent of our senior management roles in our international locations are filled by individuals who were born or raised outside of the U.S.

This diversity in our leadership is very important to us in inspiring our global workforce and understanding the needs of our clients in a global economy.

In the 2010 Employee Engagement Survey, the following key measures continued to score very positively:

- Employees with diverse backgrounds are valued.
- My manager works hard to ensure the workplace is free from all kinds of discrimination and harassment.
- I am proud to work for this company.

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People from nearly every country where we operate make up our three most senior management teams.

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In 2010, we renamed our Global Diversity Council the Global Diversity and Inclusion Council to further define its mission and purpose. This council, led by Robert Kelly, our Chairman and Chief Executive Officer, remained highly active throughout 2010. It consists of 30 senior managers from around the world, including seven members of our Executive Committee. The council's focus is to ensure that employees understand and embrace the rationale for an inclusive culture and a diverse workforce.

BNY Mellon's Global Diversity and Inclusion Council has six objectives:

1. Advance visible, actionable, sustainable and measurable diversity efforts
2. Create a clear sense of accountability and awareness
3. Recognize and reward inclusive behavior
4. Provide direction and support to affinity networks
5. Facilitate diversity best practices
6. Advocate for needed tools and resources

To ensure tangible progress, our council is organized around five committees:

- Supplier and Client Diversity
- Creating Awareness and Communication
- Education and Best Practices
- Cross-Affinity Network Governance
- Diversity in the International Arena

In 2010, much progress was made in respect to Supplier Diversity, as you will read elsewhere in this report.

To ensure momentum was sustained in terms of awareness and communication, among other things, we published three editions of our *Diversity and Inclusion Matters* global newsletter. We also recognized 18 individual Diversity and Inclusion Champions as well as two teams from around the world in the second year of an awards program designed to recognize those who represent exemplary commitment in support of the company's diversity goals. And in 2010, we honored our inaugural Diversity and Inclusion Star — a champion of the Champions — as part of BNY Mellon's annual Stars Award program.

We also rolled out "The Power of Inclusion" worldwide — an online awareness program created to link together our diversity and inclusion mission and objectives, activities, progress, and information regarding

Abhishek Basangar,  
2010 Diversity and Inclusion  
Star



our affinity networks and how to become involved. Employees from the U.S., Europe and Asia narrate this program. In the first several months since its launch, more than 12,000 employees have voluntarily taken this course. We are also building additional diversity-related management and leadership training into our core curriculum and development tracks in MyDevelopment — so that this becomes a core element of all management development activity, and not an isolated or standalone activity.

Our four company-sponsored affinity networks continued to grow in 2010. In 2009, we sponsored 39 chapters of our networks in 12 countries. By the end of 2010, we had 82 chapters in 19 countries.

- **WIN** (Women's Initiatives Network) acts as a global resource for the professional development and advancement of women who work at BNY Mellon.
- **IMPACT** brings together people from multicultural backgrounds, with a specific emphasis on the recruitment, retention, professional development and advancement of multicultural employees.
- **Prism**, which includes many straight allies, promotes an open and supportive environment for lesbian, gay, bisexual and transgender employees.
- **HEART** promotes an inclusive working environment by increasing awareness of the needs of those with disabilities as well as providing an educational forum on disabilities issues for all employees.

These networks are an integral part of our company's diversity and inclusion strategy. Membership is voluntary and open to all employees companywide, not just those for whom the name of the network implies membership. This reflects our belief that all employees play a role in fostering a culture of inclusion. Each network is sponsored, championed and actively led by a highly committed senior executive in our company.

## Abhishek Basangar 2010 Diversity and Inclusion Star

### Treasury Services

#### Pune, India

Abhishek has been a key volunteer in the BNY Mellon India Buddy Scheme, which began in 2008 as a way to help support significant employee growth in Pune by effectively onboarding and retaining diverse groups of new employees. While many seasoned employees volunteered to be a buddy to a new hire and support him or her for their first 90 days of employment with the company, Abhishek volunteered to serve as a buddy for at least six new employees per 90-day cycle in 2010.

At a grassroots level, he searched for opportunities to reach out to each diverse group of new employees, welcome them to BNY Mellon in a tangible way and respect their differences. He has also gone on to mentor many new hires beyond the 90-day timeframe.

## Maureen O'Brien

### Wealth Management

#### Philadelphia

Maureen has taken a leadership role as the regional co-chair of the HEART affinity network in Philadelphia and was instrumental in organizing the chapter. She recently served as captain of the first Philadelphia-area Walk 4 Hearing, an important fundraising effort for the Hearing Loss Association of America intended to educate the public on hearing loss, and led BNY Mellon to be among the top teams in total dollars pledged.

Maureen's diversity accomplishments are even more significant considering the challenges she faces due to her own disabilities, as she has experienced progressive neurological deficits that have greatly reduced her physical activity. Undeterred, Maureen has managed an increasingly responsible workload and was recently promoted to the position of Regional Will File Manager.

## Jonathan Harbourne

### Asset Management

#### London

Jonathan's innovation and enthusiasm have been the drivers for many success stories from the Prism affinity network in the UK. As the network's communications officer, he redesigned the Prism UK MySource intranet site and has used his creativity and skills as a Senior Designer to raise awareness of Prism and BNY Mellon's global diversity efforts through vehicles including podcasts, videocasts, newsletters and poster campaigns.

His efforts have extended to other affinity networks, as Jonathan worked with IMPACT on a highly successful event in London that celebrated the achievements of multicultural and gay British celebrities. He also collaborated with The Bowstring Group on a Community Partnership project to collect cosmetics and toiletries for Dress for Success, which prepares and outfits less advantaged women for job interviews.



In the international arena in 2010, our Europe, Middle East and Africa region (EMEA) formed a Regional Diversity and Inclusion Council to support the work of the global council, and our Asia-Pacific region plans to mirror this approach in 2011.

In terms of accountability for diversity and inclusion, we achieve this in a number of ways:

1. Fifty percent of our Executive Committee members and 20 Operating Committee members sit on the company's Global Diversity and Inclusion Council.
2. Every member of the Executive Committee has a diversity-related goal in his or her annual performance plan.
3. Every other manager and employee in the company — more than 48,000 people — also has an inclusion goal in their annual performance management plan.

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*"I fundamentally believe in the imperative of a high-performance global business culture. And I believe that can only be achieved with an inclusive and non-stereotypical approach to creating and developing our company's talent pipeline."*

— Sheena Wilson, Global Head of Talent Strategy

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## Making an Impact with Employee Communication

Employee communication at BNY Mellon is all about impact.

Our communications make an impact on the daily work lives of our people — but, just as important, our people make an impact on how we communicate with them.

Each year, our Corporate Communications team reaches out to employees around the world to survey them on how effectively we're meeting their information needs. And we listen to what they tell us. In response to employee feedback, we've reduced corporate e-mail by more than 30 percent, made our intranet news more global and more timely, raised the visibility of our senior leaders and helped managers communicate better. As a result, employee satisfaction scores for internal communications continue to trend up — this year reaching a gratifying 80 percent.

Employees' comments make it clear they know we're listening to them. They value hearing from our company's leadership: "E-mails and blogs from senior executives are very much appreciated," one said. Others praised our weekly intranet news wrap-up: "The periodic reminder

is very helpful since, during a busy day, I might miss something that might be interesting or important." And we've firmly established MySource, our corporate intranet, as the go-to tool for information: 99 percent of respondents use it — almost half visit every day — and 90 percent rate the quality good to excellent. Quarterly "traffic reports" tell us how many visits — or "hits" — each MySource page and news story has received, and we're actively using those reports to identify trends and understand what our employees are looking at, and why.

We also measure how well we're communicating our company's key values. We were very pleased that 90 percent or more of this year's respondents said they believed the company is committed to client focus, compliance and ethics, and corporate social responsibility.

And, just as we make sure we're listening to our people, we've helped to lead an effort that allows them to listen to each other. This year, we introduced an internal, business-related social networking tool, TeamSource, at BNY Mellon. This allows employees to form communities, learn about their colleagues, find and share relevant information, and improve communication. Two months after TeamSource went live, nearly 24,000 employees — that's nearly half the company — were members of at least one TeamSource community. And, as TeamSource becomes integrated with our company's e-mail, we expect even more employees to make it an integral part of how they collaborate and do their jobs.

We're very proud of what we've accomplished, and we're thrilled that our employees have come to expect real excellence in their internal communications. There are still a few areas where they've told us we need to improve, and we're listening carefully. Satisfaction with employee communications continues to be lower in Europe, so we'll be working even harder to engage our international audience. Employees around the globe have told us they'd like more local news and more personalized information on MySource, so we're developing both immediate and long-term solutions to make that happen.

Whether it's improving the communications channels we already have or launching new ones, our goal remains the same — to make a positive impact on everyone who works at BNY Mellon.

## Policies and Practices

### Equal Employment Opportunity

Our company is committed to Equal Employment Opportunity (EEO) in every market in which we have staff. Our policy in the U.S. is as follows:

*The Corporation, as well as its subsidiaries, affiliates and related companies, is committed to providing equal employment opportunities to every employee and applicant by establishing employment practices and terms, conditions and privileges of employment regardless of race, religion, color, sex, national origin, age, familial or marital status, ancestry,*

*citizenship, genetic information, sexual orientation, gender identity, veteran or military status, being a qualified individual with a disability, or any other factor protected by federal, state and/or local laws.*

Published EEO policies in our other locations align with this policy; any differences in language relate only to those required by local laws or regulations. In locations where there may not be a specific local published policy on EEO, then the spirit of our company's U.S. EEO policy applies, subject to all local laws, regulations and statutes.

All managers and employees in our company have a responsibility to ensure compliance with the company's EEO policy in all aspects of employment at BNY Mellon. Measures in our annual Employee Engagement Survey show positive trends year-over-year regarding employee perceptions that their managers and immediate supervisors take necessary steps to ensure the workplace is free from all kinds of discrimination and harassment.

#### **Affirmative Action**

As a U.S. government contractor, the company implements various Affirmative Action measures to ensure equal employment

opportunities for minorities, women, qualified individuals with disabilities, qualified special disabled veterans and veterans protected by U.S. federal law.

#### **Child Labor and Forced or Compulsory Labor**

As a financial services organization, and because of the related nature of our business activities, BNY Mellon has no operations with any significant risk of child labor or forced or compulsory labor. BNY Mellon is committed to fair employment practices and compliance with all local labor laws in all locations in which we operate worldwide.

#### **Commitment to Human Rights**

BNY Mellon's position on human rights was reinforced by the 2010 introduction of its Human Rights Statement, which serves as an overarching statement that encompasses corporate policymaking to protect the rights of the individual. The purpose of this statement is to provide a vision and set the expectation that everyone at BNY Mellon is expected to make the right decisions for the right reasons at all times. We recognize that the value of the person and

### **A Selection of Awards won by BNY Mellon in 2010:**

#### **Corporate Equality Index, Perfect Score, 2010 (third consecutive year with top rating)**

*Human Rights Campaign Foundation*

BNY Mellon featured on list of the top companies that support equality for lesbian, gay, bisexual and transgender employees

#### **Top 50 Places to Work in India, 2010**

*Great Place to Work Institute, India*

Recognizing BNY Mellon (India) in Pune as No. 28 on the basis of its employees' responses to questions relating to trust, camaraderie and teamwork within their workplace

#### **Top 50 Places to Work in India, 2010**

*Great Place to Work Institute, India*

Recognizing iNautix, a Pershing affiliate, as No. 17 on the basis of its employees' responses to questions relating to trust, camaraderie and teamwork within their workplace

#### **Top 20 Best Places to Work in Ireland, 2010**

*Great Place to Work Institute*

Recognizing BNY Mellon as a top 20 large company in Ireland where employees trust the people they work for, have pride in what they do and enjoy the people they work with

#### **Maharashtra Information Technology Awards, 2010**

IT Enterprise Solutions Business and Knowledge Process Outsourcing category

Recognizing BNY Mellon (India) in the state of Maharashtra for outstanding performance during the year

#### **Power of Work Award, 2010 (five-time winner)**

*Goodwill Industries*

Recognizing BNY Mellon for helping people with special needs overcome barriers to employment

#### **i Award Corporate Leadership Award, 2010**

*Central New York Inclusion Conference*

Recognizing a business for demonstrating best practice internal inclusion and diversity efforts

#### **Triple A Transaction Banking Awards, 2010**

*The Asset magazine, Hong Kong*

Winning six trophies, including Best Global Custodian in Asia, Best Fund Administrator-Hedge Funds and Best in Corporate Trust

#### **Corporate Partner of the Year, 2010**

*National Black MBA Association, Metro New York Chapter*

Recognizing BNY Mellon as a dedicated and leading supporter of the organization

#### **2009 Best of the Best Awards**

*Asia Asset Management*

Best Global Custodian, Best Fund Administrator for Alternative Products and Best Asset Manager in the Global Bonds Category  
Recognizing funds, investment management groups and asset servicing providers that consistently outperformed in a challenging economic environment over the last three to five years



a respect for human dignity is the foundation for how we operate, everywhere we operate. For more information about the statement, please see the Governance section of this report.

