



# Invested

TWO THOUSAND FIFTEEN

| CORPORATE SOCIAL RESPONSIBILITY REPORT



BNY MELLON

**At BNY Mellon, our approach to corporate social responsibility reflects our vision, mission and values.**



## **Vision**

Improving lives  
through investing



## **Mission**

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



## **Values**

Client Focus  
Integrity  
Teamwork  
Excellence

**“The global financial system is critical to driving economic growth and prosperity and to financing innovative solutions to some of the world’s most pressing issues.”**

Karen B. Peetz  
*President*

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**#WeAreInvested**



# Overview



# As the Investments Company for the World, we hold a responsibility to clients, our people and the world. Our vision is improving lives through investing – an aspiration that motivates us to maintain the highest standards of client focus, integrity, teamwork and excellence.

Our corporate social responsibility (CSR) practices help us to show meaningful achievement across these ambitions.

Our work is guided by our **Corporate Social Responsibility Statement**:

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

Our CSR reporting highlights our firm's ongoing progress, including our approach and activities related to the most material CSR areas for our business. Our reporting is organized through the three pillars of our CSR strategy:

- **Market Integrity,**
- **Our People, and**
- **Our World.**

These pillars and related priority areas aim to focus our efforts where we can have the greatest impact.

The data and examples presented throughout this report refer to our global operations and are as of December 31, 2015, unless otherwise stated.

To download a PDF version of our CSR report, along with our Global Reporting Initiative (GRI) G4 index and a data summary, go to [bnymellon.com/csr](http://bnymellon.com/csr). We welcome any questions, comments or feedback about our reporting or about CSR at BNY Mellon.

# About BNY Mellon

We provide investment management and investment services that help institutions and individuals succeed in markets all over the world. With a dedicated business presence on six continents and in 35 countries, we deliver expertise, scale, trust and the strength of our client experience.

Our values of client focus, integrity, teamwork and excellence guide the decisions we make and transactions we process. Our diverse global workforce is more than 50,000 strong.

## WHO WE ARE

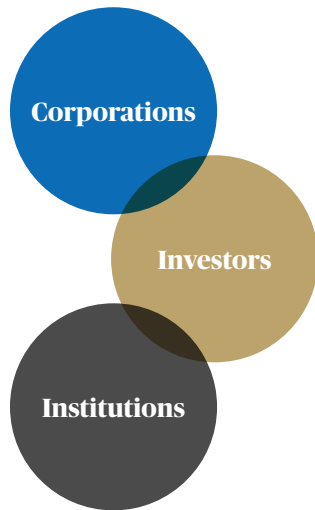
### Investment Services

We deliver expertise at each stage of the investment lifecycle:

- Create assets
- Trade, clear & settle assets
- Hold & service assets
- Manage assets
- Restructure assets

### Investment Management

## WHO WE SERVE



- Asset Managers
- Banks
- Broker-Dealers
- Central Banks
- Companies
- Family Offices
- Financial Intermediaries
- Governments
- High-Net-Worth Individuals
- Insurance Companies
- Investment Advisers
- Nonprofit Organizations
- Pension Funds
- Sovereign Institutions

## OUR REACH\*



**77%**

of the top 100 endowments



**80%**

of Fortune 500 companies



**90%**

Our central bank clients' assets make up over 90% of global central bank reserves



**87%**

of the top 100 pension and employee benefit funds



**51%**

of the top 200 life/health insurance companies



**50%**

of the top 50 universities

\* All statistics represent the minimum number of BNY Mellon client relationships in each category • Fortune 500 // Fortune Magazine, Copyright 2015 Time Inc. • Endowments // Reprinted with permission of NACUBO, Copyright 2015 • Life & Health Insurance Companies // Reprinted with permission of A.M. Best Company Inc., Copyright 2015 • QS World University Rankings@ 2015 // <http://www.topuniversities.com/university-rankings/world-university-rankings/2015> • Pension & EB Funds // Used with permission from Pensions & Investments, Copyright 2016 • Central Banks // The World Bank, Copyright 2015



# CEO Message

Gerald Hassell

*Chairman and  
Chief Executive Officer*

I walked up to the doorstep of what was then the headquarters of The Bank of New York at 48 Wall Street, a new arrival to the “Big Apple.” It was 1973 and I was fresh out of college. The Watergate scandal was breaking, the Vietnam conflict was winding down, a patent for the first ATM was granted and tennis star Billie Jean King was prepping to strike a blow for the women’s movement in the Battle of the Sexes match against Bobby Riggs. The world was changing.

I discovered a company built on trust and client relationships; my managers drilled that into me on day one. That foundation remains the same today. But our company was a long way away from establishing itself as the Investments Company for the World, and from realizing its potential impact on the world at large.

The evolution of our company in the intervening years has been fascinating to behold and a real honor to help drive. The maturation of corporate social responsibility (CSR) in our firm and around the world has been equally astounding and encouraging.

When I joined the company, CSR existed across the corporate world in a more nascent form. CSR activities were undefined and more about community philanthropy.

Various developments made us all more aware of the social and not just economic responsibilities of businesses, including the rise of environmental conservation efforts, the advance of the civil rights movement and the influence of world leaders such as Mahatma Gandhi, who advocated for businesses to support society’s progress.

Over the past 15 years, BNY Mellon’s efforts have matured substantially. We set a goal of being a leader in corporate social responsibility, leveraging our unique position in the financial marketplace to improve the lives of countless people globally. We embraced commitments that help guide our behaviors — from what we do, to how we invest. We identified the most material issues for our business. We subsequently streamlined our strategy, increased impact by focusing on business growth and supporting the stability of global financial markets, and enhanced our efforts to improve the lives of people in the communities we serve around the world.

**“The employees arriving on our doorstep today expect more from their company. They expect us to take seriously our responsibility to create a better world. In fact, they thrive on being able to personally make a positive impact, and we endorse and applaud those expectations.”**

Today:

- our industry is more broadly recognizing its responsibility for creating a resilient, accessible financial system that people trust; and
- the public and private sector are working together through innovative, collaborative partnerships to solve societal challenges.

We and our corporate peers are helping to address some of society's largest challenges through our businesses. We were honored to sign the White House's American Business Act on Climate Pledge in 2015 to commit to strong, achievable and verifiable goals in reducing our carbon footprint. We joined more than 1,000 businesses, cities, investors and other signatories in committing to implement the Paris Agreement on climate change. Through our partnership with the United Nations Foundation, we were one of the leading private-sector voices for advancing rule of law — the legal principles that should govern a nation — in the UN's Sustainable Development Goals.

Here's what is really exciting to me. The employees arriving on our doorstep today expect more from their company. They expect us to take seriously our responsibility to create a better world. In fact, they thrive on being able to personally make a positive impact, and we endorse and applaud those expectations.

Maybe they are aware of growing evidence that CSR leaders outperform their peers on shareholder returns.<sup>1</sup> Or maybe they just believe it's the right thing to do. Regardless of the reason, BNY Mellon offers these employees the opportunity to help companies raise and invest capital to create jobs, drive economic growth and raise living standards; help governments raise and invest capital to serve citizens; and help institutions and individuals invest to achieve their financial and life goals.

The heightened expectations of this new generation of employees should propel corporations to further increase their commitment to responsible behavior and to more than just their business interests. It is the right thing to do!

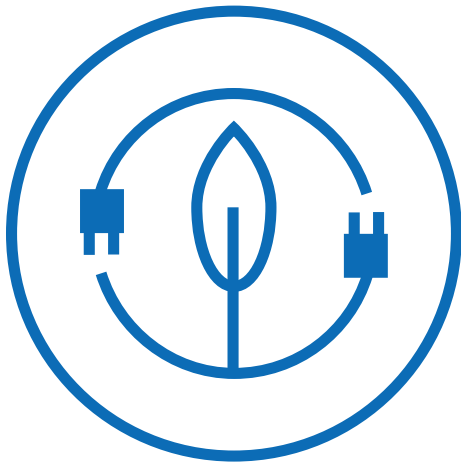
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<sup>1</sup> Serafeim, George. "The Type of Socially Responsible Investments That Make Firms More Profitable," *Harvard Business Review*, 14 April 2015.



# A CSR Strategy Based on Materiality

**As the Investments Company for the World and an engine for the global financial markets, it is our business to understand where resources can have the greatest impact.**



We apply this approach to our CSR strategy, identifying areas where we can foster positive change. Additionally, we are increasingly focused on connecting programs to create interdisciplinary strategies that allow for optimized value and performance.

In 2014, we refreshed our strategy to ensure that we are focusing on areas with the highest importance and relevance to our firm. The evaluation included research and interviews with a diverse group of internal and external stakeholders to gather their feedback on our existing CSR framework and the proposed evolution of our CSR strategy. The outcomes of the materiality refresh were reviewed by our Executive Committee and by the CSR Committee of the Board of Directors. While some areas have evolved from our previous materiality analysis completed in 2011, our core strategy continues to comprise the three pillars of Market Integrity, Our People and Our World, which are described as follows.

- **Market Integrity:** We earn clients' trust every day by upholding the highest standards of integrity and responsibility in our practices and products. We contribute to the health of global markets through the resiliency and effectiveness of our operations.
- **Our People:** We nurture a culture of engagement, wellbeing and inclusion and provide our talented, diverse workforce with the opportunities they need to grow and succeed.
- **Our World:** Through our influence, infrastructure and innovations, we contribute to solutions to the world's most pressing issues.

Based on key findings from the materiality refresh, our strategy has evolved in the following ways:

## Market Integrity

An increased emphasis on **risk management**.

- Managing risk responsibly helps to protect markets. Under the pillar of Market Integrity, our focus on Risk Management and Reliability comprises our Risk Framework, Risk Culture, Risk-Related Products, ESG Risk Management and Resilience.

## Our People

An emphasis on **how** we attract, develop and retain excellent talent and are invested in our employees.

- We cultivate highly engaged, productive talent through Leadership and Development, Engagement and Wellbeing, and Diversity and Inclusion.

## Our World

The addition of Social Finance and the expansion of Environmental Management.

- Social Finance can be both a business driver and a way to have a positive impact on society and the environment. We have broadened our Environmental Management focus to include all areas related to our environmental efforts, such as Climate Change Leadership and Environmental Efficiency.

As a result of the refreshed materiality analysis, we view stakeholder engagement, transparency and strong CSR governance as key principles and mechanisms that underpin our CSR strategy, rather than particular areas within our strategic focus.



# CSR Materiality

In selecting the issues of greatest importance to our business, we considered many: Eight of these rose to the top as being material to our CSR initiative.

## Tier 1

**Topics that are critically important to society and our business**

- Risk Management and Reliability

## Tier 2

**Topics that are important to society and our firm's strategy**

- Diversity and Inclusion
- Engagement and Wellbeing
- Leadership and Development
- Social Finance
- Strong Governance

## Tier 3

**Topics that are important to society**

- Community Commitment
- Environmental Management



## Tier 1

### Risk Management and Reliability

#### WHY IT'S IMPORTANT

As the Investments Company for the World, we play a significant role in helping financial markets remain stable, efficient and resilient. We are committed to a rigorous risk culture across our business.

#### STRATEGY

- **Risk Framework:** Strengthen risk ownership, alignment and quantification through continued enhancements related to best practices.
- **Risk Culture:** Establish and achieve industry best-in-class risk culture.
- **Information Risk Management:** Continually evolve our business protocols to ensure our technology knowledge resilience and business continuity.



## Tier 2

### Diversity and Inclusion

#### WHY IT'S IMPORTANT

In this global marketplace, we rely on our workforce to provide creative insights and innovative solutions that meet the wide-ranging needs of our clients around the world. To adequately serve our stakeholders, we aim to have the very best talent and provide an engaging and inclusive environment that leverages diversity and differences, so that all of our employees can thrive.

#### STRATEGY

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

### Engagement and Wellbeing

#### WHY IT'S IMPORTANT

Our ability to meet and exceed client needs depends on maintaining an engaged, motivated workforce. We believe that caring for our people, including their wellbeing, promotes higher levels of engagement to best serve our clients.

#### STRATEGY

Build a workforce culture supported by engagement and wellbeing.

### Leadership and Development

#### WHY IT'S IMPORTANT

By driving a high-performance culture that stems from great talent, leadership, learning and adherence to our values of client focus, trust, teamwork and excellence, we will achieve business success and help to build meaningful careers for our people.

#### STRATEGY

Develop successful leaders and managers who drive high productivity and engagement.



## Tier 2

### Social Finance

#### WHY IT'S IMPORTANT

We believe that investments are key to enabling positive change in society and for the environment. We see an opportunity to leverage our collective knowledge, skills and resources to help attract mainstream investors, unlock capital and shift more financing toward positive social and environmental outcomes.

#### STRATEGY

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

### Strong Governance

#### WHY IT'S IMPORTANT

Good governance promotes accountability, compliance and the highest ethical standards from the Board of Directors and at all levels of the firm.

#### STRATEGY

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



## Tier 3

### Community Commitment

#### WHY IT'S IMPORTANT

Operating in 35 countries, we have a unique vantage point on major problems facing society today. We are committed to contributing solutions to help address these challenges and target our efforts toward programs that make our communities better places to live and work.

#### STRATEGY

Significantly increase the scope and impact of our community support.

### Environmental Management

#### WHY IT'S IMPORTANT

Our advocacy for climate change action builds on our efforts to reduce our greenhouse gas emissions and reinforces our social finance work to scale mainstream capital toward environmental finance. Our strategic management of environmental resources achieves a positive effect on the bottom line, helps manage risk and supports our communities around the world.

#### STRATEGY

Address climate change issues including potential impacts, risk and opportunities and expand and improve environmental management, resource efficiency and reputation.



# The Shifting Landscape of CSR Leadership

by Karen B. Peetz

*President*

There is a bold new paradigm evolving around CSR leadership that holds great power and potential.

In the past year, social and environmental issues have dominated the global arena in an unprecedented way. COP21 and the United Nations' Sustainable Development Goals, in particular, highlighted the increasingly urgent and complex nature of the challenges faced by our planet and its people. Climate change, large-scale migration, social instability and cybersecurity further amplify this call to action and are some of the most significant risks worldwide, according to the World Economic Forum's 2016 Risk Report.

Even more than the scale of these issues, I am impressed by a tremendous shift in approaches to addressing them. It is no longer the sole prerogative of NGOs, governments, civil society and philanthropists. The private sector has a pivotal role. Cross-sector collaboration is a valued and expected norm.

There's never been a better time for this shift. Business is in a position to contribute leadership, a strong voice, deliver on its commitments and leverage its resources to provide solutions. We see it in action as business galvanizes around climate change and major brands take on social issues and inequalities in their communities.

We at BNY Mellon welcome that shift and call on our industry to step up and engage in CSR at a deeper level.

For several years, our corporate social responsibility (CSR) strategy has focused on driving results in areas where we have the most potential to impact society. We've fostered a risk culture to protect the stability of financial markets, achieved net zero carbon emissions, collaborated with clients to advance workplace equality where all talented people have the opportunity to thrive — including women, LGBT individuals, people from diverse cultural and ethnic backgrounds, people with special needs and returning military — and touched the lives of hundreds of thousands of global citizens through our philanthropic efforts.

Our industry can lead the way. The global financial system is critical to driving economic growth and prosperity and to financing innovative solutions to some of the world's most pressing issues. I believe that finding ways to improve the quality of life in developed and developing economies, while concurrently combating climate change and natural resource depletion, is one of the greatest challenges and responsibilities of our era and our generation.

Helping financial services clients to better account for environmental and social risks in their investments can lead to responsible growth while limiting environmental degradation and social injustices in the world. Collectively, our industry must promote a trusted, transparent financial ecosystem that delivers safety, soundness and value for all.

At BNY Mellon, we have made it our mission to improve lives through investing at every level of society. Now is the time to rise to the challenge and leverage the power of our business to effect positive change on an even greater scale — that's the future of CSR leadership.

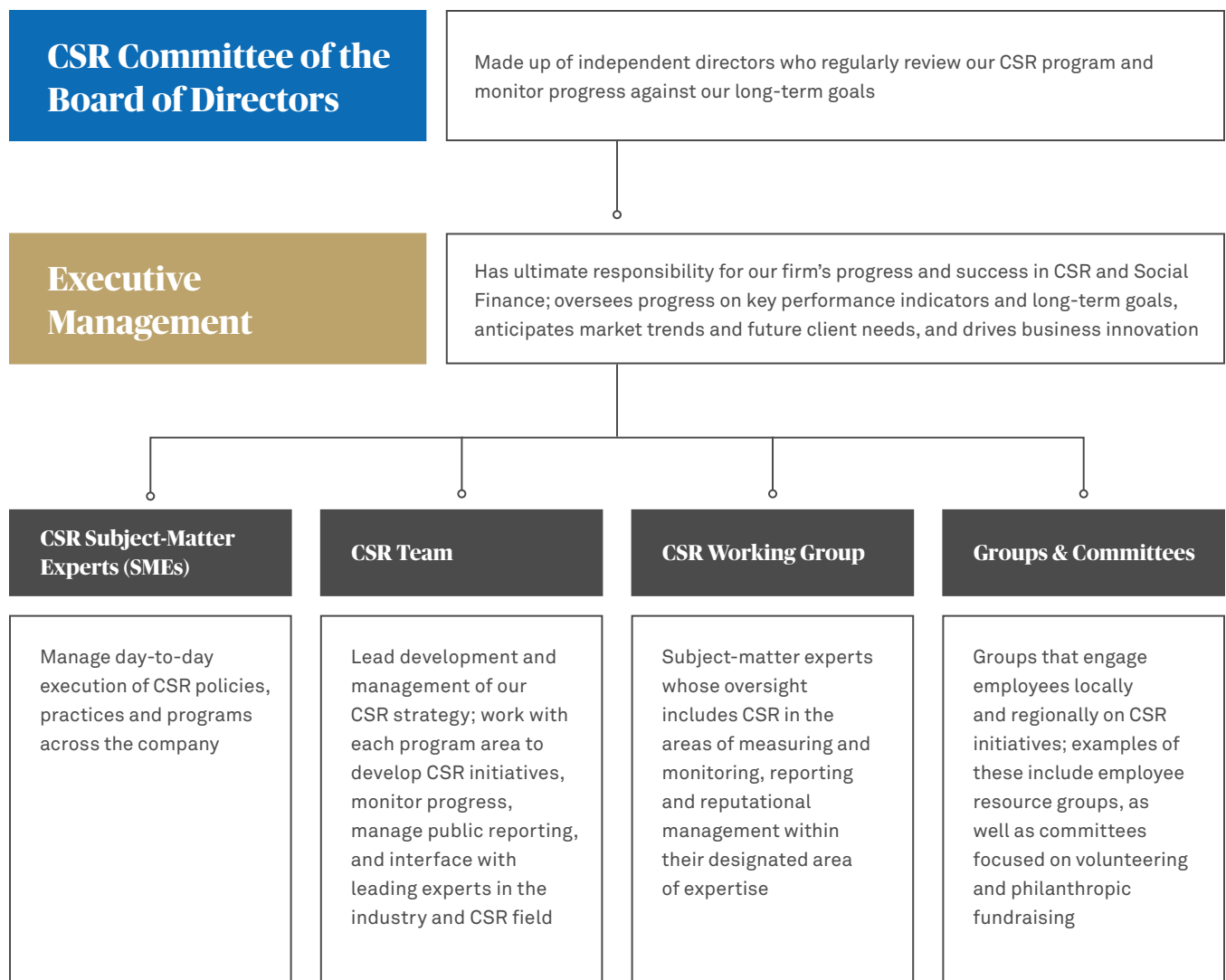
**“I believe that finding ways to improve the quality of life in developed and developing economies, while concurrently combating climate change and natural resource depletion, is one of the greatest challenges and responsibilities of our era and our generation.”**

# CSR Governance

CSR governance at BNY Mellon starts at the top of our firm. The independent Corporate Social Responsibility Committee of the Board of Directors regularly reviews our CSR program, monitors progress against our long-term goals and guides our

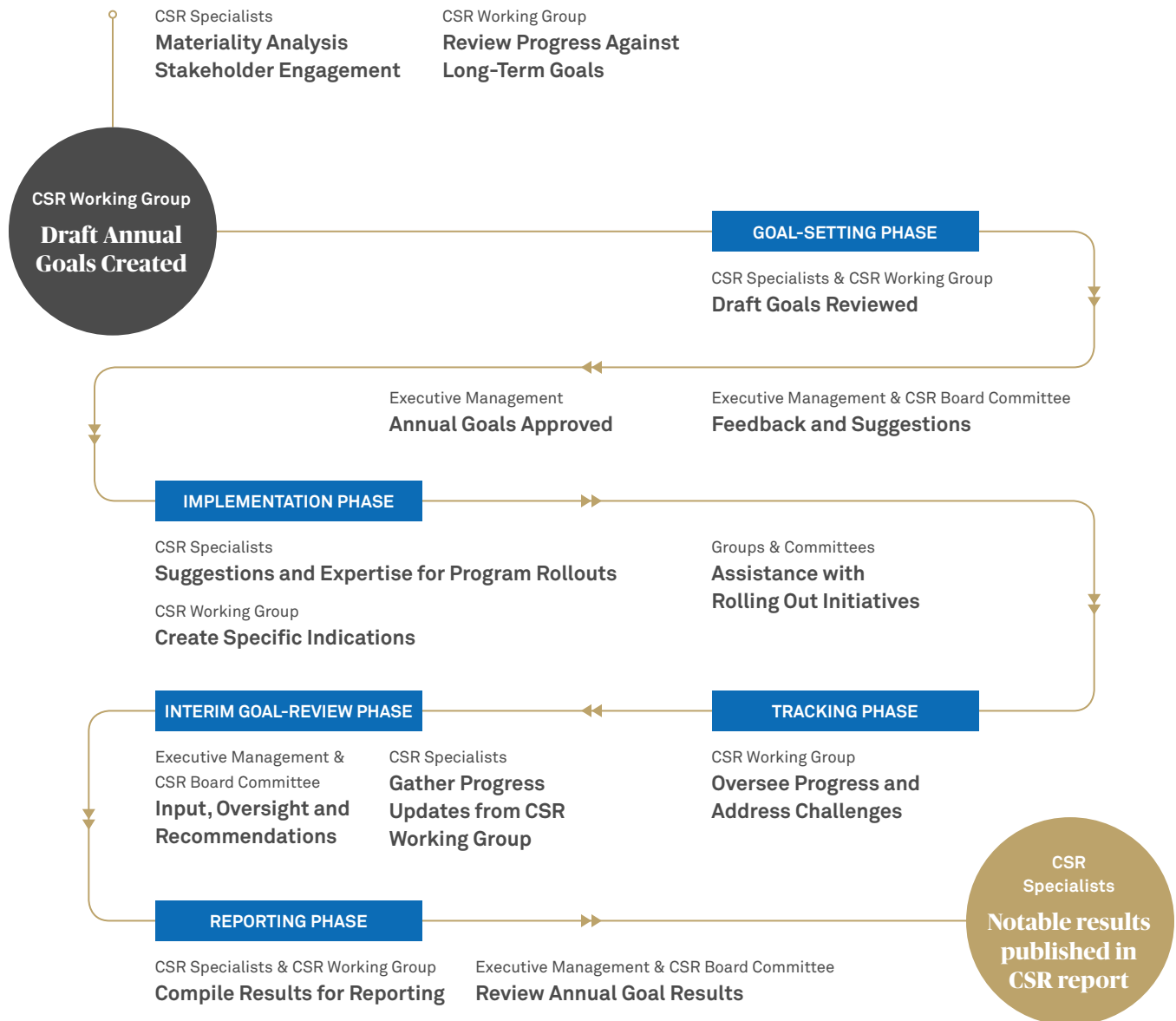
CSR efforts. Our firm’s executive management holds ultimate responsibility for our CSR progress and success, as they review and evaluate key performance indicators and long-term goals in their respective business units and associated management.

## CSR GOVERNANCE STRUCTURE





## ANNUAL CSR GOAL-SETTING & IMPLEMENTATION PROCESS



Note: Read about results of our 2011–2015 long-term CSR goals, as well as details of our 2020 CSR goals, starting on page 17.

In 2015, we integrated our long-term CSR goals into the performance goals of our most senior leaders to ensure that CSR is truly embedded in our business.

# Stakeholder Engagement

Strong relationships built on trust are the foundation of our business. As such, we actively solicit feedback and adapt our products and practices to match the evolving demands of our

diverse stakeholders. Our approach includes communicating and reporting on an ongoing basis, inviting dialogue and responding to stakeholders' questions and concerns.

## STAKEHOLDER ENGAGEMENT MECHANISMS

Shareholders	Communities	Clients	Employees
Annual and quarterly reports Webcasts and conference calls Financial services conferences Proxy voting Annual meeting	Direct meetings with local leaders and advocacy groups Board membership Financial support (grants, sponsorships) Employee volunteering and fundraising	Direct meetings Conference advisory boards Client conferences Client satisfaction survey External surveys	Direct meetings with managers Performance management and development programs Town halls and Employee Resource Groups Engagement survey

The four groups above represent our key stakeholders, as defined during a comprehensive strategic analysis to refine our CSR focus. External partners, suppliers, peer companies, nonprofits and industry associations are also important stakeholders for our firm.

We play a vital role in the global financial markets, and it is important that our stakeholders see that we promote conducting business openly and with integrity, and are endeavoring to hold our business partners and suppliers to the same high standard. This year, we have increased the depth of our CSR reporting on some key issues:

- **Our business activities:** A discussion of our robust approach to risk management, including how we cultivate a culture of risk mitigation, the best practices we employ and our business protocols for ensuring business continuity and cybersecurity.
- **Diversity and inclusion:** An overview of our refreshed global strategy grounded in three strategic pillars: Market Leadership, Business Integration and Our People.
- **Environmental management:** Detail on how and why we manage our environmental footprint through investments in environmental efficiency, our move to carbon-neutrality and our climate change leadership.

Stakeholder engagement is essential for achieving each of our CSR strategic priorities. Some examples follow.

- **Social Finance:** As we develop our Social Finance initiative, we participate in extensive dialogue with clients, investors and employees, among other stakeholders.
- **CSR Goals:** Recognizing that our people are our most valuable partners in accomplishing our CSR goals, we engage them in various ways, from risk training and internal CSR education programs to our Business & Environmental Sustainability Ambassadors program.
- **Community Commitment:** When it comes to our communities, our efforts range from hands-on volunteerism and philanthropy to supply chain responsibility.

Look for more examples of our stakeholder engagement throughout this report.

# Progress Toward CSR Goals

For each of our CSR priority areas, we have made long-term commitments, measuring our progress through key performance indicators. We provide regular status updates to the CSR Committee of the Board of Directors on the progress made against our goals. Executive management has ultimate responsibility for achieving progress toward the CSR goals.

In 2015, we concluded the long-term commitments detailed below, which were based on our 2011 materiality analysis. We began transitioning to new long-term goals to align with outcomes based on our refreshed 2014 materiality analysis.




## 2011-2015 Goals and Results

### Internal Assessment

● Goal achieved  
 ● Met most aspects of goal  
 ● Met some aspects of goal  
 ● Challenges in meeting goal

TOPIC	GOAL	ACHIEVEMENTS
<b>Market Integrity</b>		
<b>Ethics and Transparency</b> <span style="color: blue;">●</span>	Uphold high standards for fostering and maintaining a culture that promotes mutual respect, avoids conflicts, conducts business based on honest competition and observes the heightened diligence required in government interactions. We do this through leadership and transparent communication of material and critical information, and by ensuring our training and program resources remain relevant and engaging.	<ul style="list-style-type: none"> <li>Expanded employee communications and monitoring around ethics and risk mitigation, with 83 percent reporting risk management engagement in our 2015 employee engagement survey — 3 percent higher than the industry benchmark</li> <li>Maintained a balanced level of transparency in company communications concerning key topics</li> </ul>
<b>Operational Reliability and Effectiveness</b> <span style="color: grey;">●</span>	Contribute to the health of the financial system through ensuring excellent transaction quality, reliable critical systems and service providers, and resiliency during potential disruptions, and by being a leader in the effective use of resources, including those with environmental impacts.	<ul style="list-style-type: none"> <li>Created a global vendor risk management system and established a Technology Committee of the Board of Directors</li> <li>Achieved our recovery-time testing objectives for critical systems</li> <li>Continued to strengthen controls designed to detect, prevent and respond to cybersecurity threats</li> <li>Implemented balanced scorecard to meet required performance by critical service providers</li> <li>Achieved best-in-class environmental disclosure and performance<sup>2</sup></li> </ul>
<b>Strong Governance</b> <span style="color: blue;">●</span>	Meet evolving stakeholder needs and expectations by enhancing and sustaining practices for substantive stakeholder engagement, corporate social responsibility and responsible political engagement.	<ul style="list-style-type: none"> <li>Included in the Dow Jones Sustainability World Index</li> <li>Engaged with stakeholders as evidenced by survey results indicating clients' willingness to recommend BNY Mellon; investors' feedback in response to our interactions; and employee engagement survey results</li> </ul>

<sup>2</sup> BNY Mellon. "BNY Mellon Continues CSR Leadership with Third Consecutive Perfect CDP Score," 1 December 2015.

