

DRIVEN BY

OUR VALUES

POWERED BY

GLOBAL
PARTNERSHIPS
AND INNOVATION

INVESTED IN

A BETTER WORLD



SOCIAL RESPONSIBILITY AND TRUST AT BNY MELLON

Successful financial institutions require the trust of clients. As one of the world’s leading financial services companies, we connect global markets to clients across all sectors of society, helping families, businesses and communities grow and thrive. We earn our clients’ trust by listening and partnering, and we minimize global risks and create social benefits through our work. Corporate social responsibility is at the heart of our business strategy and, in carrying out that responsibility, we help create stability and growth around the globe.

TABLE OF CONTENTS

3 INTRODUCTION	
3 About this Report	24 Anti-Corruption
4 We are BNY Mellon	24 Transparency
5 An Interview with Gerald Hassell	25 Strong Governance
7 An Interview with John Buckley	25 Stakeholder Engagement
8 Leadership and the Financial Services Industry	26 Advocacy and Political Engagement
9 Responsibility and BNY Mellon	28 Corporate Governance
9 Awards in 2012	28 CSR Governance
10 A New Approach/Corporate Social Responsibility in Practice	29 CSR Governance Structure
11 Progress on Our Long-term Goals in Corporate Social Responsibility	30 Responsible Investments
12 CSR by the Numbers	30 SRI Education and Training
	30 Investment Management and Social Responsibility
	31 Investment Services
	34 Responsible Financing
	35 Community Reinvestment
	36 Operational Reliability and Effectiveness
	37 Critical System Availability
	37 Business Continuity
	38 Operational Reliability in Action: Hurricane Sandy
	40 Internal Stress Testing
	40 Transaction Execution Quality
	41 Operational Efficiency
	44 INVESTED IN OUR WORLD
	44 Community Commitment
	45 Strategic Philanthropy
	46 Employee Community Involvement
	47 Human Rights Advocacy
	48 Responsibility in Our Supply Chain
	49 Environmental Stewardship
13 INVESTED IN OUR PEOPLE	
14 Excellent Talent	
14 Employee Engagement	
15 Retention in Key Positions	
16 Benefits	
16 Live Well	
16 Individual Development Plans	
16 Learning and Development	
17 Strategic Workforce Planning	
17 Protecting Human Rights in Our Workforce	
17 Diversity and Inclusion	
18 Four Forces Drive our Diversity and Inclusion Strategy	
20 Employees Around the World in 2012	
21 INVESTED IN MARKET INTEGRITY	
22 Ethics and Transparency	
22 Employee Commitment	

ABOUT THIS REPORT

This report covers the calendar year 2012 and is structured on the three pillars of our CSR strategy: **Invested in Our People**, **Invested in Market Integrity** and **Invested in Our World**. It describes our approach and activities in the priority areas for action, along with relevant metrics. Case studies throughout demonstrate how we put responsibility into practice.

In addition, we are publishing a separate **GRI Index** that provides 2012 data required by the Global Reporting Initiative G3.1 Sustainability Reporting Guidelines. We have chosen to present this information separately in order to keep the focus of this report on the issues most material to our business.

We refreshed our company's CSR approach in 2011 in order to focus on areas where we can have the greatest impact. Our strategies have been further refined in 2012 as we strive for continuous improvement. We welcome feedback on the content of this report. Please send comments to csr@bnymellon.com.



WE ARE BNY MELLON

Founded in 1784, we are one of the world's leading financial services companies, with \$26.2 trillion in assets under custody and/or administration and \$1.4 trillion in assets under management in 2012. Headquartered in New York, we provide financial services in 36 countries and more than 100 markets.

We differ from traditional banks by focusing solely on investment management and investment services. Our clients include financial advisors and intermediaries, pension plan sponsors, corporations, foundations, endowments, governments, individuals and families.

We employ 49,500 people across the Americas, Asia-Pacific, Europe, the Middle East and Africa. Our values—client focus, integrity, teamwork, and excellence—guide everything that we do. To find out more, visit www.bnymellon.com.

INVESTMENT MANAGEMENT	INVESTMENT SERVICES
<p>Asset Management</p> <p>BNY Mellon Investment Management collectively encompasses BNY Mellon's affiliated investment management firms, wealth management services and global distribution companies.</p> <p>\$1.4 trillion in assets under management¹</p> <p>Seventh largest global asset manager²</p> <p>Seventh largest U.S. asset manager³</p>	<p>Securities Servicing</p> <p>BNY Mellon Securities Servicing offers a full range of administrative and operational solutions that enable institutions to efficiently conduct business, invest assets and engage in transactions around the world.</p> <p>\$26.2 trillion assets under custody and administration</p> <p>\$11.4 trillion outstanding debt serviced</p> <p>\$2.1 trillion global collateral serviced</p>
<p>Wealth Management</p> <p>BNY Mellon Wealth Management delivers customized solutions to individuals, families and family offices to achieve results that aim to exceed expectations over market cycles and across generations.</p> <p>\$179 billion in private client assets</p> <p>Third largest U.S. private bank⁴</p> <p>Eighth largest U.S. wealth manager⁵</p>	<p>Treasury Servicing</p> <p>BNY Mellon Treasury Services provides cash management and global payments solutions designed to enable clients to conduct transactions, optimize cash flow and mitigate risk in capital markets around the world.</p> <p>\$1.5 trillion average payment processed daily</p> <p>170,000 transactions conducted daily</p> <p>More than 100 currencies global collateral serviced</p>

¹ Assets under management include investment boutiques and wealth management; ² Pensions & Investments, 2012; ³ Institutional Investor, 2012
⁴ Barron's, "Top Private Banks Thriving in the Tumult," December 3, 2011; ⁵ Barron's, "The Top Wealth Management Firms," September 15, 2012

AN INTERVIEW WITH GERALD HASSELL



**GERALD HASSELL
CHAIRMAN AND
CHIEF EXECUTIVE OFFICER**

Gerald Hassell is Chairman and CEO of BNY Mellon. Over the course of almost four decades with the company, Gerald has led nearly every major division and served on the Board of Directors. We asked him to draw on that experience to reflect on the company's commitment to CSR.

DOES THE FINANCIAL SERVICES INDUSTRY HAVE A RESPONSIBILITY TO SOCIETY?

Each financial services company has a responsibility to apply its resources and knowledge to further the development of its communities and employees. Over time, that role has expanded to support the needs of the global financial marketplace. Our company was founded in 1784 to support the goals of the U.S. government, address the needs of the New York local merchants and residents, and spur the growth and development of the community at large. And, we continue to do so today. We also have a responsibility to shareholders and, as we've demonstrated again and again throughout our history, doing the right thing for society is critical to building long-term shareholder value.

Today, as a global financial institution, we understand how important we are to the financial system and embrace the responsibility to be leaders in terms of capital strength, risk management and integrity.

HOW DOES BNY MELLON CONTRIBUTE TO SOCIETY AT LARGE?

The work we do at BNY Mellon matters. The proof is in our history. Our company has helped society advance by financing critical infrastructure and connecting

markets and investors. We made the first loan to the U.S. government, helped finance the Erie Canal and the New York subway system, and helped underwrite many new businesses that have become industry leaders.

Today, we continue to contribute. Our purpose is to power global investments to help our clients succeed. We are one of the world's leading investment managers, and we service more of the world's financial assets than any other company.

For example, we manage and service the assets of many large pension plans. We ensure that those assets are safe and their investment guidelines are adhered to, and we provide reporting to help plan sponsors make smart investment decisions. Many of those plans look to us to manage some portion of those assets, counting on us to help them achieve investment returns to meet their obligations — to make sure that retirees continue to receive their pension checks. Sometimes, we're helping an endowment raise funds to support vital programs in the community. Other times, we're helping municipalities build roads or hospitals. We are invested in our world.

CONTINUE >>

WHAT IS BNY MELLON'S ROLE IN SUPPORTING FINANCIAL MARKET INTEGRITY?