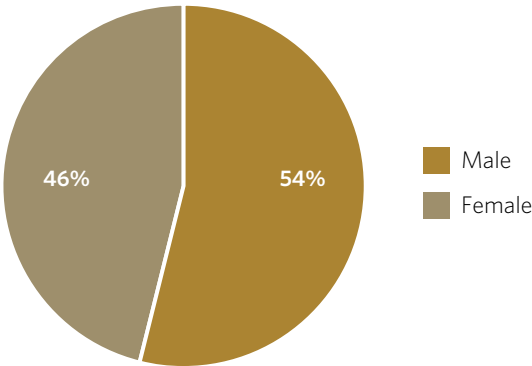
**Practice of Hiring Locally**

It is BNY Mellon’s policy worldwide to post all open positions internally, and in many cases externally, other than for certain very senior roles where open posting is at the discretion of executive management. This means that the vast majority of all positions in the company are filled by individuals local to the hiring entity and from within the same country or region of operation. BNY Mellon prides itself on this aspect of diversity and inclusion, which is essential for a global company to succeed. Evidence of how this ultimately manifests itself at the most senior levels of our organization is that members of our Executive Committee, Operating Committee and Regional Operating Committees were born or raised in more than 39 countries. For example, in our EMEA region, more than 80 percent of the Regional Executive/Operating Committee members are from countries within that geographic region. And in Asia-Pacific, more than two thirds of the Regional Executive/Operating Committee members are from that region.

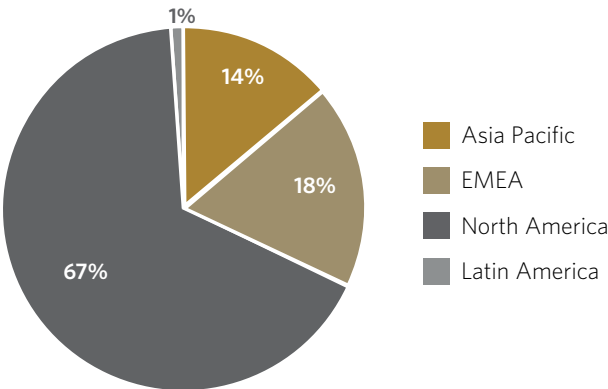
**Benefits**

As a global company, BNY Mellon’s benefits programs vary from country to country. Local statutory requirements, as well as local practices and business requirements, are always factors in determining the best range of offerings in a particular market. In addition to health, holiday and other benefits, BNY Mellon offers a comprehensive retirement program for its eligible employees, which is competitive in the markets in which we operate. We’ve learned that our most successful employees are generally those who have found a balance in their lives — managing work, social, community and family commitments, their health, and more. So, at BNY Mellon, we support our employees with programs and resources designed to educate and empower them to enjoy healthy, happy and fulfilling lives.

2010 Global Employee Distribution by Gender



2010 Global Employee Distribution by Region





# A COMMITMENT TO SERVING OUR COMMUNITIES WITH IMPACT

Traditionally, corporate giving has been viewed as simply the corporate underwriting of honorable nonprofit activities and organizations. At BNY Mellon, because we want to make a difference on many levels, we take a much more comprehensive approach to giving back to our communities.

The company's longstanding grants and sponsorships programs have been joined by our redesigned employee program, Community Partnership, as vehicles for serving our communities.

Using selected grants and sponsorships, the company continues its tradition of corporate giving by supporting those causes that we believe can make a significant impact in people's lives.

Through our Community Partnership program, we go one step further, engaging our employees around the world in giving back through individual donations and team-oriented volunteering and fundraising activities. To encourage employee participation in this program, the company offers incentives that include company matching donations, paid time off and employee volunteer recognition programs.

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*It's all about people helping people.*

— Employee Respondent  
BNY Mellon Community Partnership Survey

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To best leverage our corporate and employee resources, BNY Mellon created Powering Potential, which defines our giving priorities as basic needs and workforce development. As our philanthropic focus area, Powering Potential creates maximum impact, in our communities, for the most disadvantaged.

In 2010, BNY Mellon enhanced its focus on Powering Potential, allocating 50 percent of its grants and charitable sponsorships to the program. The remaining budget will continue to be allocated to meet other important needs in economic development, art, education and health and human services.

## 2010 KEY PERFORMANCE INDICATOR

- Measurably increase the impact of our philanthropy

## 2011 KEY PERFORMANCE INDICATORS

- Quantify the impact and outcomes achieved through Powering Potential
- Sustain significant growth rate in employee community engagement

## 2010 RESULTS

- Enhanced focus on Powering Potential and directed 50 percent of donations toward that focus
- Implemented highly successful disaster relief program
- Increased employee participation in Community Partnership

## 2011 PLANS

- Maintain greater than 50 percent focus on Powering Potential
- Institute metrics protocol for global workforce development initiative
- Increase international grants
- Continue to increase employee engagement in Community Partnership

### Powering Potential

Powering Potential operates on the foundation of solid corporate giving through grants and sponsorships, along with the Community Partnership program. Throughout 2010, Powering Potential helped BNY Mellon increase its focus on helping to improve the quality of life in our communities at the most basic levels — food, shelter, clothing and support of our youth. At the same time, Powering Potential provided a platform by which the company launched a major workforce development initiative.

The company recognized that by focusing on these particular causes, other very important and worthy causes may not receive the same level of support in certain regions as in past years. In light of recent economic challenges and their effect on people throughout the world, however, it became clear that the company's focus in 2010 had to be on helping to meet basic human needs.

The company has allocated 50 percent of its charitable giving grants and sponsorships to Powering Potential. The remaining budget will continue to be allocated to meet other important needs in economic development, the arts, education, and other areas of health and human services.

Employees embraced the company's philanthropic focus area of Powering Potential with their donations, taking advantage of the company's 100 percent match for contributions to agencies that met program objectives. Our financial support is helping thousands of people who are in need of the basics, such as food or a place to live, or workforce development.

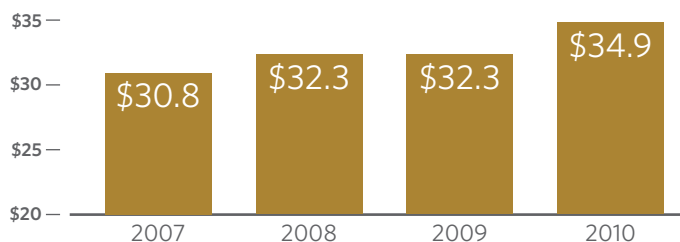
### 2010 Cash Donations

	2009 2010	Powering Potential	Other Charitable Needs	TOTALS
Community Partnership		\$2.9m \$3.9m	\$9.9m \$10.1m	\$12.8m 40% \$14.0m 40%
Grants & Charitable Sponsorships		\$8.2m \$9.6m	\$11.3m \$11.2m	\$19.5m 60% \$20.9m 60%
TOTALS		\$11.1m 34% \$13.5m 39%	\$21.2m 66% \$21.3m 61%	\$32.3m 100% \$34.9m 100%

### Charitable Giving

Total Cash Donations (corporate, foundation and employee giving)  
In millions

13% increase since 2007



## Community Partnership Overview

Created in 2008, the Community Partnership program creates new opportunities for giving back. It features company matching and encourages employees to support their community. The program encourages community engagement at all levels of the company by empowering employees and increasing support for local nonprofits while building meaningful partnerships and team experiences. This program is global in scope but regional in implementation. It leverages the power of the company's worldwide workforce and provides employees with personal leadership and teambuilding skills and opportunities.

In 2010, more than 20,000 employees tapped the program to make donations and join other employees in volunteering and fundraising. And BNY Mellon matched their contributions, resulting in \$14 million in donations and more than 43,000 hours of team volunteering.

To gauge interest and participation, a Community Partnership survey was sent to a representative sample of BNY Mellon employees in 2010. Employees indicated they had a high level of satisfaction with the program and provided valuable feedback to help shape it going forward. They also reported a variety of impacts, such as increased

## Philanthropy at BNY Mellon

Through deploying a new Community Partnership matching gift program for disaster relief, \$1.4 million dollars in employee gifts, company matching donations and corporate contributions went to help the **BASIC NEEDS** of victims of the earthquakes in Haiti, Chile and China and major floods in Tennessee and Pakistan.

**POWERING POTENTIAL** is a concentrated philanthropic focus that addresses basic needs, such as food, clothing and energy and housing assistance, and workforce development, which helps disadvantaged members of our communities build skills for a better future.

BNY Mellon launched a \$6 million global **WORKFORCE DEVELOPMENT** initiative to assist vulnerable youth in making the transition into adulthood. The company is collaborating with leading public and nonprofit agencies in the U.S., UK and India to enhance education, job training and career development opportunities for a disadvantaged youth population.



BNY Mellon provided more than \$20.9 million in **GRANTS AND SPONSORSHIPS** to important nonprofit organizations and causes around the globe.

Through its **COMMUNITY PARTNERSHIP** program, BNY Mellon encourages employees to support their communities. In 2010, more than 20,000 employees took advantage of the program to make donations that the company matched. This resulted in \$14 million in donations and 43,000 hours of team volunteering.

## Key Features of the Community Partnership Program

- Three days of paid volunteer time per full-time employee each year
- Company match for individual employee donations
- Company match for team volunteer time and fundraising
- Easy-to-use online tools, forms and information

giving, teambuilding, personal enrichment and increased pride in the company.

An online global individual matching gift program for disaster relief was implemented in 2010, which resulted in more than \$1.4 million in employee gifts, company matching donations and corporate contributions for victims of the earthquakes in Haiti, Chile and China and major floods in Tennessee and Pakistan.

Throughout the year, 1,100 teams around the world participated in the year-round team volunteer and fundraising portion of the Community Partnership program. Supported by ongoing employee and manager communications, this program continues to grow.

Also in 2010, BNY Mellon conducted its annual Community Partnership Campaign, designed to encourage workplace giving and team volunteering and fundraising. During the campaign, employees had the opportunity to support eligible charities of their choice, including those that fall within the company's philanthropic

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*"Research shows that vulnerable youth experience a disproportionate number of social, economic and psychological challenges. By partnering with organizations that have a positive history of providing targeted support and services, we can collectively help this population stay connected to services and programs that help them build real and life-long skills while remaining in a stable and healthy environment."*

— Jeep Bryant, Executive Vice President and Chief Corporate Affairs Officer

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focus area of Powering Potential, employees were also offered a third day of paid volunteer time during the campaign. And, for the first time, employees in all locations around the globe were able to make an individual donation to eligible charities and receive a company match.

## Powering the Potential of Our Communities

*Sesame Workshop, New York*

Thanks to a grant from BNY Mellon and more than 30 employee volunteers, Sesame Workshop distributed 25,000 educational outreach kits, Families Stand Together, at a Community Screening and Resource Fair. The event, held at the Children's Aid Society's Dunlevy Milbank Center in Central Harlem, New York, included the distribution of the bilingual kits, which provide families with children ages 2 to 8, who are experiencing economic difficulties, with strategies and tips that can lead to positive outcomes for their children's physical and emotional wellbeing.

*Salford Foundation, Manchester, UK*

Since 2008, BNY Mellon in Manchester has been supporting the Salford Foundation. This charitable organization supports the vocational, personal, social and academic development of young people and adults in Salford. It provides opportunities for those in education, business and the wider community to work together for their mutual advantage. BNY Mellon employees volunteer regularly for the foundation, supporting specific projects for younger teens and, for older teens, education, employment or training.



A BNY Mellon team from Manchester collaborated with the Salford Foundation to bring high school students to their office to help teach them how their school work can be applied in real life.

*Bethlehem Haven, Pittsburgh, Pennsylvania*

Bethlehem Haven helps thousands of homeless women annually through services ranging from street outreach and housing to health care and employment. With support from BNY Mellon, Bethlehem Haven was able to expand its capacity to assist 150 homeless women through rapid re-housing, which includes locating apartments or other



housing opportunities and assisting them with managing their income. The rapid re-housing approach to ending homelessness is a national model with a proven track record of success. Bethlehem Haven ensures the women it serves regain their self-respect and the confidence needed to be on their own.