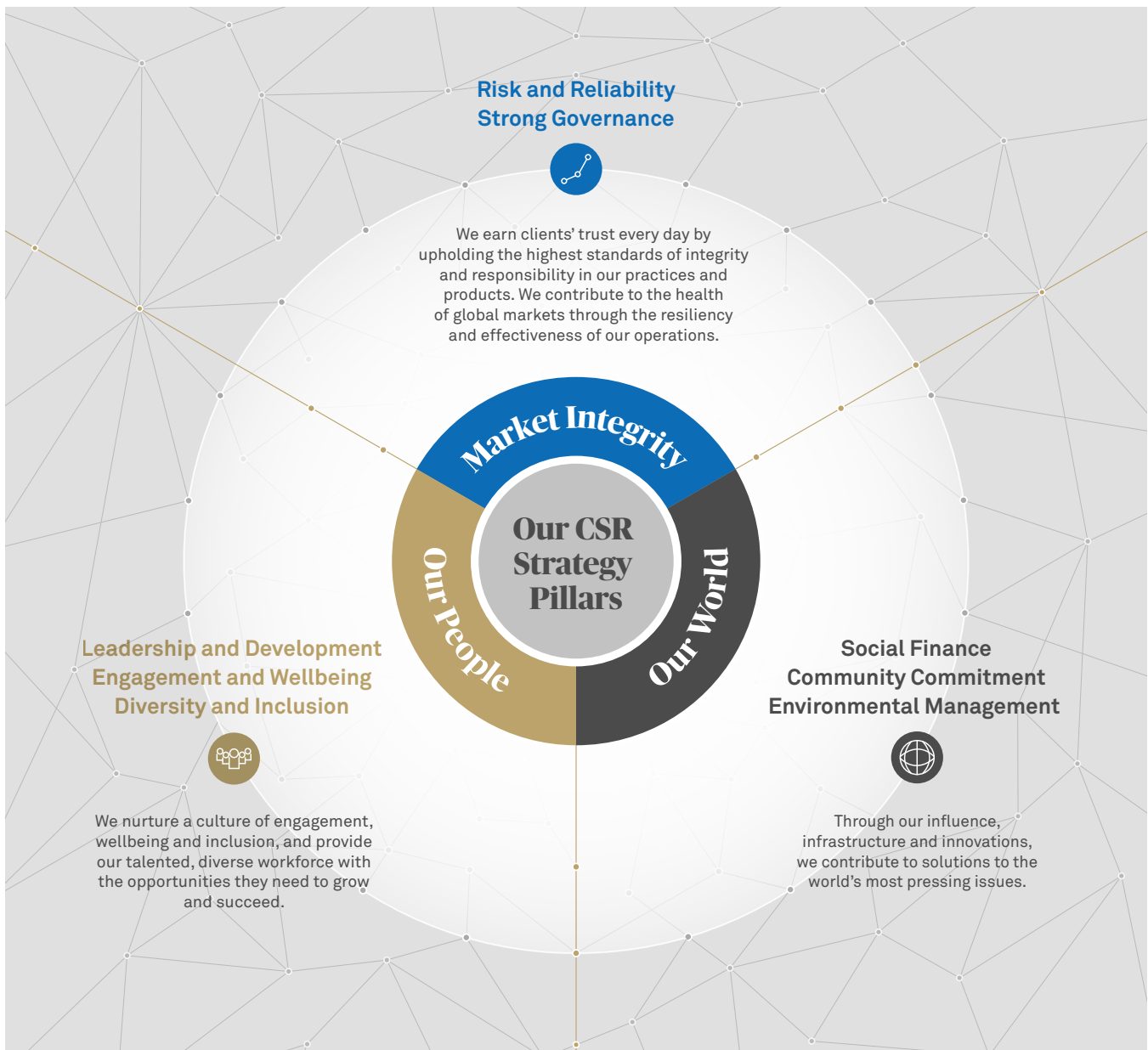
TOPIC	GOAL	ACHIEVEMENTS
<b>Our People</b>		
<p><b>Excellent Talent</b></p> 	<p>Be a performance-driven organization with an inclusive culture that attracts, engages, develops and retains a talented team of diverse professionals, experts and leaders.</p>	<ul style="list-style-type: none"> <li>• Launched and integrated the BNY Mellon University into the Talent and Development organization</li> <li>• Significant numbers of employees have adopted individual development plans</li> <li>• 85 percent of surveyed employees report that our management supports diversity in the workplace</li> <li>• Women represented 37 percent of our vice president-level managers</li> <li>• Achieved an overall engagement score of 77 percent in our annual survey</li> </ul>
<b>Our World</b>		
<p><b>Responsible Investments</b></p> 	<p>Be highly focused on the client's interests by providing substantive programs to support clients' environmental, social and governance (ESG) needs, and be mindful of ESG risks and impact when lending and investing company funds.</p>	<ul style="list-style-type: none"> <li>• Launched our Social Finance program</li> <li>• Implemented team training on ESG issues for the investment staff</li> <li>• Defined a strategy for our socially responsible investing/ESG product capabilities</li> <li>• Continued to raise client awareness and usage of Asset Servicing's ESG screening capabilities</li> <li>• Maintained the low level of ESG risk in the company's lending portfolio and further evaluated credits where exposure is most noteworthy</li> </ul>
<p><b>Community Commitment</b></p> 	<p>Demonstrate a measurable positive impact in our communities through philanthropic activity, employee community involvement, environmental stewardship, diverse supplier development and human rights advocacy.</p>	<ul style="list-style-type: none"> <li>• Increased levels of employee participation 97 percent from 2011 levels. Employee donations and company matching dollars were 14 percent more than in 2011</li> <li>• Strengthened alignment between corporate brand and philanthropy strategy</li> <li>• Continued progress in supply chain management, including supplier diversity and supplier CSR</li> <li>• Recognized by the CDP (formerly the Carbon Disclosure Project) for climate leadership</li> </ul>

# Our CSR Strategy Pillars

Our core strategy focuses on areas of highest importance and relevance to the firm and comprises the three pillars of

Market Integrity, Our People and Our World. These pillars are described in the graphic below.

## OUR CSR STRATEGY PILLARS



# Launching the 2016–2020 Goals

In 2015, we began transitioning to new long-term CSR goals that better align with business areas most able to benefit from CSR oversight. These new commitments have been integrated into our executives' performance objectives, further strengthening accountability at the highest levels of our organization.

Based on key findings from our 2014 materiality refresh, our strategy has evolved in the following ways:

- Our approach to Market Integrity includes an increased emphasis on **risk**.
- Our approach to Our People focuses on **how** we achieve excellent talent and are invested in our employees.
- Our focus on Our World has expanded to include **Social Finance** and a broader approach to **Environmental Management**.

## 2016–2020 GOALS



### Market Integrity

#### Risk Management and Reliability

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

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

**Information Risk Management:** Continually evolve our business protocols to ensure our technology knowledge resilience and business continuity.

Learn more: Information System/Operational Resilience on page 43.

#### Strong Governance

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

Learn more on page 48.



### Our People

#### Leadership and Development

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

Learn more on page 58.

#### Engagement and Wellbeing

Build a workforce culture supported by engagement and wellbeing.

Learn more on page 64.

#### Diversity and Inclusion

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

Learn more on page 70.



### Our World

#### Social Finance

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

Learn more on page 79.

#### Community Commitment

Significantly increase scope and impact of community support.

Learn more on page 85.

#### Environmental Management

Address climate change issues including potential impacts, risk and opportunities, and expand and improve environmental management, resource efficiency and reputation.

Learn more on page 95.

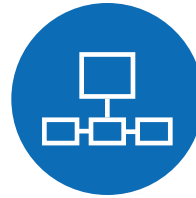
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## SETTING AND MANAGING OUR NEW LONG-TERM GOALS



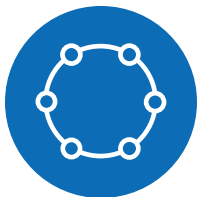
### Goals Designed to Drive Results

- 2016–2020
- Grounded in BNY Mellon's priorities
- Broad, allowing flexibility in changing business environments
- Include annual key performance indicators (KPIs) to enable measurement and notable growth



### Executive Ownership

- Engaged in the creation and review of goals
- Collectively approved goals
- Review progress on an semi-annual basis



### Board-Level Ratification

- Corporate Social Responsibility Committee of the Board of Directors reviewed and ratified long-term goals
- Review progress on a semi-annual basis



### Leadership Accountability

- CSR long-term goals are linked to designated leaders' performance plans
- Integrates CSR performance into company's culture

# Performance Data

Please find below a summary of our performance data. For a comprehensive list of our key performance indicators and performance, see our performance data spreadsheet at [bnymellon.com/csr](http://bnymellon.com/csr).

Dollar amounts in billions USD, unless otherwise noted.

Market <sup>(A)</sup>	2015	2014	2013
Assets under custody and/or administration (AUC/A) <sup>(B)</sup>	<b>\$28,900</b>	<b>\$28,500</b>	<b>\$27,600</b>
Assets under management <sup>(C)</sup>	<b>\$1,625</b>	<b>\$1,686</b>	<b>\$1,557</b>
Total revenue	<b>\$15,194</b>	<b>\$15,692</b>	<b>\$15,048</b>
Percentage of non-U.S. total revenue <sup>(D)</sup>	<b>36%</b>	<b>38%</b>	<b>37%</b>
Market capitalization	<b>\$44.7</b>	<b>\$45.4</b>	<b>\$39.9</b>
Company credit rating (S&P credit rating of long-term senior debt)	<b>A</b>	<b>A+</b>	<b>A+</b>
Number of countries of operations	<b>35</b>	<b>35</b>	<b>35</b>
Capital levels (Estimated CET1 Ratio, fully phased-in—Non-GAAP) <sup>(E)</sup>			
Standardized approach	<b>10.2%</b>	<b>10.6%</b>	<b>10.6%</b>
Advanced approach	<b>9.5%</b>	<b>9.8%</b>	<b>11.3%</b>
Active employees certified as having read and understood the Code of Conduct <sup>(F)</sup>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Our People	2015	2014	2013
Global employees (full-time)	<b>51,200</b>	<b>50,300</b>	<b>51,100</b>
Total compensation <sup>(G)</sup>	<b>\$3.58</b>	<b>\$3.63</b>	<b>\$3.62</b>
Training hours per employee, on average	<b>21</b>	<b>21</b>	<b>28</b>
Employee retention	<b>87%</b>	<b>88%</b>	<b>90%</b>
Managing director and above positions held by women	<b>27%</b>	<b>26%</b>	<b>26%</b>
Employee engagement globally (percentage of overall positive survey results)	<b>77%</b>	<b>76%</b>	<b>78%</b>



<b>Our World</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Assets responsibly screened <sup>(H)</sup>	<b>\$63.0</b>	<b>\$80.0</b>	<b>\$73.0</b>
Assets covered by the UN Principles for Responsible Investment	<b>37%</b>	<b>38%</b>	<b>40%</b>
Cash donations (millions USD) <sup>(I)</sup>	<b>\$39.9</b>	<b>\$38.1</b>	<b>\$34.4</b>
Company grants and charitable sponsorships (millions USD)	<b>\$23.9</b>	<b>\$22.9</b>	<b>\$19.9</b>
Employee contributions and company match (millions USD)	<b>\$16.1</b>	<b>\$15.2</b>	<b>\$14.5</b>
Total employee volunteering hours	<b>140,000</b>	<b>127,000</b>	<b>105,000</b>
CDP score (disclosure and performance)	<b>100 A</b>	<b>100 A</b>	<b>100 A</b>
Global operations greenhouse gas emissions reductions (from 2008 baseline) <sup>(J)</sup>	<b>41.9%</b>	<b>32.4%</b>	<b>30.6%</b>
Global electricity usage offset by renewable energy	<b>100%</b>	<b>63%</b>	<b>63%</b>
Internal paper reduction (from 2008 baseline, U.S. only)	<b>61%</b>	<b>52%</b>	<b>42%</b>
Annual savings through owned or controlled buildings' energy-efficiency projects (millions USD)	<b>\$10.0</b>	<b>\$13.3</b>	<b>\$12.6</b>
Real estate certified for sustainability (by at least one third party and by percentage of sq. ft.) <sup>(K)</sup>	<b>35.6%</b>	<b>34.3%</b>	<b>34.1%</b>

(A) For further information, please see the Corporation's reports filed with the Securities and Exchange Commission, including the 2015 Annual Report, at [www.bnymellon.com/investorrelations](http://www.bnymellon.com/investorrelations).

(B) Includes the assets under custody and/or administration ("AUC/A") of CIBC Mellon Global Securities Services Company ("CIBC Mellon"), a joint venture with the Canadian Imperial Bank of Commerce, of \$1 trillion at Dec. 31, 2015, \$1.1 trillion at Dec. 31, 2014, \$1.2 trillion at Dec. 31, 2013 and \$1.1 trillion at Dec. 31, 2012 and Dec. 31, 2011.

(C) Excludes securities lending cash management assets and assets managed in the Investment Services business. In 2015, prior periods' AUM was restated to reflect the reclassification of Meriten Investment Management GmbH from the Investment Management business to the Other segment. Also excludes assets under management related to Newton's private client business that was sold in 2013.

(D) Includes fee revenue, net interest revenue and income from consolidated investment management funds, net of net income attributable to noncontrolling interests.

(E) Risk-based capital ratios at Dec. 31, 2015, reflect the adoption of new accounting guidance related to Consolidations (ASU 2015-02). See Note 2, "Accounting Changes and New Accounting Guidance," on page 159 of the 2015 Annual Report for additional information. At Dec. 31, 2014, risk-based capital ratios included the net impact of the total consolidated assets of certain consolidated investment management funds in risk-weighted assets. These assets were not included in prior periods' risk-based ratios. The leverage capital ratio was not impacted. The estimated fully phased-in CET1 ratios (Non-GAAP) are based on our interpretation of the U.S. capital rules, which are being gradually phased in over a multi-year period. For additional information on these ratios, see "Capital" beginning on page 58 of the 2015 Annual Report. Please also see "Supplemental information – Explanation of GAAP and Non-GAAP

financial measures" beginning on page 125 of the 2015 Annual Report for the reconciliation of Non-GAAP measures.

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

(G) A full estimate of total compensation and other staff expense is available within the corporate 2015 Annual Report under "Noninterest Expense."

(H) The 2014-2015 change in AUM is due primarily to client liquidity needs caused by market conditions, including commodity price volatility, and other exogenous factors affecting a significant segment of screened portfolios.

(I) Employee and company giving includes our two foundations: BNY Mellon Foundation and BNY Mellon Foundation of Southwestern Pennsylvania.

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

(K) These third-party certifiers include LEED, ISO 14001 and ENERGY STAR.

# Select Awards for 2015

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



FTSE4Good



- **Dow Jones Sustainability World Index**  
— DJSI, for a second consecutive year<sup>3</sup>
- **Dow Jones Sustainability North America Index**  
— DJSI, for a third consecutive year<sup>4</sup>
- **Climate “A” List for climate management leadership**  
— CDP<sup>5,6</sup>
- **Climate Disclosure Leadership Index (CDLI)**  
— CDP, for a third consecutive year<sup>7</sup>
- **FTSE4Good Global Benchmark Index**  
— FTSE4Good, for a fourth consecutive year<sup>8</sup>
- **Top Companies for Women Technologists Award**  
— Anita Borg Institute<sup>9</sup>
- **Perfect 100 on Corporate Equality Index**  
— Human Rights Campaign<sup>10</sup>
- **Silver Learning in Practice Award, Strategy Category**  
— *Chief Learning Officer* magazine<sup>11</sup>
- **eLearning Award for Best Simulation or Virtual Environment**  
— Learning Technologies<sup>12</sup>
- **Hero Award**  
— HELP USA<sup>13</sup>
- **Golden Peacock National Quality Award**  
— Dubai Global Convention<sup>14</sup>
- **Perfect 100 for Human Rights, Best Places to Work**  
— Human Rights Campaign Foundation<sup>15</sup>
- **Best of the Best**  
— Hispanic Network, *Black EOE Journal*<sup>16</sup>

3 BNY Mellon. “[BNY Mellon Named to Dow Jones Sustainability World Index for Second Consecutive Year](#),” 11 September 2015.

4 Ibid.

5 BNY Mellon. “[BNY Mellon Continues CSR Leadership with Third Consecutive Perfect CDP Score](#),” 1 December 2015.

6 CDP discontinued the Climate Performance Leadership Index in 2015.

7 BNY Mellon. “[BNY Mellon Continues CSR Leadership with Third Consecutive Perfect CDP Score](#),” 1 December 2015.

8 Ibid.

9 BNY Mellon. “[Anita Borg Institute names BNY Mellon Top Company for Women in Technology](#),” 8 April 2015.

10 Human Rights Campaign. “[Bank of New York Mellon Profile – Buyers Guide](#),” n.d.

11 *Chief Learning Officer* magazine. “[2015 Learning in Practice Winners](#),” 11 October 2015.

12 Learning Technologies. “[e-Learning Awards 2015 Winners](#),” n.d.

13 BNY Mellon. “[BNY Mellon Honored by HELP USA with Hero Award](#),” 15 June 2015.

14 Dubai Global Convention, 25th World Congress on Leadership for Business Excellence & Innovation, 2015.

15 Human Rights Campaign Foundation, Corporate Equality Index, 2015.

16 Hispanic Network, *Black EOE Journal*, Top LGBT-Friendly Companies, 2015.

# Market Integrity

PLEASE  
SHOW  
PHOTO ID'S  
TO  
SECURITY  
OFFICERS

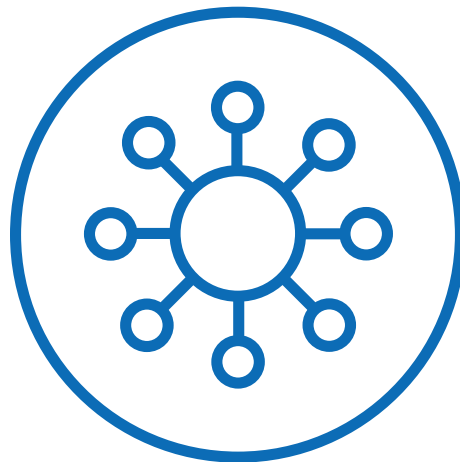


# As the Investments Company for the World, we are committed to a rigorous risk culture across our businesses. We provide employees and clients with the guidance, skills and tools to anticipate and mitigate risk, enabling them to make profitable decisions for the long term.

A foundation of strong governance complements an evolving suite of policies, training and technologies that support consistent performance and high ethical standards in all market conditions.

## Risk Culture Is Embedded in the BNY Mellon Culture

[Gain insight](#) into our risk culture and hear from Chief Risk Officer James Wiener, Chief Human Resources Officer Monique Herena and Chief Information Officer of Client Experience Delivery Lucille Mayer.



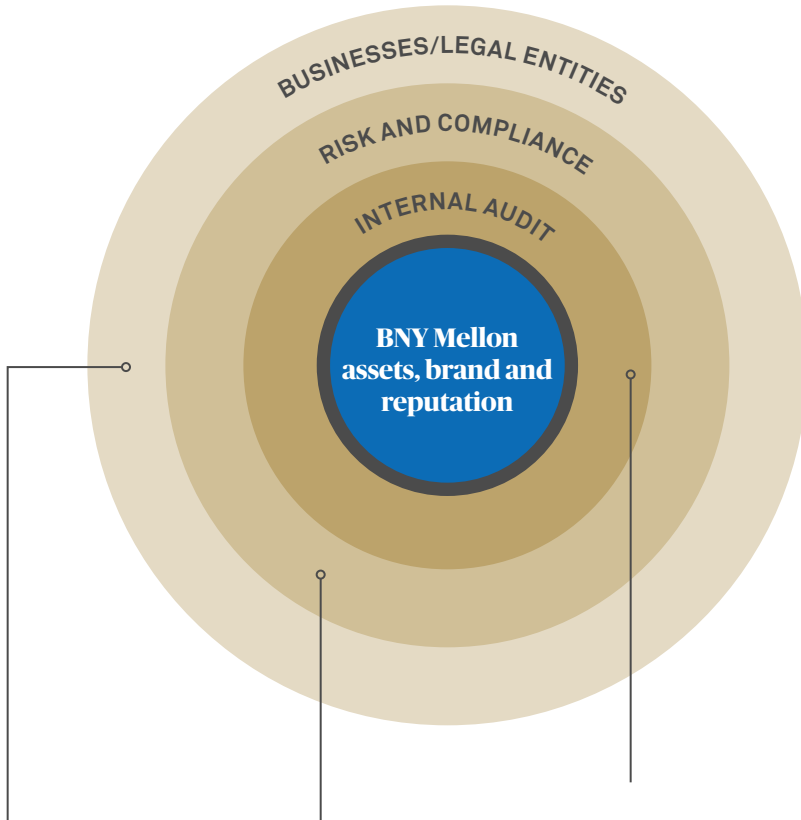
# Risk Management and Reliability

**Our role in supporting the health and operation of the capital markets brings with it a responsibility to maintain the highest standards of excellence. The ability to manage risk and operate reliably is critical to our business and the needs of our clients. To help meet these needs in light of shifting regulations, risks and client demands, we focus our approach on our risk management framework, risk culture and information systems/operational resilience.**

## Risk Framework

Stable, well-functioning markets help communities around the world grow and thrive. As a leading global financial institution, we have a critical role to play — we want to contribute to the stability and integrity of these markets by conducting business in a reliable, trustworthy manner. In order to be successful, we have to be innovative and precise and ensure that our risk framework is widely understood. We have incorporated risk management practices throughout our organization, giving employees the tools to manage risk in their roles through their careers. Our Three Lines of Defense framework (see graphic on page 28) holds all employees accountable for risk management, and demonstrates how we work together to protect the company's assets, brand and reputation.

## BNY MELLON'S THREE LINES OF DEFENSE AGAINST RISK



### 1<sup>ST</sup>

#### BUSINESSES/ LEGAL ENTITIES

- Own risks associated with activities
- Each employee understands and manages the risks inherent in their job
- Controls and sound, business-level policies are in place
- Operate within their “risk appetite”
- Issues escalated in a timely fashion
- Includes risks owned primarily by business partners

### 2<sup>ND</sup>

#### RISK AND COMPLIANCE

- Independent oversight and monitoring
- Consistent corporate-level policies and standards
- Reliable and timely enterprise-wide reporting
- Issues escalated in a timely fashion
- Includes Corporate Security, Business Continuity, Financial Management and Analysis within Finance, HR, and Legal

### 3<sup>RD</sup>

#### INTERNAL AUDIT

- Independent from first two lines of defense
- Conducts risk-based audits
- Reports on the company’s effectiveness in identifying and controlling risks



### Risk Framework Long-Term Goal

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

#### Our strategy for achieving the goal:

By continually demonstrating industry best practices, we will work to embed risk accountability and management across our global business.

## Risk Appetite

BNY Mellon defines risk appetite as the aggregate level of risk we are normally willing to assume after considering topics such as our strategic business objectives and business plan, the major risks facing the company and our risk capacity.

Our risk management framework has been designed to —

- Ensure that appropriate risk tolerances (“limits”) are in place to govern our risk-taking activities across all businesses and risk types.
- Ensure that our risk appetite principles permeate the company’s culture and are incorporated into our strategic decision-making processes.
- Ensure rigorous monitoring and reporting of key risk metrics to senior management and the Board of Directors.
- Ensure that there is an ongoing and forward-looking capital planning process to support our risk-taking activities.

For more information about the company’s risk appetite, please visit our 2015 Annual Report.

## Primary Risk Categories

### Operational/ Business

The risk of loss resulting from inadequate or failed internal processes, human factors and systems, breaches of technology and information systems, or from external events. Also includes fiduciary risk, reputational risk and litigation risk.

### Market

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

### Credit

The possible loss we would suffer if any of our borrowers or other counterparties were to default on their obligations to us. Credit risk is resident in the majority of our assets, but primarily concentrated in the loan and securities books, as well as off-balance sheet exposures such as lending commitments, letters of credit and securities lending indemnifications.

### Liquidity

The risk that BNY Mellon cannot meet its cash and collateral obligations at a reasonable cost for both expected and unexpected cash flows, without adversely affecting daily operations or financial conditions. Liquidity risk can arise from cash flow mismatches, market constraints from inability to convert assets to cash, inability to raise cash in the markets, deposit run-off or contingent liquidity events. Thus, liquidity risk can be inherent in the majority of our balance sheet exposures.

## Being a Strong, Safe, Trusted Counterparty

We recognize the importance of our organization to the financial marketplace. We have maintained the strong capital and liquidity positions and high credit ratings that our clients expect of us. We have also continued to invest in and focus on compliance, risk management and control functions to help ensure our continued safety and soundness.

### Actions to increase our safety and soundness:

- Reduced and simplified our counterparty exposures
- Implemented a new system to meet Volcker reporting requirements
- Strengthened our capital adequacy process
- Invested in and focused on compliance, risk management and control functions
- Made significant investments in our resolution and recovery plans
- Completed a program to reduce intraday credit risk exposure in our tri-party repo business

## Accuracy

Our clients and the global community rely on the rigor of our processes and controls. We expect accurate and predictable outputs from all of our processes while emphasizing a responsibility for accuracy from all of our teams that work within a strongly controlled environment. A few examples include our internal auditing procedures, marketing activities and the safeguarding of data and transactions.

### Audit

Internal Audit is an independent, objective assurance function that reports directly to the Audit Committee of the company's Board of Directors. It helps the company accomplish its objectives by bringing a systematic, disciplined, risk-based approach to evaluating and improving the effectiveness of the company's risk management, control and governance processes. The scope of Internal Audit's work includes the review and evaluation of the adequacy, effectiveness and sustainability of risk management procedures, internal control systems, information systems and governance processes. Internal Audit provides assurance related to the effectiveness of the company's internal control environment and the safeguarding of company and client assets.

The Audit Committee meets on a regular basis to perform an oversight review of the (i) integrity of the financial statements and financial reporting process, (ii) compliance with legal and regulatory requirements, (iii) our independent registered public accountant's qualifications and (iv) independence and the performance of our registered public accountant and internal audit function. The Audit Committee also reviews management's assessment of the adequacy of internal controls.



## Responsible Marketing

We are committed to maintaining and protecting our reputation, with a clear focus on integrity and transparency in our communications. We understand that our success depends on our clients' trust in our management of their financial assets and expectations that we are always acting in their best interest. With that in mind, our approach to responsible marketing centers on adherence to global compliance principles and on managing our risks while highlighting topics that are critical to our clients.

### Our Partnerships

We realize that there is strength in having an external perspective, which is why we continue to partner with leading research, consulting and media organizations to provide our clients with innovative and varied thinking. We actively host and participate in client, executive and network roundtables to ensure we are considering and sharing comprehensive information to support our thought leadership and client service communications.

### A Commitment to Risk Management

Given the globally complex regulatory environment, our marketing and communications efforts are assessed and reviewed on a regular basis. Our approach to maintaining best-in-class standards includes a cross-functional effort between our Business Marketing, Corporate Marketing, Corporate Communications, and Global and Regional Legal teams to ensure we are maintaining and, when necessary, evolving our marketing and communications policies to ensure compliance.

## Accuracy in Transactions

We seek to meet our execution goals through comprehensive oversight processes and the deployment of advanced technology. With a complex network of systems, processes and employees handling data, we have a comprehensive mechanism for confirming the accuracy of information. This approach includes the use of advanced encryption techniques, such as Enforced Transport Layer Security, for storing and sending information, which allows all emails to be automatically secured with no additional steps taken by sender or recipient. For clients without this facility, we provide a dedicated messaging portal that also encrypts information and requires a password to access messages.



## Financial Strength

Our ability to maintain stability in the face of market volatility is essential. In 2015, a year in which there were promising signs of a recovery following the financial crisis, geopolitical events continued to jeopardize growth. From conflict in the Middle East to the crashing of oil prices, to the economic uncertainty in the European Union, we have worked hard to maintain consistent high performance for our clients and protect the larger financial markets. Our strong capital position and low-risk business model is designed to enable us to meet obligations to clients and shareholders, as well as help protect the stability of the larger financial markets. We also offer products and services to our clients to help protect their financial strength. BNY Mellon continues to reinforce our internal stress testing and cybersecurity programs.

### Stress Testing

Our focus on capital adequacy is the foundation of our stress-testing program. Through enterprise-wide stress tests, we gauge our resiliency to macroeconomic and idiosyncratic risk scenarios, such as adverse market events, counterparty defaults, liquidity pressures, technology failures, operational events and litigation.