We are not like other global banking organizations. Our company does not offer credit cards, auto loans or other retail products to retail consumers. We are an investments company that provides investment management and investment services. Our services help major financial institutions access funding and support the operational infrastructure of the global capital markets. Through our clearance, advisory, global markets, and treasury services and asset management platforms, we facilitate the trading, settlement and distribution of client assets around the world.

We have used our expertise to implement certain risk-reduction improvements in the market infrastructure and will continue to make additional improvements to do our part to ensure that the global markets are safe, effective and run smoothly. We also contribute to the health of global markets and earn our clients' trust every day by upholding the highest standards of ethics and integrity in our practices and products. At BNY Mellon, we know that well-functioning markets are vital to the stability of our business and to global economic growth.

WHAT IS BNY MELLON STRIVING TO ACHIEVE IN 2013?

Beyond our work to sharpen client focus, drive excellence and create organic growth, we care about our people. Improving opportunities for learning and development is something our employees have asked for. We're in the midst of creating a world-class corporate university that will offer a wide range of learning opportunities for all of our employees. It will better equip us to collaborate, innovate, live our brand and deliver excellence to our clients.

AN INTERVIEW WITH JOHN BUCKLEY



JOHN BUCKLEY
DIRECTOR OF CORPORATE
SOCIAL RESPONSIBILITY

John Buckley leads corporate social responsibility practices, performance and CSR communications and reporting. Prior to this role, John spent 25 years at BNY Mellon serving in numerous leadership positions related to major corporate change initiatives. We asked John to share his thoughts on BNY Mellon's commitment to CSR and the role of the financial services industry as a whole.

WHY IS CORPORATE RESPONSIBILITY LEADERSHIP IMPORTANT FOR THE FINANCIAL SERVICES INDUSTRY?

Showing greater corporate responsibility is absolutely critical to our industry's future. We need to revive trust in the global financial system so that consumer and investor confidence strengthen and the world's economies can grow. Making that happen means embracing responsible policies and practices that encourage greater public confidence and make a difference to wider society.

WHAT IS THE THINKING BEHIND BNY MELLON'S NEW CSR STRATEGY?

Over the past two years, we consulted widely with stakeholders within and outside of our company on the direction our sustainability efforts should take to have the most impact. We settled on six key themes for our strategic focus: ethics and transparency, operational reliability and effectiveness, responsible investments, strong governance, excellent talent, and community commitment.

For each, we have set performance indicators and long-term goals to keep us on track (see [p. 11](#)). This has been a milestone year, and we want to exchange ideas and dialogue with others in the industry.

WHAT CAN THE FINANCIAL SERVICES INDUSTRY DO TO FURTHER DRIVE ENGAGEMENT ON CSR ISSUES?

Each firm needs to understand its own highest responsibilities to society and work to fulfill those. Also, as an industry we can collaborate on best practices that help our industry better serve society. BNY Mellon wants to change the CSR discussion for our industry. We want to shift our focus beyond environment and philanthropy, so that we can concentrate on the issues most material to financial services and where we can have the greatest impact as an industry.

LEADERSHIP AND THE FINANCIAL SERVICES INDUSTRY

As the economic challenges of the last few years have shown, the financial services industry is fundamental to global stability and growth.

In the global economy, the performance of our industry has a ripple effect far beyond our clients and shareholders, impacting the prosperity of society. Nearly every business transaction or decision offers an opportunity to benefit society beyond our immediate business objec-

tive. And responsible business works both ways — our contribution to global and community stability often leads to new relationships and opportunities in new markets.

In our view, corporate social responsibility is not an option; it is a core aspect of our business.

To meet the needs both of our clients and society, today and tomorrow, the global

financial services industry must evolve. We need to be, at all times, dependable and adaptable, transparent and trustworthy, innovative and forward-looking. We must rebuild confidence in the global financial system and the benefits it can bring. And we must provide the solid financial foundation to enable society to pursue sustainable solutions for our common future.

GLOBALLY, BNY MELLON SERVES:

78%

of the top 100 endowments

67%

of the top 1,000 pension funds

50%

of the top 50 foundations

46%

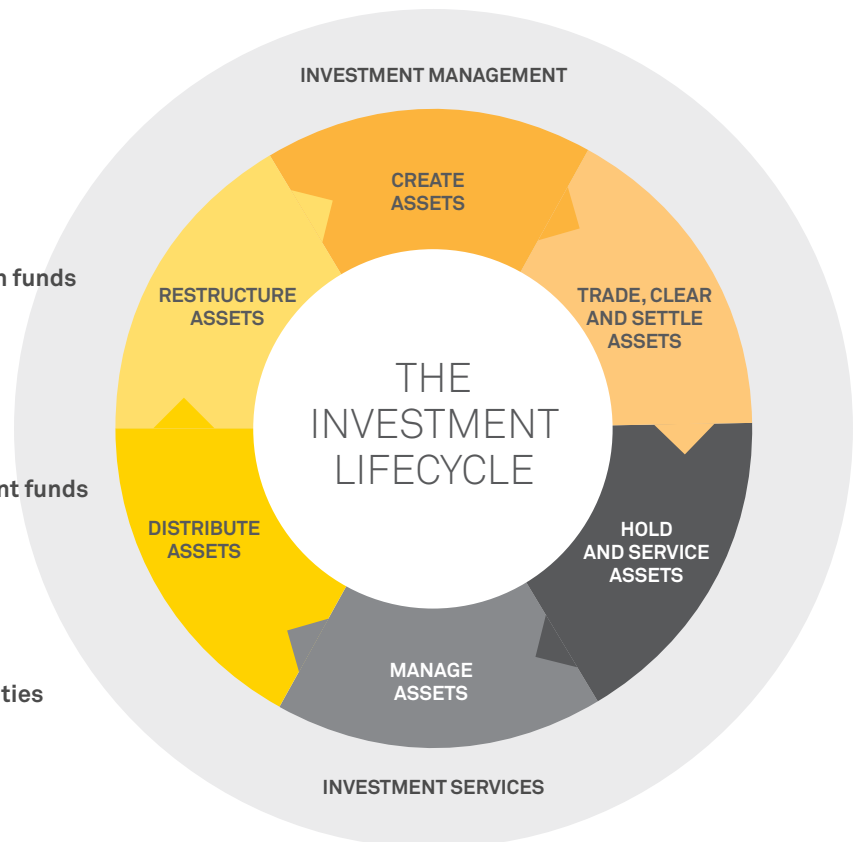
of the top 200 retirement funds

56%

of the top 200 life/health insurance companies

52%

of the 400 best universities



Endowments // 2010 NACUBO Endowment Study // Reprinted with permission of NACUBO, Copyright 2012 // Metric is Total Market Value of Endowments, in thousands, as of FYE 2011 // Data source used by P&I Magazine.
Foundations // The Foundation Center // Reprinted with permission of The Foundation Center, Copyright 2012 // Metric is Market Value of Assets, in thousands.
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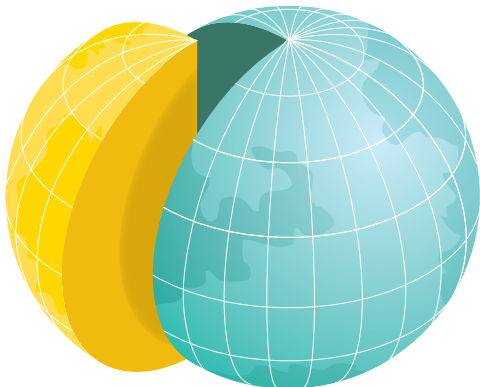
Global Education // The U.S. News World's Best Universi-

RESPONSIBILITY AND BNY MELLON

We have a particularly important role to play, given our position in the financial services industry. Our business units' transactions touch nearly a quarter of the world's moving assets every day. We see ourselves as central to the industry and, by acting responsibly, we can positively impact it and society at large.

We drive operational excellence by finding smarter ways to run our business that take risk out of our company and the financial system ([Visit our Annual Report](#)). We place a high premium on trustworthiness and reliability. And we have long recognized that corporate social responsibility is crucial to how we fulfill our role as a major global financial institution.