#### *The Harbour Society, Pune, India*

The Harbour Society gives interest free loans to needy women in Pune. The Microloan Project began in 1997 to help women start small businesses, enabling them to be financially independent and help to support the family income.

#### *Year Up, Boston, Massachusetts*

Year Up's mission is to close the opportunity divide by connecting urban youth to the economic mainstream via access to quality education and job skills. In 2010, BNY Mellon provided support for the participation of approximately 280 youths in a one-year intensive education and job training program. Since the start of the partnership in 2003, the company has been serving as a host site for Year Up and provides internship and mentoring opportunities for participants.

### **Workforce Development Gets a Boost**

In keeping with Powering Potential's 2010 focus on workforce development, in November, BNY Mellon launched a \$6 million, five-year global workforce development initiative to assist vulnerable youth making the transition into adulthood. As part of this initiative, the company will collaborate with leading public and nonprofit agencies in the U.S., UK and Asia to enhance education, job training and career development opportunities for a population at risk for severe challenges that include chronic unemployment, poverty and homelessness.

More than 25,000 young people in the U.S. move out of foster care each year when they reach age 18. More than 1 million youths between ages 16 and 19 are not engaged in education, employment or training in the UK. In India, youth without a proper education face a difficult transition into adulthood.

With this in mind, BNY Mellon has targeted four major goals for the workforce development initiative within the framework of Powering Potential:

1. Ensuring that transitioning youths become successful, independent and productive citizens
2. Assisting these youths in becoming gainfully employed
3. Decreasing the rates of negative outcomes for these youths in such areas as substance abuse, poverty and crime
4. Making a significant difference in advancing employment and educational outcomes

## Workforce Development Network

To achieve its workforce development goals, BNY Mellon has partnered with local nonprofits in selected communities.

### **Boston**

- **More than Words** provides hands-on employment training, including work managing a bookstore, plus positive youth development.
- **Rediscovery, Inc.** offers a continuum of services to local youths, providing connections with outreach workers and education coordinators.
- **Youth Villages** helps emotionally and behaviorally troubled children and their families through a wide array of evidence-based programs, including in-home and transitional living services.

### **London**

- **Community Links** is a UK charity that runs 60 community projects in East London, working with 30,000 people each year. BNY Mellon received the 2010 Charity Times Award for Corporate Community Local Involvement for its part in the development of the Future Links program, which provides intensive support for vulnerable young people with education, training and securing meaningful employment. In addition to providing funding for the project, the company donated laptop computers and its volunteers run Business Mentoring Days. More than 200 BNY Mellon employees from the company's three London offices have volunteered and helped raise funds for the project.
- **Fairbridge** works with young people that other organizations find difficult to engage and gives them motivation, self-confidence and the skills they need to change their lives. Last year, Fairbridge helped more than 3,500 people. BNY Mellon's assistance will focus on providing the skills, motivation and support necessary to move these young people to further education, training or employment.

### **New York**

- **Good Shepherd Services** is a leading youth development, education and family service agency that serves more than 20,000 program participants a year. BNY Mellon's commitment will help support the Adolescent Services division of Good Shepherd's Family Foster Care Program, which specializes in addressing the educational and employment outcomes of youths aging out of foster care, as well as basic life and social skills.
- **The Children's Aid Society's Next Generation Center** is a one-stop center designed to meet the needs of young people transitioning to adulthood and self-sufficiency, with a special focus on youths in and aging out of foster care. BNY Mellon's assistance will target youths who are participating in programs, services and activities designed to improve their readiness for educational and employment opportunities and life skills development.



## Pittsburgh

- **Auberle** has been caring for and healing abused, neglected and troubled children throughout southwestern Pennsylvania for more than 50 years.
- **Familylinks** provides integrated, family-centered services focused on behavioral, social and developmental health issues, helping individuals and families become strong for life.
- **Family Services of Western Pennsylvania** helps individuals and families foster the capacities to direct their own lives, promote recovery and resiliency, and create a productive, caring community.
- **Holy Family Institute** helps thousands of children and families with community and residential programs become productive and independent citizens who will enrich their communities and future families.

## Chennai, India

- **Avvai Home** is a refuge for helpless children, serving orphans and destitute women and providing them with empowerment and economic independence. The organization is comprised of a residential home for 200 orphaned girls, hostels, schools and vocational training centers. BNY Mellon's support will allow several residents to further their education.
- **Little Flower School for the Deaf** houses 500 children. It provides full-time education at no cost to the deaf and hard of hearing, trains teachers in modern methods of educating this population and integrates capable children into regular schools. BNY Mellon's support will allow several deaf and hard of hearing children to further their education.

## Pune, India

- **Deep Griha Society** works to better the lives of people in the slums of Ramtekdi and Tadiwalla. BNY Mellon's support will help young people in these areas access education and training.
- **Kamanyani** is a school for the mentally challenged. BNY Mellon's support will help train teachers in physiotherapy and speech therapy at the National Institute of the Mentally Handicapped.
- **Maher** provides shelter, basic needs, training and assistance in finding employment to destitute people. BNY Mellon's support will allow several orphans and children of single mothers to further their education.

## Disaster Relief Efforts Benefit from Powering Potential's Focus

In 2010, BNY Mellon made a commitment to lead by example in disaster relief as part of its Powering Potential focus on helping our communities meet basic human needs. Throughout the year, BNY Mellon's disaster relief efforts totaled more than \$1.4 million, including corporate contributions and employee donations, team volunteering and fundraising, and company matches through the new online Community Partnership Disaster Relief program.

Through this program, employees around the globe can contribute to designated relief organizations for major disasters. And, as with other employee donations made through the Community Partnership program, BNY Mellon provides a matching gift program for these donations.



Disaster relief in Haiti and Pakistan.

by Marcus Santos, Images for Hope

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## Throughout the year, BNY Mellon's disaster relief efforts totaled more than \$1.4 million.

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In 2010, The company and its employees provided support to disaster relief efforts for the earthquakes in Haiti, Chile and China and the floods in Tennessee and Pakistan. That money was used to provide tarps and tents for temporary shelter; food; clean drinking water; access to latrines; dignity kits that included soap, blankets and hygiene products; vaccinations; surgeries; and psychological counseling. Employee donations also funded the construction of child-friendly spaces and baby tent sites to provide care for newborns and mothers in disaster-torn locations.

Internally, the company routinely helps employees stay informed by publicizing our programs through the use of individual e-mails, broadcast e-mails and MySource, the company intranet.

### Disaster Relief Spotlight

#### *American Red Cross*

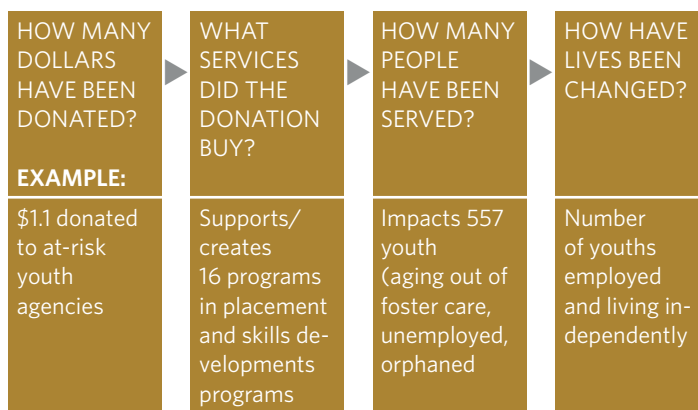
Established in 1881, the American Red Cross responds to more than 70,000 disasters each year, ranging from home and apartment fires to floods, earthquakes and tornadoes, hazardous material spills, transportation accidents, explosions, and other natural and man-made crises. As the nation's premiere emergency response organization, it harnesses the power of skilled volunteers to deliver critical support to communities in their time of greatest need and ensures that those impacted receive emergency food, shelter, drinking water and clothing.

This year, in recognition of the American Red Cross' 129th anniversary, BNY Mellon presented the organization with a special gift of \$129,000 to support a program that provides disaster preparedness training, response and relief in major U.S. cities. Called *Ready When the Time Comes*, this program is designed to recruit and train volunteer teams from local corporations and community groups, and deploy them to disaster sites in the geographic area they represent. All participants receive free basic disaster relief and personal preparedness training so that they are poised to serve as a reserve task force, should a large-scale emergency relief operation require increased staffing in their area.

Consistent with BNY Mellon's focus on partnering with communities where its employees live and work, 11 American Red Cross regional chapters in BNY Mellon's U.S. markets, including Boston and New York, received funding for disaster preparedness training and overall disaster relief. Additionally, BNY Mellon employees from around the world generously supported disaster relief efforts through the company's employee-powered Community Partnership program. Including corporate contributions, employee giving and company matching donations through the Community Partnership program, giving to the American Red Cross totaled more than \$500,000 in 2010.

## Measuring Impact and Outcomes

BNY Mellon values the need to help others, but also needs to manage its corporate giving in a businesslike fashion to ensure maximum results, the company has established a CSR impact model. This means that, before the company engages in a commitment to a particular cause, organization or project, it must assess the very specific potential impact it can have on the lives of others.



A challenge to effectively investing funds in communities is measuring and evaluating the impact of those investments. Although it is often possible to measure programs funded and people touched, it is difficult to understand the true change that is made in the lives of those in need. BNY Mellon is undertaking a focused effort with its Powering Potential grants to actually determine how lives were changed. For example, we are working to measure the number of at-risk youths who are gainfully employed or living independently based on our support for those programs.

## Community Partnership Metrics

### Total Funds Contributed (employee giving and company match)



### Total Funds Contributed to Powering Potential (employee giving and company match)



### Total Number of Employees Participating



### Total Number of Volunteer and Fundraising Teams



### Total Number of Team Volunteer Hours



### Value of Volunteer Time\*



### Number of Countries with Employees Participating



\*The value of volunteer time used in this calculation is \$20 per hour. This is based on the estimate that charitable organizations use to quantify the value that volunteers provide. This amount is not included in total funds contributed.

## Award-Winning Stories of Caring in the Community

As stories emerge from the success of the Community Partnership program, it is obvious that the rewards for participation are in the doing. To help raise awareness of these stories and increase participation in the company's global commitment, BNY Mellon has established the Community Partnership Outperforming Team Awards. Following are the inspiring stories of the teams that won this award in each of the four quarters of 2010.

### First-quarter Winner

#### Habitat Para La Humanidad México Team

Location: Mexico City, Mexico

Date: February 2010

Number of Employees on Team: 21

Volunteer Hours: 168

Company Match: \$6,200

Employees of BNY Mellon Mexico went to San Juan Teotihuacan, a small community outside of Mexico City with limited resources, located 10 minutes from the famous Pirámides de Teotihuacán. Their purpose was to help build a house for a family with three

children — 12, 10 and 3 years old, respectively — who lived in an unhealthy, small room provided by the owner of the poultry farm where the father works. Under the direction of an architect, the team worked together with the family and other local residents to clean the plot of land and build the home.



Habitat Para La Humanidad Mexico building site.



### **Second-quarter Winner**

#### **Greater Boston Food Bank Volunteer Team**

*Location:* Boston

*Date:* June 2010

*Number of Employees on Team:* 63

*Volunteer Hours:* 157.5

*Company Match:* \$3,500

The Greater Boston Food Bank, a Powering Potential charity, trained a Community Partnership volunteer team to inspect food. The group then worked on an assembly line, with some loading boxes onto conveyer belts, some sorting products and others labeling boxes. The BNY Mellon team sorted and repackaged 15,497 pounds of food, 12,400 pounds of which was salvaged food donated to the food bank. A total of 8,487 meals were made possible thanks to the work of employees from Standish/Fixed Income and Cash Asset

Management. The company matching dollars received by the food bank provided an additional 2,430 meals, for a total of nearly 11,000 meals provided to people in need in the Greater Boston community.



Employee team members sort food at the Greater Boston Community Food Bank.

### **Third-quarter Winner**

#### **Maher Road Building Project**

*Location:* Pune, India

*Event Dates:* October 2010

*Number of Employees:* 27

*Volunteer Hours:* 217

*Company Match:* \$3,633



Volunteer team in Pune carry stones for the Maher road building project.

Maher, meaning Mother's House, was founded by Sister Lucy in 1997 to serve as a refuge for destitute women. The facility houses 110 residents, including elderly women, who otherwise would have nowhere to live and no viable means of support. In the small town of Wagholi, Mahe had two houses separated by 400 feet with no road between them. Because the elderly residents lived away from the main house, they often could not be included in programs and activities. A Community Partnership team worked for five days to build a road to link the two buildings.