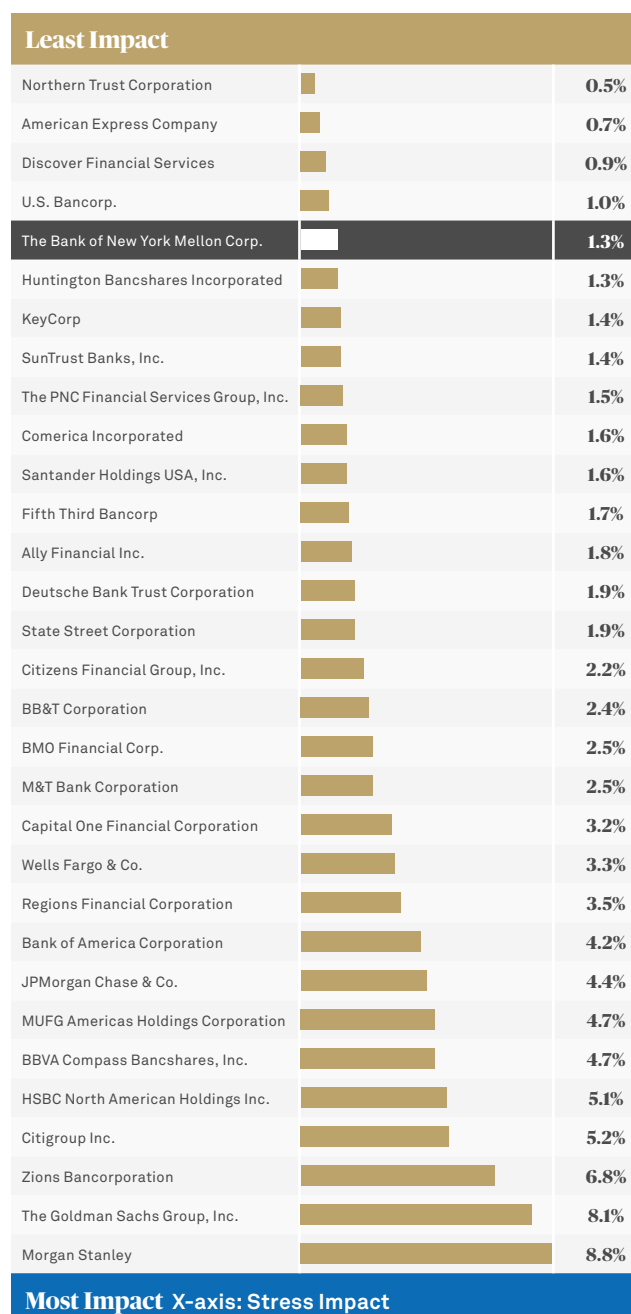
These tests evaluate BNY Mellon's financial and capital position under adverse conditions, as well as second-order impacts on counterparties, clients and markets, to increase awareness of our potential to affect financial markets and the potential impact stressed markets have on us, given our unique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

We have developed our stress-testing program that is designed to meet industry best practices and regulatory expectations. The tests are also a critical component of BNY Mellon's capital adequacy and risk management frameworks. BNY Mellon is fully committed to maintaining a well-capitalized position under the new Basel III framework and has revised its stress-testing practices to include metrics related to the revised rules. In 2016, the Dodd-Frank Act Stress Tests (DFAST) will be performed in the first and third quarters.

## WELL-POSITIONED FOR STRESS SCENARIOS

Impact of DFAST Stress Test Severely Adverse Scenario on Basel I Tier 1 Common Ratio

Change from Q314 ratio to minimum ratio



Source: Federal Reserve — Dodd-Frank Act Stress Test (DFAST) 2015: Supervisory Stress Test Methodology and Results.

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

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

## Measuring Core Equity Capital Against Risk-Weighted Assets

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

Following stress testing under the supervisory severely adverse scenario, BNY Mellon's risk-based capital ratios remain resilient. In the Federal Reserve’s Dodd-Frank Act disclosures made as part of the 2015 Dodd-Frank Act annual stress tests, for example, BNY Mellon had one of the highest projected minimum CET1 ratios, at 12.6 percent over the nine-quarter planning horizon in the severely adverse scenario. BNY Mellon also had one of the highest projected minimum CET1 ratios, at 12.7 percent over the nine quarters in the adverse scenario. BNY Mellon maintained a resilient minimum U.S. tier 1 leverage ratio of 5.2 percent in both the severely adverse and adverse scenarios.

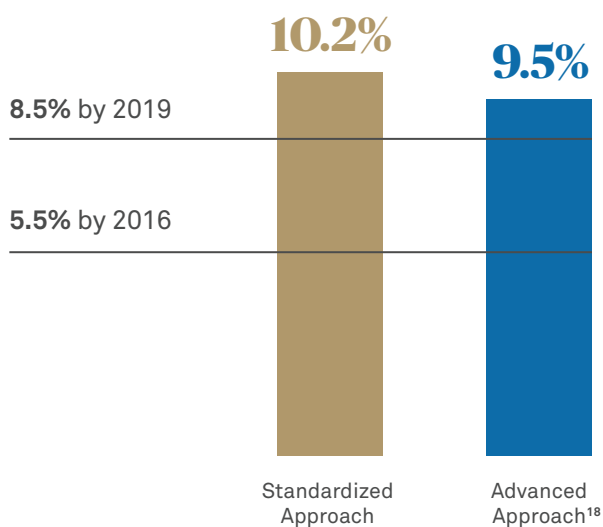
\* Federal Reserve – Dodd-Frank Act Stress Test (DFAST) 2015: *Supervisory Stress Test Methodology and Results*

## BNY MELLON CAPITAL LEVELS

as of December 31, 2015

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

#### FEDERAL RESERVE MINIMUMS WITH BUFFERS<sup>17</sup>



<sup>17</sup> On a fully phased-in basis, we expect to satisfy a minimum CET1 ratio of at least 8.5 percent (4.5 percent minimum CET1, 2.5 percent conservation buffer) and a G-SIB surcharge of 1.5 percent.

<sup>18</sup> The estimated fully phased-in CET1 ratios (Non-GAAP) are based on our interpretation of the U.S. capital rules, which are being gradually phased-in over a multi-year period. For further explanation of the capital ratios, please see the “Capital” section of the 2015 Annual Report. Please also see “Supplemental Information — Explanation of GAAP and Non-GAAP Financial Measures” beginning on page 125 of the 2015 Annual Report for a comparison of fully phased-in Basel III capital components and ratios to those amounts determined under the currently effective rules using the transitional phase-in requirements. Risk-based capital ratios at Dec. 31, 2015, reflect the adoption of new accounting guidance related to Consolidations (ASU 2015-02).

# Risk Culture

BNY Mellon has a comprehensive risk management framework in place — one that encompasses company policies, internal controls, corporate governance, training and more. Yet, the most important components are our people and the values and behaviors we share as an organization. We continually underscore every employee's role as a risk manager in the workplace. This strategy is confirmed by our employee engagement survey, where 96 percent of our employees indicated that they are aware of the risks relevant to their work.

In addition, we are strengthening our risk culture in ways that further embed the core concepts of personal responsibility for risk awareness and management in our organization. This approach brings our four key risk principles to life and makes risk management something our people think about and act on as appropriate.

## THE FOUR PRINCIPLES OF RISK CULTURE

### Leading by Example

Our senior leaders continue to play a visible and vocal role in supporting enterprise-wide risk management through robust communications on key concepts, such as Risk Appetite and Three Lines of Defense, that underscore personal responsibility and expand on risk initiatives.

### Organizing Around Ownership

Creating a culture of accountability includes strengthening risk ownership among all employees, creating risk business plans and making sure all employees understand their roles in managing risk.

### Putting Our Clients First

This includes enhancing our processes for measuring business and client risk, developing a consistent framework for addressing client issues and monitoring the impact of our decisions on clients.

### Institutionalizing Ethical Behavior

We embed risk management throughout the employee lifecycle from recruitment to selection to career advancement to transitions from the company, as well as measuring all employees against a risk goal in their annual performance evaluations.

Our risk culture will continue to evolve as regulations, markets and businesses evolve, but our commitment to a risk culture of personal responsibility, prudent risk-taking and excellence in all we do will never change.



### Risk Culture Long-Term Goal

Establish and achieve industry best-in-class risk culture.

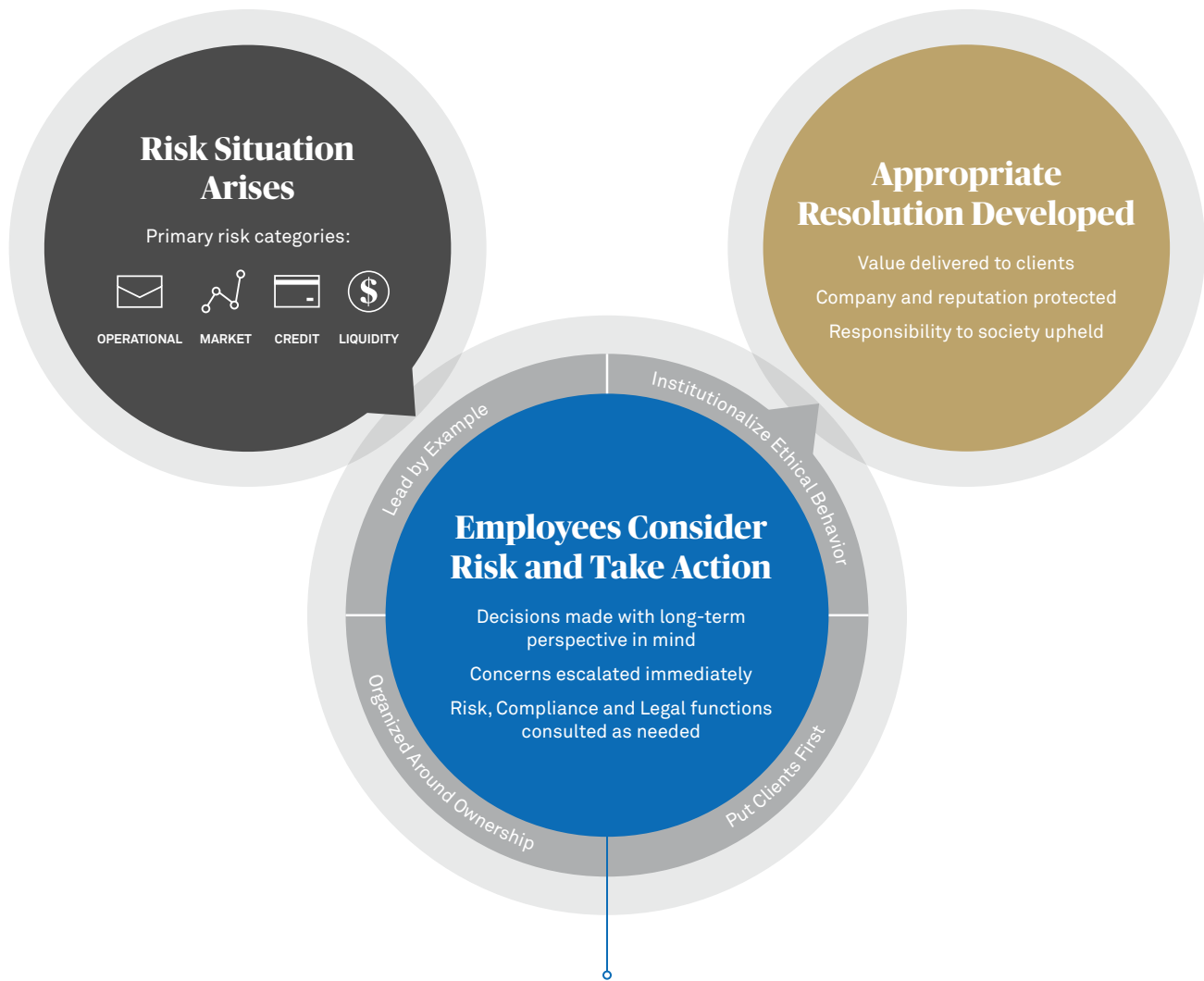
#### Our strategy for achieving the goal:

Through training and development, we will further embed risk management throughout the employee lifecycle. We will aim for our people to demonstrate comprehensive levels of risk understanding, including risk appetite.

## Working Together: Business acceptance committees

At BNY Mellon, Business Acceptance Committees (BACs) across our businesses and regions make critical judgments in evaluating opportunities. BACs reinforce the concept that risk management starts with risk ownership. This idea is not new to our company; our businesses have had vetting processes all along. We have now built a formalized and codified structure across the company. Together senior business leaders and their partners in Risk, Legal, Operations and other key areas measure a transaction against a checklist of factors to determine if it is acceptable to the company. For example, there have been instances where the company has turned down new business because of risk concentration.

## RISK CULTURE IN ACTION



### Principles of Risk Culture

#### LEAD BY EXAMPLE

- Visible and vocal senior leaders
- Robust communication on key risk concepts and personal responsibility
- Role model behavior is recognized

#### INSTITUTIONALIZE ETHICAL BEHAVIOR

- Risk management embedded throughout employee lifecycle
- Recruitment
  - Training
  - Performance Evaluation
  - Progression

#### PUT CLIENTS FIRST

- Enhanced measurement of business and client risks
- Consistent framework for addressing issues and assessing client impact

#### ORGANIZE AROUND OWNERSHIP

- Risk appetite statements embedded across our global organization
- All employees are risk owners and understand risk management roles

## Ethics

At BNY Mellon, our Code of Conduct defines and reinforces the high ethical standards that guide our global employee base. We engage and educate our employees about personal security trading and other evolving matters within the organization, across the industry and at applicable regulatory bodies worldwide via focused training sessions and routine internal communications.

We also nurture a risk-aware culture through the use of a well-defined risk management framework with clear-cut roles, policies, responsibilities and boundaries for all employees.

### Employee Commitment

Through training, we ensure that employees have the tools to support our commitment to ethical business practices and require that they speak up if they notice questionable behavior and escalate their concerns if they feel it is not being addressed. We also emphasize transparency in our communications with stakeholders.

Over the past year, 100 percent of active employees\* certified having read and understood all of the provisions of the Code of Conduct through our Annual Code of Conduct Questionnaire/Certification attestation program.

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



## Code of Conduct

Our Code of Conduct outlines six key principles:

**RESPECTING OTHERS** — We insist on a respectful, inclusive and professional workplace.

**AVOIDING CONFLICTS OF INTEREST** — We help our workforce navigate all potential conflicts of interest and require that conflicts be identified and mitigated.

**CONDUCTING BUSINESS** — We inform our employees in detail about fair competition, antitrust, anticorruption and improper or illegal activities that can occur in our sector and require compliance with all applicable laws, rules and regulations.

**WORKING WITH GOVERNMENTS** — Our employees learn and comply with the obligations and principles related to working with governments.

**PROTECTING ASSETS** — Our Code and related training stress the importance of financial integrity, privacy and data protection.

**SUPPORTING OUR COMMUNITIES** — We take an active part in our communities around the world, both as individuals and as a company. We are honest, fair and transparent in every way we interact with our communities and the public at large.

### Ethics, Risk and Compliance Training

We continually reinforce the importance of ethics, compliance and managing risk for our overall success. This is evidenced by the development and rollout of three new training programs in 2015 (Business Continuity; External Reporting: Are You Up to the Mission?; and Electronic Communication, Know the Risks), along with Securities Firewalls and Personal Securities Trading Refresher and the annual Anti-Money Laundering and Information Risk Awareness Refresher courses. Each of these online courses was deployed to the vast majority of our employees and used a series of narrative scenarios to help them understand how ethics, compliance and risk awareness apply to their everyday work experience. Also in 2015, we launched the last two “missions” in a series titled “Navigate through Risk – The Journey,” which addresses the importance of policies and procedures and BNY Mellon’s Risk Appetite.

Finally, all new employees receive training in various topics including, but not limited to, the BNY Mellon Code of Conduct, global anti-money laundering, global anti-corruption and information protection.



## Employee Resources

We encourage transparency by requiring employees at every level of our company to speak up promptly to their managers, or to our Compliance or Legal teams, about any issue of concern and to continue to escalate concerns until they have a satisfactory answer. This was reinforced during the year through publication of a Compliance Spotlight sent to all employees, covering the importance of issue escalation and speaking up. In addition, we prohibit and monitor for retaliation against any employee who raises a concern in good faith. Finally, to ensure that our ethical standards are followed, we provide our staff with various resources to raise issues or concerns:

**ETHICS HELPLINE** — Operated by the BNY Mellon Ethics Office (anonymous reporting available)

**ETHICS HOTLINE** — Operated by EthicsPoint®, an independent hotline administrator (anonymous reporting available)

**INCIDENT REPORTING SYSTEM** — An easy-to-use desktop application for reporting suspicious activity

**DIRECTOR'S MAILBOX** — Communications may be directed to an independent director of the Board

As an additional resource for our Compliance leadership team, BNY Mellon maintains a sponsoring partner membership in the Ethics and Compliance Officers Association and participates in the Corporate Executive Board's Compliance and Ethics Leadership Council Roundtable.

To contact Ethics regarding the above resources, please [click here](#) for more information.

## Anti-Corruption

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

## Risk-Related Products

With fast-evolving technologies and an expanding global market, BNY Mellon operates in an increasingly complex and regulated environment. To reduce BNY Mellon's and its clients' exposure to risks, we continue to invest in new and improved technologies and services. In 2015, this includes the completion of key initiatives by our Broker-Dealer Services (BDS) business to reduce intraday credit risk as part of the BNY Mellon U.S. Tri-Party Repo Infrastructure Reform efforts. These initiatives are geared toward reducing systemic risk, "practically eliminating" intraday credit risk<sup>19</sup> and enabling market participants to continue to efficiently and effectively fund their operations.

### U.S. Tri-Party Repo Services Explained

As agent, BNY Mellon facilitates settlement between sellers (cash borrowers) and buyers (cash lenders) in the U.S. tri-party repo market. Our involvement in a transaction commences after a seller and buyer agree to a tri-party repo trade and send instructions to us. We settle the trade, maintain custody of the collateral (the subject securities of the repo), monitor the eligibility and sufficiency of the collateral, and execute payment and delivery instructions provided by the principals.

## Broker-Dealer Services — U.S. Tri-Party Repo

BDS has been at the forefront in developing technology to significantly reduce our intraday credit risk associated with the U.S. tri-party repurchase (repo) market, where we are the industry leader. We have made significant investments in technology enhancements to implement new processes, procedures, controls and reporting — an investment that sets BDS apart in the financial industry. Given our role in the U.S. clearing and tri-party repo market, we recognize the importance of reducing intraday credit risk without creating market disruptions.

BNY Mellon is a leader in both global and U.S. government securities clearance. We settle securities transactions in over 100 markets, act as a clearing agent for 18 of the 22 primary dealers and handle most of the transactions cleared through the Federal Reserve Bank of New York (by volume). We are a leader in servicing tri-party repo collateral, servicing approximately \$2.2 trillion globally. We currently service approximately \$1.3 trillion, or 85 percent, of the \$1.6 trillion tri-party repo market in the U.S.

In April 2015, we reduced the amount of secured intraday credit we provide to dealers in connection with dealers' tri-party repo activity by fully converting the secured intraday credit from uncommitted credit to committed credit. The committed credit requires dealers to fully secure the outstanding intraday credit with high-quality liquid assets having a market value in excess of the amount of the outstanding credit. Moving forward, BNY Mellon will continue to invest in and enhance its tri-party repo capabilities, including working closely with market participants to improve the process for settling Interbank General Collateral Finance repo trades.

<sup>19</sup> BNY Mellon. "BNY Mellon U.S. Tri-Party Repo Infrastructure Reform Program Timeline," n.d.



## BNY Mellon Markets

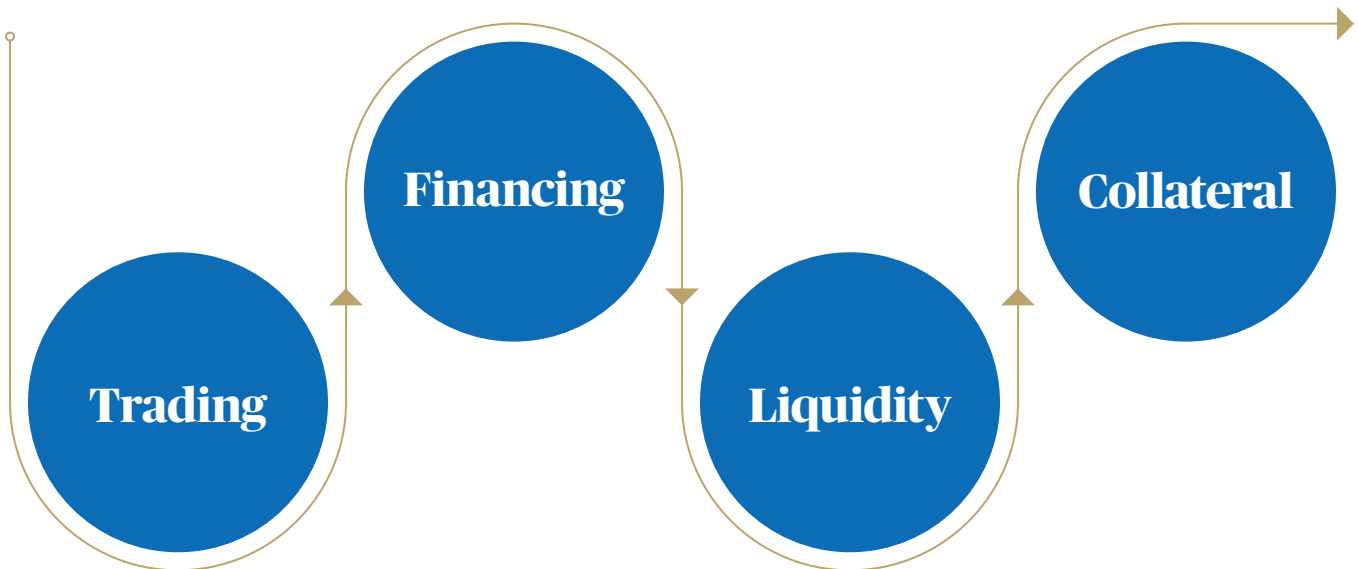
Regulations and the changing dynamics of financial transactions worldwide are pushing risk management to the forefront of the financial marketplace. To help our clients manage risk, capital, financing and liquidity needs in this new environment, we offer innovative solutions and services, market insight, industry expertise and scalable technology. We help clients solve their trading, financing, liquidity and collateral needs.

BNY Mellon Markets has more than 900 professionals across three continents, delivering services such as foreign exchange execution, securities finance, equity and fixed-income investment solutions, liquidity services, equity and debt underwriting, public finance, collateral management,

collateral segregation and prime brokerage services.<sup>20</sup> These services leverage our expertise, technology and operational strength to support clients around the globe throughout the investment lifecycle, helping them manage risk and liquidity and drive performance.

Please see the BNY Mellon Markets disclaimer on page 114.

<sup>20</sup> Prime brokerage services are provided by Pershing LLC, a FINRA registered broker-dealer. Pershing Prime Services is a service of Pershing LLC, member FINRA, NYSE, SIPC, a wholly owned subsidiary of The Bank of New York Mellon Corporation (BNY Mellon). For professional use only. Not for distribution to the public.



# ESG Risk Management

Our firm mitigates environmental, social and governance (ESG) risk to protect our business, investors and society.

## The Equator Principles

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

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

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

## Community Reinvestment Act

The 1977 U.S. Community Reinvestment Act (CRA) encourages banks and savings associations to help meet the needs of borrowers in low- and moderate-income neighborhoods. We seek to provide meaningful, beneficial and innovative community development solutions through our CRA activities.

Our most recent CRA ratings for BNY Mellon Bank, N.A., our private wealth bank, and The Bank of New York Mellon, our institutional bank, are "Outstanding" and "Satisfactory," respectively. These performance evaluations can be found by [clicking here for BNY Mellon Bank, N.A.](#) and by [clicking here for The Bank of New York Mellon](#). Our private wealth bank is regulated by the Office of the Comptroller of the Currency, while our institutional bank is regulated by the Federal Reserve Bank of New York and New York State Department of Financial Services.

Both our private wealth and institutional banks continue to identify and finance new CRA-related opportunities that meet community development needs in their very competitive CRA markets. Both banks target affordable housing opportunities for low- and moderate-income residents as their primary community development focus. Other investments promote small business growth through small business investment companies under the Small Business Investment Act, and community development initiatives through national equity funds created by community development financial institutions.

Our CRA efforts are complemented by our community involvement activities, many of which also target underserved communities. For more on these efforts, please see Our World section on page 77.

## Financing Wind Energy Projects

In the U.S., financing certain alternative energy projects provides investors with economic benefits that include tax credits while enabling support for renewable energy expansion. In 2015, BNY Mellon committed approximately \$344 million in financing to various energy companies responsible for the development and operation of five U.S. wind energy projects. The projects have a combined total installed capacity of 970 megawatts, representing approximately 11 percent of the wind capacity installed in the U.S. last year.<sup>21</sup> In total, the projects produce enough electricity to power approximately 340,000 average U.S. homes.<sup>22</sup>



<sup>21</sup> Approximately 8,600 megawatts of wind capacity were installed in the United States in 2015. See [http://apps2.eere.energy.gov/wind/windexchange/wind\\_installed\\_capacity.asp](http://apps2.eere.energy.gov/wind/windexchange/wind_installed_capacity.asp)

<sup>22</sup> See EPA Green Power Calculator, <http://www3.epa.gov/greenpower/pubs/calculator.htm> (average American home uses 11,000 kilowatt-hours of electricity per year; projects to which BNY Mellon committed financing will generate an average of 3,774,600,000 kilowatt-hours of electricity each year).



## Proxy Voting and Issuer Engagement

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

The PVGC leverages this disclosure to engage with U.S. and international companies on several issues, including governance, compensation, corporate transactions, contested meetings and shareholder proposals. The PVGC focuses on three areas that can strengthen the alignment between company leadership and shareholders:

- Overall review of corporate governance at the company.
- Consideration of how the Board of Directors represents the underlying shareholders' interests.
- Structure and execution of the company's executive compensation program relative to performance and benchmarked to industry peers.

In reviewing its proxy voting guidelines, the PVGC considers the evolving regulatory environment and investor sentiment to ensure it and its member firms deliver proxy voting services consistent with clients' best interest and industry best practices.

In addition to its voting guidelines, the PVGC's practices provide for a more detailed consideration of proxy proposals of those companies it has determined may present its member firms and such firms' clients with the most material economic impact. Further, the Proxy Voting and Governance Research Team that supports the committee provides support to those member firms that are UN PRI signatories on environmental, social and governance matters.

The Proxy Voting and Governance Research team also supports the committee's efforts to employ corporate governance research and financial analytics to discern value-enhancing vote decisions at nearly 12,000 shareholder meetings for U.S. and international companies each year. The team researches voting proposals for the committee, leads engagement efforts and maintains oversight of all operational aspects of the proxy-voting process. The concerted efforts of the equity professionals who serve as voting members of the committee, and the research professionals who frame and implement the voting requirements, provide BNY Mellon clients with proxy voting best practices to enhance the value of their investments.

### Contacts

If public company issuers or their senior management have questions concerning the proxy voting guidelines that are implemented on behalf of PVGC member firm clients, or if general stakeholders have concerns, please feel free to contact us [here](#).

# Information Systems/Operational Resilience

BNY Mellon plays an integral role in transactions that keep the global economy functioning smoothly. In an effort to improve reliability, we continue to enhance our systems availability, transaction execution quality, technology improvements, cybersecurity and business continuity, including secure vendor transactions. Our approach is intended to provide a first line of defense against risks for our firm and our clients, and to help maintain the stability of financial markets we serve. These efforts are overseen by the Technology Committee of the Board of Directors.

## Information Risk Management Long-Term Goal

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

### Our strategy for achieving the goal:

We will work to expand our Information Security Management System, executing against our three-year plan for priority cybersecurity services, such as improved automated monitoring and tools to detect and remediate threats. In addition, we are enhancing our processes for third-party governance associated with our critical business services. Through training and awareness activities we will continue to advance a workforce highly attuned to information systems security.

## INFORMATION SYSTEMS/OPERATIONAL RESILIENCE

### What We Strive to Protect



**\$28.9T**  
assets under custody and/or administration



**\$192B**  
in private client assets



**38.8**  
petabytes of digital storage



**\$2T**  
in daily funds transferred in 2015



**\$1.6T**  
assets under management

### How We Do It

All technology and frontline professionals globally are expected to act as risk managers

Geographic diversification of our processing centers

Multiple backup facilities

Enterprise-wide stress tests

Tracking system for IT risk issues

Hack assessments

Automated transaction processes

Monitoring of manually processed transactions

### What We Strive to Protect Against



**Cyberattacks and Email Viruses**



**Natural or Human Disasters**



**Technology Failure**



**Human Error**



**Power Outages**



**Adverse Market Events**

## Business Continuity

As a global company, we conduct business 24 hours a day in markets around the world. We strive to minimize the impacts of operational risk at all times, and one element of these efforts focuses on business continuity. Our centrally coordinated Business Continuity program is designed with the goal of allowing critical operations to continue under foreseeable circumstances, including significant power outages and natural or human-made disasters. Our comprehensive program encompasses crisis management, technology recovery and business resumption, and is updated, tested and modified as needed to respond to market and industry changes.