Our clients trust us every day with their investments. In turn, we depend on our talented workforce to meet client needs with the highest standards of excellence and integrity. To help our people succeed, we build an inclusive, supportive and dynamic working environment. We also collaborate with key stakeholders including shareholders, clients, employees, communities and regulators. Together, we contribute to the resiliency of global markets and help generate the resources to address pressing social, environmental and economic development issues.



BNY Mellon touches **25%** of the world's moving assets **every day**.

AWARDS IN 2012

Our world-class services and our reputation for trustworthiness and reliability are reflected in the many awards we receive from industry organizations and the financial media. In 2012, some of these awards included:

THE ASIA ASSET MANAGEMENT BEST OF THE BEST AWARDS, 2012

Best Global Custodian in Asia-Pacific

CUSTODY RISK, 2012

Americas: Custodian of the Year

Latin America: Most Innovative Project of the Year (Alternative Prime Custody), Mutual Fund Administrator of the Year, Pension Fund Custodian of the Year, Transfer Agent of the Year

Europe: Custodian of the Year, Fund Administrator of the Year (Ireland)

GLOBAL CUSTODIAN, 2012

Top ratings in Agent Banks in Major Markets, Global Custody and Tri-Party Securities Financing surveys

GLOBAL FINANCE, 2012

Best Custody Bank, Best Private Label System Provider for Treasury and Cash Management, four top ratings in the World's Best Foreign Exchange Providers survey

GLOBAL INVESTOR, 2012

Top ratings in custody and foreign exchange surveys

A NEW APPROACH

“Doing the right thing, the right way” has been ingrained in our cultural DNA, from the CEO down, for centuries. In 2011, we acknowledged the need for a more sophisticated approach to corporate social responsibility, one that would set leadership standards for our industry.

The starting point was recognizing that we needed to clarify where BNY Mellon can have the greatest material impact on society. We embarked on a rigorous discussion involving internal stakeholders, company leaders, socially responsible investing firms and key external stakehold-

ers. In 2012, we continued to hone our CSR framework. The result, approved by our **CSR Council** and Board of Directors, was a decision to focus on the following priority areas:

- Excellent talent;
- Ethics and transparency;
- Operational reliability and effectiveness;
- Responsible investments;
- Strong governance; and
- Community commitment.

These issues are not only of critical importance to our stakeholders but directly connected to the long-term success of our company. By focusing on them, we will strengthen how BNY Mellon is Invested in Our People, Invested in Market Integrity and Invested in Our World.

CORPORATE SOCIAL RESPONSIBILITY IN PRACTICE

INVESTED IN OUR PEOPLE

We provide our talented, diverse workforce the opportunities they need to contribute and succeed.

**EXCELLENT
TALENT**

INVESTED IN OUR WORLD

We make our local communities better places to live and work, and contribute to solutions for the world’s most pressing issues.

**COMMUNITY
COMMITMENT**

INVESTED IN MARKET INTEGRITY

We earn clients’ trust every day by upholding the highest standards of integrity in our practices and products.

We contribute to the health of global markets through the resiliency and effectiveness of our operations.

**ETHICS &
TRANSPARENCY** + **STRONG
GOVERNANCE** + **RESPONSIBLE
INVESTMENTS** + **OPERATIONAL
RELIABILITY &
EFFECTIVENESS**

PROGRESS ON OUR LONG-TERM GOALS IN CORPORATE SOCIAL RESPONSIBILITY

For each priority issue we identified, we have made the long-term commitments described below. We are pleased with the advances we've made, but recognize further work is required.



STATUS OF PROGRESS
(achievement of annual Key Performance Indicators)

- > 80%
- 50%–80%
- < 50%

CSR BY THE NUMBERS

	Unit of Measurement	2012 Value	2011 Value	2010 Value	
INVESTED IN OUR PEOPLE	Employees	Globally	49,500	48,700	48,000
	Individual development plans	% of employees with plans	75%	45%	25%
	Total compensation ¹	Billions USD	\$3.5	\$3.6	\$3.2
	Performance reviews	% of employees reviewed	100%	100%	100%
	Training hours	Hours per employee	31	25	30
	Employee retention	% of employees	91%	90%	91%
	Managing Directors who are women	% of Managing Directors	26%	25%	25%
	Employee engagement globally	% of overall positive survey results	77%	66%	75%
INVESTED IN MARKET INTEGRITY	Total revenue	Millions USD	\$14,555	\$14,730	\$13,875
	Non-U.S. total revenue	% of total	37%	37%	36%
	Outstanding debt serviced	Trillions USD	\$11.4	\$11.8	\$12.0
	Capitalization	Billions USD	\$29.9	\$24.1	\$37.5
	Locations of operations	Countries	36	36	36
	Company credit rating	S&P credit rating of long-term senior debt	A+	A+	AA-
	Assets under custody and/or administration (AUC/A)	Trillions USD	\$26.2	\$25.1	\$24.1
	Assets under management	Trillions USD	\$1.4	\$1.3	\$1.2
	Capital levels	Estimated Basel III Tier 1 common equity ratio-Non-GAAP ²	9.8%	N/A	N/A
	Assets explicitly screened for ESG factors	Billions USD	\$35	\$17.8	N/A
	Certified compliance with the Code of Conduct	% of active employees	100%	100%	100%
	Availability of critical operating systems	Incidents per billion USD AUC/A	0.04	0.05	0.06
	Business continuity contingency plan testing	Number of exercises per year	1,600	1,500	1,388
	Projected annual savings through building energy efficiency projects	Millions USD	\$3.8	\$3.5	\$3.1
	ENERGY STAR-certified coverage	% of owned or controlled sq. ft.	55%	49%	31%
INVESTED IN OUR WORLD	Total cash donations ³	Millions USD	\$33.6	\$33.6	\$34.9
	– Grants and charitable sponsorships		\$19.1	\$19.5	\$20.9
	– Employee contributions and company match		\$14.5	\$14.1	\$14.0
	Powering Potential	% of total giving	41%	40%	40%
	Employee volunteering	Hours	84,000	71,000	43,000
	Diverse suppliers	% of competitive supplier spend	13%	10%	10%
	Direct CO ₂ emissions from operations	Metric tons CO ₂	9,513	9,490	9,474
	Indirect CO ₂ emissions from operations ⁴	Metric tons CO ₂	208,926	230,078	202,096
	CARBON DISCLOSURE PROJECT	Score	90	81	66
	Greenhouse gas emissions	Current % of reduction from 2008 baseline	32%	16%	20%
Alternative energy	% of global electricity usage offset by alternative energy	72%	57%	62%	
Paper reduced	% of internal copy paper from 2008 baseline (U.S. only)	38%	28%	20%	

¹ A full explanation of total compensation and other staff expense is available within the [Annual Report](#) under Noninterest Expense.

² The estimated Basel III Tier 1 Common equity ratio as of December 31, 2012 was based on the Notices of Proposed Rulemaking (NPRs) and final market risk rule initially released on June 7, 2012 and published in the Federal Register on August 30, 2012. For further explanation of the capital ratios, please see the capital section of the [10-K annual report](#). **May vary because of launch date, employee acquisitions or legal restrictions ³ Employee and company giving, including our two foundations: BNY Mellon Foundation and BNY Mellon Foundation of Southwestern Pennsylvania ⁴ Includes scope 2 and 3 indirect emissions
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INVESTED IN OUR PEOPLE



At BNY Mellon, we strive every day to deliver superior client service and investment performance for our clients and generate positive social impacts. To do so, we must attract, engage, develop and retain a talented workforce. We have established a high-performance work culture, and are committed to maintaining a dynamic and diverse talent base in all of our markets. Our dedication to our people and relentless focus on talent strengthens and differentiates our company in the marketplace.

We give our talented, diverse workforce the opportunities they need to contribute and succeed. We are invested in our people.