### **Fourth-quarter Winner**

#### **Soaringwords quilt and pillow making team volunteer projects**

*Locations:* Everett, Massachusetts; Jacksonville, Florida; Los Angeles; New York; Philadelphia; Pittsburgh; Syracuse, New York; Tacoma, Washington; and Wilmington, Delaware

*Event Date:* October 2010

*Number of Projects:* Nine

*Volunteer Hours:* 1,233

*Number of Employees:* 215

*Company Match:* \$11,220

Volunteer team members helped students at local schools create blankets and pillows for children with chronic and serious illnesses. The students then participated in a Nia Dance Jam, a lyrical dance routine that delivers a high-powered workout, and lunch. After lunch, the teams delivered the blankets and pillows to local children's hospitals, or hospital representatives came to pick them up.



A Soaringwords team display quilts they later gave to parents at a children's hospital.

Soaringwords' mission is to connect seriously ill children and their families to a community of compassionate and caring volunteers who inspire them to "Never give up!" Soaringwords provides fun, creative and educational activities, both in person and online, that cultivate joy, hope and laughter.

The effort included employees in nine U.S. locations and engaged all four affinity networks as well as many businesses, including Asset Servicing, Corporate Trust, Global Client Management and Wealth Management.

## Meeting Philanthropic Challenges in Diverse Cultures

While the company has seen tremendous progress in the U.S. and around the world, it continues to develop new ways to meet the challenge of expanding its philanthropic activities in diverse countries and cultures. The challenge rests in finding agencies and nonprofit organizations with which to partner — organizations with similar social value systems and objectives. In addition, the effort also includes working with employees who may not be accustomed to using company programs that leverage their own giving.

As Community Partnership continues to gain momentum, with increased awareness and participation by people throughout the company, employees have brought many new nonprofit organizations to the company's attention. Employees have developed a sense of ownership in the program and, by working for causes that are meaningful to them, they have not only generated great results but have become engaged on a personal level.

Since 2007, through the company's Employee Engagement Survey, we ask questions about how employees perceive the company's commitment to the community. Questions included:

The company's reputation as a good corporate citizen is a reflection of the contributions it makes to the communities.

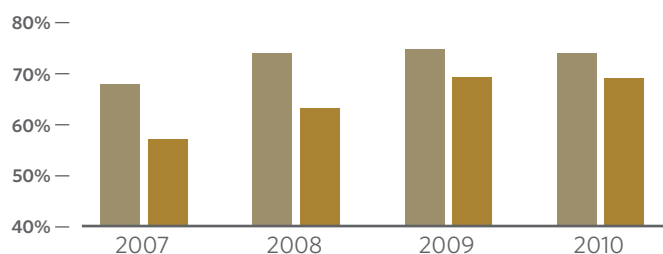
- 2010 — One of the most positively rated
- 6 percent improvement from 2007 to 2010

The company's reputation in the communities where we live and work is a reflection of the volunteer activities of its employees.

- 2010 — One of the most significantly improved over the four survey years
- 12 percent improvement from 2007 to 2010

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## 2010 Employee Engagement Survey: Community Results



## The Community Reinvestment Act

As Powering Potential illustrates, BNY Mellon has embraced the spirit of the Community Reinvestment Act, making a commitment to do more to serve the credit needs of the communities in which we operate.

In keeping with the philanthropic focus of Powering Potential, our company's grant funding priorities include:

- Affordable housing
- Economic development
- Financial literacy and homeownership education
- Human services



## MAKING AN IMPACT THROUGH IMPROVED ENVIRONMENTAL SUSTAINABILITY

BNY Mellon's effort to improve environmental sustainability around the globe spans from our own internal measures to provide environmental stewardship, making sure that major decisions are made and our business practices are conducted with the health of the environment in mind.

While our products and services touch nearly every industry sector, our direct environmental impact starts with our facilities and their consumption of energy, as well as the generation of paper waste, a bi-product of the financial services industry as a whole. With this in mind, the focus of this section is on three primary areas:

- Energy consumption
- Emissions
- Waste management

The company's commitment to sustainability starts with senior management and extends throughout the organization. The Corporate

Social Responsibility Committee of the board of directors, made up entirely of independent directors, has overall responsibility for CSR and environmental initiatives. It receives quarterly reports and reviews all corporate citizenship programs and progress. Committee members provide oversight and discuss the areas covered by Key Performance Indicators (KPI) and related goals.

Many of these environmental programs and initiatives fall under the operating responsibility of BNY Mellon's General Services and Corporate Real Estate group, which oversees corporate facilities and services, evaluates the financial impact of climate change on our company, and adopts strategies to mitigate and reduce those impacts. Employee-led, sustainability-minded teams, such as the EMEA Sustainability Committee, also contribute to a culture of environmental responsibility within BNY Mellon.



## 2010 KEY PERFORMANCE INDICATORS

- Continue to be a leader among financial institutions in environmental sustainability

## 2011 KEY PERFORMANCE INDICATORS

- Continue to be a leader among financial institutions in environmental sustainability
- Achieve 10 percent electrical energy reduction in our tracked domestic office portfolio by 2015 from 2007 baseline
- Continue to offset 75 percent of domestic electricity consumption from 2009 through renewable energy investments and more than 50 percent of EMEA energy consumption through direct energy purchases
- Achieve 30 percent reduction in internal copy paper usage from 2008 baseline
- Achieve significant improvement in our Carbon Disclosure Project score

## 2010 RESULTS

- Achieved the EPA Green Power Leadership award
- Compiled sustainability profiles of every owned and controlled facility, along with U.S. leased locations greater than 20,000 square feet
- Evaluated all ENERGY STAR facilities for LEED Existing Building certification
- Earned one of the first ENERGY STAR certifications for data centers in the U.S.
- Used our portfolio of certified or developing LEED Commercial Interiors projects as a foundation for establishing a set of environmental specifications and performance criteria for interior design and construction projects
- Evaluated lighting and retrofit opportunities of all data centers and LEED Existing Building projects
- Became a Carbon Disclosure Project Signatory
- Implemented green cleaning policy at all owned and controlled facilities
- Launched a corporate PaperWise program with an aspirational goal of 50 percent paper reduction from 2008

## 2011 PLANS

- Evaluate electrical energy consumption in managed EMEA locations to set future reduction targets
- Extend sustainability program strategies to the GIS portfolio, including energy management, green building certifications, waste management and employee programs
- Continue to pursue LEED Commercial Interior and Existing Building certifications where possible and appropriate
- Establish performance and environmental specifications for interior design and construction projects
- Develop sustainability qualification criteria for the acquisition of new office space
- Expand employee awareness and participation by broadening membership in the EMEA Sustainability Committee and launching a multi-regional U.S. Sustainability Ambassadors network

### A Business Case for Sustainability

Companies that have embraced a commitment to environmental sustainability offer the best examples of “doing what’s right.”

When companies save energy, they save money. When they achieve improvements in waste management, they achieve cost efficiencies.

Since 2008, BNY Mellon has realized \$3.1 million in annual savings by identifying energy efficiencies, and the average payback period for the company’s environmental sustainability initiatives is 2.7 years.

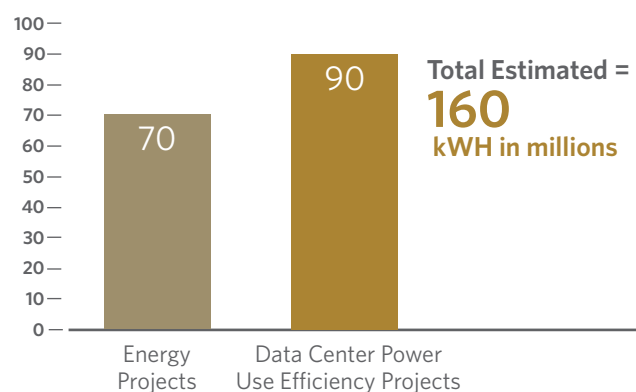
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*“We’ve invested \$8.2 million since 2005 on capital projects related to energy savings, and these sustainability projects have delivered an estimated savings of more than \$3 million annually.”*

*— Chip Logan, Head of Facilities Services and Sustainability*

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## Estimated kWh Savings from Energy Reduction Projects Kilowatt Hours (kWh) in millions



**160 kWh in millions** savings is equivalent to any one of the below:

**Gasoline** 16,620,035 gallons saved

**Natural gas** 1,828,203,807 cubic feet saved

**No. 2 diesel** 13,152,545 gallons avoided

**Coal** 76,175 tons saved

**Oil** 315,208 barrels avoided

## Green Buildings and Energy Consumption

BNY Mellon's environmental impact is made primarily in its real estate portfolio, which consists of office buildings, data centers and operational centers that collectively house thousands of employees. This is where our company consumes the vast majority of the energy required to meet its obligations to clients and stakeholders. From

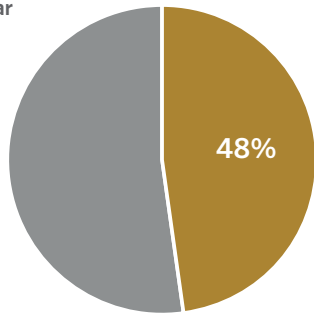
2009 to 2010, the company's total real estate portfolio increased by 8 percent, or 1.2 million square feet, as a result of acquisitions. In 2011, our newly acquired locations will be integrated into our energy management strategy, which involves both direct electrical energy reductions and alternative energy investments.

Location	Square feet	Number of Employees	LEED Projects	Energy Star Certified	REC Allocated
BNY Mellon Center, Pittsburgh, PA	1,525,000	3,500	LEED CI Gold floors 30-31 LEED CI in progress floors 27, 32"		Y
101 Barclay Street, New York, NY	1,226,000	2,700	LEED EB in progress	Y	Y
BNY Mellon Client Services Center, Pittsburgh, PA	667,000	2,200			Y
One Wall Street, New York, NY	1,166,000	1,700	LEED CI Silver floor 12 LEED CI in progress floors 13, 21, 23"		Y
525 William Penn Place, Pittsburgh, PA	943,000	1,600	LEED EB Gold	Y	Y
BNY Mellon Center, Everett, MA	384,000	1,400	LEED EB Gold	Y	Y
111 Sanders Creek, Syracuse, NY	93,000	500	LEED EB in progress	Y	Y
211 Quality Circle, College Station, TX	98,000	400		Y	Y
BNY Mellon Center, Philadelphia, PA	231,000	275	LEED CI in progress floor 2		
Garrett Tower, West Patterson, NJ	166,000	250			Y
1313 Broadway, Tacoma, WA	98,000	200		Y	Y
2220 Chemsearch Boulevard, Irving, TX	77,000	100		Y	
TN Processing Center	168,000	100			Y
5730 Katella Avenue, Cypress, CA	65,000	60		Y	Y
Central NJ Processing Center	108,000	60			Y
Wealth Management Office, Newport Beach, CA	20,000	30	LEED CI Silver		
1450 Brickell Avenue, Miami, FL	15,000	30	LEED CI in progress floor 27		
16 Wilton Street, Westport, CT	6,000	10		Y	
Northern PA Processing Center	71,000	10	LEED EB in progress	Y	Y
<b>Total square footage with environmental attributes</b>	<b>6,860,552</b>				
<b>% of Owned/ Controlled Sq ft*</b>	<b>69%</b>		<b>27%</b>	<b>31%</b>	<b>62%</b>

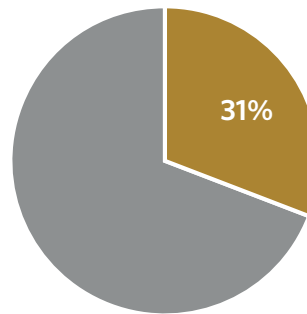
\* LEED % of owned / controlled measures square footage for existing building participation only, excludes individual commercial interior projects

## 2010 Energy Star Overview Chart Global Real Estate Portfolio by Square Feet (Owned or Controlled versus Leased)

Percent of Total Square Footage  
Tracked for Energy Star  
(8.1 M sq ft)



Percent of Controlled Square Footage  
Awarded Energy Star  
(3 M sq ft)



For more information or current list of [Energy Star facilities](#).

### ENERGY STAR

ENERGY STAR, the U.S. Environmental Protection Agency's (EPA) national energy performance rating system, rates a building's energy efficiency on a scale from 1 to 100 by comparing it to other, similar buildings nationwide. Only buildings that score 75 or higher on the rating scale, as verified by engineers, receive the ENERGY STAR award. Buildings that earn ENERGY STAR status use an average of 35 percent less energy and release 35 percent less carbon dioxide into the atmosphere.