Our strategy leverages geographic diversification of our processing centers, use of multiple backup facilities and resources dedicated to the business continuity process. We have recovery plans in place that cover our business units and technology facilities around the globe. Plans are evaluated and modified to reflect our corporate footprint as needed. Our Board reviews and approves our Business Continuity program annually.

In 2015, our Business Continuity program included work to recover from actual events, including vendor-provided technology issues, record flooding in Chennai, terrorist events in Paris and Brussels, and other operational incidents. Our efforts to ensure preparedness helped to minimize impacts to our clients and our operations.

## Vendor Risk Management

We integrate risk management into our overall approach to working with suppliers in several ways.

### Third-Party Governance

The objective of the Third-Party Governance (TPG) program is to ensure compliance with global regulatory standards, clearly communicate our supplier risk management approach and route all agreements through a centralized process for procuring, reviewing and appropriately assessing risks of services and associated contracts. In 2015, we established the TPG framework and a roadmap and began implementing our enhanced processes, which will be extended to include ESG-specific activity in 2016.

## Vendor Information Risk Management

BNY Mellon has a risk-based, centralized Vendor Information Risk Management (VIRM) program designed to address the adequacy of information risk practices of external third-party service providers. The VIRM program establishes a set of minimum, risk-weighted due diligence requirements, to be completed when engaging external third-party service providers. Medium- and high-risk vendors are subject to enhanced due diligence related to their information risk practices. The program is managed by a central VIRM team within the Information Risk Management (IRM) organization of the Compliance Department.

Each vendor has a BNY Mellon relationship manager. Typically, those relationship managers reside in a business or business partner (e.g., Legal or Risk) function. The central VIRM team conducts information risk due diligence for vendors referred by a business or business partner. Our vendor risk assessment process is multi-layered and tailored to the specific risks that certain vendors represent. The process emphasizes a much more in-depth level of due diligence and ongoing monitoring for higher-risk vendors.

Once a vendor is on-boarded, the program demands periodic risk assessments. The highest-risk service engagements are subjected to a risk assessment annually, while the moderate-risk service engagements are assessed biennially. Findings resulting from risk assessments are actively managed and reported. High-risk providers are also subject to on-site visits at least once every three years. Site visits are in-person physical inspections of the vendor's operating environments.

2015 Assessments:

- Remote (questionnaire-based) assessments completed: 599
- Remote (questionnaire-based) assessments in progress: 106
- Site visits completed: 68

## Resiliency, Reliability, Quality and Operational Excellence

While many companies have turned to outsourcing, we've invested in a talent strategy based on insourcing our resources. That allows us to develop and retain critical technical skills in-house, enabling us to better align technology and the business. The technology needed to power a company of our size and scale is complex. Each day we manage:

**8 million+**  
software components

**2,000+**  
separate applications

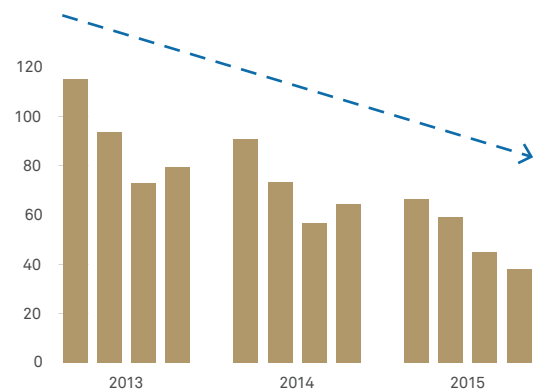
**20**  
different portal offerings serviced by  
duplicative underlying platforms

**1,200+**  
vendors for software and technology services

We are investing in our technology infrastructure and eliminating platforms with overlapping capabilities, while creating architecture that enables reusable technology components. While this work takes time, we've been making steady progress over the past three years. We reduced our Priority One, client-impacting incidents by 42 percent from 2013 through 2015.

## IMPROVING TECHNOLOGY STABILITY AND REDUCING CLIENT-IMPACTING INCIDENTS

Customer-impacting incidents (Priority One) reduced by 42% from 2013–2015



BNY Mellon is well on its way to becoming a digital enterprise and is a leader among financial services firms in this journey. A digital enterprise is a firm that makes a commitment to drive the way it works so that it uses more standardized components, which are more easily changed — as opposed to customized, variable solutions that are tied to specific hardware or hard-coded, stand-alone applications. Solutions at a digital enterprise are delivered from a set of service “building blocks” that are used and reused. Digital enterprises are better positioned to not only run a great operation today but also to be prepared to react nimbly to the changes you can't anticipate in the future.

The benefits of a digital enterprise include improvements in many key areas:

- Agility,
- Client experience,
- Service levels,
- Risk management,
- Cost management,
- Operational efficiencies,
- Decision making, and
- Profitability.

By digitizing, we are positioning ourselves to succeed amid disruption. And that contributes to stable, resilient global markets in the long run.

## Improving Governance and Enhancing Risk Processes

Our holistic approach includes a focus on resiliency and managing key risks associated with our systems and operations.

### IT Resilience Management

We frequently evaluate operational processes used to maintain our technology environment in ways that are tightly aligned with industry standards and best practices. One such effort launched in 2015 is designed to holistically consider our current practice areas in order to maintain IT system functionality in a resilient fashion.

Resilience management has several objectives:

- Anticipate and understand emerging threats to our service continuity,
- Adapt to disruptions and react accordingly to restore routine functioning,
- Continually monitor our environment for gaps and improvement opportunities, and
- Frequently assess the maturity of our critical services against best practices.

We have given significant consideration in this program to the following:

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

### Service Risk Maturity Assessment

The Service Risk Maturity Assessment (SRMA) will leverage the service review questionnaire with immediate focus on five risk exposure areas: application architecture, application delivery, service operations, supplier interaction model and business continuity. The assessment approach will evaluate our 33 critical business services across the five risk focus areas to develop a service risk exposure. These results will be utilized to provide better decision-making information to senior management. The assessment methodology is rooted in research conducted by the Software Engineering Institute for the CERT Resilience Management Model.

As the SRMA matures, we will seek to consider additional information technology practice areas where appropriate, determine where process efficiencies may be implemented and evaluate reliance on our vendors and third-party systems.

### ISO/IEC 27001:2013 Certification

The Bank of New York Mellon is certified and operates an Information Security Management System that complies with the requirement of ISO/IEC 27001:2013 for its Client Technology Solutions function, which provides client-focused technology solutions and services, including shared services from New York and Pittsburgh in the U.S., iNautix Technologies India Private Ltd. from Chennai and Pune, and data centers at Nashville, North Pointe and Somerset in the U.S. The certification is an internationally recognized information security standard. Following an extensive series of internal reviews and audits and augmentation of our governance structure, certification for our Information Security Management System framework was approved and recommended by BSI (British Standards Institution) Group, which audits and provides certification to companies worldwide.

### Information Risk Management

Information risks are growing. Cyber criminals have easy access to inexpensive malware enabling them to orchestrate heists of confidential consumer data and intellectual property. We work across the firm to protect our clients and systems from threats introduced by such trends as the proliferation of mobile platforms, pervasive use of social networking and data storage in the cloud. In addition, we have continued to build on our cybersecurity training for employees to ensure a culture of awareness and vigilance.

In 2015, our Information Risk Management team worked to automate an Information and Technology Risk Dashboard (ITRD). The ITRD tracks 19 key risk indicators and 78 key performance indicators and is key in demonstrating to our clients, regulators and other stakeholders how we monitor and report information and technology risk at BNY Mellon.



## Cybersecurity and Risk

Our Cybersecurity Services Program delivers a complex set of interdependent disciplines woven together via our Cybersecurity Services Catalog. These services are based on federal government and international standards that balance security, innovation and usability.

Our cybersecurity strategy employs multiple layers of controls to protect the security of our clients' information and technology assets in several ways:

- Aligning and organizing our cybersecurity services model against leading standards such as ISO 27001/2 and the National Institute of Standards and Technology (NIST) Cybersecurity Framework;
- Continuously evaluating our enterprise for vulnerabilities and risks, and proactively hunting for advanced adversaries across our enterprise;
- Expanding our threat intelligence capabilities to use security information from peers, the broader financial services industry, our clients, law enforcement, and a variety of public and private sources to stay ahead of the evolving threat landscape; and
- Implementing a Cybersecurity Service Program tied directly to our Cybersecurity Services Model and providing mechanisms such as Service Level Agreements that enable us to integrate business needs with security requirements.

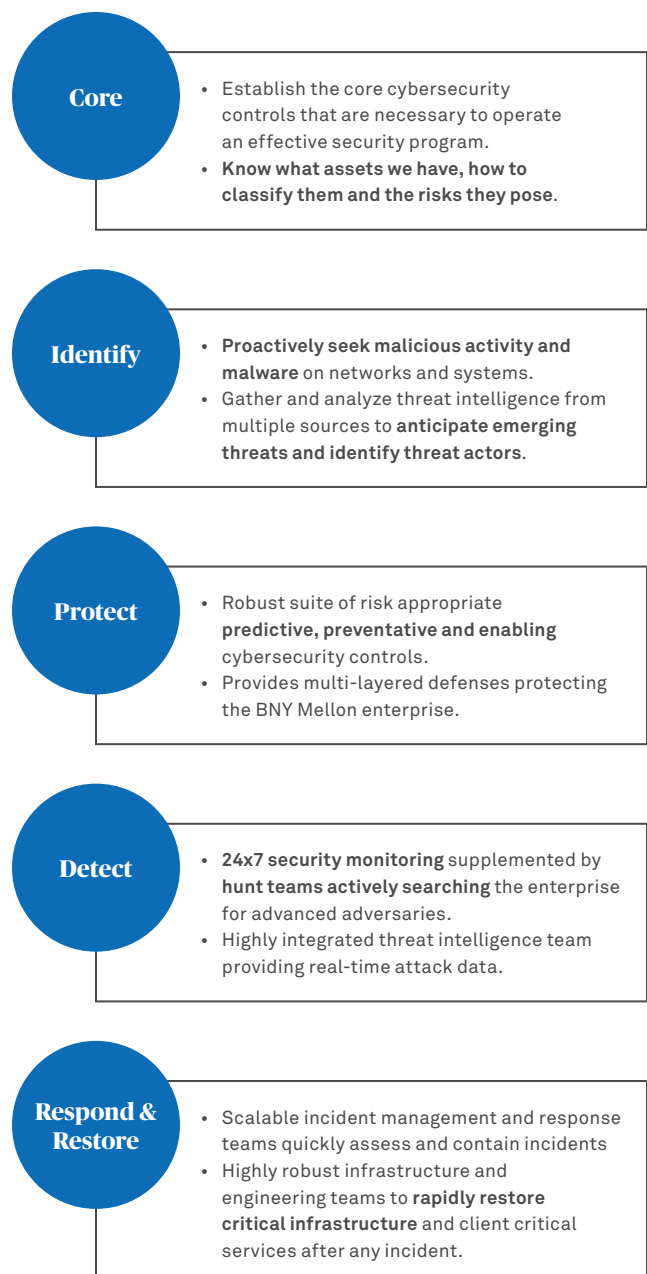
We use our Cybersecurity Services Model to structure and continuously evolve our services. The model comprises 23 services and creates a comprehensive view of cybersecurity that:

- Aligns to both regulatory standards and our environment,
- Enables comparison of our security posture to industry, and
- Establishes a clear set of priorities for reducing risk, along with clear measures and goals to gauge risk reduction over time.

## OUR VIEW OF CYBERSECURITY

We have structured our cybersecurity program to provide broad control coverage and mature cyber services

### PROGRAM THEMES TOP-LEVEL OBJECTIVES



# Strong Governance

**Good governance aims to promote accountability, compliance and the highest ethical standards, as outlined by the Board of Directors, to all levels of the firm. As a leading financial institution, we aim for consistent, high standards for responsible business practices and are guided by best practices in corporate governance, along with diverse perspectives and the core values of client focus, integrity, teamwork and excellence.**



## Strong Governance Long-Term Goal

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

### Our strategy for achieving the goal:

We will engage with our significant investors for governance discussions, work to build on our high levels of client satisfaction, and continue to educate legislators, regulators and policymakers on our unique business model.

### Demonstrated Leadership

- One of only two U.S. diversified financial services companies listed on the Dow Jones Sustainability World Index for two consecutive years,<sup>23</sup> and one of only two S&P 500 companies with a perfect score on CDP<sup>24</sup> indices for three consecutive years
- Received Bloomberg's top ranking among our peers for Environmental, Social and Governance disclosure<sup>25</sup>
- Included four years in a row in the FTSE4Good Index of firms<sup>26</sup>
- Awarded MSCI's "A" rating for ESG performance for two consecutive years<sup>27</sup>
- Based on a CSR strategy renewed in 2014 to reflect industry and company evolution, we established new long-term CSR goals (see Progress Toward CSR Goals, page 17)

23 BNY Mellon. "BNY Mellon Named to Dow Jones Sustainability World Index for Second Consecutive Year," 11 September 2015.

24 BNY Mellon. "BNY Mellon Continues CSR Leadership with Third Consecutive Perfect CDP Score," 1 December 2015.

25 Bloomberg. ESG disclosure ratings as of September 2015.

26 BNY Mellon. "BNY Mellon Continues CSR Leadership with Third Consecutive Perfect CDP Score," 1 December 2015.

27 MSCI. ESG Ratings Report for the Bank of New York Mellon, October 2015

# Corporate Governance

Strong corporate governance helps us act ethically. Our Board of Directors is responsible for the oversight of company management and works to advance the interests of our company and our shareholders. All Board members are subject to our Director's Code of Conduct, which provides guidelines on ethics and accountability.

As of December 31, 2015, the Board consists of 13 independent members and one non-independent member, our Chairman and Chief Executive Officer. The definition of independence is available in our [Corporate Governance Guidelines](#). Independent directors meet in executive sessions, presided over by our Lead Director, at each regularly scheduled Board meeting. Average Director attendance at Board and committee meetings in 2015 was 90 percent.

The Board of Directors has eight standing committees, with the distinct roles and responsibilities of each set forth in a charter. Each committee, other than the Executive Committee, consists entirely of independent directors. Committee charters and information on committee members are available on [our website](#).

## Tax Policy

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

## COMMITTEES OF THE BOARD OF DIRECTORS



For more information on corporate governance, including our corporate governance structure, executive compensation program and updated voting policies, please see our [Proxy Statement](#). For more information on our [governance approach](#), see our [data spreadsheet](#).

# Advocacy and Political Engagement

The financial industry globally is subject to an extensive framework of laws and regulations, continuously evolving and affecting the way we do business in the United States and internationally. Opportunities to engage in the policy development and political process can take many forms, including participating in discussions with policy makers and providing thought leadership.

## Public Policy and Lobbying

Our Office of Public Policy and Regulatory Affairs, working closely with our Government Affairs Office, monitors legislative and regulatory activities in the United States, Europe, and Asia daily and actively analyzes the potential impacts that each relevant proposed law or regulation might have on BNY Mellon, and on the broader financial markets. We contribute to industry policy discussions in a meaningful way that benefits our clients, investors and other stakeholders, and that strengthens our reputation for responsible political engagement.

Priorities are set by the Office of Public Policy and Regulatory Affairs and Government Affairs, reporting up to and engaging with senior management and the specific businesses that may be impacted. We are actively engaged in implementing all changes required by recent regulatory reforms around the world, including those arising from the Dodd-Frank legislation in the U.S. and similar reforms in Europe and Asia, changes to the Basel Accord, updated leverage ratios, and new liquidity standards and similar regulatory issues in Europe and Asia. We devote significant time and effort to educating legislators, regulators and policy makers globally about BNY Mellon. When considering new reforms or regulations, it is important for all policy makers to understand our unique business model, how this model impacts our balance sheet and how we differ from other large financial institutions.

On our own, through our membership in industry and trade organizations, or together with peer banks, we have submitted comment letters, responded to financial industry surveys and participated in meetings with legislators and regulatory agencies in the U.S. and internationally to exchange ideas on the financial industry and regulatory and tax reform. Because our business model differs significantly from those of other large financial institutions, we are often impacted differently

by industry regulations and, therefore, need to engage with policy makers to explain potential unintended consequences.

In addition to lobbying efforts by members of our Government Affairs Office, we have retained lobbying firms to advocate for our legislative interests on the federal and state levels. These activities and applicable disclosure reports are regulated pursuant to federal and state laws. In 2015, we spent approximately \$1.1 million in federal lobbying expenses, which include those paid directly, as well as indirectly (e.g., trade associations). Our federal lobbying disclosure reports can be found at <http://lobbyingdisclosure.house.gov/index.html>. Our state and local legislative lobbying efforts are concentrated in New York and Pennsylvania, where the company's main business operations are located. Expenses are of a de minimis nature and are disclosed where required by applicable law.

## Trade Associations

BNY Mellon is a member of various trade associations that represent the interests of the financial industry, as well as the business community in general. These groups produce analyses or white papers on topical issues, as well as advocate on public policy issues important to their members. Trade associations also offer opportunities for professional development and networking. While we regularly review our trade association memberships to ensure they align with our priorities, it should be understood that we may not always agree with the positions of the association or its other members or share their priorities.

Principal trade associations to which we belong are American Bankers Association, Investment Company Institute, The Clearing House and SIFMA (Securities Industry and Financial Markets Association). Other trade associations that we belong to include Financial Services Forum, GFMA (Global Financial Markets Association), AFME (Association for Financial Markets in Europe), EFAMA (European Fund and Asset Management Association), The Investment Association, TheCityUK, ASIFMA (Asia Securities Industry and Financial Markets Association), New York Bankers Association, Pennsylvania Bankers Association, Insured Retirement Institute and Institute of International Finance.

We request our principal trade organizations to not use our membership dues or fees for funding election-related activity at the federal, state or local level, including contributions and expenditures (including independent expenditures) in support or opposition of any candidate for any office, political party committee or political committee.

## Political Contributions

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

Our PACs are regulated by the Federal Election Commission (FEC), and file reports, as required, with the FEC and relevant state election commissions. Reports filed with the FEC are available to the public at [www.fec.gov](http://www.fec.gov).

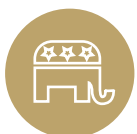
Our PAC contributions totaled \$238,850 in 2015. In addition to the summary below, a list of the 2015 PAC contributions is available [here](#).

BNY Mellon subsidiaries made a total of \$15,000 in corporate contributions in 2015; [click here for a list](#). It has been our practice to disclose any corporate contributions\*\* that we make. When we do make such contributions, we will disclose that information semi-annually.

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

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

### OUR POLITICAL ACTION COMMITTEE CONTRIBUTIONS IN 2015



**Republican**



**Democratic**

**Total**

	Republican	Democratic	Total
U.S. HOUSE	<b>\$ 63,750</b>	<b>\$ 43,000</b>	<b>\$ 106,750</b> (53% House)
U.S. SENATE	<b>\$ 50,000</b>	<b>\$ 43,500</b>	<b>\$ 93,500</b> (47% Senate)
TOTAL	<b>\$ 113,750</b> (57% Republicans)	<b>\$ 86,500</b> (43% Democrats)	<b>\$ 200,250*</b>

\* Additional contributions include \$28,600 made to Pennsylvania candidates and \$10,000 made to trade association political action committees, resulting in \$238,850 in total PAC disbursements.



## Compliance and Oversight

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

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

We encourage our employees to stay informed of political issues and candidates and to take an active interest in

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

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

# Customer Engagement

Customer relationship management tools provide data that inform our long-term thinking about the ways we can provide value. In addition to our daily interactions with clients, we regularly survey them to understand how we're doing. In a 2015 survey of our largest clients, 96 percent reported overall satisfaction versus an industry best-in-class benchmark of 80 percent.

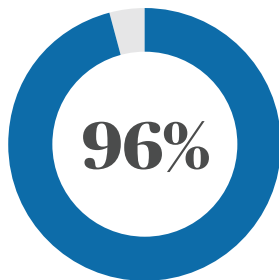
We also track clients' "willingness to recommend BNY Mellon," a robust indicator of client loyalty and one of our firm's top priorities. Eighty-eight percent of respondents to the 2015

survey reported a willingness to recommend — a significant increase from 2013's rating of 77 percent.

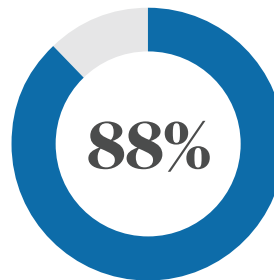
Our respondents reported that we perform strongly in the areas that most affect their experience with us: our expertise; our ability to deliver on expectations; our understanding of their business priorities and strategies; our best-in-class client experience; and our role as a safe, reliable and trusted strategic partner. The survey also identified opportunities to make our client relationships even stronger — by more tightly integrating our business units and offerings for clients' strategic advantage; offering technology that makes it easier to do business with us; and continuing to demonstrate innovation.

By listening and continually seeking ways to better help our clients meet their financial goals, we're working to deliver ever greater value.

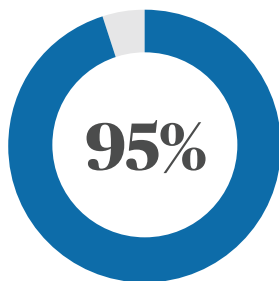
## CLIENT FEEDBACK



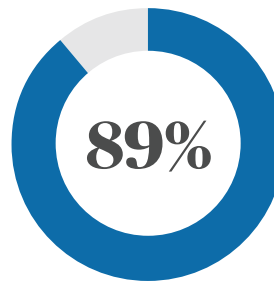
OVERALL CLIENT SATISFACTION



WOULD RECOMMEND BNY MELLON



CLIENT EXECUTIVE MEETS / EXCEEDS EXPECTATIONS



A STRATEGIC PARTNER TO CLIENTS

Note: 2015 Global Client Management survey, September 10 - October 23, 456 strategic client responses, 38% response rate, +3.6% margin of error

# Our People



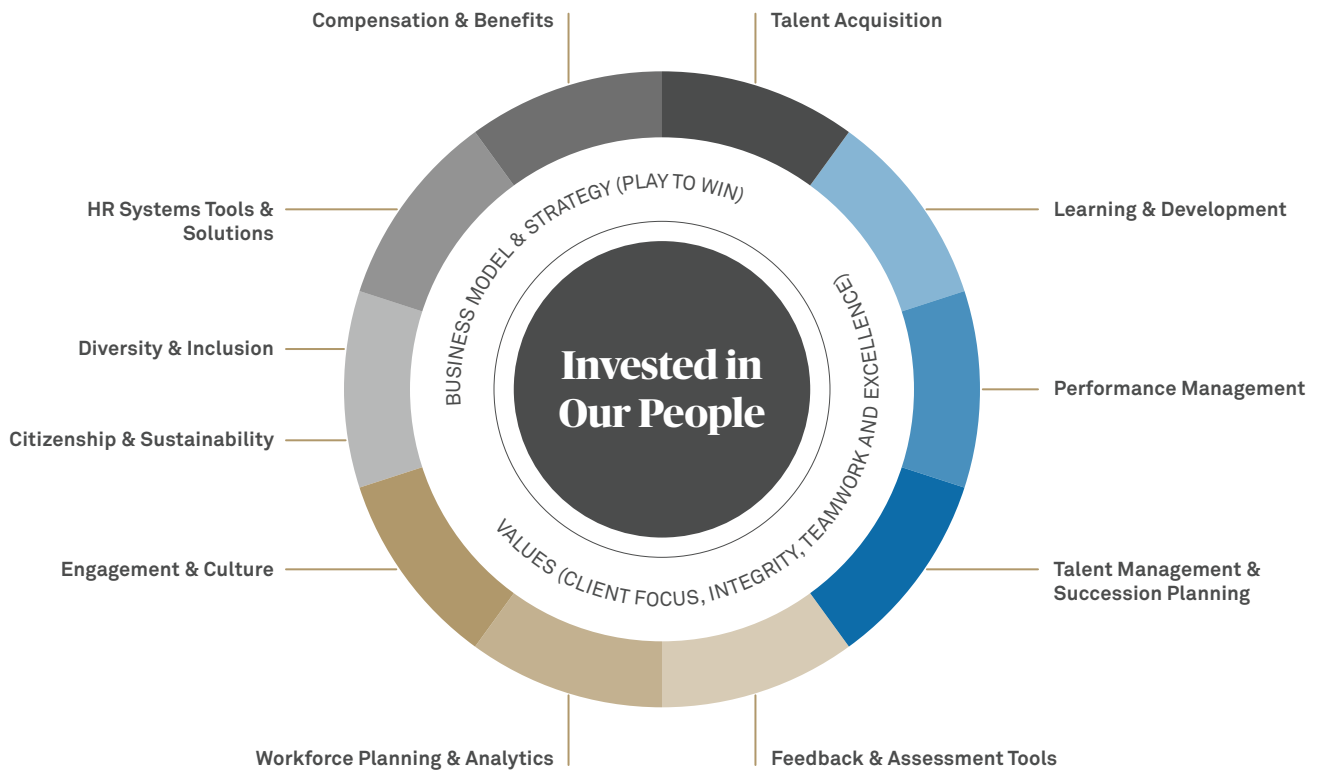


# At BNY Mellon we are invested in our people and cultivating a high-performance team culture. Raising the bar on our people and performance starts with a holistic people strategy that directly supports our business.

Through integrated performance and development processes grounded in our values — client focus, integrity, teamwork and excellence — we are attracting, retaining and developing the talent of the future. Our people are

equipped with the tools to take ownership of their careers while driving business outcomes for our company. At the same time, we're creating a globally diverse, inclusive and socially responsible environment.

## BNY MELLON'S PEOPLE STRATEGY





# We Are Invested in Our People

**Monique Herena**

*Chief Human Resources Officer and  
Senior Executive Vice President,  
Human Resources, Marketing & Corporate Affairs*

Our people, more than 50,000 individuals around the world, set BNY Mellon apart. It is their dedication and distinctive expertise that power investment success for our clients and, above all, improve lives through investing.

Together, we drive powerful outcomes. BNY Mellon's mission is to help people realize their full potential by leveraging our expertise to power investment success. We help companies create jobs, governments better serve their citizens and individuals achieve their financial and life goals. Our people are trusted by some of the most respected organizations and leading investors to advise and execute on investment decisions that can alter the course of their businesses and impact economies all over the world. We accept this privilege and responsibility and take to heart our role in building confidence and stability in the global financial markets.

That's why we need the best people — people who want to be part of a team that's creating change, serving exceptional clients and enabling the communities in which we live and work to prosper.

Helping *our people* realize their full potential starts with attracting, retaining and developing highly talented people with the right experience and expertise. Our inclusive and socially responsible culture surrounds our people with teammates who share similar values yet offer diverse perspectives. They are energized and equipped with the tools to drive business outcomes for our clients and our company.

Our corporate social responsibility report describes in detail our strategies for investing in our people — the talent of the future — through leadership and development, engagement and wellbeing, and diversity and inclusion. We are invested in our people; in turn, our people are building winning careers and achieving their professional, personal and financial goals.

You can also explore our [People Report](#) to learn more about how talent is a competitive advantage and critical to cultivating a winning culture at BNY Mellon.

# Embedding Our Risk Culture

Managing risk is everyone's responsibility and a core part of each person's role. Our brand is our reputation, and our reputation is built on trust. That is why we work to continually strengthen our risk culture and framework at every stage of the employee lifecycle.