Our workforce strategy requires commitment, investment, accountability, planning and execution, and a sharp focus on talent management imperatives that are integral to business growth, such as:

- **Ensuring** alignment between our corporate strategy and our people strategy;
- **Engaging** in strategic workforce planning;

- **Investing** in our people's development;
- **Maintaining** a diverse workforce and an inclusive culture;
- **Using** robust performance management tools; and
- **Measuring** progress in our talent pipeline.

All of these efforts ensure that we have the right people available in the right places to meet our clients' needs and help them succeed.

EXCELLENT TALENT

Our strong performance is driven by top talent at all levels of our company. We believe that top talent gravitates toward world-class organizations that allow individuals to achieve their greatest potential. We aspire to be the employer of choice for the most desired talent around the world. To meet this goal, BNY Mellon seeks to achieve a diverse and inclusive environment at every level, across all businesses and geographies.

OUR LONG-TERM GOAL

Be a performance-driven organization with an inclusive culture that attracts, engages, develops and retains a talented team of diverse professionals, experts and leaders.

2012 HIGHLIGHTS

- 75 percent of employees now have personal development plans, up from just 24 percent in 2010.
- We delivered 1.5 million hours of training around the world, 20 percent more than in 2011.
- 52 percent of our most senior appointments globally were women or people from diverse racial or ethnic backgrounds.

EMPLOYEE ENGAGEMENT

At BNY Mellon, we believe that employee engagement is pivotal to our continued growth and business success. It helps us deliver superior service to our clients, leads to increased company productivity, and aids our retention and recruiting efforts. Our focus on employee engagement is centered on three core attributes in our workforce.

Engaged: We want all members of our global staff to take pride in our company and be committed to their work.

Enabled: All employees should have the tools and resources needed to perform their duties successfully and efficiently.

Energized: Each of our employees should feel that their work environment enables productivity and provides for their physical, social and emotional well-being.

75%
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In 2012, we delivered
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In 2012,
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ENGAGEMENT SURVEY

Each year, we conduct an Employee Engagement Survey or pulse check with our global workforce to measure engagement, assess progress and identify opportunities or areas for improvement. In 2012, 80 percent of our employees shared their feedback through our survey.

2012 Survey Results:

- The 2012 survey revealed overall engagement across the company was 77 percent positive, up from 65 percent in 2010 (our last all-employee survey).
- Our score was in line with the global financial services industry norm of 78 percent positive engagement, according to the research firm that assisted with our survey.
- Our employees' scores for company performance in Diversity and Inclusion (78 percent positive) and Ethics and Values (77 percent positive) were higher than the norm for global financial services firms.
- Scores in the Empowerment, Collaboration and Career Opportunities categories all showed improvement compared to 2010. Our analysis has identified these areas as crucial drivers of engagement.
- Scores in five out of seven question clusters improved from 2010. These included:
 - Overall Engagement: Up 5 percent
 - Collaboration: Up 5 percent
 - Empowerment: Up 5 percent
 - Performance Management: Up 1 percent
 - Career Opportunities: Up 4 percent
- The results highlighted a number of other company strengths as noted in the survey statements below, which garnered positive responses from more than 75 percent of employees and surpassed financial services norms:
 - "In the past year, I have had at least one meaningful development

conversation with my manager." Seventy-five percent agreed, 12 percent higher than the financial services norm.

- "I believe strongly in the company's goals and key priorities." Eighty-one percent agreed, 9 percent higher than the financial services norm.
- "I can report instances of dishonest or unethical practices to the appropriate level of authority without fear of reprisal." Eighty-five percent agreed, 8 percent higher than the financial services norm and 7 percent higher than the "best companies" norm.

Our objective is to build on our engagement efforts and, in 2014, surpass the engagement levels of our financial services peers. BNY Mellon businesses and regions are responsible for creating and executing on relevant action plans in order to address improvement opportunity areas

RETENTION IN KEY POSITIONS

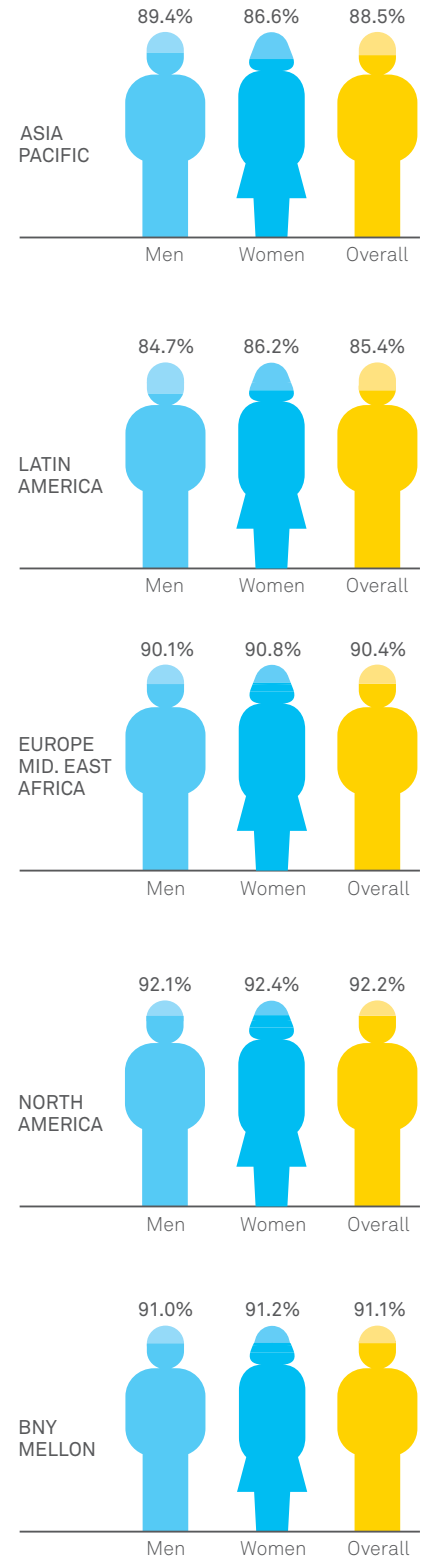
Another positive measure of employee engagement is employee retention, which BNY Mellon business leaders around the world continuously monitor.

In 2012, our company-wide retention rate was 91.1 percent, slightly higher than our 90.4 percent rate from 2011. Retention rates for males and females have differed by less than half a percentage point in each of the past two years, with female retention slightly higher.

GLOBAL RETENTION RATES, 2011-2012

	2011	2012
Men	90.2%	91.0%
Women	90.6%	91.2%
Overall	90.4%	91.1%

TALENT RETENTION BY REGION, 2012



We retained 100 percent of our Executive Committee and 96 percent of our Operating Committee members in 2012.

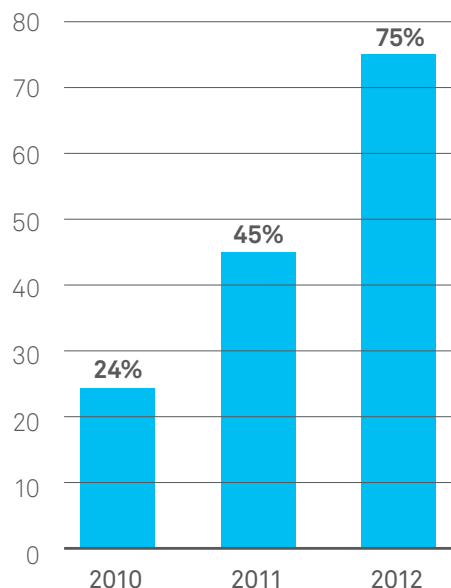
BENEFITS

As a global company, BNY Mellon's benefits programs vary from country to country. Local statutory requirements, state provisions, local market practices and business requirements are always factors in determining the best range of benefit plans in any country, particularly for pension and healthcare. BNY Mellon benefits are targeted to be competitive in the markets in which we operate. We support our employees with programs and resources designed to educate and empower them to enjoy healthy and productive lives.