BNY Mellon's current commitment to environmental sustainability extends corporate-wide and dates back to 2007, when the newly merged company created a unified energy management plan. By 2009, every owned and controlled facility was evaluated for ENERGY STAR eligibility, with participation geared toward U.S. buildings that are 90 percent occupied by the company and those in which we directly pay the electricity bill. Our aggressive energy management initiatives are deployed throughout our ENERGY STAR program, which, at the close of 2010, represented 8.1 million square feet of the company's owned and operated real estate portfolio, or 36 facilities. At our six largest tracked locations, consisting of BNY Mellon's headquarters as well as our major operations centers, total energy use for the group has decreased by an average of 11 percent from their respective baselines.

Once a building receives an ENERGY STAR rating, it's our goal to maintain the rating and recertify the property. The ENERGY STAR rating criteria does, however, change periodically, and recertification is not guaranteed, which accounts for the year-over-year change in this program.

We are committed to operating a portfolio of energy-efficient and sustainable properties and continue to focus on reattaining

ENERGY STAR-CERTIFIED  
PROPERTIES **3 MILLION  
SQUARE FEET**

### ENERGY STAR SPOTLIGHT: Leading the Way in Data Center Energy Management

In August 2010, BNY Mellon's Northpointe data center, located just north of Pittsburgh, received the ENERGY STAR award. Northpointe is among the first data centers in the EPA's registry of 11,000-plus commercial properties to meet the stringent energy-efficiency specifications, which are designed to promote superior energy use and performance and prevent greenhouse gas emissions.

The company's efforts resulted in a superior level of energy efficiency at the 71,000-square-foot data center, built in 2006. At the same time, the team reduced operating costs and greenhouse gas emissions by reducing electrical usage. By focusing on utility improvements and successfully implementing a variety of solutions, the group achieved efficiencies in both the power and cooling supplies.

ENERGY STAR ratings where possible. In fact, our capital improvements from 2005 to 2010 for energy efficiency and sustainability program improvements in two of our largest U.S. locations averaged \$4 million.

### Data Center Efficiency

The company's power utilization efficiency (PUE) program tracks the energy performance of our data centers. PUE is calculated by dividing the building's total power usage by the power drawn for the data center's computers and Information Technology equipment. For example, a PUE score of 4 indicates that the data center's energy demand is four times greater than the energy needed to power the IT equipment. The lower the PUE score, the more efficient the data center.

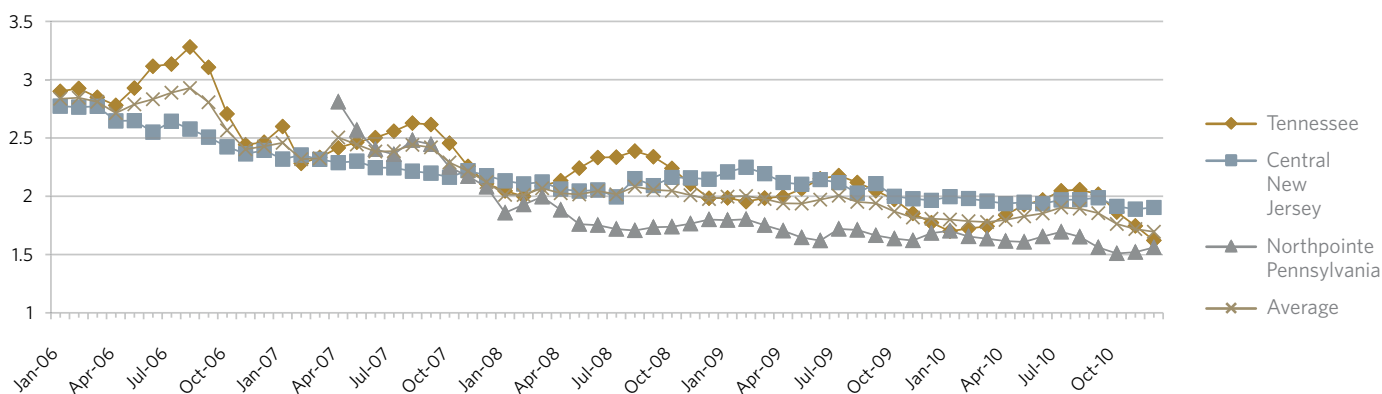
The teams tasked with finding ways to reduce energy costs are rewarded through a mix of job evaluations, raises and bonuses. The result is a strong, focused and competitive team that collaborates and competes to reduce utility costs.

Through collaboration with BNY Mellon's data center managers and the Information Technology group, the company's average data center power utilization efficiency ratio has significantly improved, from a rating of 2.8 to 1.7, resulting in an energy savings of up to 80 million kilowatts, or an avoidance of \$7.5 million in energy costs, at the company's U.S. data centers alone.

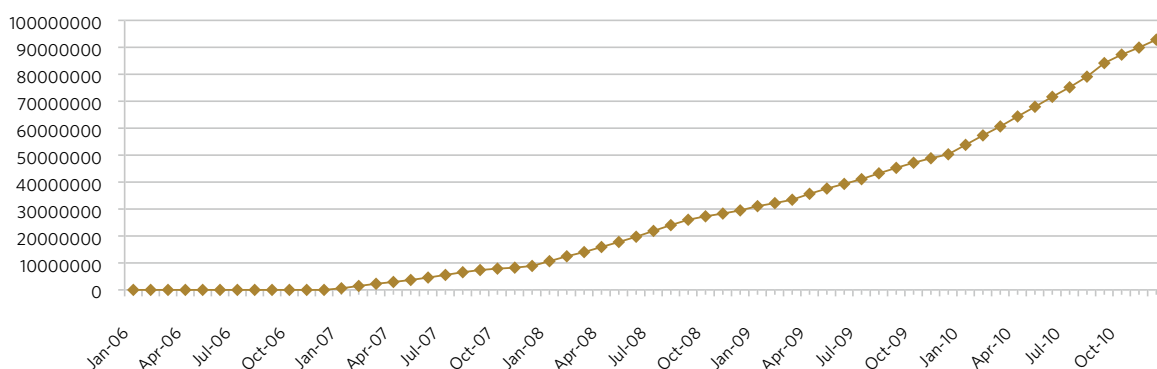
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## Data Center Energy-efficiency Initiatives — Average Power Usage Effectiveness (PUE)

Data Center PUE



Total PUE Program kWh Savings



**= 92,845,756 kWh IN TOTAL ENERGY SAVINGS**

The kWh energy savings at all of the data centers from BNY Mellon's PUE program is equivalent to any one of the following:

**9,621,707 gallons of gasoline avoided**

**44,099 unused tons of coal**

**182,481 barrels of oil avoided**

This is enough energy to make **8,018 trips around the world at the equator in a vehicle with an average estimated fuel efficiency of 20 miles per gallon.**

Energy-saving steps that have advanced our PUE program include basic measures such as sealing the raised-floor cracks at the data centers and maintaining the right static air pressure under the raised floor grid, as well as efficiencies gained from server and equipment upgrades.

## Balancing Our Energy Footprint with Renewable Energy Certificates

Our emissions management program includes pursuing new sources of alternative energy and the strategic purchase of Renewable Energy Certificates (RECs) to offset BNY Mellon's energy-related carbon footprint.

In the U.S., the company has committed to continue offsetting the equivalent of 75 percent of its electricity use, from a 2009 baseline, through renewable energy investments. In the EMEA region, more than 50 percent of electricity consumption will be offset with renewable energy sources. Globally, about 62 percent of BNY Mellon's total electricity consumption will be offset using certified renewable energy.

Renewable energy is power generated from environmentally preferable renewable resources, such as wind, solar, geothermal, bio-gas, bio-mass and low-impact hydro. These resources generate electricity with a net zero increase in carbon dioxide emissions, while offering a superior environmental profile when compared to traditional power generation sources. Green power purchases also support the development of new renewable energy generation sources.

### Recognition Spotlight: BNY Mellon Named a Green Power Leader

In October 2010, BNY Mellon was named an EPA Green Power Leader, a national honor, for making significant investments in renewable energy sources. Each year, the EPA recognizes the country's leading green power purchasers for their commitment and contribution to helping advance the development of the nation's voluntary green power market. The company was one of only 10 organizations in the country to receive a Leadership Award in the Green Power Purchase category.

BNY Mellon invests in nearly 230 million kWh of green power annually. A REC purchase ensures that the associated amount of electricity a company or an individual uses is replaced on the power grid with renewable electricity generated at wind and solar energy

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62 percent = The amount of global electrical utility use offset by renewable energy in 2010 (vs. 29 percent in 2009)

\* DOES NOT INCLUDE GIS portfolio, acquired in second half of 2010

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*"The EPA congratulates BNY Mellon for demonstrating by example the importance of using clean, renewable energy. By using green power, BNY Mellon is leading the way toward cleaner air and a healthier environment, while helping advance the market for renewable energy."*

— Gina McCarthy, Assistant Administrator for Air and Radiation, EPA

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facilities. BNY Mellon's current renewable energy commitment started in the beginning of 2010 and will run through 2014. The company purchases from suppliers of renewable energy products in the U.S. that meet approved guidelines. BNY Mellon's partnership with NextEra Energy Resources, North America's largest producer of wind and solar power, is its largest renewable energy investment to date, with 100 percent of the proceeds directed to NextEra's EarthEra Renewable Energy Trust to help build new wind and solar facilities. This will further accelerate the construction of new renewable energy projects in the U.S.

BNY Mellon currently ranks 17th on the EPA's National Top 50 list, which highlights EPA Green Power Partners that have completed the largest annual voluntary purchases. According to the EPA, BNY Mellon's current level of green power purchases, nearly 230 million kWh, is equivalent to avoiding the carbon dioxide emissions of nearly 32,000 passenger vehicles per year, and is the equivalent amount of electricity needed to power more than 20,000 average American homes annually.



Capricorn Ridge Wind Energy Center in Sterling, Texas

## CONSUMPTION OVERVIEW

		2009 Reported Value*	2010 Reported Value*
Total electricity consumed	Million kilowatt-hours (kWh)	348	372
Electricity consumed per employee	Thousand kWh per employee**	8	8
Total corporate fleet auto gas	Thousand gallons	Not recorded	56
Auto gas consumed per employee	Gallons per employee**	Not recorded	1.2
Total gas consumed (natural gas)	Hundred cubic feet (CCF)	946,758	890,420
Natural Gas consumed per employee	CCF per employee**	22	19
Total oil consumed (diesel)	Thousand gallons	20	20
Oil consumed per employee	Gallons per employee**	0.5	0.41

\*Data in each column represents actual data for the full previous year. Does not include acquisitions.

\*\*42,200 employees in 2009; 48,000 employees in 2010

## Emissions

### Carbon Disclosure Project

Each year, BNY Mellon voluntarily tracks, measures and publicly discloses its carbon emissions for every owned, controlled or leased facility in the 36 countries in which it operates. The Carbon Disclosure Project (CDP) evaluates a company's total environmental program — including emissions reporting and strategy, governance, risk and other factors — and encourages participants to address emerging issues.

To calculate greenhouse gas emissions, consumption data from electric utilities, heating oil, natural gas, corporate aircraft and car fleets, and corporate travel is converted into metric tons of carbon dioxide.

In 2009, BNY Mellon was named to the CDP Carbon Disclosure Leaders Index, which includes the top 50 Standard & Poor's 500 companies that publicly and voluntarily report environmental disclosures. With a score of 78, BNY Mellon was also listed among the CDP's top five financial institutions on the index.

In 2010, although the company scored well in emissions reporting, the overall CDP results slipped 12 points from the prior year, reflecting both substantial global business growth as well as changes in the scoring methodology. We are focused on improving this score in 2011.

Also in 2010, BNY Mellon became an official CDP signatory, underscoring our commitment to environmental sustainability. As investors increasingly request details regarding our broader involvement in environmental programs, we will continue to collaborate with our stakeholders and business areas to provide a more complete portrait of our progress and leadership.

### Green Buildings and Environmental Design

The company's approach to green building, established in 2009, is now a standard operating strategy. We focus on improving the energy efficiency of our buildings first, then evaluating buildings that have acquired the ENERGY STAR label for LEED Existing Building potential.

LEED, or Leadership in Energy and Environmental Design, focuses on the design, construction and operation of high-performance, environmentally sustainable buildings. To achieve this certification, the building's sustainability and operations plans, maintenance practices and procedures are reviewed by a third party to ensure energy efficiency and sustainability based on the U.S. Green Building Council's (USGBC) high performance standards and metrics. LEED promotes a whole-building approach to sustainability and recognizes performance in targeted areas, such as water and energy savings, materials and resources, as well as indoor environmental quality.

BNY Mellon participates in the LEED Existing Building (EB) and the LEED Commercial Interiors (CI) programs.