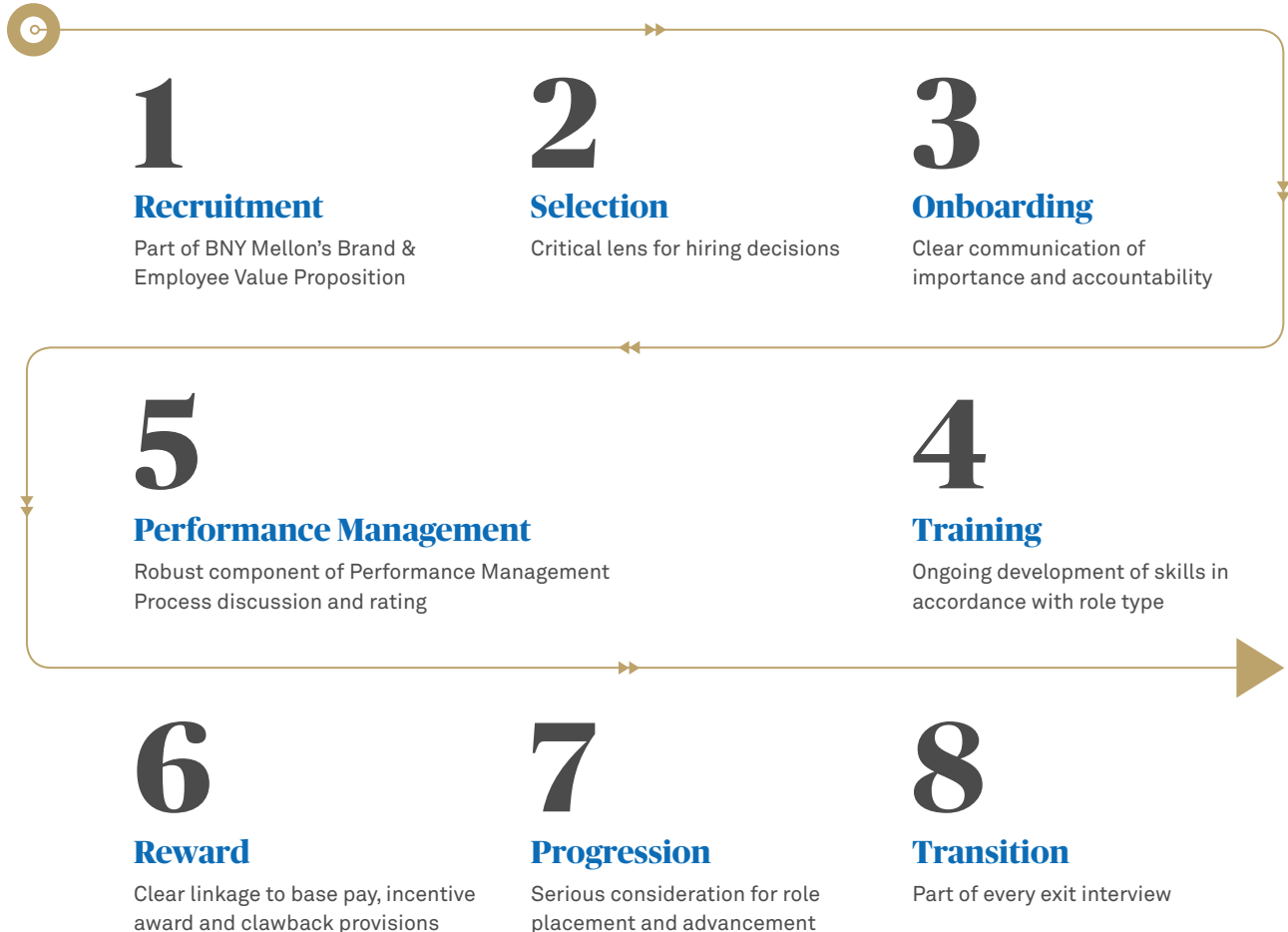
We emphasize the importance of a strong risk culture at every point in an employee's career — including recruitment and hiring, training, leadership development, advancement

and mobility — as well as through our compensation and performance management. Our 2015 employee engagement pulse survey revealed that in the category of risk management, we increased 2 percent from the prior year, to 83 percent, or 3 percent higher than the financial services industry benchmark.<sup>28</sup> Ninety-six percent of employees reported that they were aware of the key risks relevant to their work.

We continue to refine our efforts and coordinate across key areas to ensure that all employees, at every level, are engaged in our risk management efforts and employ balance and judgment in everything they do.

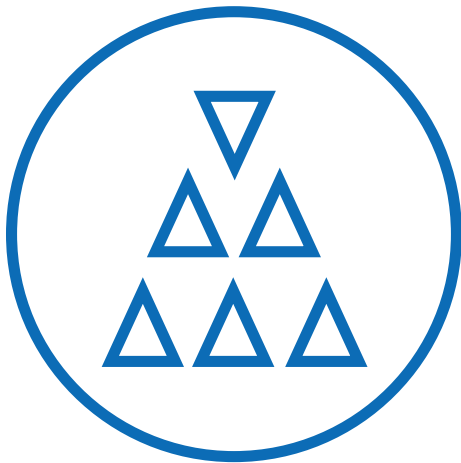
<sup>28</sup> Towers Watson Global Financial Services Norm benchmarking data, comprising the opinions of employees in 118 companies; accessed October 2015.

## INTEGRATING RISK CULTURE AND THE EMPLOYEE LIFECYCLE



# Leadership and Development

**We invest in the development of our people so they can reach their full potential, realize their aspirations and ambitions and help our clients do the same.**



We are invested in achieving business success by —

- Driving a winning, high-performance culture that stems from great talent, high expectations, accountability, leadership, learning and diversity; and
- Partnering with employees to ensure they have the tools and resources they need to build successful careers and that they understand how our entire talent management system is integrated. We cultivate a learning and development culture that builds leaders at all levels. By providing employees with opportunities to learn, develop and receive ongoing feedback, we are helping them realize their full potential.

The foundation for integrated performance and development is a leadership competency model grounded in our values. Our people are focused on and measured against this set of shared leadership expectations in order to lead and manage change and future culture shifts. These leadership competencies are embedded within our learning and development and performance management programs, which reside in a single, highly efficient talent platform.

Our performance management program ensures that all employees know what is expected of them and how it aligns with our business strategy. At the same time, our talent management and succession planning and feedback and assessment tools ensure a consistent, enterprise-wide approach to selecting, developing and promoting a diverse set of leaders who inspire change and engage our people to win.

Making the connection between results and rewards, performance scorecards with metrics tied to the company's financial commitments and total compensation based on corporate and business performance are how we motivate winning leadership behavior.

In 2014, we defined what excellence “looks like” through these competencies and delivered a consistent framework for all talent processes, along with a robust plan for communicating, measuring and embedding them into the 2015 talent processes. This plan includes selection for Operating Committee leaders; the process for promoting managing directors; talent and succession planning; the performance management process; and our executive development programs. In 2015, we also began to assess leaders against these capabilities and provide customized feedback, resulting in targeted development actions and accountability.

The entire talent management system is built to reinforce and integrate the right expectations for performance, desired behaviors, rewards and learning to ensure we achieve a high-performance team-based culture.



## Leadership and Development Long-Term Goal

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

### Our strategy for achieving the goal:

We will work to build on surveyed employees’ upward evaluation scores and feedback from the direct reports of all managers. We will also focus on specific productivity goals.

Learn more in our multimedia [People Report](#).



## Dedicated to Lifelong Learning

To meet the changing demands of our clients and the evolving career interests of our people requires a thoughtful and robust learning infrastructure. BNY Mellon delivered 1.1 million learning hours in 2015.

BNY Mellon University (BKU) is a catalyst for innovation and facilitates sharing of new technologies, technical resources and best practices with our people. The curriculum comprises courses on the global financial markets and specialized finance skills, as well as role-specific training and management and leadership development programs. To serve our people's learning needs where they are and when they need them, we've developed learning paths that include a combination of on-demand courses, virtual classrooms and on-site learning experiences that incorporate networking and collaboration opportunities. Our faculty includes many of our own accomplished people, as well as some of the best external opinion leaders and subject matter experts.

BKU is fully integrated with talent and development programs and tools to better serve our global businesses and business partner groups. This underscores our deep emphasis on building a world-class organization focused on employee development.

Our learning and education activities and opportunities are managed at the client level through respective talent and development leads, who collaborate across the organization to leverage relevant expertise, knowledge and best practices. This provides an integrated approach for all learning and development needs within a particular business area or business partner group. The result is a more holistic and unified experience for our people.

### BKU BY THE NUMBERS

# 10%

increase in total learning hours from 2014

# 8%

increase in classes delivered through virtual sessions or in-person classes (conducted by a live instructor) from 2014

# 9%

increase in elective learning hours from 2014

We continually measure the efficiency and effectiveness of our learning initiatives. The Effectiveness Scorecard, launched in 2015, provides learners with feedback on the courses they have taken and the correlation with business outcomes, allowing us to better align our learning strategies for the future.

## TRANSFORMING LEARNING AT BNY MELLON

We have consolidated and realigned learning programs to meet the specific needs of the individual and the business, providing enriched training content and learning delivery methods and receiving better-quality feedback from our participants.

### Our 2015 Offerings and Enrollment



**21**

learning hours  
per employee annually



**54,100**

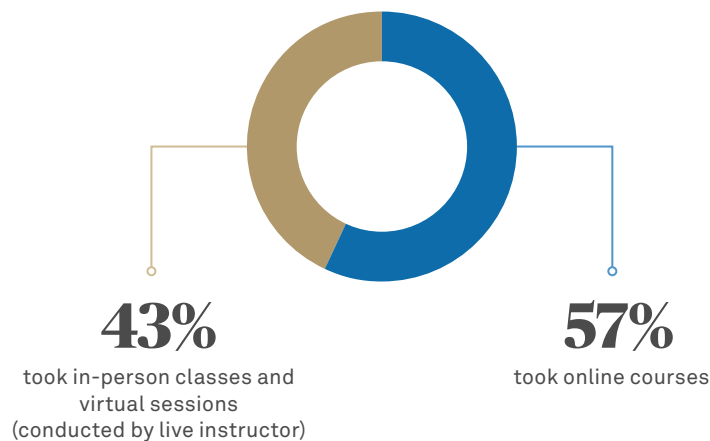
active unique learners\*



**3,800**

classes delivered through  
BKU in 2015

### Delivery Method



### Top 5 BKU Courses (excluding onboarding)

- 1 Control Management Case Studies
- 2 Understanding Unconscious Bias
- 3 WOW – Winning Our Way (employee recognition program)
- 4 Lifecycle of a Trade
- 5 Investment Services Technology Business Recovery Training

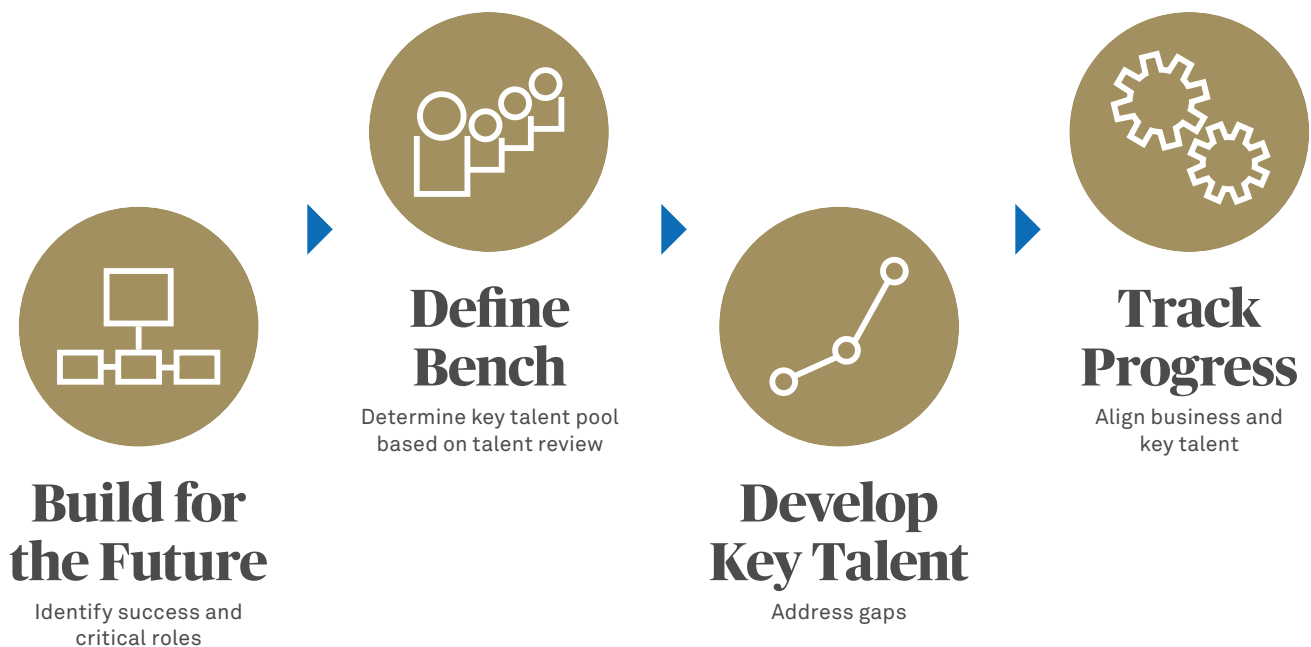
\* Includes employees and covered contractors and vendor employees

# Development of Experienced and Executive Talent

To ensure the strength, depth and continuity of our leadership, we focused on assessing and developing capabilities of our senior-level people. Not only does this establish shared leadership expectations and drive our high-performance culture, it's an investment in our people and in our future business success.

In 2015, we continued to implement new and enhanced offerings intended to help employees identify and manage their development needs.

## LEADING TALENT TRANSFORMATION





We're changing the way we grow and support those who coach and empower our people. Managers serve one of the most important roles in our company, because they help people realize their professional goals and move along the path of career fulfillment. By helping managers transform from commanders to coaches, we're helping them be more effective leaders and unlock their people's potential. [Learn More.](#)

In 2015, we continued to implement new and enhanced offerings, including coaching and various assessments, intended to help employees identify and manage their development needs:

- **Leadership development.** Seventy-four senior leaders participated in the Leadership Assessment and Development Experience 2015. They were supported in creating a targeted development plan, while BNY Mellon gained clarity on our common strengths and gaps.
- **Robust development planning.** Through the launch of our Talent Review and Succession Planning process in 2015, we focused on our Top 700 leaders globally.
- **360-degree feedback.** We developed a scalable 360-degree feedback program to support all levels of leaders with the organization.
- **Development management.** Our online development management tool allows employees and managers to formulate effective development plans and follow their progress.
- **Upward feedback.** Our Upward Feedback survey, launched company-wide in 2015, enables employees to provide their managers with feedback on behaviors aligned with the Manager Standards of Excellence.
- **Employees as brand ambassadors.** Our Employee Value Proposition engages past, present and future employees to grow as an advocate community to amplify our employer brand.
- **Exit process.** We implemented a formal exit interview process in 2015, enabling the standardized collection of information that supports strategic planning, recruitment and continuous improvement to support workforce development.
- **Career resources.** MyCareer Center is an online resource for managing a career at BNY Mellon and navigating available opportunities within the company.

For more information on positions within BNY Mellon, visit <https://jobs.bnymellon.com/careers>.

## Creating Tomorrow's Leaders

Cultivating a high-performance team culture is at the center of our business strategy. Because talent is critical to our success, the attraction, development and retention of entry-level talent must be managed as a talent pipeline effort — offering competitive programs to develop high-potential, entry-level talent into our next generation of leaders.

The foundation of this effort is BNY Mellon Leadership Pathways, designed to attract high-potential entry-level talent, develop their skills and leadership capabilities, and ultimately place them into full-time positions with the company. We take great pride in our highly selective entry-level programs, which include the Summer Analyst Program, Emerging Leaders Program and Technology Leadership Program.

For instance, the Emerging Leaders Program (ELP) attracts top undergraduate students interested in starting their careers within financial services. As a one-year rotational analyst program, ELP enables 24 high-potential, emerging leaders (recent college grads) to rotate across a specific business or function while working on strategic assignments/projects, developing leadership skills, building networks across the organization and accelerating their careers. The six functional tracks participating in ELP are Risk, Finance, Human Resources, Audit, Investment Services and Investment Management. Additionally, all analysts partake in four weeks of program-sponsored training covering a wide range of topics related to technical, financial, professional and interpersonal skills. 2016 will mark the third year of this global program with participants located in the U.S. and UK.



# Engagement and Wellbeing

**We believe that providing a workplace where employees are valued as individuals, can learn and grow through meaningful work, and where their wellbeing is a priority, leads to higher levels of engagement. Engaged employees have greater levels of productivity and innovation to drive results, meet and exceed the needs of our clients, and ultimately, help the company succeed.**



## Engagement and Wellbeing Long-Term Goal

Build a workforce culture supported by engagement and wellbeing.

### Our strategy for achieving the goal:

We will work to achieve industry-leading engagement scores and establish a global wellbeing strategy that provides information and resources to help our people achieve their holistic wellbeing goals.

In 2015, 74 percent of our employees shared feedback through a “pulse-check” engagement survey, reporting an overall engagement score of 77 percent, 1 percent higher than our last full-length survey.

Overall, employee engagement results are trending upward from 2014, with improvement in six out of 10 categories. Our employees ranked our risk management focus among the categories with the highest favorable ratings, indicating that they feel engaged, empowered and informed on this topic. Our 2015 employee pulse survey revealed that risk management engagement increased 2 percent from 2014, to 83 percent — 3 percent higher than the financial services industry benchmark.<sup>29</sup> Ninety-six percent of employees reported that they are aware of the key risks relevant to their work.

Our firm outperforms the financial services benchmark<sup>30</sup> on a significant measure of our employees’ view of how well the company supports diversity in the workplace.

In 2015, we continued to focus efforts on five key drivers of employee engagement: leadership, management, empowerment, collaboration and career opportunities. While we are proud of what we have achieved in employee engagement, we strive to continually improve. Based on insights derived from the survey, we will focus in coming years on improving career development support, incentivizing good performance and empowering leaders to rapidly deploy good ideas from their action plans into practice. In addition, in 2016, we are developing a new global wellbeing strategy and brand, to better integrate and expand on our existing global wellbeing efforts. This work will extend beyond physical and emotional health to include employees’ social engagement and financial wellbeing, as well.

Learn more in our multimedia [People Report](#).

<sup>29</sup> Towers Watson Global Financial Services Norm benchmarking data, comprising the opinions of employees in 118 companies; accessed October 2015.

<sup>30</sup> Ibid.

## Empowering Our People Through the Digital Workplace

Working together across time zones and locations, we deliver expert service to all of our clients, leveraging a seamless technology experience to facilitate communications, collaboration and efficiency. Our Digital Workplace program serves an important role in empowering employees with the tools and information to harness their best thinking and to deliver optimum results. Through innovative technology solutions and enhanced service offerings — including desktop and collaboration tools, support, archiving and compliance capabilities, messaging and mobility — the Digital Workplace keeps employees at BNY Mellon connected, informed and engaged.

MySource, the company intranet, provides employees with quick, easy access to company news and culture, thought leadership and tools for managing their career development and performance. MySource Social, an internal social media site, enables employees to share information and opportunities, collaborate and connect with internal experts. We encourage the use of virtual meeting software that allows employees to connect “face-to-face” wherever they are located. Our enhanced Service Desk provides responsive service for all our employees’ technology needs.

In 2015, the Digital Workplace rolled out more than 150 individual enhancements to employee technologies, including the Beta launch of an enhanced MySource intranet, an easier-to-use wireless network and the Managed Print Services Program (offering “follow-me,” mobile and secure print capabilities).

BNY Mellon developed and launched to employees a tool to leverage data and operationalize our management systems to make better decisions. MyDashboard is the one place where each employee can see her status on performance goals, development training expenses and how she is consuming the technology. My Dashboard is built on NEXEN, our next-generation, digital platform.

Another outstanding enhancement was the launch of BK Connect, the global standard remote access solution for company-issued devices. BK Connect offers increased stability and performance compared to past remote access solutions, and allowed 7,500 users to simultaneously access the network during major weather events in 2015.

When it comes to managing their careers at BNY Mellon, employees have access to a robust Careers site that ranks as the second-most-popular on BNYMellon.com. The mobile-friendly site has helped shorten the application process from 14 to three minutes.

We measure engagement by analyzing various indicators, including the following in 2015:

# 3%

decrease in Service Desk support tickets

# 13%

decrease in On-Site Support tickets

# 73%

decrease in “high-priority” operational incidents (issues that would interrupt normal business processes and cause reputational or financial impact to the company)

# 177

total features (e.g., new products, product upgrades, bug fixes) completed

# 42,000+

unique visitors used MySource Social

# Retention

One of our success measures in employee engagement is strong performance and retention, which we track globally and regionally. Retaining our top talent is a top priority. We seek to provide our people with opportunities to design and drive their careers, to develop new skills and experience new challenges.

Our company-wide retention rate in 2015 was 86.7 percent, representing a 1.1 percent decrease from 87.8 percent in 2014. We view these results as reflective of the economic recovery that is underway globally and across the banking and financial services industry, and we see regional trends in line with market patterns.

## TOP REASONS TO STAY AT BNY MELLON

### #1



**Caliber of People**

### #2



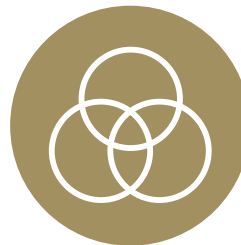
**Good Direct Managers**

### #3 (tie)



**Opportunities  
to Lead  
and Advance**

+



**Work/Life  
Balance and  
Flexibility**

## VOLUNTARY RETENTION RATES

Global Voluntary Retention Rates, 2014 to 2015		
	2015	2014
WOMEN	<b>87.1%</b>	<b>87.9%</b>
MEN	<b>86.4%</b>	<b>87.7%</b>
OVERALL	<b>86.7%</b>	<b>87.8%</b>

2014-2015 Voluntary Retention Rates, by Region/Gender						
REGION	2015			2014		
	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
ASIA PACIFIC	<b>80.3%</b>	<b>82.1%</b>	<b>81.5%</b>	<b>80.1%</b>	<b>84.0%</b>	<b>82.7%</b>
EUROPE, MIDDLE EAST & AFRICA	<b>86.4%</b>	<b>85.4%</b>	<b>85.8%</b>	<b>87.6%</b>	<b>87.7%</b>	<b>87.6%</b>
LATIN AMERICA	<b>89.5%</b>	<b>92.1%</b>	<b>91.0%</b>	<b>87.2%</b>	<b>87.6%</b>	<b>87.4%</b>
U.S. & CANADA	<b>89.4%</b>	<b>89.1%</b>	<b>89.2%</b>	<b>90.2%</b>	<b>89.6%</b>	<b>89.9%</b>
TOTAL	<b>87.1%</b>	<b>86.4%</b>	<b>86.7%</b>	<b>87.9%</b>	<b>87.7%</b>	<b>87.8%</b>

# Employee Health and Wellbeing

Our Live Well program brings together resources to help employees and their families make healthy choices. Services include —

- onsite health clinics and physical examinations in some locations;
- Best Doctors, a free resource that allows employees to get second opinions on health diagnoses and develop appropriate treatment plans;
- medical cost and transparency tools;
- urgent care and telemedicine support;
- physical activity challenges;
- resources to address emotional and financial wellbeing;
- flexible work arrangements;
- domestic violence resources; and
- a global Employee Assistance Program.

In 2016, we are developing a new global wellbeing strategy and brand, to better integrate and extend our existing wellbeing efforts around the globe. This holistic approach reflects our commitment to our employees' physical, emotional, financial and social wellbeing, and our investment in their future. We are going all in on wellbeing, so it is only appropriate that our expanded program is called the "IN" program.

Our "IN" programs vary by region. In the U.S., benefit programs include —

- health insurance, retirement plans, holiday and vacation time, and commuter benefits;
- voluntary benefits such as long-term care insurance, pet insurance, homeowners insurance and legal services; and
- paid time off to volunteer.

True wellbeing extends beyond physical and emotional health, so we offer programs to support employees' financial wellbeing, as well. From retirement planning seminars and savings programs to comprehensive financial counseling and educational services to tuition assistance, we're invested in our people's long-term wellbeing.

## 2015 HEALTH AND WELLBEING RESULTS



**28,300**

wellbeing assessments conducted



**23,800**

biometric screenings completed



**13,500**

employees in health coaching

## Health and Safety

We invest in programs and policies to help ensure the health, safety and wellbeing of our employees and their families. This commitment is closely aligned with the company's goals of sustaining an engaged, high-performance work culture and offering a wide range of competitive benefits that are important to our people. Our commitment to protecting the health and safety of our employees is presented in a [Health and Safety Statement](#).

### Healthy Workspaces

In 2015, we launched the Workplace Excellence (WE) program to support the transformation of our workplaces into efficient, collaborative spaces and, as driven by our businesses, provide more flexibility and workplace options in the future.

In support of the WE vision, BNY Mellon completed its new headquarters last year at 225 Liberty Street in New York City. Its open workspace encourages people to interact, while the 20th floor features a full health center. Among the resource-saving innovations are a state-of-the-art lighting system expected to reduce baseline energy use by 41 percent and a zoned mechanical system for flexibility and energy conservation. The facility is on track to receive Leadership in Energy and Environmental Design (LEED) Platinum Certification.

As of 2015, 41 of our global locations are certified to the [LEED standard](#), accounting for 25 percent of our global portfolio. Thirty-six percent of our global portfolio is certified for sustainability through programs including LEED, ISO 14001 and ENERGY STAR. In buildings where we have operational control but have not yet pursued LEED, we implement our sustainable operations and maintenance program to ensure safe and healthy workplaces, incorporating green cleaning, waste management, integrated pest management and other indoor environmental quality measures. At locations where we lease space but do not have operational control, we are engaging with landlords to assess how healthy these spaces are and improve them where needed.

## Workforce Human Rights

We are committed to the protection and wider promotion of human rights. We make every effort to ensure that all employees are treated with fairness, dignity and respect in the workplace. Our commitment to human rights is embedded in the culture and values that define our company and are reflected in our policies, including the following:

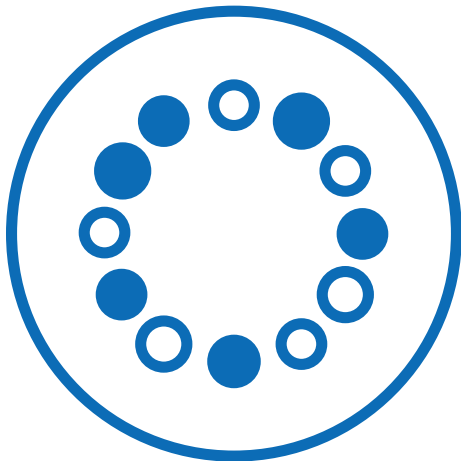
- [Human Rights Statement](#)
- [Equal Employment Opportunity/Affirmative Action \(EEO/AA\) policy](#)
- [Notice of Affirmative Action Programs and Notice to Veterans and Individuals with Disabilities](#)
- [Sexual and Other Discriminatory Harassment policy](#)
- [Drug- and Alcohol-free Workplace policy](#)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

Read more on how we work to protect human rights (on page 91) and how we engage with our suppliers around this commitment (on page 93).



# Diversity and Inclusion

**A diverse, inclusive workforce sparks knowledge generation and innovation, which are powerful drivers of growth, profitability and success in our business. Sustaining knowledge generation and innovation requires a deep well of ideas from which to draw, supplied by a broadly diverse workforce.**



The differences in our people — ranging from inherent attributes that form one’s core identity (e.g., gender, race and ethnicity, sexual orientation, disability) to earned or acquired attributes that one has the power to change (e.g., cognitive diversity, values and belief systems, cultural competency, generational savvy, leadership styles, digital/technology smarts) — fuel transformation.

As the Investments Company for the World, we take to heart the central role we serve in supporting markets, empowering our global and local communities and promoting ethical, sustainable practices. Our diversity of perspectives, experiences and capabilities enables us to meet the complex challenges and high expectations of those who depend on BNY Mellon — our clients, regulators, investors and communities — with integrity, expertise and passion.



## Diversity and Inclusion Long-Term Goal

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

### Our strategy for achieving the goal:

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

Learn more in our multimedia [People Report](#).



## EVOLVING THE CONVERSATION



# A Global Strategy

In 2015, we refreshed our global diversity and inclusion strategy, for implementation across the company. Collectively, our diversity and inclusion professionals are partnering more closely with our businesses, our employee and business resource groups, and corporate partners and external alliances to earn brand reputation as a leader in the global marketplace for diversity and inclusion, enhance business integration and drive accountability for our people through a culture of inclusion and innovation.