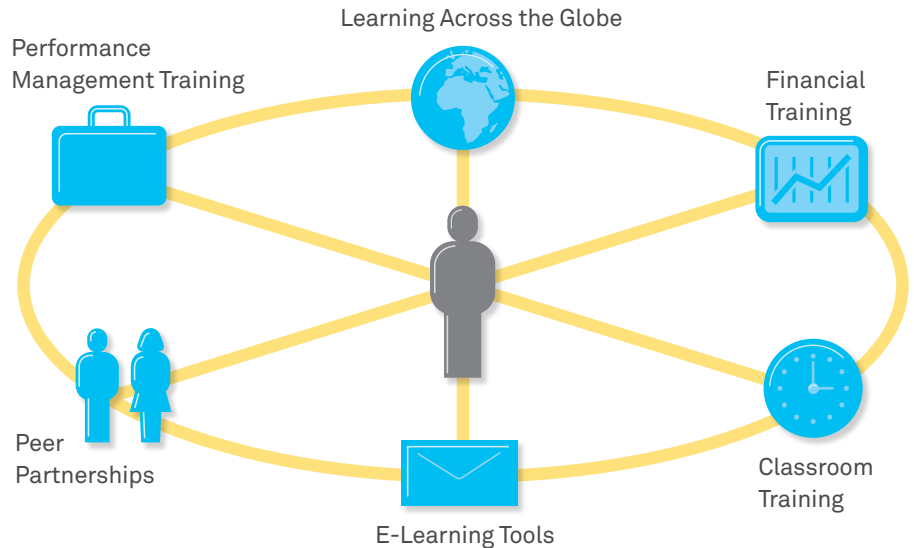
LIVE WELL

Live Well is a program devoted to improving the health and well-being of BNY Mellon employees and their family members, and creating and sustaining a culture of well-being at BNY Mellon.

PERCENTAGE OF BNY MELLON EMPLOYEES WITH AN INDIVIDUAL DEVELOPMENT PLAN



DEVELOPMENT PLANS INCLUDE PATHWAYS FOR GROWTH



It brings together a wide range of resources to empower employees and their families to enjoy healthy, happy and fulfilling lives. The Live Well program has offerings covering health and well-being, work and family, and fitness and recreation.

BNY Mellon continues to expand the Live Well program, launched in the U.S. in 2011, with similar elements of the program offered in international locations. We continually look for opportunities to further expand Live Well to ensure a comprehensive, global well-being program.

BNY Mellon's commitment to the health and well-being of our employees dovetails with our goal of continuing to create and sustain a high-performance work culture.

INDIVIDUAL DEVELOPMENT PLANS

Our company is invested in the people of BNY Mellon. Our growth and progress are inextricably and directly linked to the continued growth and development of our employees. We are fully committed to supporting the professional development of all employees, across all business areas, levels and locations.

We encourage every employee to have a personal development plan with at least one new development goal each year. These personalized plans help advance the unique skills of each employee. Our targeted efforts in this area were successful in 2012 as the percentage of our staff with a development plan reached 75 percent, up from 24 percent in 2010.

LEARNING AND DEVELOPMENT

We believe employee learning and development are paramount to our ongoing global success. Employees around the world use classroom training, e-learning tools and peer partnerships to build their skills and expertise. In particular, our Risk and Compliance, Performance Management training modules, development track courses and full suite of onboarding programs are used extensively.

Over the course of 2012, we delivered more than 1.5 million hours of training — approximately 31 hours per employee. This is roughly 20 percent more than we delivered in 2011, due to our ongoing focus on employee learning and development. Our staff has access to many learning courses across the world

**CASE STUDY:
FOSTERING COLLABORATION AND
STRENGTHENING OUR NETWORKS**

Professional development occurs through a variety of mechanisms. Mentoring is one particularly effective development approach that we make available for our employees.

Our EMEA (Europe, Middle East and Africa) Mentoring Program as an example encourages information sharing across the company and offers our employees in the region access to a broad network of colleagues that span all businesses and locations. Senior-level mentors help participants navigate the network and set and achieve short- and long-term career goals.

The program has grown to include 100 participants in 2012 and continues to expand. One participant shared, “The EMEA Mentoring Program has fostered an exceptional environment in which to learn powerful personal development skills.”

We believe that programs like this help our employees develop their skills and knowledge at an accelerated pace, benefiting both our company and our clients.

through a multimedia approach. In addition, our tuition assistance programs support external study for employees in many locations. In the U.S. and UK alone, we sponsored roughly 200,000 external study hours for nearly 2,000 staff.

**STRATEGIC WORKFORCE
PLANNING**

We believe analytical, strategic and future-focused planning approaches can help us best anticipate and meet workforce requirements around the globe. In contrast to standard “just-in-time” hiring, our strategic resource planning approach brings together key decision makers in a business group or location to map out anticipated human capital needs over a period of one or more years. Future talent needs are estimated through retention rate projections, analysis of client activity, and consideration of evolving business plans and resourcing challenges. This proactive approach, which enhances our ability to predict recruitment timing and costs, enables us to design efficient hiring strategies.

Throughout 2012, we successfully applied a forward-looking approach to strategic resource planning in several of our Client Service Delivery Center (CSDC) locations. Using a robust resource plan for our CSDC in Wroclaw, Poland, we were able to increase our hiring from an initial target of 93 to 132 new full-time positions. Our operations CSDC in Pune, India, hired and onboarded 1,341 new full-time employees, roughly 33 percent of the overall year-end headcount.

We also seek to maintain a fair and consistent approach to managing any reductions in force. In all locations, we act in accordance with legal, regulatory and other relevant requirements.

**PROTECTING HUMAN
RIGHTS IN OUR WORKFORCE**

Our Human Rights Statement guides our corporate policy making, ensuring that we protect the rights of the individual in everything we do. We recognize that

respect for human dignity is paramount, and we both protect human rights in our workforce and advocate for human rights through our community work. For more information about the statement and our advocacy work, see Human Rights Advocacy, p. 47.

We have no operations with any risk of child labor or forced/compulsory labor. We are committed to fair employment practices and compliance with local laws in all locations in which we operate worldwide.

DIVERSITY AND INCLUSION

BNY Mellon conducts business and delivers services across geographic and jurisdictional borders. Our employees must be able to work effectively on cross-cultural teams and move seamlessly across borders to meet client needs. A diverse workforce generates more ideas and delivers more robust solutions, leading to greater success for our company. Our vision for global diversity and inclusion is to promote a respectful environment that leverages diversity and recognizes and advances top talent through a culture of meritocracy. We are focused on advancing diversity in our leadership ranks, across the workforce and through our suppliers of professional services.

We have made measurable progress with respect to diversity and inclusion over the past several years, with a significant number of proactive mechanisms and actions:

- Our Global Diversity and Inclusion Council, led by our Chairman and CEO, has championed diversity and inclusion programs and emphasized accountability for company-wide diversity efforts.
- Since 2009, every employee has had a diversity and inclusion goal in his or her annual performance plan.

FOUR FORCES DRIVE OUR DIVERSITY AND INCLUSION STRATEGY

1 WORKFORCE-CENTERED	2 WORKPLACE-FOCUSED
We will continue to strive for diverse representation across management and leadership ranks, leveraging existing and prospective talent.	We will continue to fuel and foster a culture of inclusion that draws upon a performance-based environment that is rooted in meritocracy. It will harness innovation, collaboration and teamwork.
3 MARKETPLACE-LED	4 LEADERSHIP-DRIVEN
We will continue to reflect the clients and communities we serve around the globe and deliver the whole company across our geographic, business and functional borders.	We will continue to engage leaders and managers to promote sponsorship, coaching, and mentoring; to advance diverse representation; to serve as role models; and to set the standard for excellence in diversity and inclusion.

- We measure progress on diversity and inclusion through a variety of quantitative and qualitative mechanisms.
- Global communications, including our Diversity & Inclusion Matters newsletter, educate and raise awareness of our policies and programs to all employees.
- Our global recognition programs spotlight exceptional diversity and inclusion practices and contributions by employees or teams.