### BNY Mellon's Everett Facility Receives Gold-level LEED Certification

In February, the USGBC awarded Gold-level LEED certification in the EB category to the company's Everett, Massachusetts, facility. The building earned its certification for superior energy, lighting, water and material use, along with sustainable strategies that included:

- Decreasing energy consumption by nearly 20 percent through building-wide control systems, operating methods and lighting automation
- Renewable energy power generation from a rooftop solar array



## BNY Mellon Greenhouse Gas emissions Summary

	2009	2008
<b>Scope 1 direct emissions <sup>1</sup></b>	<b>Total: 9,483 metric tonnes CO<sub>2</sub></b>	<b>Total: 9,550 metric tonnes CO<sub>2</sub></b>
USA	9,414	9,540
International	69	10
<b>Scope 2 indirect emissions from purchased electricity <sup>1</sup></b>	<b>Total: 214,240 metric tonnes CO<sub>2</sub></b>	<b>Total: 204,435 metric tonnes CO<sub>2</sub></b>
USA	184,617	182,005
International	29,623	22,430
<b>Electricity Consumption<sup>2</sup></b>		
USA	307,616,750 kWh	298,980,669 kWh
International	64,304,532 kWh	49,497,781 kWh
<b>Emissions reductions achieved through alternative energy</b>		
USA	60,998 metric tonnes CO <sub>2</sub> -e of renewable offsets	29,621 metric tonnes CO <sub>2</sub> -e of renewable offsets
International	8,378 metric tonnes CO <sub>2</sub> -e via direct purchases	2,596 metric tonnes CO <sub>2</sub> -e via direct purchases
BNY Mellon has made one of the largest investments in alternative energy (39% of purchased electricity domestically), listing it among US EPA's Fortune 500 List of Top Green Power Purchasers for 2009.		
<b>Scope 3 indirect emissions from other sources</b>	<b>Total: 22,513 metric tonnes CO<sub>2</sub></b>	<b>Total: 28,165 metric tonnes CO<sub>2</sub></b>
USA Business Travel	Total: 18,436 metric tonnes CO <sub>2</sub>	Total: 24,476 metric tonnes CO <sub>2</sub>
Transportation	16,513	20,962
Hotel stays	1,923	3,514
International Business Travel	Total: 4,077 metric tonnes CO <sub>2</sub>	Total: 3,689 metric tonnes CO <sub>2</sub>
Transportation	3,742	3,333
Hotel stays	335	356
<b>Activity-related intensity measurements (Scope 1 &amp; 2)</b>		
Per million sq ft of owned and leased space	14,622 metric tonnes CO <sub>2</sub> -e	14,124 metric tonnes CO <sub>2</sub> -e
Per employee	5.30 metric tonnes CO <sub>2</sub> -e	4.99 metric tonnes CO <sub>2</sub> -e

<sup>1</sup> Includes actual utility data and annualized watts per square foot estimates for every owned, controlled or leased facility.

<sup>2</sup> Includes steam consumption.

We strive to reduce our emissions through a combination of offsets and direct energy management.

We use the World Resources Institute/World Business Council for Sustainable Development Green House Gas Protocol Initiative tool and the U.S. Environmental Protection Agency Climate Leaders Simplified GHG Emissions Calculator to guide how we report this data.

- Exemplary recycling, waste management and employee education programs
- A superior water management program that delivers a 34 percent reduction in use from efficient fixtures and landscaping
- A green cleaning policy with environmentally sensitive products and processes
- BNY Mellon's sustainable purchasing program

Working with National Grid and leveraging a grant from the Massachusetts Renewable Energy Trust, plus state and federal tax incentives, BNY Mellon installed a 76-kWh rooftop solar array on the building in early 2009, which was showcased in last year's CSR report. The system is designed to annually reduce carbon dioxide emissions by about 50 tons and will pay for itself in less than five years, while also relieving peak energy demand on the Everett grid. To date, the solar array has produced 175,475 kilowatt hours of electricity, enough to power 14 average American homes for one year.

More than 1,000 company employees work in the 385,000-square-foot office complex and operations center, which serves the company's Asset Servicing and other businesses. This building has also earned the EPA's ENERGY STAR award for eight consecutive years.

#### **One Wall Street Improvements Earn U.S. Green Building Council Silver Certification**

In June 2010, the 12th floor of BNY Mellon's One Wall Street headquarters in New York earned the coveted LEED CI Silver certification from the USGBC.

Highlights of these eco-friendly improvements include:

- Offices and meeting rooms designed with glass fronts to draw the sun's light inward, while providing flexible space
- High-efficiency light fixtures and motion-detecting light sensors designed to reduce overall electricity use, the largest single contributor to a building's greenhouse gas emissions
- Paint, carpet and furniture with low volatile organic compounds or organic, naturally based chemical compounds, which substantially reduce the amount of indoor air pollutants
- The salvage and recycling of nearly all construction waste from the project, with 80 percent of those materials diverted from landfills

"These improvements place sustainability at the forefront of our space planning and design efforts," said Chip Logan, BNY Mellon's Head of Facilities Services and Sustainability. "The many positive benefits include a better, more effective use of space, increased energy efficiency and reduced carbon dioxide emissions."

#### **525 William Penn Place Gets Gold-level LEED Certification**

In September, BNY Mellon's location at 525 William Penn Place in Pittsburgh was awarded Gold-level LEED EB certification from the USGBC.

The property is the largest building in the Pittsburgh area to obtain the LEED EB Gold ranking to date, and is one of only three buildings in the region to obtain this ranking. Key changes included:

- significantly decreasing electrical energy consumption by 7.7 million kWh over the last five years through the use of lighting control systems and lighting motion sensors, as well as the installation of Variable Frequency Drives to control the power supplied to a motor so that it matches actual demand;
- a five-year contract for the purchase of off-site, Green-e certified renewable energy credits equivalent, at the time of purchase, to 100 percent of the anticipated annual electrical consumption;
- exemplary recycling and waste management programs;
- modifications to the plumbing fixtures, which resulted in a higher water use efficiency;
- a green cleaning policy with environmentally sensitive products, equipment and processes; and
- a sustainable purchasing program that encompasses office supplies, lamps, furniture, electronic goods, cleaning and other building supplies.

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*"With the support and participation of our employees and tenants, we are reducing our impact on the environment. This latest 'green' achievement is a result of a long-term, strategic focus on utilizing our resources in a responsible way."*

— Vince Sands, Chairman of BNY Mellon of Pennsylvania

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#### **Travel-related Emissions**

BNY Mellon works with its corporate travel partner to obtain emissions reports on the carbon footprint of indirect emissions tied to company travel.

U.S. Mode of Transportation and Hotel Stays	2010 Reported Carbon Dioxide Emissions* (in metric tons)	2009 Reported Carbon Dioxide Emissions* (in metric tons)
Car Rentals	834.9	1,107.8
Flights	15,669	19,829.2
Hotel Stays	1,923.3	3,513.5

\*Data in each column represents actual data for the full previous year. Does not include acquisitions.

## Waste Management

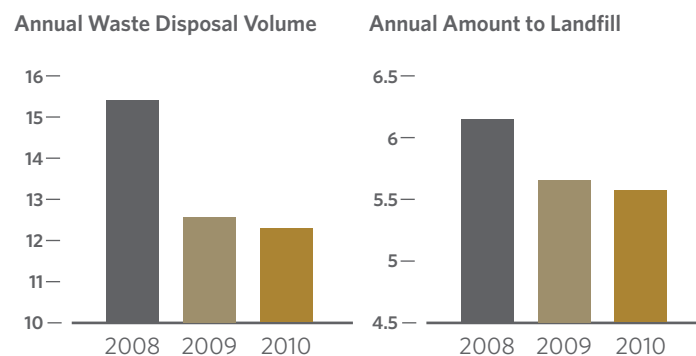
In addition to energy management, waste management is another major strategy area where we are working to reduce our environmental impact and continue to build employee engagement in the sustainability program. In fact, at most BNY Mellon facilities, the waste management program requires employee action.

A major challenge in this area concerns data collection and integrity, given that waste hauling and recycling services vary by region and, sometimes, by county. While the facility managers at our tracked locations continue to challenge their waste hauling vendors for more accurate information, they're also determining standards for measuring trash volume from estimates. And our employees are increasingly aware of their role in waste management, understanding the importance of using less, reusing more and recycling.

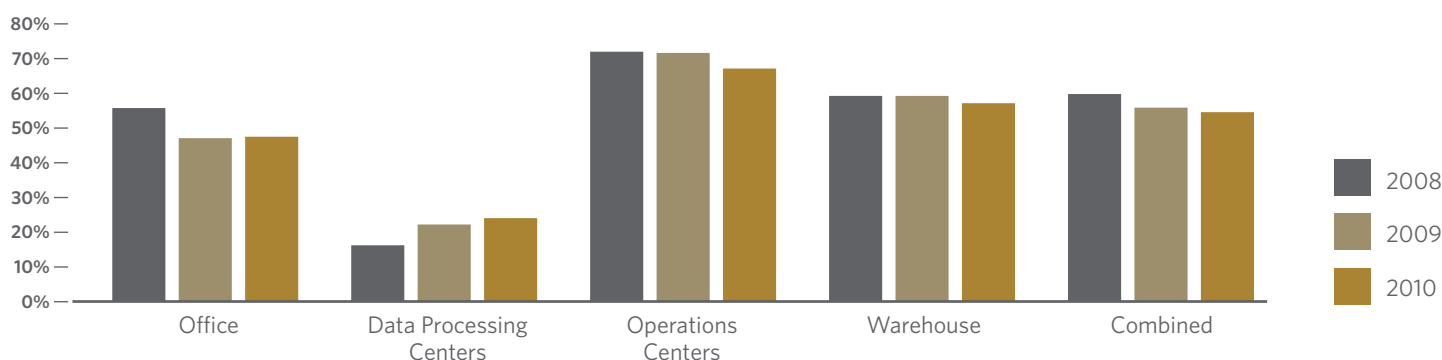
In 2010, we tracked waste volumes in the 8.2 million square feet of office space, data centers, operational centers and warehouses where some 22,000 BNY Mellon employees work. For 2010, we recorded 12.2 million pounds of office trash generated, a reduction of more than 500,000 pounds from last year. Additionally, 193,000 pounds

of IT hardware assets from our large-scale data centers were either recycled or incinerated in waste-to-energy plants. For the future, our biggest priority in waste management is to continue to reduce the amount of overall trash generated.

### Waste Management (pounds in millions)



## Recycling %



### 2010 RECYCLING AND WASTE OVERVIEW

		2009 Value	2010 Value
Number of employees at tracked facilities		24,816	21,886
Square feet at tracked facilities	Million square feet	8.0	8.2
<b>Total waste recycled</b>	<b>Million pounds</b>	<b>7.1</b>	<b>6.7</b>
General office paper - white/mixed/confidential	Million pounds	6.1	5.7
Cardboard	Million pounds	0.7	0.3
Aluminum, glass and plastic	Million pounds	0.3	0.6
<b>Total waste to landfill</b>	<b>Million pounds</b>	<b>5.6</b>	<b>5.6</b>
Office	Million pounds	1.8	1.7
Perishable	Million pounds	3.8	3.9
<b>Total waste</b>	<b>Million pounds</b>	<b>12.7</b>	<b>12.2</b>

## BNY Mellon Launches Major Environmental Sustainability Objectives through PaperWise

On June 5, 2010 — World Environment Day — BNY Mellon launched PaperWise, a global environmental sustainability initiative to help employees understand the impact of paper use and how to make smart choices when printing and copying documents.

PaperWise combines innovation with conservation, emphasizing the use of eSolutions such as two-sided printing, printing only the pages needed instead of a whole document, or creating a PDF file instead of printing to paper.

In less than one year, the initiative was responsible for a 20 percent drop in paper use and represents 108 million sheets of paper saved. This was accomplished primarily by making employees aware of what they could do to save or recycle paper, and by relocating nearly half of the company's multi-function devices and network printers for employee printing and copying.

Throughout 2010, the company maintained and promoted its paper recycling programs. According to the company's General Services and Corporate Real Estate department, the company recycled 5.7 million pounds, or 2,800 tons, of paper. Since each ton of recycled paper saves 17 trees, the company's paper recycling efforts in 2010 saved an estimated 48,000 trees.