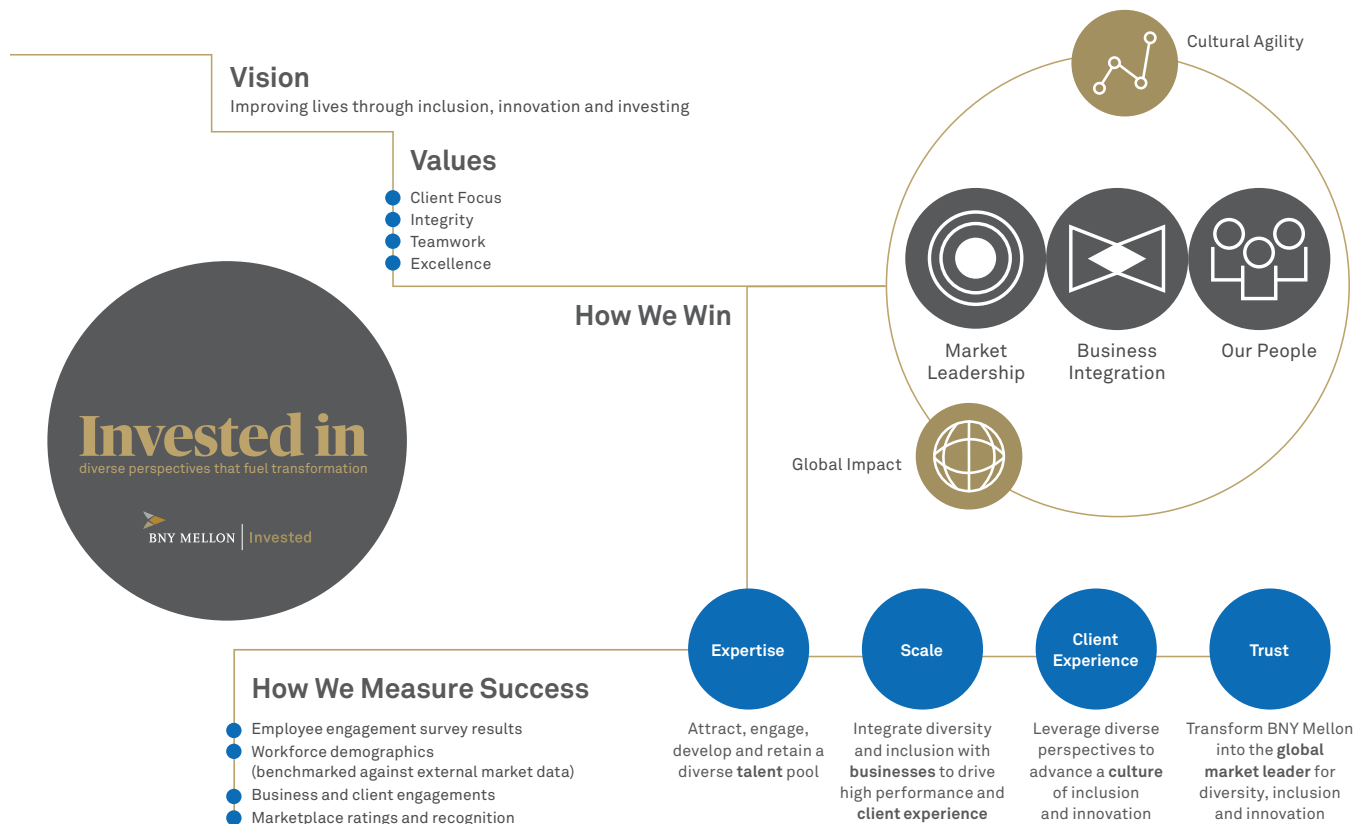
Underpinning key changes and enhancements made this year are our experiences and learnings from last year's deployment, across all regions, of a new governance model and

measurement framework. Our global strategy focuses on three strategic pillars: Market Leadership, Business Integration and Our People. Our global priorities seek to raise the bar on people and performance, encompassing specific goals for talent, culture, business impact and client experience, and market and industry leadership. These pillars and priorities come together to support our diversity and inclusion vision: *Improving lives through inclusion, innovation and investing.*

Learn more about [Diversity and Inclusion](#) at BNY Mellon.

Our strategy calls for continuous improvement in diversity and inclusion trends by our management and leadership, globally, and for sustained positive trends in diversity and inclusion scores, measured by our employee engagement surveys.

## DIVERSITY AND INCLUSION



## Employee Engagement Survey Results Rated to Diversity and Inclusion

	2015	CHANGE FROM 2014 SURVEY
Management of this company supports diversity in the workplace, recognizing and respecting the value of people's differences	<b>85%</b>	<b>0%</b>
I am able to sustain the level of energy and enthusiasm I need throughout the work day	<b>77%</b>	<b>+3%</b>
The people I work with are willing to help each other, even if that means doing something outside their usual activities	<b>87%</b>	<b>+3%</b>
There are no substantial obstacles at work to doing my job well	<b>68%</b>	<b>+4%</b>

## DIVERSITY BY THE NUMBERS\*

### GENDER DIVERSITY

**43%**

of our total global workforce are women

**27%**

of employees at the Director level or above are women

**37%**

of employees at the Vice President level are women

### HIRING DIVERSITY

**42%**

of new hires globally in 2015 were women

**37%**

of new hires in the U.S. were from diverse ethnic/racial backgrounds

\* As of December 31, 2015

## Strategic Priority

Attract, engage, develop and retain a diverse talent pool

### 2015 Highlights

We expanded our marquee diversity recruitment and retention initiative — the Signature Leadership Forum — to include Pittsburgh and Tokyo, as well as New York and London. These events have brought hundreds of talented professionals — prospective hires and existing employees — together with senior BNY Mellon leaders.

Recognizing that fostering a shared journey, with opportunities for joint experiences and learning, can more deeply embed diversity and inclusion into the culture, BNY Mellon introduced Crossing the Finish Line. More than 30 employees from around the world participated with their managers in this leadership development program designed to propel key talent to the next level and increase diversity in the senior ranks.

In collaboration with our employee and business resource groups (ERGs and BRGs), BNY Mellon works closely with community organizations that share our commitment to diversity and inclusion.

- BNY Mellon was host sponsor of the 2015 Association of Latino Professionals for America (ALPFA) Convention, which drew more than 3,700 attendees, making it one of the largest Latino community gatherings in the U.S. In an event first, we orchestrated a CEO and Chief Diversity Officer Forum at which C-suite level leaders and heads of HR, Talent and Diversity discussed challenges, breakthroughs and opportunities for advancing Latino leadership.
- We continue to support Boots to Business and the UK Returning Military Program, which help facilitate the transition of veterans into the civilian workforce and build hiring managers' capacity to recognize and leverage the skills and capabilities of veterans. With the support of our VETNET ERG, BNY Mellon doubled veteran hires in the U.S. over 2014 levels.
- Under the auspices of the Anita Borg Institute (ABI), BNY Mellon, through its Women in Technology (WIT) resource group, joined forces with other leading finance and technology companies to launch ABI (dot) New York to establish New York City as a technology career hub and East Coast counterpart to Silicon Valley. ABI (dot) New York is part of ABI's global network of local communities that connect women technologists. WIT, a subgroup of our WIN ERG, is helping to attract and retain women technologists at BNY Mellon and increase technical innovation competency throughout the organization (see sidebar).

## Supporting Women in Technology

- **Lean In Circles** – Bring BNY Mellon women together, all over the world, on the basis of shared goals, mutual support, knowledge sharing and celebration of achievements
- **Sponsorship Initiative** – Pairs senior executives (sponsors) with high-potential protégées to help career advancement
- **Community Outreach** – Collaborates with clients and community organizations to deliver greater impact in support of the recruitment, development and advancement of women technologists
- **Special Events** – Support landmark gatherings, like the Grace Hopper Celebration of Women in Computing, to bring worldwide attention and energy to the business imperative of diversity and inclusion, and supporting women technologists

## Strategic Priority

Integrate diversity and inclusion with businesses to drive high performance and client experience

### 2015 Highlights

Increasingly, our diversity is proving to be a competitive advantage as we connect more deeply with clients through shared values.

In April, BNY Mellon Investment Management and WIN chapters worldwide celebrated International Women's Day with a host of client events carrying the theme, "Women as Investors." Our professionals delivered strategies women investors can use to hone personal and philanthropic investment goals. At the Womenomics conference in London, we released a landmark Cambridge University study, commissioned by BNY Mellon and Newton Investment Management, and explored with clients, global business leaders and the media how closing the gender gap in the workplace can increase national GDP.

Women and gender parity took center stage at the 2015 BNY Mellon UK Rowing Challenge, one of the world's oldest sporting events. A major milestone was achieved with the BNY Mellon Boat Race and the Newton Women's Boat Race taking to the water on the same River Thames course, on the same day and with equal television rights for the first time in history.

In November, BNY Mellon's WIN Milan chapter hosted clients for a panel discussion on the topic of "Investing in Women Investors." Industry experts debated women investors' challenges and opportunities, and how the financial services industry can better serve and support women investors.

## Driving Employee Engagement and Better Business Results

ERGs and BRGs are open to all employees:

- **GENEDGE** taps into and shares the knowledge capital, energy and range of talent within our diverse, multigenerational workforce.
- **HEART** increases awareness and education around the needs of people with disabilities.
- **IMPACT** provides an invaluable resource for the recruitment, retention, professional development and advancement of multicultural employees.
- **PRISM** fosters an open and supportive environment for LGBTQA employees.
- **VETNET** serves as a resource for the professional development and advancement of military members as they transition to new careers and civilian life.
- **WIN** promotes a culture of leadership and sponsorship to recognize and support the professional development and advancement of our women.

Learn more about our [ERGs and BRGs](#).

## Strategic Priority

Leverage diverse perspectives to advance a culture of inclusion and innovation

### 2015 Highlights

Our ERGs and BRGs are integral to enhancing employee engagement, culture change and business performance (see sidebar, “Driving Employee Engagement and Better Business Drivers,” page 75). All of our ERGs are evolving into BRGs, adopting leadership structures and operating plans that align their work more closely with BNY Mellon’s strategic goals and imperatives.

- With strong leadership and advocacy by our employees, we launched GENEDGE, a new ERG that is enabling BNY Mellon to better engage and leverage the rich diversity of our multigenerational employees to drive better business solutions.
- PRISM, our ERG for lesbians, gay, bisexual, transgender, queer/questioning and ally/asexual (LGBTQA) employees, launched chapters in the Asia Pacific region. PRISM held several events that educated employees in the region on the business case for LGBTQA inclusion and also led BNY Mellon’s participation in Asia’s first LGBT Workplace Inclusion Index.

Our diversity and inclusion dashboards improve senior leaders’ insight, encourage greater accountability and drive active management of diversity and inclusion issues within departments. Our leaders are empowered to make data-driven decisions to enhance the diversity of their teams and are better equipped to identify and support key talent within their businesses or operating areas.

## Strategic Priority

Transform BNY Mellon into the global market leader for diversity, inclusion and innovation

### 2015 Highlights

To fuel innovation, we’ve developed a network of innovation centers where we’re incubating new ideas and technologies to change the future of the financial services industry. This network has expanded to six centers located in key markets around the world, each with a unique focus and purpose. Part collaboration catalyst, part laboratory, our innovation centers leverage our diversity and empower our people to pursue applied research, challenge conventional thinking, experiment with new approaches and engage with emerging technologies to revolutionize the way financial services and solutions are developed, delivered and implemented.

Building upon our history of leadership, innovation and transformation, we continue to challenge ourselves to make a difference that matters. UpPrize, our social innovation challenge, was piloted in 2015. With a mission of encouraging impact investing, UpPrize links the private sector with Pittsburgh region nonprofits to identify breakthrough innovations that address critical needs and also produce meaningful and measurable financial results.

BNY Mellon is privileged to be in a position to help our people and our communities realize their full potential. We continue to add our voice and support to drive important social, cultural and legal changes around the world (see sidebar).

## Invested in Social, Cultural and Legal Progress

- **Hong Kong:** In February, BNY Mellon signed the Code of Practice against Discrimination in Employment on the Ground of Sexual Orientation in Hong Kong.
- **United States:** BNY Mellon was a party to the amicus brief in support of marriage equality that contributed to the U.S. Supreme Court ruling in June that legalized same-sex marriage in all 50 states.
- **Ireland:** In June, BNY Mellon signed the Diversity Charter Ireland to mark Ireland’s National Diversity & Inclusion Day, publicly committing to promote effective diversity and inclusion with respect to all stakeholders and the environment in which we operate.
- **Australia:** In July, BNY Mellon signed an open letter in support of marriage equality in Australia. Globally, nearly two-dozen countries have passed laws allowing same-sex marriage.

# Our World



**As a global investments company, we have a pivotal role in supporting markets, empowering the communities in which we live and work, and promoting sustainable practices. Our expertise, skills and resources can help investors develop innovative finance solutions for the world's most pressing issues.**





# Social Finance

**Environmental, social and governance (ESG) trends are rapidly reshaping the global investment landscape. Risk resides where it didn't before and new opportunities are emerging.**

Trends such as natural resource constraints, global health threats, social instability and demographic changes are driving investors to consider the importance of incorporating ESG risks into their investment decisions and capitalize on new investment opportunities. Experts have estimated that trillions of dollars will be needed in the coming decades to fund innovative solutions that meet the increasing demands facing our society.

We see untapped potential in social finance. With this opportunity in mind, in 2014, we formalized a focus on social finance that leverages our collective financial market knowledge, skills and resources to help attract and educate mainstream investors.



## Social Finance Long-Term Goal

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

### Our strategy for achieving the goal:

We will continue to analyze client needs in social finance, contribute to industry dialogue through thought leadership and advance our capabilities in products and solutions.

## Defining Social Finance

**We define social finance as any investment activities that generate financial returns and positive social or environmental impact.**

In 2014, we estimated through our research that there had already been \$22 trillion of activity in the social finance market.

Our definition is intentionally holistic, reflecting our firm's perspective and capabilities at every stage of the investment process. We believe that this comprehensive approach will help increase our clients' understanding of the breadth and depth of the market and bring a wider range of investment opportunities to mainstream investors.

## Our Company's Point of View on the Field: Social Finance at Scale

In 2015, we endeavored to discover why social finance hasn't scaled in the past and what is needed to extend and broaden the growth it's experienced in recent years. The findings form our firm's point of view on the field and shape our strategy for involvement.

Our research included insights from BNY Mellon experts, sponsored research conducted by the nonprofit BSR (Business for Social Responsibility), and conversations with dozens of investors, stakeholders and industry experts. We assessed the existing market structure to address ESG issues, identified some of the challenges to greater and more effective deployment of capital, and provided recommendations to address those challenges.

### The Growth of Social Finance

Social finance is emerging as a powerful way for private capital to address complex global issues. However, as it begins to move into the mainstream, several factors hold it back from reaching its full potential.

Read the [BNY Mellon sponsored Quartz Bulletin](#).

## CONDITIONS TO SCALE SOCIAL FINANCE

We propose five conditions that are necessary to allow investors and intermediaries to work together to bring social finance to scale:

### Accessibility

Aligning expectations to create attractive investment products

### Measurement

Building track records, frameworks and presentation standards necessary to generate investor confidence

### Transparency

Institutionalizing sharing of information among investors and stakeholders as best practices to promote efficient use of capital

### Systemic Change

Creating incentives that shift thinking about value creation and support good governance and positive policy frameworks

### Collaboration

Pursuing innovation and risk mitigation by leveraging expertise through partnerships

You can read more in our foundational white paper, [Social Finance at Scale: Creating Value for Investors](#).

## The Social Finance Initiative at BNY Mellon

Our recommendations to bring social finance to scale are already guiding our own activities in product and service development, thought leadership and industry outreach. Efforts are underway to understand clients' growing interest for engagement in the social finance field. We are actively supporting social finance market development efforts by participating in knowledge-sharing opportunities and contributing research and thought leadership to the global dialogue.

A global Social Finance Business Council made up of representatives from Investment Management and Investment Services grounds the corporate strategy in business priorities and client interests. Council members set annual goals and drive progress in their businesses. The corporate initiative is driven by the Social Finance team, a team of experts within the company's Global Citizenship and Sustainability division. The team leads and coordinates the company's comprehensive efforts to drive social finance products and services, thought leadership and partnerships.

## BNY Mellon's Social Finance Fund: A Commitment to Impact Investing

In 2014 and 2015, we contributed to a donor-advised fund with ImpactAssets, a nonprofit financial services organization with a mission to increase the flow of capital into impact investment opportunities. This BNY Mellon Social Finance Fund, with a value of \$8.49 million as of December 31, 2015,\* is invested in Calvert Foundation's Community Investment Note, a high-impact, fixed-income product that supports nonprofits, microfinance institutions and social enterprises that benefit underserved communities domestically and globally. It is also currently invested in the winning companies of UpPrize, BNY Mellon's social innovation challenge.

Learn more about UpPrize in the [Community Commitment](#) section of this report.

\* Any and all contributions to the BNY Mellon Social Finance Fund are made through charitable donations to ImpactAssets. These contributions are irrevocable, and ImpactAssets maintains exclusive legal control over the assets contributed. Contributions are non-refundable and do not pay dividends or interest income.

## What It Will Take for Social Finance to Take Off

Karen Peetz

*President, BNY Mellon*

In an op-ed published in *Fortune*, Karen Peetz discusses how the private sector and investors hold the answer to closing the investment gap in developing countries.

[Read Karen's commentary](#)

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## SOCIAL FINANCE AT BNY MELLON

### Products and Services

We develop and deliver innovative social finance solutions to meet client needs across the investment spectrum.



### Thought Leadership

We focus on advancing social finance and addressing the needs of mainstream investors by leveraging our own investment expertise and collaborating with leading thinkers to drive research.



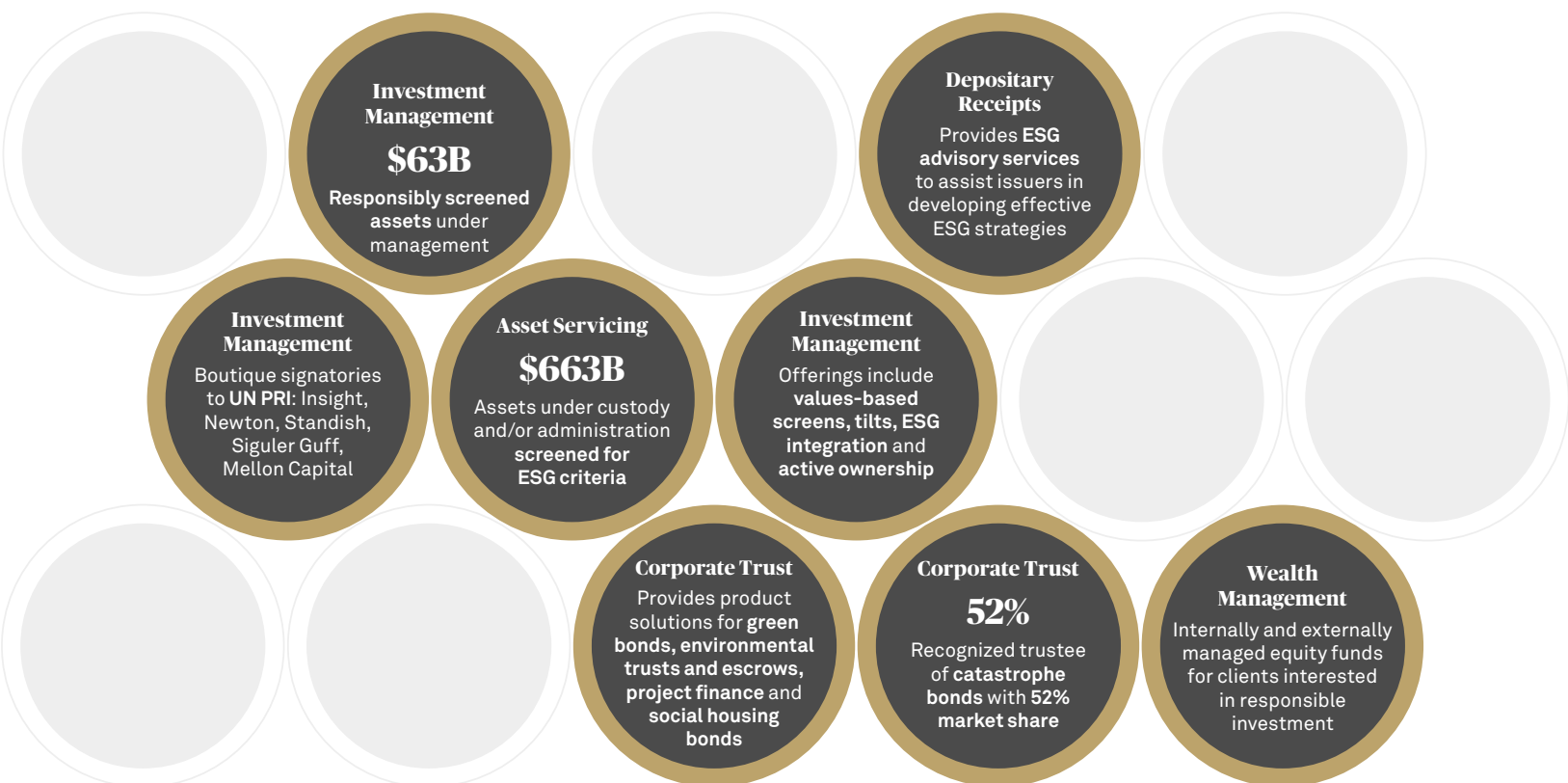
### Partnerships

We cultivate partnerships with key influencers, providing our resources to develop the field, and we invest in intermediaries that can contribute to the long-term growth of social finance.



## SOCIAL FINANCE CAPABILITIES AND ACTIVITIES

We are focusing on understanding the changing nature of our clients' needs, refining our offerings to best serve them. Below are examples of our current social finance capabilities and activities across the firm:



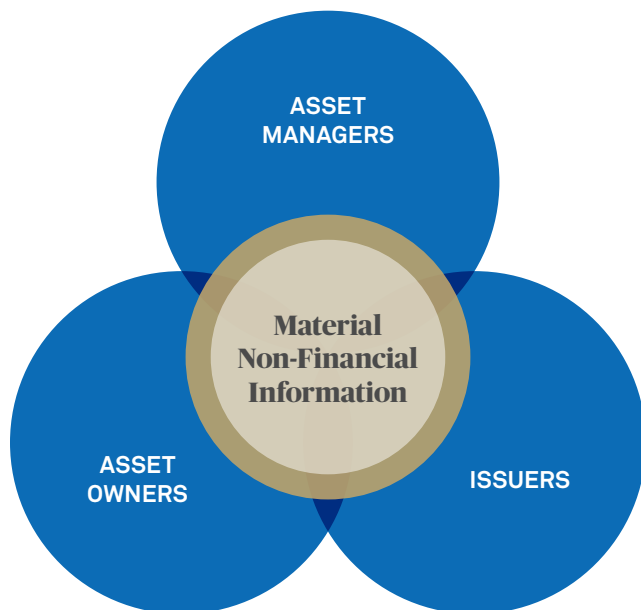
### Spotlight on Carbon Efficiency

#### Mellon Capital Management CEO Discusses Carbon Efficiency Strategy at SOCAP 15 Conference

Together with The McKnight Foundation and their consultants, Mercer and Imprint Capital, Mellon Capital created the [Carbon Efficiency Strategy](#). The investment product cost-effectively provides broad equity exposure, while reducing investment in companies with high carbon emissions and supporting companies that have made strides toward being environmentally responsible.

Mellon Capital Management CEO Gabriela Franco Parcella presented a keynote at SOCAP 15 on the firm's approaches to partner on product innovation. SOCAP is a leading social and financial impact conference held annually in San Francisco.

[Read more](#) about Gabriela's keynote address.



### Spotlight on ESG Advisory Solutions:

In 2015, Depository Receipts launched an [ESG Advisory Solutions](#) offering to assist our issuer clients in developing effective ESG strategies that are fully integrated into their capital markets and investor relations activities. BNY Mellon is the first depository bank to offer such ESG intelligence support to issuers.

DR can support issuer clients in four key areas:

- **Education and Benchmarking** – Through its collaboration with Sustainalytics — a leading provider of environmental, social and governance research and analysis — BNY Mellon is helping identify material themes within a client’s peer group and industry, including company-specific ESG ratings, peer benchmarking reports and sector trends.
- **Engagement Policy and Strategy** – BNY Mellon is helping develop a roadmap to assist clients in understanding key investor ESG concerns and examining their internal ESG practices, as well as assisting in reviewing communications efforts with investors and relevant stakeholders.
- **Intermediary Engagement** – BNY Mellon is making sure clients understand the major players, including ESG-rating providers, sustainability index providers, specialized firms and associations and proxy advisors.
- **Investor Engagement** – BNY Mellon is helping identify investors that have embedded active ESG criteria into their investment processes and facilitate engagement with them.

In line with our efforts to advance the discussion in this space, BNY Mellon Depository Receipts is collaborating with the Newton Centre for Endowment Asset Management at the University of Cambridge in a study of the financial market’s evolving view of the materiality of nonfinancial information such as ESG.

The long-term intent of this University of Cambridge project is to provide information useful to all market participants and promote market dialogue regarding ESG, another demonstration of our commitment to providing value to our issuer clients.

### Spotlight on Green Bonds:

Our Corporate Trust business offers infrastructure, technology and processing services to help financial institutions, corporations, insurers, governments and not-for-profit organizations navigate the debt capital markets. Corporate Trust supports our clients’ ESG needs with a diverse range of product solutions, including administering debt securities that raise proceeds to fund projects with specific environmental benefits, such as climate change mitigation and adaptation projects. BNY Mellon Corporate Trust has observer status for the *Green Bond Principles*. We remain at the forefront of market developments through our engagement with associations that lead initiatives in support of green bond market growth.

### Read more about our support of green bonds and environmental finance transactions in 2015:

- Trustee, Paying Agent and Registrar for [Saint Michael’s College Green Bond](#)
- Trustee for [US\\$100 Million Turkish Cat Bond](#)
- Trustee and Back-Up Servicer for [Hannon Armstrong’s \\$118.6 Million Sustainable Yield Bond](#)
- Trustee, Registrar, Paying Agent and Transfer Agent for [BRF S.A.’s First Green Bonds](#)
- Depository and Collateral Agent for [Canadian Solar](#)

# Community Commitment

**Operating in 35 countries, we support initiatives designed to improve people's lives for the long term. Our activities include strategic philanthropy, community involvement, support for human rights and supplier responsibility efforts.**



Each serves a significant role, helping us empower the communities in which we live and work to reach their full potential and contribute solutions to the world's most pressing issues.

- Global corporate philanthropy and community involvement on page 86
- Support for human rights on page 91
- Supplier responsibility on page 93



## Community Commitment Long-Term Goal

Significantly increase the scope and impact of our community support.

### Our strategy for achieving the goal:

We will work to increase our philanthropic impact, including increasing our skills-based volunteering and continuing to grow our donations and social investments. We will also build on our supplier responsibility program to ensure a comprehensive approach to governance, diversity, supplier engagement and environmental and human rights issues.

# Philanthropy and Community Involvement

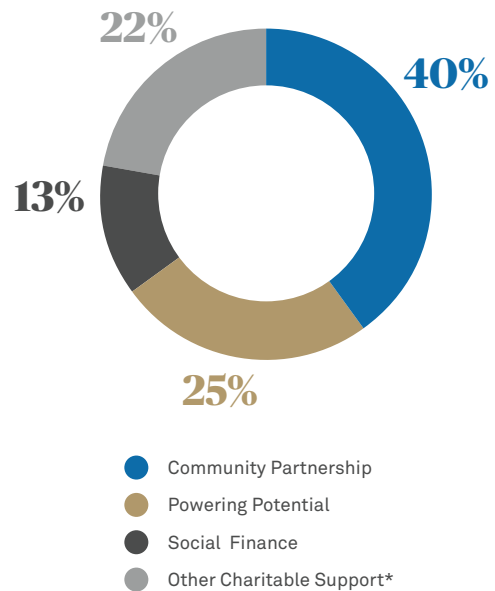
Our firm's global corporate philanthropy program enables positive change through philanthropic donations and social investments, and we empower our employees to use their skills and resources to make a difference. Our philanthropy program leverages corporate, foundation and employee giving, and provides flexibility for regional and cultural variations. It is also multidimensional to reflect our stakeholders' varied interests and goals.

We identify and support initiatives that improve social and economic conditions in locations where the company does business and our employees live and work. We accomplish this through our philanthropic focus on Powering Potential, which directs a significant portion of our corporate donations to providing vital support and workforce development opportunities to those in need.

In 2015, our total employee and company cash contributions to charities in communities around the world increased to \$39.9 million. Our employees' volunteerism increased by 10 percent, to 140,000 hours. In addition, we continue to look for opportunities to coordinate across focus areas to increase our impact. Through our social finance work, we aim to make a positive impact through investments. Within our community focus, we leveraged our knowledge, skills and resources to pilot the UpPrize social innovation challenge to bring entrepreneurial ideas to social problems in a manner that also produces investment returns.

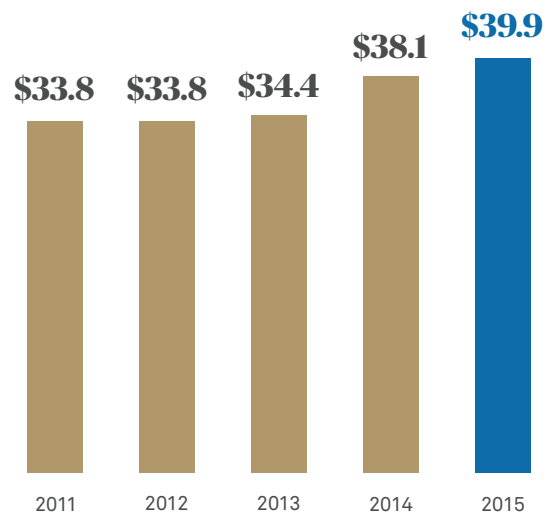
To learn more, see [Philanthropy and Employee Community Involvement at a Glance](#).