In 2012, we saw further progress. We named Jyoti Chopra our new Global Head of Diversity and Inclusion; engaged with regional executive teams to develop customized diversity strategies and plans for our EMEA and Asia-Pacific regions; and launched our Unconscious Bias diversity training program. We also engaged in a number of initiatives in the U.S. and UK to train and develop returning military personnel for reentry into the civilian workforce, and successfully recruited a number of additional returning military members to BNY Mellon.

BNY Mellon is committed to continuing to develop a workforce that closely mirrors

our surrounding communities. For our current U.S. workforce demographics, see our [GRI index](#).

HIRING LOCALLY

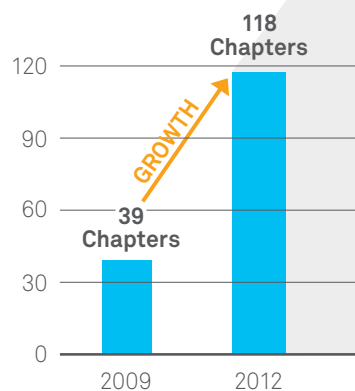
The vast majority of open positions in our company are filled with individuals local to the hiring entity. It is our policy worldwide to advertise most open positions internally and, in many cases, externally.

Exceptions may be granted in certain situations.

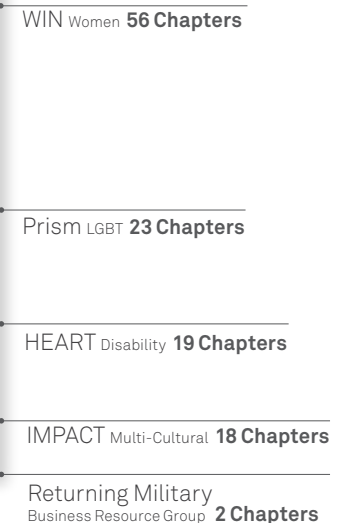
We strive for and greatly value diversity of thought and experience in our global workforce. Today, members of our Executive Committee, Operating Committee and Regional Operating Committees were born or raised in more than 39 countries.

GROWTH OF EMPLOYEE RESOURCE GROUPS

Participation in our employee resource groups has grown exponentially in recent years. By 2012, 118 chapters existed in 20 countries.



BREAKDOWN OF CHAPTERS



OUR RECENT DIVERSITY ACCOMPLISHMENTS INCLUDE:

In 2012, 52 percent of our most senior appointments globally were women or people from diverse racial or ethnic backgrounds.

On our Executive Committee, Operating Committee and Regional Operating Committees, we have seen a 63 percent increase in the number of women and a 24 percent increase in the number of people from diverse racial or ethnic backgrounds over the past three years.

Our talent pipeline is strong. Twenty-six percent of our Managing Directors worldwide are women, and 37 percent of Vice Presidents worldwide are women.

DIVERSITY AND INCLUSION IMMERSION THROUGH TRAINING AND EDUCATION

Our India offices held an annual Diversity and Inclusion Week in December 2012, and a similar week of diversity immersion occurred in our EMEA region in November. More than 140 events took place, across 22 cities, which included sign language classes, panel sessions, discussions with Olympic and Paralympic athletes, and guest speakers from client organizations, academia and the business world discussing leading practices around diversity and inclusion matters.

Our Unconscious Bias management training program commenced globally in 2012, helping our managers examine their unconscious thoughts and the impact they have on behavior. The Global Diversity and Inclusion Council identified this training as the foundation for upcoming diversity education at the company, and the training will be incorporated into company-wide leadership development efforts.

Additionally, BNY Mellon's employee resource groups and the Office of Global Diversity and Inclusion sponsored several educational, training and recruitment forums linked to diversity and inclusion throughout the year.

EQUAL EMPLOYMENT OPPORTUNITY

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

The Corporation, as well as its subsidiaries, affiliates and related companies, is committed to providing equal employment opportunities to every employee and applicant by establishing employment practices and terms, conditions and privileges of employment regardless of race, religion or creed,

color, sex or gender, national origin, age, familial or marital status, ancestry, citizenship, genetic information, sexual orientation, gender identity, gender stereotyping, veteran or military status, being a qualified individual with a disability, or any other factor protected by federal, state and/or local laws.

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

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

AFFIRMATIVE ACTION

As a U.S. government contractor, our company implements various affirmative action measures to ensure equal employment opportunities for minorities, women, qualified individuals with disabilities, qualified special disabled veterans and veterans protected by U.S. federal law.

CASE STUDY:

JOINING THE RANKS OF BNY MELLON

Returning military personnel bring a unique set of abilities, skills, talents and experiences to the workplace, and we are proud to include many of them among our BNY Mellon community.

Our EMEA region held its inaugural Returning Military program in 2012. This six-week work placement program provided individuals resettling from the UK Armed Forces with a rewarding experience aimed at assisting in their transition to civilian employment. The program focused on project work, networking, learning and development, company education, interaction with senior leaders and mentorship. After the program, six participants began positions with BNY Mellon.

“When you jump back into the mainstream job market from the armed forces, it can be difficult to imagine where your skills might best fit within a completely different type of organization and work culture,” said Sarah Dickson, a former Squadron Leader who received a contract position in Human Resources at the conclusion of the program. “The experience has given me confidence that I am making the right career choices and that my skills are, in fact, highly relevant to the financial services industry.”

SELECTED AWARDS AND RECOGNITION FOR DIVERSITY IN 2012

HUMAN RIGHTS CAMPAIGN FOUNDATION'S
Corporate Quality Index
Perfect 100% score
(achieved the past six years)

THE TIMES/OPPORTUNITY NOW
Top 50 Employers for Women in the UK

NATIONAL BLACK MBA ASSOCIATION, INC. Corporate Executives of the Year

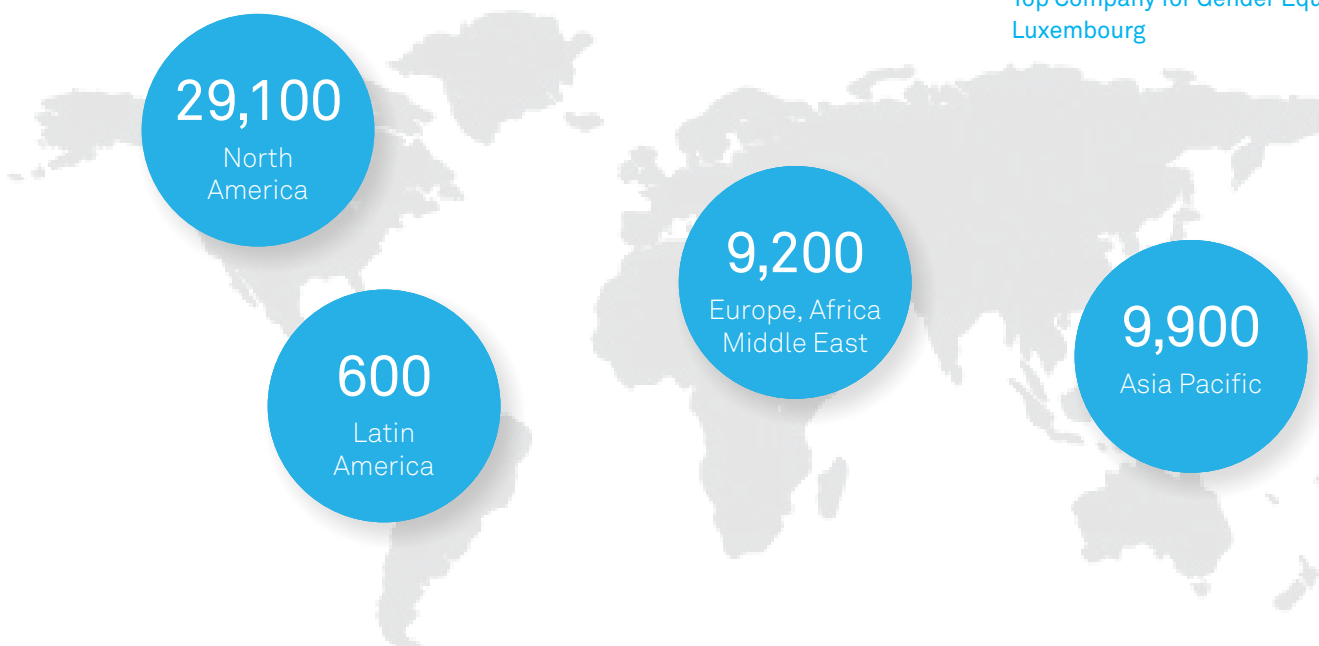
AMERICAN BANKER MAGAZINE
The 25 Most Powerful Women in Banking
Karen Peetz, President