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*"Through PaperWise, employees can take an active role in our key 2010 global sustainability initiative. Together, we'll end up using eSolutions where, in the past, we might have just hit the Print key."*

— Kurt Woetzel, Head of  
Global Operations and Technology

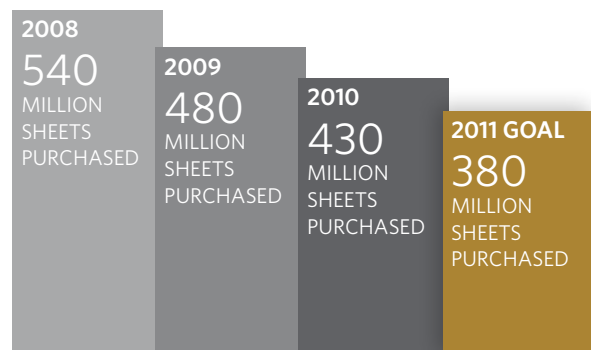
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The success of PaperWise will involve everyone in the company. Rather than simply lay out a series of directives to employees on how to save paper, it solicits every employee's input and involvement in a larger process to create and institute new ways to save paper.

While saving paper and conserving natural resources have been the primary objectives of PaperWise, the initiative to deliver information to clients and shareowners electronically has also created business opportunities for BNY Mellon. By emphasizing eSolutions, the company provides important information more quickly and conveniently to recipients.

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## BNY Mellon On Target for 30 Percent Paper Reduction Since 2008



An aggressive internal awareness campaign was instituted to publicize PaperWise and issue a "paper challenge" competition for employees. The campaign was centered on two complementary themes: the need to reduce paper use, and the need to increase electronic delivery and storage practices.

### Paper-saving Initiatives Underway

#### Employee Eco Champions Reduce Paper Use

In 2010, BNY Mellon recognized employee Eco Champions representing nearly every business and location around the globe. To earn Eco Champion recognition, employees demonstrated active participation in the company's key 2010 sustainability initiatives.

The sustainability team gathered more than 70 new paper-saving ideas from employees as a result of the launch of the PaperWise initiative and converted the ideas into a how-to guide for the entire company. The digital guide includes tips and suggestions for saving or eliminating paper use. In recognition of their efforts, the employee contributors were named BNY Mellon's first Eco Champions.

#### Brazil Uses 100 Percent Recycled Paper for Marketing Materials

In 2010, BNY Mellon Brazil achieved its objective, and an Eco Champion designation, for a simple idea conceived in 2007 —

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*"We made a decision to incorporate sustainability into our everyday approach to business."*

— Zeca Oliveira, CEO of BNY Mellon Brazil

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make sure all stationery and marketing materials are printed on recycled paper. All of Brazil's business cards, office stationery and marketing collateral materials have been printed on 100 percent recycled paper. This includes paper used for regular desktop printing and copying, as well as standard collateral pieces like fact sheets.

In addition to recycled paper, BNY Mellon Brazil is currently using white reforested paper, which comes from forests where new trees are replanted where existing ones are cut down.

#### **Pune Wealth Management Team Process Change Saves Paper and Time**

The Wealth Management Income Processing team in Pune, India, was recognized as an Eco Champion for a Microsoft Excel-based solution that eliminates 3,000 printed pages per month.

The team is responsible for posting clients' payments on mortgage-backed securities into the accounting and valuation system. The original process involved employees using paper printouts to manually compare the payments recorded in two separate computer systems. In a typical month, the team reviewed about 3,000 printed pages. After analysis and consideration, the team reengineered the paper-based process to save this significant amount of paper.

#### **Alternative Investment Services' e-Delivery Initiatives Promote Risk Management**

Minimizing operational risk has always been a priority within AIS. The business uses a proprietary transfer agency system that services most fund structures. Within these fund structures, the system can process investor activity, store documentation and deliver investor correspondence electronically, including group mailings. The system has been continually developed and enhanced to widen the population of funds processed, and a significant benefit from these enhancements has been increased electronic statements and, correspondingly, less paper use. AIS has been using and focusing on the further development of other intranet-based systems, which will support strong, paperless workflows. Already in place is a workflow process that facilitates the receipt and dissemination of incoming fax communications electronically rather than on paper.

#### **CDO Cash Reconciliation Process Map Leads to Time, Money and Paper Savings**

In the Collateralized Debt Operations cash reconciliation process, one of our Operations and Quality teams conducted a detailed process-mapping exercise with the goal of streamlining a complex process and building greater efficiency. As a result, the process went from 32 steps to 20 steps and processing time dropped by an hour, from 450 minutes to 390 minutes, resulting in an annualized savings of nearly \$100,000.

#### **COLD Storage Solution Creates Powerful Reporting System and Searchable Database**

BNY Mellon's Global Financial Institutions area offers its clients a robust digital archive solution that generates computer output to laser disk (COLD) instead of paper. Clients use it as a reporting archive. They have the ability to rapidly retrieve and search large amounts of data in an automated fashion, resulting in paper savings and higher productivity.

#### **Fund Accounting Paperless Initiatives Modernize Workflow**

In the Fund Accounting office in Manchester, UK, a two-phase initiative will digitize both the report checking and report archiving processes, maximizing the usefulness of its online workflow management tool. Phase one, which involved the complete reengineering of the data verification process, has already reduced the amount of paper used per day by an average of 18,800 sheets, saving more than \$165,000 annually.

In the Ireland Fund Accounting office, prior to reengineering, this manual process took an estimated 192 minutes per employee per fund, which impacted overall productivity. The new process reduces processing time to 168 minutes per employee per fund, eliminates printed reports and generates electronic reports. This has resulted in savings of about 15,000 pages per day, or 3.78 million total printed pages, as well as ancillary savings in staffing and vendor management equivalent to \$115,000 annually.

#### **Shareowner Services eDelivery and eDistribution Offers Instant Access and Postal Savings**

MLink, launched in 2003, continues to offer clients efficient delivery of paperless statements, tax forms, transaction advices, annual reports and proxy statements. Collectively, the 668,000 shareowners enrolled in this program save \$1.5 million in annual printing and mailing costs.

#### **Pershing's mydocumentsuite.com Saves Paper and Generates Revenue**

Enrollment in the online service that offers investors electronic delivery of brokerage account statements and trade confirmations nearly tripled from 2009 to 2010. By introducing a graduated surcharge for paper-driven documents and providing marketing tools to drive e-Delivery, the project generated \$2.3 million in revenue and another \$2.7 million in savings. Client document types were also extended to include proxy and shareholder communications, tax documents, account notifications, quarterly performance reports and prospectuses; this capability will be fully rolled out in 2011.

In partnership with the Arbor Day Foundation, and as a result of this program, Pershing's clients saved more than 2,500 existing trees and were responsible for planting about 50,000 trees in national forests and other areas slated for conservation throughout 2010.

## Employee Engagement and Environmental Sustainability

As sustainable thinking and decision-making continues to be integrated into the day-to-day operations of BNY Mellon's businesses around the world, we remain ever vigilant in building a culture of environmental sustainability.

This effort has centered on regular employee communications through meetings, internal correspondence and a dedicated informational site available to all employees from the company intranet. At the same time, the company has continued to explore ways to further involve employees in the process through opportunities for participation, in addition to external commitments BNY Mellon has made to join the larger movement toward environmental sustainability.

One example of this is the employee-established Europe, Middle East and Africa (EMEA) Sustainability Committee. Formed in May 2008, this all-volunteer committee creates environmental awareness through employee-focused volunteer opportunities, educational experiences and initiatives. The EMEA Sustainability Committee continues to improve the environmental sustainability and profile of the company and its stakeholders within the region.

### Children of BNY Mellon Employees Participate in Caring Tree Project

In Pittsburgh, members of the "LGBT affinity network" sponsored an earth-friendly activity for the children of BNY Mellon employees.

Through the Caring Tree project, children ages 9 through 12 participated in a hands-on environmental education session, including an interactive discussion and art project. Together, they talked about the importance of the three R's: reduce, reuse and recycle.

Following the discussion, each child was asked to think of one thing he or she could start doing to help the environment and to depict that idea on blank leaves. Then, one by one, the children attached their decorated leaves to a small wire frame, building the Caring Tree.

### Regional Events and Participation

#### *Earth Day, April 2010*

In connection with Earth Day projects throughout the company and around the world, BNY Mellon "green teams" volunteered more than 1,300 hours for charities they supported.

Green team projects included restoring trails, beautifying parks, landscaping, preparing gardens and participating in outreach efforts to promote recycling and reduce waste in the office.

Following are some Earth Day activities in which BNY Mellon employees participated:

- Employees in Edinburgh, Scotland, helped nonprofits with beautification projects.
- Employees in Singapore planted more than 20 trees in a designated reforestation area at the Macritchie Nature Reserve.
- In New York, employees hosted farmers markets.
- Boston volunteers participated in the Charles River cleanup.
- Two teams in London participated in gardening projects at Culloden and Keyworth Primary Schools.
- In Pittsburgh, employees worked with six nonprofits to improve park facilities.
- A team in Orlando, Florida, helped landscape and refurbish exhibits at the Central Florida Zoo and Botanical Gardens.
- A team in Malvern, Pennsylvania, helped clean up Goose Creek Park.
- A team in Seattle worked with Earthcorps to help restore the West Dwanish Greenbelt for wildlife and migrating birds.
- In Poole, UK, a team worked in the garden at Chestnut Nursery.
- A team in Jersey City, New Jersey, helped beautify Liberty State Park.
- In Chicago, a team collaborated with the Pathways Foundation to clean up a local park.

#### *World Environment Day, June 2010*

Sponsored by the United Nations Environment Programme, World Environment Day seeks to promote positive, environmental action around the world and has been commemorated each June 5 since 1972.

In addition to launching its ambitious PaperWise initiative in conjunction with the event, BNY Mellon played an integral role when Pittsburgh was designated as the North American host city to World Environment Day activities.

#### *External Commitments*

BNY Mellon is a member of:

- Carbon Disclosure Project (Signatory) — [www.cdproject.net](http://www.cdproject.net)
- EPA's Green Power Leaders — [www.epa.gov/greenpower](http://www.epa.gov/greenpower)
- The Green Grid — [www.thegreengrid.org](http://www.thegreengrid.org)
- Sustainability Roundtable — [www.sustainround.com](http://www.sustainround.com)
- U.S. Green Building Council — [www.usgbc.org](http://www.usgbc.org)



## **2010 Awards**

### **Green Power Leadership Award**

*U.S. Environmental Protection Agency*

BNY Mellon is recognized among the top U.S. companies investing in renewable energy. Its voluntary purchase of renewable energy credit offsets are equivalent to 75 percent of BNY Mellon's anticipated U.S. electrical consumption.

### **Newsweek's Greenest Companies**

*Newsweek Magazine*

BNY Mellon ranked 47th on Newsweek's list of "Greenest U.S. Companies. The comprehensive ranking is based on an analysis of the company's environmental impact, its green policies and a reputation survey.

### **London Clean City Award**

*City of London*

BNY Mellon's office at 160 Queen Victoria Street attained a Gold Award for its environmentally sustainable workplace practices and focus on waste reduction, reuse and recycling.

### **New Jersey Smart Workplaces Award**

In November, the State of New Jersey recognized Pershing, a BNY Mellon business, with a Smart Workplaces Award for the commuter programs it offers to employees. Pershing won top honors, with two awards at the Platinum level for its Jersey City and Florham Park offices. New Jersey Smart Workplaces recognizes organizations for outstanding achievements in providing and promoting commuting alternatives for their employees that help reduce traffic congestion and improve air quality.

### **Sustainable Corporate Real Estate Roundtable Outstanding Corporate Leader**

*Sustainability Roundtable, Inc.*

In December, Sustainability Roundtable, Inc., a leader in shared-cost research and consulting on best practices in more sustainable business, named BNY Mellon its Sustainable Corporate Real Estate Roundtable Outstanding Corporate Leader of the Year for its companywide commitment to responsible environmental stewardship.

## GRI Content Index

In preparation of the BNY Mellon 2010 CSR Report, we used the Global Reporting Initiative (GRI) G3 Sustainability guidelines. This year, we are self-declaring a “B” Application Level. This index either provides the location within the 2010 CSR report or points to the external report or website where the information is available.