## MAJOR AREAS OF FOCUS IN 2015



\* Includes BNY Mellon business managed giving and support for the arts, education and some support for diversity and inclusion.

## TOTAL CASH DONATIONS (in millions)

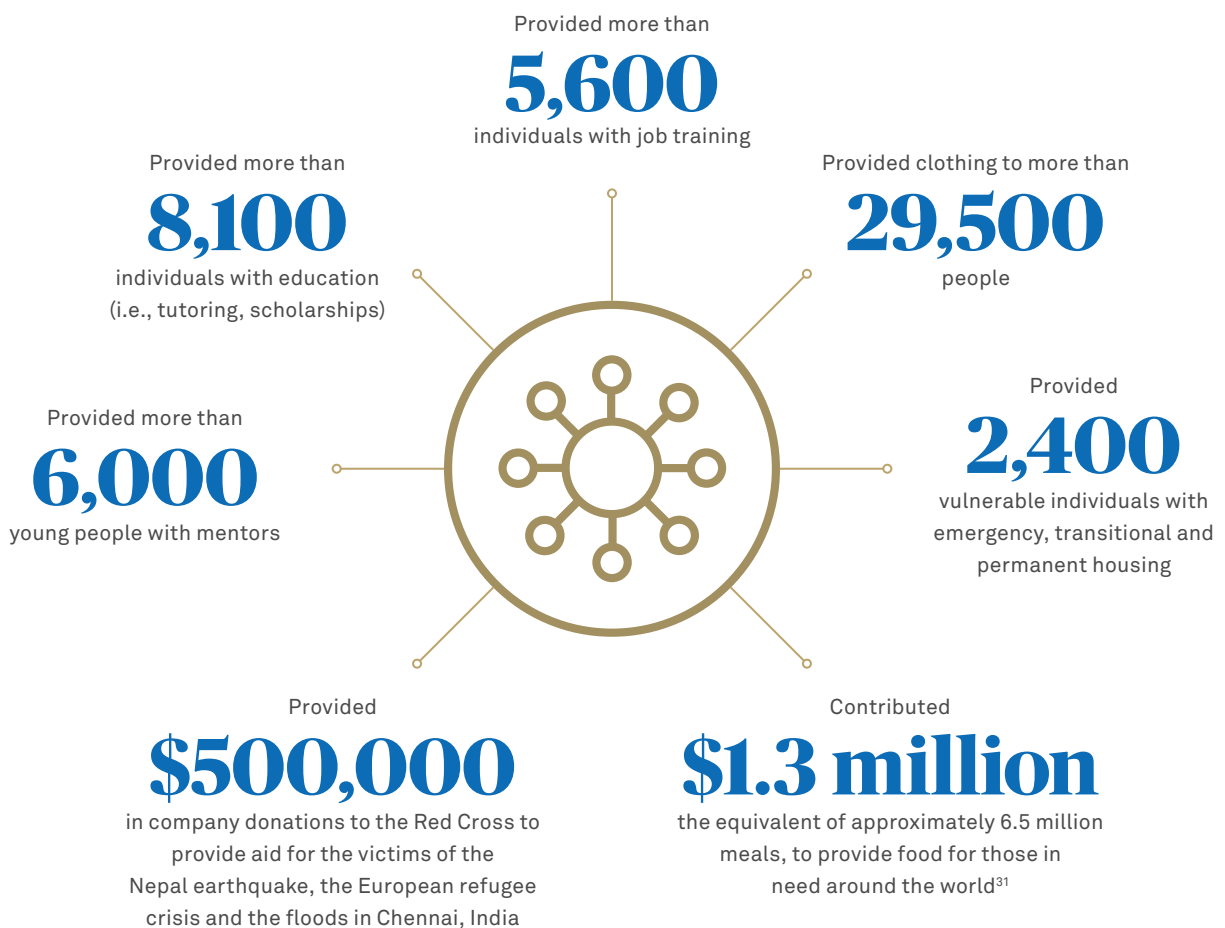




## Invested in Workforce Development and Basic Needs

As part of our Powering Potential philanthropic focus, in 2015 we continued to work with our community partners to provide basic needs such as food, clothing, housing and workforce development opportunities for underrepresented groups. Over the past six years, we estimate that this support has helped more than 100,000 people around the world.

### IMPACT OF POWERING POTENTIAL IN 2015



<sup>31</sup> Conservative estimate based on calculation methodologies used by reputable charitable organizations, including Feeding America

## Case Studies: Women in Technology Group Hosts Event for Girls Who Code

In August, BNY Mellon's Women in Technology (WIT) employee resource group hosted more than 60 high school girls for a Girls Who Code event at its Jersey City, N.J., Innovation Center. Girls Who Code is a national nonprofit that works to help close the gender gap in the technology and engineering fields. It is a community partner that received funding from the BNY Mellon Foundation.

The daylong event featured employees in our Client Technology Solutions division leading sessions on design thinking and innovation. Attendees spent the afternoon talking with employees and enjoyed a panel discussion encouraging young women to pursue careers in technology.

## HELP USA Honors BNY Mellon for Work to End Homelessness

HELP USA honored BNY Mellon in 2015 with a Hero Award for its efforts to address pressing social and economic challenges in the communities where its employees live and work, and to end homelessness. BNY Mellon Chairman and CEO Gerald L. Hassell accepted the award on behalf of the company at HELP USA's 2015 Hero Awards Dinner.

Since 2009, BNY Mellon has provided grants, funding and supportive services to HELP USA, which works to end homelessness through housing, prevention and shelter. Our assistance has supported HELP USA's housing, Security Training and Culinary Arts programs, as well as its Hurricane Sandy relief efforts.

In 2011, we launched the Pathways program, a five-year coordinated approach to help youth aging out of foster care, along with other vulnerable groups. The \$6 million suite of projects is helping to equip individuals with the academic, workforce development and life skills needed to successfully transition into adulthood. The program also supports basic needs for these youth, who often lack access to core services and face high rates of food insecurity and homelessness.

In 2016, BNY Mellon will produce a "year-five" outcome report as well as a white paper on promising practices in serving youth in foster care.

BNY Mellon Pathways partners reported that, of the approximately 639 U.S. and UK program participants in 2015, 523 were either enrolled in education or employed.

## Invested in Community Partnership

We empower our employees to support the causes and organizations they care about in their communities, and then we use our resources to magnify their impact. Our Community Partnership program engages employees around the world in giving back through individual donations, fundraising, and individual and team volunteering. To encourage employee participation, the company offers incentives that include matching

donations for financial contributions and volunteer time, paid time off to volunteer and employee recognition programs.

Based on employee feedback, we moved to a year-round individual matched giving program in 2015. We also continued our special focus on skills-based volunteerism.

In 2015, our employees volunteered 140,000 hours, up 10 percent from 2014. Around 25 percent of these hours were skills-based. Since the program's launch in 2008, employee and company matching donations have increased by 60 percent.

### Employee Community Involvement

	2011	2012	2013	2014	2015
EMPLOYEE DONATIONS AND COMPANY MATCH (in millions)	\$14.1	\$14.5	\$14.5	\$15.2	\$16.1
VOLUNTEER HOURS	71,000	84,000	105,000	127,000	140,000

## Skills-Based Volunteering

As global needs mount, the resources of charities are being stretched like never before. The contributions of skilled volunteers are invaluable in this climate.

Examples of the ways BNY Mellon employees leveraged their business skills through volunteering in 2015 follow.

**Financial literacy:** A team of employee volunteers from Lake Mary, Fla., volunteered with Junior Achievement and Orange County High Schools to lead learning events tied to financial literacy. Some of the topics included identity theft, stocks and IRAs, paying for higher education and being an entrepreneur.

**Legal:** BNY Mellon and its general counsel received two prestigious awards honoring their leadership and volunteer legal work to underserved populations. Our general counsel was honored with the National Center for Law and Economic Justice (NCLEJ) Corporate Counsel Leadership

Award at the organization's 50th-anniversary awards dinner in New York. The award recognized our general counsel's dedicated service to the legal profession and not-for-profit groups. BNY Mellon was also honored by the Transgender Legal Defense & Education Fund at its 10th-anniversary celebration, also in New York, for its longtime partnership in advancing transgender rights.

**Job acquisition and maintenance:** A group of young adults recently visited BNY Mellon's London office to learn about a variety of business skills from employee volunteers. The event is a core part of the Future Links program, created by Community Links and BNY Mellon in 2009 to support NEET (Not in Education, Employment or Training) young adults. The business day featured a number of volunteer-led sessions that aimed to increase the employability of the young adults, with topics including interview, communication and presentation skills. The day was designed to be interactive to engage and inspire the young adults.



## UpPrize Social Innovation Challenge

In 2014, BNY Mellon launched UpPrize, a social innovation challenge pilot program in Pittsburgh to connect regional nonprofits to the private sector in pursuit of market-based approaches to advance critical social missions.

We partnered with The Forbes Funds and more than 100 local nonprofit organizations to identify key systemic challenges that inhibit the effectiveness of regional nonprofits. The entrepreneurial community was then invited to develop and submit its products and ideas as solutions to these challenges.

UpPrize named Conversant Labs, Marinus Analytics and PHRQL as the winners of BNY Mellon's Social Innovation Challenge in 2015.<sup>32</sup> The winning ideas will expand digital access for people with visual impairments, help government agencies fight human trafficking and help ensure poor families have access to healthier foods.



<sup>32</sup> BNY Mellon. "BNY Mellon and The Forbes Fund Name Winners of \$1 Million Social Innovation Challenge," 3 August 2015.

# Human Rights

**Throughout our company and our supply chain, we work to preserve human rights and contribute to global human rights initiatives.**

For more information, please see our [Human Rights Statement](#).

We have partnered with the United Nations (UN) Foundation to advance the rule of law — the legal principle that law should govern a nation — within the [UN's Global Goals for Sustainable Development](#), which launched in 2015. The Global Goals are an intergovernmental effort to address the world's greatest challenges, including extreme poverty, climate change and inequality and injustice.

We believe that rule of law is a precursor for achieving many of the Global Goals and strengthens human rights broadly. Rule of law can facilitate equality and enable citizens and businesses to safely and freely fulfill their goals. It leads to decreased business risk, making investments within developing and emerging markets safer and more attractive to mainstream investors. Increased investment flows, both in size and frequency, can equate to more economic development opportunities and improved social conditions in these nations.

## Advocating for the Rule of Law



*What good is building a school in a developing nation if a girl is afraid to walk on the streets to get there? If there are no strong contract laws in place, how can someone who received a loan from a microfinance institution make his or her small business a success?*

Protecting and empowering all people in a nation means a more efficient use of that country's human capital, enhancing productivity and economic growth. Improving governance can help create investment opportunities and unlock capital flow to new markets by decreasing investment and business risk.

Advancing rule of law is both a developing- and a developed-world issue. Efforts to address it include creating and enforcing just laws and building effective judicial systems; enforcing contracts and preventing

violence; and combating illicit transfers, trafficking and organized crime.<sup>33</sup> Currently, a staggering 4 billion people live outside the scope of robust rule of law institutions.<sup>34</sup>

To support human rights and social finance investment opportunities for investors, BNY Mellon partnered with the UN Foundation to advocate for the inclusion of rule of law in Goal 16: Promote just, peaceful and inclusive societies. Since the adoption of the goals in September 2015, we have continued to work with the UN Foundation, top-tier legal and consulting firms and other rule of law experts to promote the rule of law around the world.

<sup>33</sup> "The Rule of Law and Transitional Justice in Conflict and Post-Conflict Societies," UN Security Council: S/2004/616, 23 August 2004.

<sup>34</sup> "Making the Law Work for Everyone: Vol. 1 – Report of the Commission on Legal Empowerment of the Poor," UN Development Programme, 2008.

## Non-Discrimination Policy Certification for Nonprofits

We are committed to fostering a culture of inclusion and we expect any recipient of the company's philanthropic funds to likewise have a commitment to these principles. Nonprofit organizations (e.g., charities, non-governmental organizations) applying for financial sponsorship or donation support will be asked to certify their compliance with BNY Mellon's Non-Discrimination Policy Certification for Nonprofits. For more information related to protected groups, review our [Equal Employment Opportunity Statement](#).

**“As an employer and a champion of diversity and inclusion, we are gratified by the U.S. Supreme Court’s decision to recognize the constitutional right to same-sex marriage.”**

Jyoti Chopra

*Head of Global Citizenship and Sustainability  
BNY Mellon*

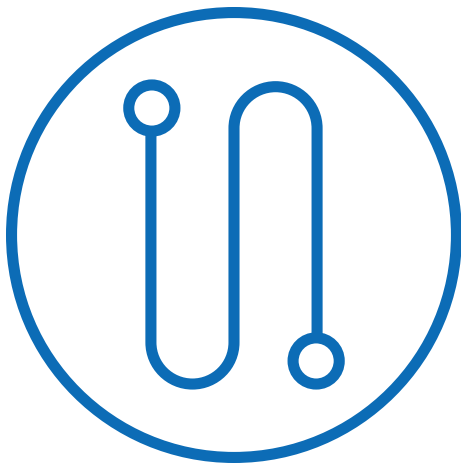
## Supporting Marriage Equality

As advocates for diversity, inclusion and equality, since 2013, we have supported amicus briefs in favor of the business case for marriage equality in the U.S. We have participated in similar efforts in Ireland. BNY Mellon has also been a member of the Human Rights Campaign’s “Business Coalition,” which supports federal legislation to prohibit workforce discrimination due to sexual orientation. By lending our support to these and other efforts, we reaffirmed our commitment to fostering an inclusive workplace.

In addition, we continue our commitment to important legal department pro bono projects. Our employees created a comprehensive, free [online tax resource](#) to assist same-sex couples and their tax preparers in navigating state tax laws and reporting regulations. Employees led an effort to expand the Transgender Legal Defense and Education Fund’s Name Change Project, which reduces the complexity of changing one’s name to match one’s gender identity. BNY Mellon also supported An Act Relative to Transgender Anti-Discrimination (HB1577/SB735), a bill that would create non-discrimination protections for transgender people in public places throughout Massachusetts.

# Supply Chain Responsibility

**We realize the impacts of our business extend beyond our organization and into our supply chain. Our suppliers include both product and service providers, and range in size from independent individuals to large, multi-national companies.**



We actively manage our supplier relationships, promoting responsibility throughout the supply chain. We work to improve our relationships, promote supplier diversity and inclusion and provide opportunities for our suppliers to engage in our company's priority areas, such as risk management and environmental stewardship.

## Supplier Relationship Management

Our Supplier Relationship Management program integrates environmental, social and governance (ESG) concerns into our overall approach with our suppliers, including periodic reviews of their practices.

In 2015, we developed an all-encompassing Third-Party Governance approach to supplier management, including revised Inherent risk questioning and assessment prior to supplier engagement. The next phase of this project is to review our ESG approach and strengthen our Supply Chain Responsibility approach even further.

## Supplier Diversity

Our commitment to diversity and inclusion extends beyond our people to our suppliers. Our Supplier Diversity program supports companies owned, operated and managed by minorities, women, veterans, LGBTQA individuals and people with disabilities; we also engage certain certified small businesses. This approach allowed us to drive 11 percent of our total U.S. spend directly to diverse and small business suppliers in 2015.

As part of our local engagement to support supplier diversity in 2015, BNY Mellon sponsored 30 and hosted 60 supplier diversity events. Utilizing our office space, employee support, plus catering and printing donations, we helped build the capacity of these businesses and demonstrated our commitment to promoting diversity in our local communities.

Our U.S. Supplier Diversity program has a strong and significant presence in New York, Connecticut, New Jersey and Pennsylvania. The program provides exposure and opportunities for small business partnerships and interaction with local government programs. The program's economic development activities contribute a minimum of one-quarter toward the total community services reported under the Community Reinvestment Act. To broaden these positive impacts, we are developing a U.S. multiregional strategy and increasing our understanding of the international context.

## Supplier Code of Conduct

Our Supplier Code of Conduct lays out our expectations for suppliers and their social responsibility commitments. As a practicing advocate of health and safety, labor and human rights, ethics and other responsible business practices, BNY Mellon holds our suppliers to the same standards of excellence. Beyond expecting suppliers to comply with all applicable rules and regulations, we also encourage the same in their next-level suppliers.

We recognize that the manner in which our suppliers address human rights issues, as well as business and environmental risks in their own operations, is vitally important to their ability to deliver their products and services, and in turn, our ability to serve our clients. By implementing a range of approaches, such as integrating human rights provisions into our contracts, requiring disclosure of CSR activities in our RFP templates and developing a Supplier Relationship Management program, our goal is to have our suppliers' activities aligned with our company values.





# Environmental Management

**We strive for the highest standards of environmental responsibility across our company, including environmental management and climate change leadership. Our strategic management of environmental resources increases profits, helps manage risk, inspires ways to help our clients succeed and supports our communities around the world.**

Fostering both business and environmental sustainability means focusing on activities that enable our company to operate effectively while considering financial and environmental responsibility.

- Environmental Impact
- Climate Change Leadership
- Environmental Efficiency



## Environmental Management Long-Term Goal

Address climate change issues including potential impacts, risk and opportunities, and expand and improve environmental management, resource efficiency and reputation.

### Our strategy for achieving the goal:

We will work to continue to rank among leaders for climate change disclosure and performance. We will also aim to build on our environmental management performance in such areas as reducing greenhouse gas emissions, renewable energy usage, water conservation, waste and recycling.

## Environmental Impact

We continue to implement new ways to manage our environmental impact and help clients succeed. Our areas of focus include supporting sustainable business development and risk management through programs that promote environmental stewardship and climate change leadership, social finance solutions and revenue generation. These efforts include support for an international climate change agreement, support for renewable energy generation and environmental management of our operations around the world. Our approach entails risk management in response to increasing climate instability, collaboration with suppliers to improve our indirect environmental impacts, environmental sustainability education programs for employees and suppliers, and working to offer clients social finance solutions.

# Climate Change Leadership

Building on our recognition by CDP for climate change performance and disclosure,<sup>35</sup> we continue our leadership on climate change accountability. In the run-up to the 2015 United Nations climate conference in Paris, we joined hundreds of firms in signing high-profile pledges and letters in support of action on climate change. We participated in the [White House American Business Act on Climate Pledge](#) and the [Paris Pledge for Action](#). We were among more than a hundred companies that signed an open letter, "[Business Backs a Low Carbon USA](#)," published in The Wall Street Journal.

As a provider of ESG products and services, we participated at various events at COP21 in Paris with the purpose of establishing ourselves as a contributor in the climate change conversation. Following the Paris talks, we are working to integrate climate change risks and opportunities across all aspects of our operations, products and services, and supply chain. To view our Environmental Sustainability Statement, [click here](#).

## Recognition by CDP

We report our company-wide carbon emissions through [CDP](#), the world's leading environmental disclosure and performance rating system. In 2015, BNY Mellon became the only global financial services firm to achieve perfect CDP scores for both climate change disclosure and performance for the past three years.<sup>36</sup> We were proud to be named to [CDP's Climate A List](#) companies in recognition of our climate performance leadership.<sup>37</sup> Only 113 companies — the top 5 percent of respondents — were named to the A List in 2015. We are also the only U.S. financial company and one of only two S&P 500 companies to receive perfect scores on both climate change disclosure and performance three years in a row.

For our CDP disclosure, our Scope 1, 2 and partial Scope 3 emissions are verified externally against ISO standard 14064-3.

<sup>35</sup> BNY Mellon. "BNY Mellon Continues CSR Leadership with Third Consecutive Perfect CDP Score," 1 December 2015.

<sup>36</sup> Ibid.

<sup>37</sup> CDP. "CDP Global Climate Change Report 2015," 2015.

CDP Scores		
	DISCLOSURE*	PERFORMANCE
2015	100	A
2014	100	A
2013	100	A
2012	90	B
2011	81	B

\* Maximum score is 100

In 2015, BNY Mellon was named to the [Dow Jones Sustainability World Index](#) (DJSI World) for a second consecutive year, and for the third consecutive year, to the Dow Jones Sustainability North America Index.<sup>38</sup> We are one of only two U.S. diversified financial services companies included in DJSI World from more than 100 invited companies. Inclusion in DJSI World and DJSI North America is based on RobecoSAM's in-depth analysis of economic, environmental and social criteria.

<sup>38</sup> BNY Mellon. "BNY Mellon Named to Dow Jones Sustainability World Index for Second Consecutive Year," 11 September 2015.

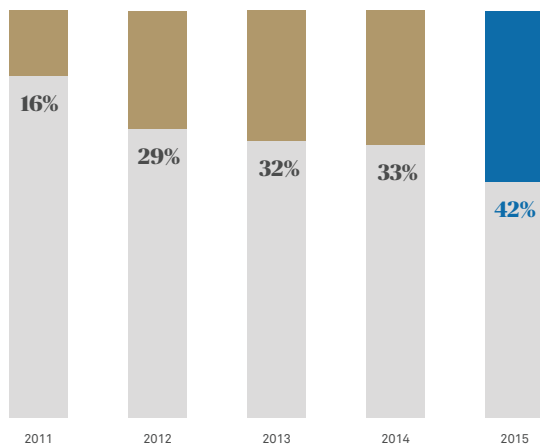
## Greenhouse Gas (GHG) Emissions

In 2015, we reduced our Scope 1 and 2 GHG emissions 42 percent, against a 2008 baseline for our global tracked operations (excluding data centers). In doing so, we exceeded our 2020 corporate goal of achieving a 40 percent reduction. In 2016, we will revise our 2020 goal in order to support continued improvement in this area.

Our carbon-emission reductions are largely due to decreased energy use, resulting in reduced energy costs. Since the program's inception in 2008, we have avoided approximately \$72 million in costs through energy efficiency and other energy-reduction efforts.

### GREENHOUSE GAS EMISSIONS REDUCTION %

Scope 1 and 2 emissions, excluding data centers, for global tracked operations, compared to 2008 baseline



## Carbon Neutrality and Investment in Renewables

Building on our environmental performance and climate change leadership, in 2015 we achieved carbon neutrality for Scope 1 and Scope 2 GHG emissions including our data centers, as well as Scope 3 business travel emissions. We have a strategy for continuing this commitment to remain carbon neutral in 2016. Carbon neutrality is reached when an organization's net GHG emissions are equal to zero.

**“After receiving perfect scores in climate change disclosure and performance from CDP for the past three years, it is a natural next step for BNY Mellon to become carbon neutral.”**

Jyoti Chopra

*Head of Global Citizenship and Sustainability  
BNY Mellon*

We have become carbon neutral through a combination of emissions reduction and the purchase of carbon offsets and renewable energy products. Since 2008, we have reduced our Scope 1 and 2 GHG emissions, excluding data centers, by 42 percent. To match the remaining emissions globally, we purchased a combination of U.S. Renewable Energy Certificates (RECs) and Guarantees of Origin, carbon offsets and similar products.

We have purchased carbon offsets from high-quality projects around the world, including in India, China, Vietnam, sub-Saharan Africa, Kenya, Chile and Brazil. Carbon offsets provide financing to essential renewable energy, forestry and resource-conservation projects globally, which generate reductions in direct and indirect GHG emissions. From addressing household air pollution and living conditions through more efficient cookers to providing clean drinking water by improving water infrastructure to promoting sustainable community and economic development in concert with conservation, the projects use carbon finance to advance financial security, economic growth, job creation, the empowerment of women, and environmental and water stewardship.

## HOW WE BECAME A CARBON-NEUTRAL COMPANY

After reducing our Scope 1 and 2 emissions by 42% since 2008, excluding datacenters, we matched our remaining emissions with the purchase of carbon offsets and renewable energy products.

### CARBON OFFSETS

To offset our Scope 1 and 3 emissions, as well as Scope 2 steam, we purchased offsets that provide financing to projects around the world that achieve emissions reductions and other social and environmental benefits.

#### Greenhouse gas emissions (CO<sub>2</sub>e)

Scope 1	Scope 2 (steam)	Scope 3
<b>7,500 MT</b>	<b>6,800 MT</b>	<b>20,300 MT</b>



**8,200 MT**  
**New York**  
Landfill  
gas-to-energy

**2,500 MT**  
**Chile**  
Coastal  
conservation

**2,500 MT**  
**Brazil**  
Rainforest  
conservation

**2,500 MT**  
**Kenya**  
Reduced deforestation  
and degradation

**1,600 MT**  
**Sub Saharan Africa**  
Restored water  
infrastructure

**8,200 MT**  
**China**  
Danjiang River  
solar cookers

**4,100 MT**  
**India**  
Improved  
cookstoves

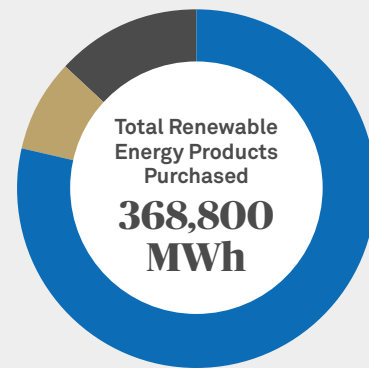
**5,000 MT**  
**Vietnam**  
Household  
biogas

### RENEWABLE ENERGY PRODUCTS

We matched our Scope 2 electricity usage, excluding steam, by purchasing renewable energy products.

#### Electricity Use

Scope 2  
**356,700 MWh**



**290,000 MWh**  
Renewable Energy  
Certificates

**31,000 MWh**  
European Guarantees  
of Origin

**47,800 MWh**  
International Renewable  
Energy Certificates  
(outside Europe)

# Environmental Efficiency

Our environmental management program works across the organization to address our environmental impacts, drive efficiencies, save costs, educate our employees, provide high-performing workspaces and implement programs to demonstrate our commitment to transparency and performance on environmental issues. We accomplish this work through collaboration across the company, including real estate, procurement, information technology, human resources, travel and food services, and through our Business & Environmental Sustainability Ambassadors.

## Sustainable Real Estate

The operation of our office facilities is among our greatest direct environmental impacts. Our Sustainable Real Estate program works to drive continuous improvement at our sites throughout all lifecycle phases of an office space. We employ best-practice sustainability frameworks, including the U.S. Green Building Council's (USGBC's) [LEED certification program](#) and international programs such as ISO 14001.

In buildings where we have operational control but have not yet pursued LEED, our sustainable operations program incorporates green cleaning, waste management, integrated pest management and other indoor environmental quality measures. At locations where we lease space but do not have operational control, we are engaging with landlords through our green leasing program to assess how healthy these spaces are and improve them where needed.

Among our achievements through 2015:

- 41 LEED certifications globally, accounting for 25 percent of our global footprint.
- ISO-14001 certification for environmental management at eight certified locations in the UK, accounting for 54 percent of total square footage in Europe, the Middle East and Africa (EMEA).
- In total, 36 percent of our real estate has third-party sustainability certification, whether LEED, ISO 14001 or ENERGY STAR.
- 100 percent compliance through our sustainable operations program in the U.S. in 2015.

Seventy-five percent of all new domestic and international lease transactions were subject to our green leasing program's criteria in 2015, as a result of program restructuring and training of new staff. In 2016, we plan to expand these programs to additional sites in EMEA and the Asia-Pacific region as feasible and to increase the impact and reach of our global sustainable design program.

We are continually evaluating our programs. In 2015, we began to implement the LEED Dynamic Plaque program for our LEED for Existing Building re-certifications. This system monitors real-time building performance across energy, water, waste, transportation and human experience and provides a score compared to peer buildings. In this way, the platform is a tool for improving building operations to save money and resources and improve occupants' comfort.

## DATA CENTERS AND ENERGY

What is the scale of our data centers?