DIVERSITYPLUS MAGAZINE
Top 25 Women of Power Impacting Diversity

OPPORTUNITY NOW
Excellence in Practice Champion Award
Helena Morrissey, Newton CEO

GROUP MARARU SARL
Top Company for Gender Equity in Luxembourg

EMPLOYEES AROUND THE WORLD, 2012



INVESTED IN MARKET INTEGRITY



At BNY Mellon, we understand that well-functioning markets are essential for the stability of our business and for global economic growth. We contribute to the health of global markets through the resiliency and integrity of our own operations and by upholding the highest ethical standards.

We earn clients' trust every day with our individual actions, upholding the highest standards of integrity in our practices and products. We contribute to the health of global markets through the resiliency and environmental efficiency of our own operations. We are invested in market integrity.

Our efforts to support market integrity and earn clients' trust fall under four main areas: Ethics and Transparency, Operational Reliability and Effectiveness, Responsible Investments and Strong Governance. We adhere to the following essential guidelines in all our operations:

- **We act ethically** (see Ethics and Transparency, [p. 22](#)).
- **We are transparent** in our practices (see Transparency, [p. 24](#)).
- **We uphold strong governance practices** and hold ourselves accountable through our CSR reporting and Board oversight (see Strong Governance, [p. 25](#)).
- **We actively contribute to constructive dialogue about regulation** in our industry (See Advocacy and Political Engagement, [p. 26](#)).
- **We engage all our stakeholders** to ensure we take a balanced approach to our business (see Stakeholder Engagement, [p. 25](#)).
- **We offer products that help clients achieve their own environmental, social and governance goals** (see Responsible Investments, [p. 30](#)).
- **We leverage our strong balance sheet and role as a market leader in financial infrastructure to create social benefits** (see Investment Management, and Investment Services, [p. 30](#)).
- **We make our operations as reliable and effective as possible** (see Operational Reliability and Effectiveness, [p. 36](#)).

All of these actions help build confidence in the financial services industry broadly, enhance market integrity, and facilitate the flow of business and capital to support healthy economies and growth around the world.

ETHICS AND TRANSPARENCY

At BNY Mellon, our business philosophy is guided by our high ethical standards and practices.

“Doing What’s Right” is a core focus for our company from the Board of Directors down, and we believe that working together to promote ethical behavior generates positive societal impacts.

OUR LONG-TERM GOAL

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.

2012 HIGHLIGHTS

- Developed and launched several new Ethics and Compliance employee training modules
- Enhanced our Incident Reporting system in order to streamline the process for employees to report suspicious activity

EMPLOYEE COMMITMENT

We ensure that our business is conducted with integrity by communicating our values to all employees. Our workforce is committed to ethical practices, and we provide guidance through our Code of Conduct and related ethics and compliance training. We also require our employees to speak up about questionable behavior and provide a variety of vehicles for them to do so.

CODE OF CONDUCT

All our employees certify their compliance with our Code of Conduct, which outlines five key principles:

- **Respecting others** — We insist on mutual respect, professional treatment, a harassment-free environment, safety, security and respect for managers’ responsibilities.

- **Avoiding conflicts of interest** — We help our workforce navigate potential conflicts with regard to gifts, outside professional commitments, fiduciary responsibilities, personal investment decisions, dealings with family and friends, and corporate opportunities.
- **Conducting business** — We inform our employees in detail about fair competition, antitrust, anticorruption, improper payments, and ways to combat financial crime, money laundering and bribery.
- **Working with governments** — Our employees learn the obligations and basic principles related to working with governments.
- **Protecting assets** — Our training and codes cover financial integrity, standards for senior financial professionals, use of company assets, protection of client and employee records, privacy principles, records

management, technology guidelines and proprietary information.

Our Code of Conduct Questionnaire asks employees to confirm their adherence to various aspects of the Code of Conduct. Over the past year, 100% of active employees* certified compliance. We continually monitor ethical and compli-

FIVE KEY PRINCIPLES OF OUR CODE OF CONDUCT



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

ance practices as they relate to our businesses and adjust our Code of Conduct and the Questionnaire to ensure new and revised concepts are communicated and adhered to. This was evidenced by the five new questions that were added to our 2012 Questionnaire.

ETHICS AND COMPLIANCE TRAINING

We deploy a range of training resources to communicate our ethical standards and keep employees up to date in a constantly changing regulatory landscape. Mandatory ethics and compliance training courses are a major part of these efforts. All employees undergo annual training courses that refresh their knowledge of topics such as risk awareness, securities and anti-money laundering practices and provide updates to company policy.

All new employees receive comprehensive training courses in the following:

- BNY Mellon Code of Conduct
- Bribery and Corruption
- Ethical Conduct or Ethical Leadership (depending on employee's role)
- Global Anti-money Laundering and Suspicious Activity Reporting
- Information Protection and Classification Standards

New employees in applicable roles and regions receive courses in:

- Foreign Corrupt Practices Act
- Government Contracting Compliance
- Insider Trading
- Privacy Practices for Protecting Information
- UK Conflicts of Interest
- UK Data Protection

Competing for the attention of a busy staff can be a challenge. In designing our training materials, we strive to keep content fresh and engaging and to connect ethics and compliance concepts to the daily duties of our employees.

One of our 2013 corporate social responsibility key performance indicators (KPIs) is to ensure employee awareness and commitment to ethical practices by reviewing issues and concerns, developing or revising training and enhancing engagement through targeted communications. This will help ensure we are adequately encouraging employee awareness and commitment to ethical practices.

EMPLOYEE RESOURCES

BNY Mellon has a culture of transparency that requires employees at every level of our company to speak up about all issues of concern to their managers, or our Compliance or Legal teams. We protect employees who do so and prohibit retaliation against individuals. In order to ensure our ethical standards are followed, we provide our staff with a variety of resources:

- **Ethics Help Line:** Operated by the BNY Mellon Ethics Office
- **Ethics Hot Line:** Operated by Ethics-Point®, an independent hotline administrator
- **Incident Reporting System:** An easy-to-use desktop application for reporting suspicious activity
- **Director's Mailbox:** Correspondence with the lead director of the Board

In 2012, calls to our Ethics Help Line and Ethics Hot Line prompted us to investigate 238 cases of possible wrongdoing. We also made a series of enhancements to our Incident Reporting system, making it easier for employees to use.

BNY Mellon maintains a sponsoring partner membership in the Ethics and Compliance Officers Association, a recognized leader of ethics and compliance practitioners. This nonprofit group allows members to enhance their expertise and works to advance ethics and integrity globally.

TRAINING IN 2012

In 2012, we developed and launched several major new online training modules:

- **The Importance of Risk Culture at BNY Mellon**, for employees at Managing Director level and above
- **Operational Risk Awareness**, for employees in operations areas
- **Email: Proceed with Courtesy and Caution**, for all employees
- **Information Risk Awareness**, for all employees
- **Securities Firewall Training**, for employees most likely to come into contact with material, non-public information
- **2012 Anti-money Laundering Refresher**, for all employees hired prior to January 1, 2012.

In addition, we trained many employees with our refreshed Code of Conduct Questionnaire tutorial and provided bribery and corruption training to employees in select locations globally.