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	G3 Management Approach Disclosures	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach disclosed for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic, and environment.		Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.		Respond on each core G3 and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

\*Sector supplement in final version

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1.2 Key impacts, risks, and opportunities (KPI's)	2, 7-8	Introduction, Key Performance Indicators
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2.2 Primary brands, products, and/or services	4	Our Company; BNY Mellon Corporate Fact Sheet <a href="http://www.bnymellon.com/about/companyprofile.html">http://www.bnymellon.com/about/companyprofile.html</a>
2.3 Operational structure of the organization	62	GRI Index; Annual Report <a href="http://www.bnymellon.com/investorrelations/financialreports/index.html">http://www.bnymellon.com/investorrelations/financialreports/index.html</a>
2.4 Headquarters location	4	Our Company; Annual Report
2.5 Number of countries where the organization operates	4	Our Company; Annual Report
2.6 Ownership and legal form	62	GRI Index; Annual Report
2.7 Markets served	4	Our Company; Annual Report
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2.9 Significant changes during reporting period	62	GRI Index; Annual Report
2.10 Awards received during the reporting period	20, 36, 61	Client Satisfaction Awards, Employer Awards, Environmental Awards
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3.2 Date of most previous report	68	Basis for this report
3.3 Reporting cycle	68	Basis for this report
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3.9 Date measurement techniques and the bases of calculations	68	Basis for this report
3.10 Evaluation of the effect of any restatements of information	68	Basis for this report
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<b>Assurance</b>		
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<b>Governance, Commitments &amp; Engagements</b>		
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4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks	9 Corporate Governance; Proxy Statement pp 18-22 <a href="http://www.bnymellon.com/investorrelations/annualreport/index.html">http://www.bnymellon.com/investorrelations/annualreport/index.html</a>
4.2	Indicate whether chair of highest governance body is also an executive officer	9-10 Corporate Governance; Proxy Statement pp 25-34
4.3	State the number of members of the highest governance body that are independent and/or non-executive members	9-10 Corporate Governance; Proxy Statement pp 25-34
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	9-10 Corporate Governance
4.5	Linkage between compensation for the highest governance body, senior managers, and executives, and the organization's performance	62 GRI Index; Proxy Statement "Director Compensation" p 37, "Executive Compensation Compensation Discussion and Analysis" p 40
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	9-10 Corporate Governance
4.7	Process for determining the qualifications of the members of the highest governance body for guiding the strategy on economic, environmental, and social topics	10 Corporate Governance; 2010 Proxy Statement "Director Qualifications" p 6
4.8	Statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance	6,10,12 CSR Statement and Commitments, Corporate Governance, Ethics and Compliance
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4.10	Processes for evaluating the board's own performance	10 Corporate Governance; BNY Mellon website <a href="http://www.bnymellon.com/governance/committees/index.html">http://www.bnymellon.com/governance/committees/index.html</a>
<b>Commitments to External Initiatives</b>		
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4.15	Basis for identification and selection of stakeholders	14-15 Focus on Stakeholders
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EC3	Coverage of defined benefit plan obligations	35-37 Policies and Procedures
EC4	Significant financial assistance received from government	Not reported
<b>Market Presence</b>		
EC5	Ratio of standard entry level wage compared to local minimum wage	Not reported
EC6	Proportion of spending on locally-based suppliers	Not reported
EC7	Procedures for local hiring and proportion of local senior management	37 Policies and Procedures
<b>Indirect Economic Impacts</b>		
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EC9	Understanding and describing significant indirect economic impacts	Not reported

GRI Indicator		Page	Location within report / Comments
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EN4	Indirect energy consumption by primary source	55	Greenhouse Gas Emissions Summary
EN5	Energy saved due to conservation and efficiency improvements	49-50	A Business Case for Sustainability
EN6	Initiatives to provide renewable energy based products and services	21-24	Products Driven by Environmental and Social Impact
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	49-50, 53	A Business Case for Sustainability; Balancing our Energy Footprint with Renewable Certificates
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EN8	Total water withdrawal by source		Not reported
EN9	Water sources significantly affected by withdrawal of water		Not reported
EN10	Percentage and total volume of water recycled and reused		Not reported
<b>Biodiversity</b>			
EN11	Land in protected areas and areas of high biodiversity value		Not applicable
EN12	Significant impacts on biodiversity		Not applicable
EN13	Habitats protected or restored		Not applicable
EN14	Strategies and current actions for managing impacts on		Not applicable
EN15	IUCN Red List species & national conservation list species		Not applicable
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EN16	Total direct and indirect greenhouse gas emissions by weight	55	Greenhouse Gas Emissions Summary
EN17	Other relevant indirect greenhouse gas emissions by weight	55	Greenhouse Gas Emissions Summary
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	49-50, 53	A Business Case for Sustainability; Balancing our Energy Footprint with Renewable Certificates
EN19	Emissions of ozone-depleting substances by weight		Carbon Disclosure Project response <a href="http://www.cdproject.net">www.cdproject.net</a>
EN20	NOx, SOx, and other significant air emissions by type and weight		Carbon Disclosure Project response <a href="http://www.cdproject.net">www.cdproject.net</a>
EN21	Total water discharge by quality and destination		Not reported
EN22	Total weight of waste by type and disposal method	57	Waste Management
EN23	Total number and volume of significant spills		Not applicable
EN24	Transported, imported, exported, or treated hazardous waste		Not applicable
EN25	Water bodies significantly affected by discharges of water and runoff		Not applicable
<b>Products &amp; Services</b>			
EN26	Initiatives to mitigate environmental impacts of products and services	58	Paperwise
EN27	Products sold and packaging materials that are reclaimed		Not applicable
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EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		Not reported
<b>Transport</b>			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	55 - 56	Greenhouse Gas Emissions Summary (employee travel Scope 3); Travel Related Emissions
<b>Overall</b>			
EN30	Total environmental protection expenditures and investments	49-50	A Business Case for Sustainability

GRI Indicator		Page	Location within report / Comments
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DMA	Disclosure on Management Approach	28	Employees Make a Positive Impact
<b>Employment</b>			
LA1	Total workforce by employment type, employment contract, and region	37	Global Employee Distribution by Region
LA2	Total number and employee turnover rate by age, gender, and region	37	Global Employee Distribution by Gender
LA3	Difference in benefits for full-time, part-time or temp. employees		Not reported
<b>Labor/Management Relations</b>			
LA4	Percentage of employees covered by collective bargaining agreements		Not reported
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements		Not reported
<b>Occupational Health &amp; Safety</b>			
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees		Not reported
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region		Not reported
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce regarding serious diseases	13	Resilient and Prepared Business Continuity
LA9	Health and safety topics covered in formal agreements with trade unions		Not reported
<b>Training &amp; Education</b>			
LA10	Average hours of training per year per employee	31-32	Developing our Talent
LA11	Programs for skills management and lifelong learning		Not reported
LA12	Percentage of employees receiving regular performance and career development reviews	5	2010 CSR Snapshot
<b>Diversity &amp; Equal Opportunity</b>			
LA13	Composition of governance bodies and breakdown of employees per category by gender, age and minority group membership		Not reported
LA14	Ratio of basic salary of men to women		Not reported
<b>Human Rights</b>			
DMA	Disclosure on Management Approach	13	Our Commitment to Human Rights
<b>Investment &amp; Procurement Practices</b>			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening		Not reported
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken		Not reported
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained		Not reported
<b>Non-discrimination</b>			
HR4	Total number of incidents of discrimination and actions taken		Not reported
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights		Not reported
<b>Child Labor</b>			
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	35-37	Policies and Procedures
<b>Forced &amp; Compulsory Labor</b>			
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor	35-37	Policies and Procedures
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HR9	Violations involving rights of indigenous people and actions taken		Not reported

GRI Indicator	Page	Location within report / Comments
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FS13 Access points in low-populated or economically disadvantaged areas		Not reported
FS14 Initiatives to improve access to financial services for disadvantaged people		Not reported
<b>Corruption</b>		
SO2 Percentage and total number of business units analyzed for risks related to corruption	11-12	Active Risk Management
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SO4 Actions taken in response to incidents of corruption		Not reported
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SO5 Public policy positions and participation in public policy development and lobbying	16	Government Affairs
SO6 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	16	Government Affairs; Federal Election Commission filings <a href="http://www.fec.gov">www.fec.gov</a>
<b>Anti-Competitive Behavior</b>		
SO7 Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	62	GRI Index, see footnote below *
<b>Compliance</b>		
SO8 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	62	GRI Index, see footnote below *

\* As a public company with securities traded on the New York Stock Exchange, The Bank of New York Mellon Corporation (the "Company") is required to file periodic reports with the Securities and Exchange Commission ("SEC"), including a quarterly report for the first three calendar quarters on Form 10-Q and an annual report on Form 10-K. These reports are publicly available from the SEC's website ([sec.gov](http://sec.gov)), and are also available on the Company's website (<http://www.bnymellon.com/investorrelations/financialreports/index.html>).

Under the SEC's disclosure rules, the Company must disclose certain legal proceedings in its quarterly and annual reports on Form 10-Q or 10-K. These rules require that the Company describe any material legal proceedings, other than ordinary routine litigation incidental to its business, to which the Company or any of its subsidiaries is a party or of which any their properties is subject. The description must include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties to the proceeding, a description of the factual basis alleged to underlie the proceeding and the relief sought. The Company must disclose similar information as to any such proceeding known to be contemplated by government authorities. The SEC's rules include specific instructions on how these rules are applied, including certain exceptions for matters that do not need to be disclosed.

The Company's disclosures as to these legal proceedings can be found under the caption "Legal Proceedings" included in its periodic reports on Form 10-Q or 10-K, as well as the "Legal Proceedings" section in the Notes to Consolidated Financial Statements accompanying the financial statements included in those reports.



GRI Indicator		Page	Location within report / Comments
<b>Product Responsibility</b>			
DMA	Disclosure on Management Approach	17-19	Responsible Business
<b>Financial Services Sector Supplement</b>			
FS1	Policies with specific environmental and social components applied to business lines	11-13	Active Risk Management, Ethics and Compliance
FS2	Procedures for assessing and screening environmental and social risks in business lines	11-12	Active Risk Management
FS3	Processes for monitoring clients' environmental and social requirements included in agreements or transactions	21-24	Products Driven by a Environmental and Social Impact
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	21-24	Products Driven by a Environmental and Social Impact
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	19	ESG Screening
<b>Customer Health &amp; Safety</b>			
FS6	Percentage of the portfolio for business lines by specific region, size, and by sector		Not reported
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	21-24	Products Driven by a Environmental and Social Impact
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	21-24	Products Driven by a Environmental and Social Impact
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	11-13	Active Risk Management
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues		Not reported
FS11	Percentage of assets subject to positive and negative environmental or social screening		Not reported
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organisation holds the right to vote shares or advises on voting		Not reported
FS15	Policies for the fair design and sale of financial products/services	11-13	Active Risk Management
<b>Customer Health &amp; Safety</b>			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures		Not applicable
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes		Not applicable
<b>Product &amp; Service Labeling</b>			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements		Not reported
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes		Not reported
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	20	Empowering Clients Through Measureing Satisfaction
<b>Marketing Communications</b>			
FS16	Initiatives to enhance financial literacy by type of beneficiary		Not reported
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising,promotion, and sponsorship		Not reported
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes		Not reported
<b>Customer Privacy</b>			
PR8	Substantiated complaints regarding breaches of customer privacy and losses of customer data	62	GRI Index, see footnote on previous page *
<b>Compliance</b>			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	62	GRI Index, see footnote on previous page *

## Basis for the Report

This report was prepared to demonstrate BNY Mellon's global commitment to CSR, meet the transparency expectations of key stakeholders, provide a basis for measuring CSR performance, and serve as a foundation for external communications and internal awareness-building activities centered on CSR at BNY Mellon.

This is an annual report for the calendar year 2010, (our 2009 report was published in April 2010). The report includes consolidated data from wholly-owned subsidiaries but excludes data from joint ventures and suppliers, except where indicated.

BNY Mellon uses the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol Initiative tool and the U.S. Environmental Protection Agency Climate Leaders Simplified GHG Emissions Calculator as guides for reporting environmental data. Environmental data includes actual utility data and annualized watts-per-square-foot estimates for every owned, leased or controlled facility.

This 2010 report does not include external assurance or major restatement of information provided in previous reports. There is, however, some updated 2009 data within the Environmental section where numbers were approximated in last year's report.

### Report Principles

The design and implementation of our CSR program reflects our emphasis on a connection to our company. In keeping with that emphasis, the preparation of this report was guided by the following principles:

- **Relevance** — Address topics that reflect our most significant social and environmental impact
- **Completeness** — Include all significant information needed for informed CSR evaluations on the part of relevant stakeholders
- **Accuracy** — Present information accurately and in sufficient detail
- **Clarity** — Ensure that information is easily understandable and accessible and, where possible, provide year-over-year data



## Statement GRI Application Level Check

GRI hereby states that **BNY Mellon** has presented its report "Corporate Social Responsibility 2010 Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 13 May 2011

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint, large, light-blue watermark of a globe in the background.

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.*  
[www.globalreporting.org](http://www.globalreporting.org)

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 4 May 2011. GRI explicitly excludes the statement being applied to any later changes to such material.



For more information:

**[bnymellon.com/csr](http://bnymellon.com/csr)**

Corporate Social Responsibility

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