**38.8**

petabytes of data storage

**28.9K**

servers

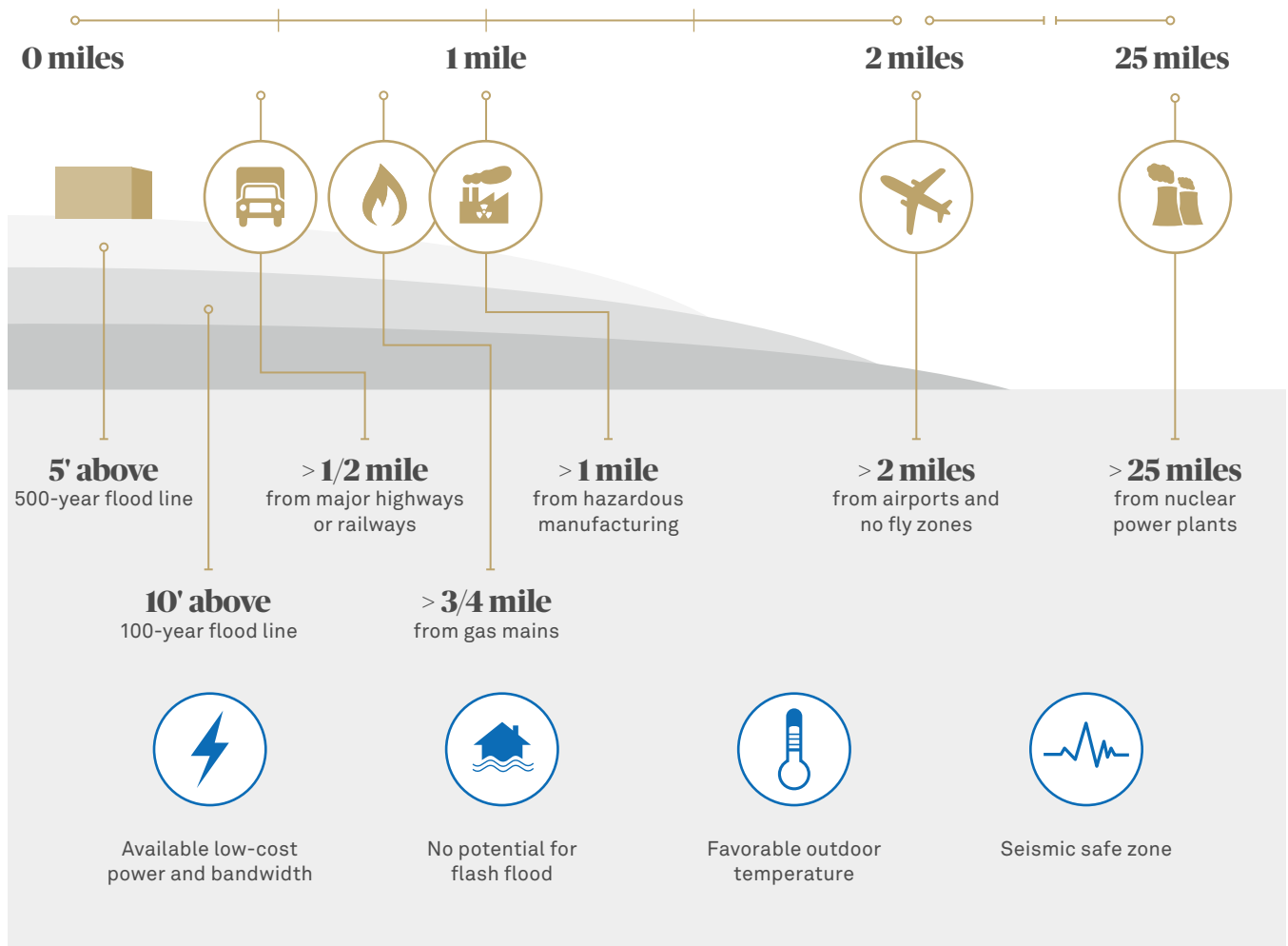
**570K**

sq.ft. enterprise data center building space

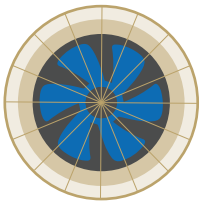
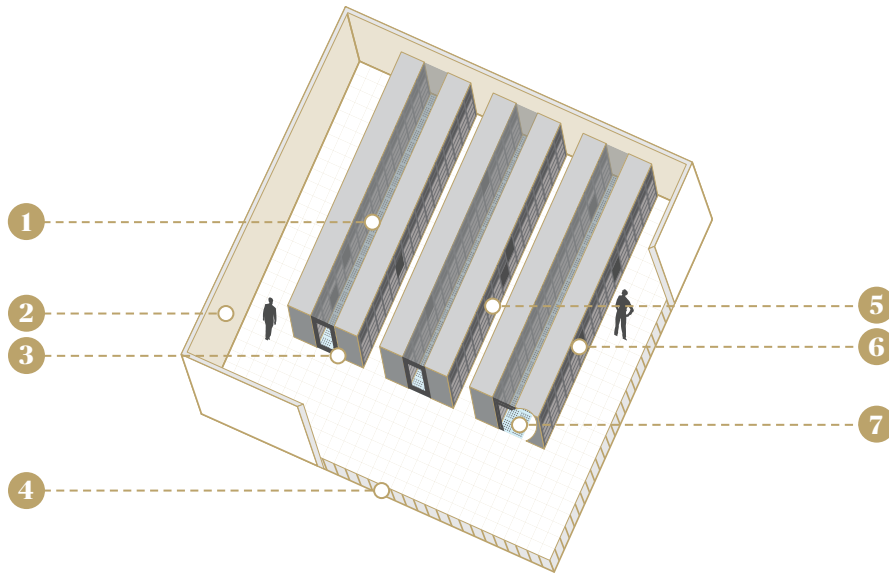
**102M**

kWh used in 2015

How do we site our data centers to minimize risk?

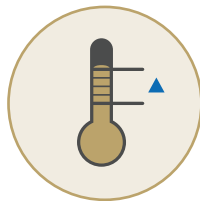


## What do we do to improve efficiency?



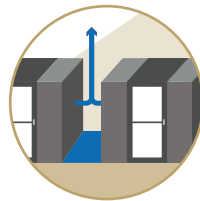
1

Automate control of fan and pump speeds



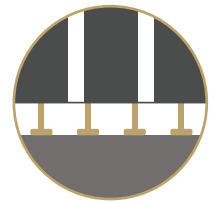
2

Raise temperature set points within recommended limits to reduce energy usage



3

Create contained cold supply air aisles



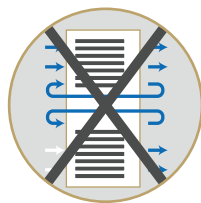
4

Use raised floors for air delivery



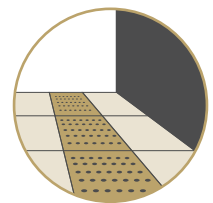
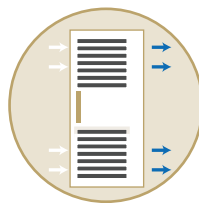
5

Optimize server utilization



6

Prevent unwanted mixing of hot and cold air and use blanking panels on equipment where needed



7

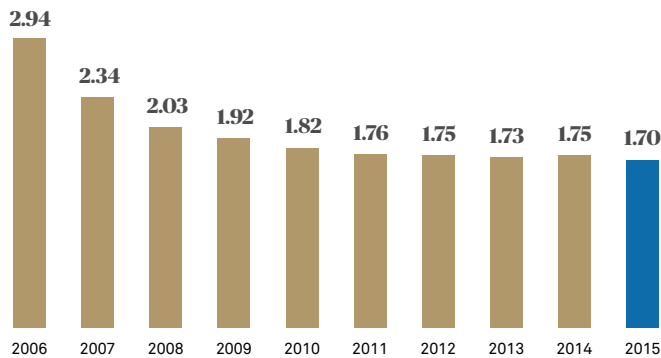
Seal all unmanaged openings and place perforated tiles only where needed

## What are the results of our efforts?

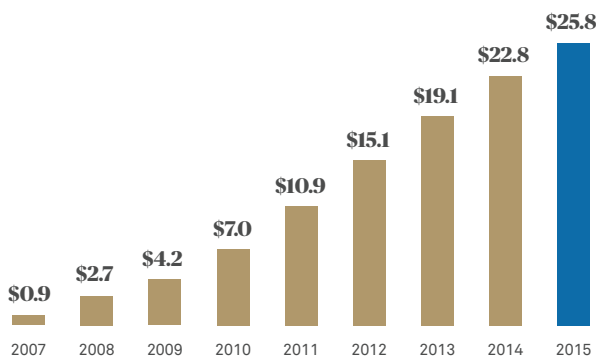
Our program helps us to increase energy efficiency, save costs, and protect business continuity.

### Data Center Average Power Usage Effectiveness (PUE)

Power entering a data center versus power used to run the computer infrastructure within it. Efficiency improves as PUE decreases.



### Cumulative Program Dollar Savings (In Millions)



Powering our operations and data centers requires large amounts of energy. In 2015, our data centers accounted for roughly 29 percent of the total electricity consumed at our global properties and produced roughly 28 percent of our total Scope 1 and 2 carbon emissions.

As our business services expand, so does our need for data storage. Through our Enterprise Data Center Power Usage

Effectiveness (PUE) program, launched in 2006, we work to use energy as efficiently as possible while meeting our data storage needs. By using measures such as airflow management and improvements to building envelopes and associated ancillary systems, the program saved 44 million kilowatt-hours (kWh) of electricity in 2015. Our total electricity cost avoidance since the program's inception in 2007 through 2015 is nearly \$26 million.

**44M**

kWh saved in 2015, enough to power more than

**4,000**

homes in the U.S. for one year\*

**Zero**

downtime across enterprise data centers in 2015

**Zero**

downtime at primary data centers for over

**10 years**

\* Calculation based on average annual electricity consumption for a U.S. residential utility customer in 2014, as reported by the U.S. Energy Information Administration, <https://www.eia.gov/tools/faqs/faq.cfm?id=97&t=3>



## Water

We continued to develop our comprehensive water program in 2015. We have made progress on tracking our water use to include all U.S. and international controlled locations, and are introducing new systems to reduce water consumption where feasible. In 2015, the total water use in our global controlled locations was 451.3 million gallons (1.7 million cubic meters).

We are also working to continually understand our water sources, prioritize conservation efforts in water-stressed regions and promote the responsible treatment of water runoff. The water-management strategies we are developing will help support water reporting frameworks, such as [CDP's Water program](#), which are designed to increase transparency and performance on water-related issues.

## Waste and Recycling

We continue to invest in the expansion of our landfills diversion efforts. Our objective is to provide greater quantities of higher-quality recyclable materials that can be reused to manufacture new products. Reinforced with employee education and engagement, we continue to implement binless desk-side and central-collection programs, collaborate with our technology groups to recycle our electronics, and work with our suppliers to provide products that are composed of recycled material and can be recycled at the end of their use. We are committed to diverting over 60 percent of our office waste from landfills and upholding our technology group's no-landfills policy. Our ISO certifications, LEED-rated locations and sustainable operations program help demonstrate that we remain invested in these priorities in our major locations.

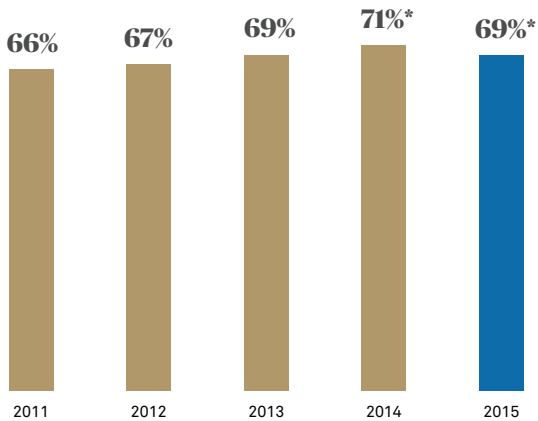
We launched the binless workplace program at our New York City headquarters and in our Pittsburgh offices in 2015, with plans to expand it to other locations in 2016. To illustrate the effectiveness of this program, prior to the Binless Workplace, each year Pittsburgh sent to the landfill an average amount of waste equivalent in mass to five Statues of Liberty. With the introduction of the Binless Workplace, Pittsburgh now sends to landfill only half that amount.

In 2015, we tracked waste and recycling rates in 9.8 million square feet of our locations, accounting for 67 percent of our global real estate portfolio and 60 percent of our employees.

In 2015, we diverted an average of 69 percent of our waste from landfills (our goal is 60 percent diversion rate for office waste), recycled 97 tons of desktop PC items and decommissioned 146 tons of hardware and media.

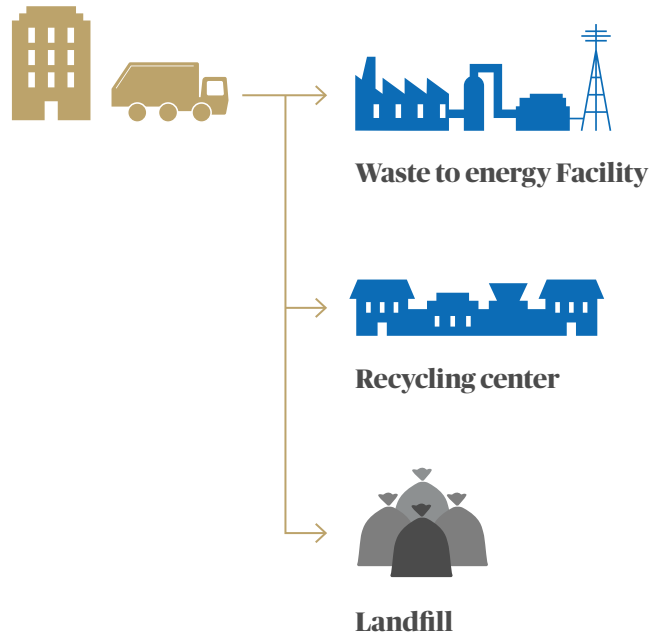
## WASTE DIVERTED FROM LANDFILLS

Combined Building Use Categories



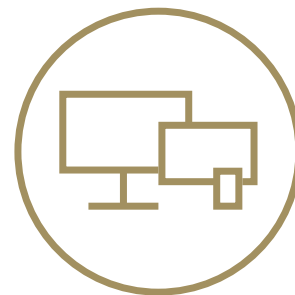
\* Since 2013, our diversion number has expanded to include compost and incineration.

## CURRENT WASTE DISPOSAL PRACTICES



**97**

tons of desktop PC items recycled in 2015



**146**

tons of hardware and media decommissioned in 2015

## Paper

Our PaperWise initiative, launched in 2010, tracks and reports the amount of paper purchased as an indicator of actual paper consumption in order to encourage waste reduction throughout our operations.

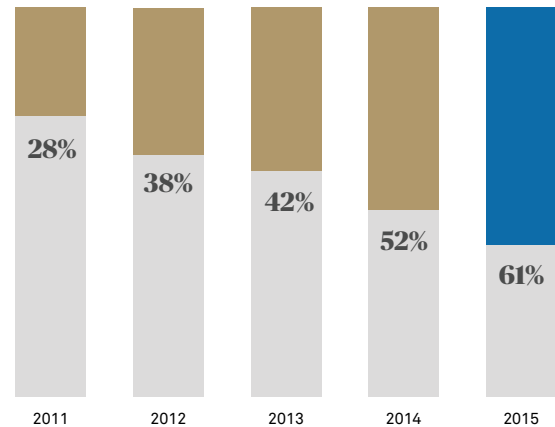
The PaperWise program continues to track and report copy paper purchasing trends. By the end of 2015, we reduced office paper purchases in the U.S. by 61 percent, compared to a 2008 baseline, surpassing our goal of a 30-percent reduction. This translates to a cumulative saving of approximately \$2 million. Copy paper use in the EMEA region has been reduced by 56 percent from a 2011 baseline, surpassing the region's goal of reducing use by 20 percent by 2016 and our longer-term goal of 30 percent reduction by 2019.

### Moving to Managed Print

The Managed Print program, launched in 2015, is currently being rolled out to BNY Mellon's global locations. Through the program, multifunctional devices are centrally located for easy availability to all users, eliminating the need for personal printers. "Secure print" and "follow me" functions simplify printing for traveling employees. Offices in New York City and Pittsburgh have started to use the Managed Print program, with more sites slated to adopt it in 2016.

## PAPER USE REDUCTIONS

From 2008 Baseline (U.S. Only)



## Business & Environmental Sustainability Ambassadors

Our global Business & Environmental Sustainability Ambassadors network is powered by sustainability-minded employees who are committed to helping us make positive environmental impacts at our offices and within the communities where we work. Officially launched in 2009, the network includes more than 300 BNY Mellon employees in 20 locations. The Ambassadors program empowers employees to create new initiatives, provides behind-the-scenes education about our sustainability program, and recognizes employees for their dedication, inspiration and influence.

Our outreach efforts are centered on BNY Mellon's EcoDays, recognized between Earth Day (April 22) and World Environment Day (June 5). In 2015, the Sustainability Ambassadors hosted more than 30 events intended to encourage sustainable practices among employees.

# Global Reporting Initiative (GRI) Index

The following is supplemental information to BNY Mellon's 2015 corporate responsibility reporting. It is arranged according to the Global Reporting Initiative (GRI) [G4 Sustainability Reporting Guidelines](#) indicator list. All data is reported as of December 31, 2015. This index provides

responses for individual GRI indicators in the following ways: (1) lists location within the CSR Report, unless otherwise indicated with an asterisk; (2) includes response within this index; (3) indicates location in another company report; or (4) provides webpage where the information can be found.

## General Standard Disclosures

#	DESCRIPTION	ANSWER/LOCATION
<b>Strategy and Analysis</b>		
<b>1</b>	Statement from senior decision-maker	CEO's Message The President's Perspective
<b>Organizational Profile</b>		
<b>3</b>	Name of the organization	<a href="#">The Bank of New York Mellon Corporation</a> (Annual Report p. 4)
<b>4</b>	Primary brands, products, and/or services	<a href="#">BNY Mellon Factsheet</a>
<b>5</b>	Location of organization's headquarters	<a href="#">BNY Mellon Annual Report p. 7</a>
<b>6</b>	Number of countries where the organization operates, and the names of countries with either major operations or that are specifically relevant to the sustainability issues covered in this report	Performance Data <a href="#">BNY Mellon Annual Report p. 30</a>
<b>7</b>	Nature of ownership and legal form	<a href="#">BNY Mellon Factsheet</a>
<b>8</b>	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	<a href="#">About BNY Mellon</a> <a href="#">BNY Mellon Annual Report pp. 18–33</a>
<b>9</b>	Scale of the reporting organization	Performance Data
<b>10</b>	Total workforce by employment type, employment contract, and region, broken down by gender	<a href="#">Performance Data Supplement (EEO-1)</a>
<b>12</b>	Describe the organization's supply chain	Supply Chain Responsibility
<b>13</b>	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	<a href="#">BNY Mellon Annual Report p. 6</a>

## General Standard Disclosures continues

#	DESCRIPTION	ANSWER/LOCATION
<b>Commitments to External Initiatives</b>		
<b>14</b>	Explanation of whether and how the precautionary approach or principle is addressed by the organization	Risk Management and Reliability
<b>15</b>	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	United Nations Principles for Responsible Investment Recognition by CDP Sustainable Real Estate
<b>16</b>	Memberships in associations (such as industry associations) and/or national/international advocacy organizations	Employee Resources
<b>Identified Material Aspects and Boundaries</b>		
<b>17</b>	Operational structure of the organization	<a href="#">BNY Mellon Annual Report</a> pp. 23–30
<b>18</b>	Process for defining the report content and the Aspect Boundaries	A CSR Strategy Based on Materiality
<b>19</b>	Material Aspects identified in the process of defining report content	CSR Materiality
<b>20</b>	Aspect Boundary within the organization	A CSR Strategy Based on Materiality
<b>21</b>	Aspect Boundary outside the organization	A CSR Strategy Based on Materiality
<b>22</b>	Explanation of the effect of any re-statements of information provided in earlier reports, and the reason for such re-statement (e.g., mergers, acquisitions, change of base years/periods, nature of business, measurement methods)	<a href="#">BNY Mellon Annual Report</a>
<b>23</b>	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report	None
<b>Stakeholder Engagement</b>		
<b>24</b>	List of stakeholder groups engaged by the organization	Stakeholder Engagement About BNY Mellon
<b>25</b>	Basis for identification and selection of stakeholders with whom to engage	Stakeholder Engagement
<b>26</b>	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Stakeholder Engagement
<b>27</b>	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	Stakeholder Engagement

## General Standard Disclosures continues

#	DESCRIPTION	ANSWER/LOCATION
<b>Report Profile</b>		
<b>28</b>	Reporting period	January 1, 2015 to December 31, 2015
<b>29</b>	Date of most recent previous report	2015
<b>30</b>	Reporting cycle	Annual
<b>31</b>	Contact point for questions regarding the report or its contents	<a href="mailto:csr@bnymellon.com">csr@bnymellon.com</a>
<b>32</b>	GRI content index	We are reporting in alignment with the GRI G4 Guidelines.
<b>33</b>	Policy and current practice with regard to seeking external assurance for the report	We have our greenhouse gas emissions assured, along with accompanying carbon offsets and renewable energy certificates.
<b>Governance</b>		
<b>34</b>	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	<a href="#">2016 Proxy</a> pp. 16–26
<b>Ethics and Integrity</b>		
<b>56</b>	Description of the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Ethics

## Specific Standard Disclosures

#	DESCRIPTION	ANSWER/LOCATION
<b>Economic</b>		
<b>ECONOMIC PERFORMANCE</b>		
<b>EC1</b>	Direct economic value generated and distributed	Performance Data
<b>EC2</b>	Financial implications and other risks and opportunities for the organization's activities due to climate change	Environmental Management
<b>EC3</b>	Coverage of the organization's defined benefit plan obligations	<a href="#">BNY Mellon Annual Report p. 186</a>
<b>INDIRECT ECONOMIC IMPACTS</b>		
<b>DMA</b>	Disclosure on Management Approach – Indirect Economic Impacts	Social Finance
<b>EC7</b>	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Social Finance Products and Services at BNY Mellon
<b>EC8</b>	Understanding and describing significant indirect economic impacts, including the extent of impacts	Social Finance Products and Services at BNY Mellon
<b>PROCUREMENT PRACTICES (SEE COMMENT)</b>		
<b>DMA</b>	Disclosure on Management Approach – Procurement Practices	Supplier Relationship Management
<b>Environmental</b>		
<b>MATERIALS</b>		
<b>DMA</b>	Disclosure on Management Approach – Materials	Waste and Recycling
<b>EN1</b>	Materials used by weight or volume	Water Paper
<b>EN2</b>	Percentage of materials used that are recycled input materials	Waste and Recycling
<b>ENERGY</b>		
<b>DMA</b>	Disclosure on Management Approach – Energy	Carbon Neutrality and Investments in Renewables Environmental Efficiency
<b>EN3</b>	Direct and Indirect energy consumption by primary energy source	<b>Direct</b> Fuel Oil – 7,432 GJ Natural gas – 95,790 GJ Cars – 1,691 GJ Airplanes – 38,476 GJ  <b>Indirect</b> Electricity – 1,283,982 GJ Steam – 108,126 GJ

## Specific Standard Disclosures continues

#	DESCRIPTION	ANSWER/LOCATION
<b>EN4</b>	Energy consumption outside of the organization	Purchased goods and services – 185,000 GJ Capital Goods – 380,000 GJ Fuel and Energy Activities – 69,884 GJ Upstream Transportation – 17,500 GJ Employee Commuting – 1,652 GJ Downstream Leased Assets – 86,802 GJ
<b>EN5</b>	Energy intensity ratio for the organization	101 GJ per \$1M of revenue
<b>EN6</b>	Energy saved due to conservation and efficiency improvements	Performance Data Environmental Management
<b>EN7</b>	Reductions in energy requirements of products and services	Greenhouse Gas (GHG) Emissions Data Centers and Energy
<b>WATER</b>		
<b>DMA</b>	Disclosure on Management Approach – Water	Water
<b>EN8</b>	Total water withdrawal by source	Water
<b>EN9</b>	Water sources significantly affected by withdrawal of water	Water
<b>EN10</b>	Percentage and total volume of water recycled and reused	Water
<b>EMISSIONS</b>		
<b>DMA</b>	Disclosure on Management Approach – Emissions	Greenhouse Gas (GHG) Emissions Carbon Neutrality and Investments in Renewables
<b>EN15</b>	Direct greenhouse gas (GHG) emissions (Scope 1)	Greenhouse Gas (GHG) Emissions
<b>EN16</b>	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Greenhouse Gas (GHG) Emissions
<b>EN17</b>	Other relevant indirect greenhouse gas emissions by weight	<a href="#">Carbon Disclosure Project Response</a>
<b>EN18</b>	Greenhouse gas (GHG) emissions intensity	<a href="#">Carbon Disclosure Project Response</a>
<b>EN19</b>	Reductions of greenhouse gas (GHG) emissions	Greenhouse Gas (GHG) Emissions Carbon Neutrality and Investments in Renewables
<b>EN20</b>	Emissions of ozone-depleting substances by weight	<a href="#">Carbon Disclosure Project Response</a>
<b>EN21</b>	NOx, SOx, and other significant air emissions by type and weight	<a href="#">Carbon Disclosure Project Response</a>



## Specific Standard Disclosures continues

#	DESCRIPTION	ANSWER/LOCATION
<b>EFFLUENTS AND WASTE</b>		
<b>EN23</b>	Total weight of waste by type and disposal method	Waste and Recycling
<b>EN24</b>	Total number and volume of significant spills	<a href="#">Performance Data Supplement</a>
<b>COMPLIANCE</b>		
<b>EN29</b>	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	<a href="#">Performance Data Supplement</a>
<b>OVERALL</b>		
<b>EN31</b>	Total environmental protection expenditures and investments by type	<a href="#">Performance Data Supplement</a>
<b>Social: Labor</b>		
<b>EMPLOYMENT</b>		
<b>DMA</b>	Disclosure on Management Approach – Employment	Our People: Overview
<b>LA1</b>	Total number and rate of new employee hires and employee turnover by age group, gender, and region	Retention
<b>OCCUPATIONAL HEALTH AND SAFETY</b>		
<b>DMA</b>	Disclosure on Management Approach – Occupational Health & Safety	Employee Health and Wellbeing
<b>TRAINING AND EDUCATION</b>		
<b>DMA</b>	Disclosure on Management Approach – Training & Education	Leadership and Development
<b>LA9</b>	Average hours of training per year per employee by gender, and by employee category	Performance Data Transforming Learning at BNY Mellon
<b>LA10</b>	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Development of Experienced and Executive Talent
<b>LA11</b>	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Development of Experienced and Executive Talent
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>		
<b>DMA</b>	Disclosure on Management Approach – Diversity & Equal Opportunity	Diversity and Inclusion
<b>LA12</b>	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Diversity and Inclusion <a href="#">Performance Data Supplement (EEO-1)</a>
<b>SUPPLIER ASSESSMENT FOR LABOR PRACTICES</b>		
<b>DMA</b>	Disclosure on Management Approach – Supplier Assessment for Labor Practices	Supplier Code of Conduct

## Specific Standard Disclosures continues

#	DESCRIPTION	ANSWER/LOCATION
<b>Social: Human Rights</b>		
<b>NON-DISCRIMINATION</b>		
<b>DMA</b>	Disclosure on Management Approach – Non-discrimination	Non-Discrimination Policy Certification for Nonprofits
<b>Social: Society</b>		
<b>LOCAL COMMUNITIES</b>		
<b>DMA</b>	Disclosure on Management Approach – Local Communities	Community Commitment
<b>SO1</b>	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Philanthropy and Community Involvement
<b>FS14</b>	Initiatives to improve access to financial services for disadvantaged people	Skill-Based Volunteering
<b>PUBLIC POLICY</b>		
<b>DMA</b>	Disclosure on Management Approach – Anti-Corruption	Anti-Corruption
<b>SO3</b>	Percentage of operations assessed for risks related to corruption and the significant risks identified	Risk-Related Products
<b>SO4</b>	Communication and training on anti-corruption policies and procedures	Ethics Anti-Corruption
<b>COMMUNITIES</b>		
<b>DMA</b>	Disclosure on Management Approach – Public Policy	Advocacy and Political Engagement
<b>SO6</b>	Total value of political contributions by country and recipient/beneficiary	Political Contributions
<b>ANTI-COMPETITIVE BEHAVIOR</b>		
<b>SO7</b>	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	See note below.
<b>COMPLIANCE</b>		
<b>SO8</b>	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	See note below.
<b>Social: Product Responsibility</b>		
<b>PRODUCT AND SERVICE LABELING</b>		
<b>PR5</b>	Results of surveys measuring customer satisfaction	Customer Engagement
<b>CUSTOMER PRIVACY</b>		
<b>PR8</b>	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	See note below.

## Specific Standard Disclosures continues

#	DESCRIPTION	ANSWER/LOCATION
<b>COMPLIANCE</b>		
<b>DMA</b>	Disclosure on Management Approach – Compliance	Ethics
<b>PR9</b>	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	See note below.
<b>PRODUCT PORTFOLIO</b>		
<b>DMA</b>	Disclosure on Management Approach – Product Portfolio	Social Finance
<b>FS6</b>	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	Social Finance
<b>FS7</b>	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Social Finance
<b>FS8</b>	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Social Finance
<b>ACTIVE OWNERSHIP</b>		
<b>DMA</b>	Disclosure on Management Approach – Active Ownership	Proxy Voting and Issuer Engagement
<b>FS10</b>	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	Social Finance
<b>FS11</b>	Percentage of assets subject to positive and negative environmental or social screening	Performance Data

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