Our participation in the Corporate Executive Board's Compliance and Ethics Leadership Council Roundtable also served as a resource for promoting ethical leadership in 2012.

ANTI-CORRUPTION

Our company has a zero tolerance policy for bribery and corruption. Our anti-corruption compliance program covers business dealings and transactions in countries where BNY Mellon or our subsidiaries or associates operate. It is designed to facilitate compliance with national and international laws including the U.S. Foreign Corrupt Practices Act and the UK Bribery Act. Compliance requirements cover a variety of business activities, including oversight of gifts and entertainment expenses, charitable and political contributions, facilitation payments, and third-party intermediary risk and due diligence.

TRANSPARENCY

By conducting business in a transparent manner, we build trust with stakeholders and enable collaborative problem solving. Our company plays a vital role in the global financial marketplace, and it is important that our stakeholders see we are conducting business openly and ethically.

Our commitment to transparency underpins our reputation and record for operational and regulatory excellence. We publicly disclose our actions in public policy and advocacy (see [p. 26](#)), company governance (see [p. 28](#)) and responsible investing (see [p. 30](#)), among others.

We also prioritize transparency in our relations with clients and investors. In accordance with SEC regulations, we provide quarterly and annual reports of

our financial performance. Additionally, our senior executives brief securities analysts on a regular basis. We have emphasized disclosure around our 2012 efforts to build our capital base and maintain a strong balance sheet.

Some of our work focuses on helping clients operate successfully in a marketplace that requires increasing levels of disclosure. Our participation in the tri-party repo market reform process in the U.S. (see [p. 32](#)) has involved efforts to make this market more transparent. Our Global Collateral Services business unit, launched in 2012, is designed to help broker-dealers and institutional investors navigate a variety of new market requirements with increased transparency.

Our annual CSR reporting and related communications demonstrate our commitment to transparency in the areas of social and environmental performance. In 2012, we were also listed in the FTS-E4Good Corporate Responsibility index.

STRONG GOVERNANCE

Governance is the foundation of our worldwide business success. Good governance enables us to maintain a strong balance sheet, manage risk, keep the trust of clients and stakeholders, and uphold the values that make us who we are.

OUR LONG-TERM GOAL

Meet evolving stakeholder needs and expectations by enhancing and sustaining practices for substantive stakeholder engagement, corporate social responsibility and responsible political engagement

2012 HIGHLIGHTS

– In 2012, we were listed on the prestigious FTSE4Good CSR rating index and developed an engagement strategy for external evaluations.

Working closely with stakeholders, we are always looking to incorporate best practices that will further strengthen our approach to responsible business globally. Our Board of Directors leads this effort through its CSR Committee of independent members.

STAKEHOLDER ENGAGEMENT

Good governance requires being a good listener and learner. We engage our stakeholders and adapt our products and practices to address their evolving needs and priorities. We believe such dialogue is not only responsible practice but also contributes to business excellence.

Engagement strengthens mutual understanding with our clients and investors, fosters an informed, motivated and collaborative workforce, and bolsters strong relationships with our suppliers, regulators, communities and others. It is also an ongoing effort. We are committed to continuously improving and expanding how we engage, and respond to, both internal and external stakeholders.

2012 PROGRESS

Improvements in 2012 came on many fronts. Internal stakeholder engagement was essential to shaping our new CSR strategy. In addition to our strategy connecting clients, investors and employees with our brand, BNY Mellon engaged stakeholders in the following ways:

- John Buckley, Director of Corporate Social Responsibility, gave remarks at a meeting of the Economic and Social Council of the United Nations. John spoke before 500 global representatives about our commitment to economic, social and environmental sustainability in our business activities and to the communities in which we do business.
- In October, we sponsored the 2012 Net Impact Conference, an annual student and professional event that promotes the application of business skills to social and environmental issues and features speakers from leading companies, including BNY Mellon.

- We engaged with interested shareholders and surveyed our asset owner client base of more than 1,100 institutions to help understand client needs in the growing area of Socially Responsible Investing (SRI).
- As part of our [Pathways Program](#), we collaborated with leading public and nonprofit agencies in the U.S., UK and Asia to enhance education, job training and career development opportunities for teens. The program is a significant avenue for engagement with employees, government officials and communities where we work.

IDENTIFIED KEY STAKEHOLDERS AND INTERACTION:

SHAREHOLDERS	CLIENTS	EMPLOYEES
<p>Interaction</p> <ul style="list-style-type: none"> – Annual and quarterly reports – Webcasts and conference calls – Financial Services conferences – Proxy voting – Annual meeting 	<p>Interaction</p> <ul style="list-style-type: none"> – Direct meetings – Conference advisory boards – Client conferences – Client satisfaction survey – External surveys 	<p>Interaction</p> <ul style="list-style-type: none"> – Direct meetings with managers – Performance management and development programs – Town halls and Employee Resource Groups – Engagement survey
COMMUNITIES	 <p>BNY MELLON</p>	
<p>Interaction</p> <ul style="list-style-type: none"> – Direct meetings with local leaders – Board membership – Financial support (grants, sponsorships) – Employee volunteering and fundraising 	REGULATORS	<p>Interaction</p> <ul style="list-style-type: none"> – Ongoing advisory dialogue – Advocacy of policy priorities

These five groups represent our Key Stakeholders, as defined during a strategic analysis in 2011 to refine our CSR focus. EXTERNAL PARTNERS, SUPPLIERS, PEER COMPANIES, NONPROFITS AND INDUSTRY ASSOCIATIONS are also important stakeholders for BNY Mellon.

ADVOCACY AND POLITICAL ENGAGEMENT

BNY Mellon is subject to an extensive framework of laws and regulations, and changes to such laws and regulations can significantly impact our business and, in turn, our shareholders, clients, employees and communities. Engaging in public policy and advocacy is an important aspect of our ability to provide the best services.

PUBLIC POLICY

Our Office of Public Policy and Regulatory Affairs, working closely with our Government Affairs Office, monitors legislative and regulatory activities on a daily basis and actively analyzes the potential

impacts – intentional and unintentional – that each relevant proposed law or regulation might have on BNY Mellon and on the broader financial markets. We actively contribute to industry policy discussions in a meaningful way that benefits our clients, investors and other stakeholders, and strengthens our reputation for responsible political engagement.

We are actively engaged in implementing all changes required by new regulatory reforms around the world, including those arising out of the Dodd-Frank legislation in the U.S., the Markets in Financial Instruments Directive (MiFID) and the Alternative Investment Fund Managers

Directive in Europe, as well as changes proposed to the Basel Accord.

We engage with our peers and other members of the financial industry through our membership in various industry and trade organizations. As a member of such organizations, or together with certain 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.

SPOTLIGHT ON EMPLOYEE COMMUNICATIONS: CELEBRATING A NEW BRAND

When BNY Mellon launched our new brand this year, it was an important moment for our company, representing a positive and powerful change.

Our new brand differentiates us in the marketplace as an investments company, one that powers global investments to help our clients succeed. We knew, however, that new advertising and a new look wouldn't miraculously transmit our transformation to our clients and the marketplace. Clearly, the most powerful way we would strengthen client perception of BNY Mellon was through our client interactions.

That's why our first step was to enlist the people who interact with our clients every day — our employees — in determining through workshops and surveys the behaviors we all needed to adopt to make our new brand real. Their answer was simple:

- Help clients succeed by listening to them and understanding their needs.
- Connect the dots through strong relationships and unique insights.
- Drive excellence in everything we do.

Through intranet columns from Gerald Hassell, our Chairman and CEO, interactive e-newsletters and videos, we kept our employees in the loop on every step of our evolving brand — our behaviors, our challenges, and how we articulate who we are.

And when it was time for our brand launch, our employees led the celebration. From Sydney to San Francisco, some 200 BNY Mellon offices around the world ensured that each employee was not only able to speak knowledgeably about the brand, but understand how to live it.

Local brand celebration events featured senior leaders and employee Brand Ambassadors acting as co-hosts, as well as a lively combination of music videos and previews of the new visuals and marketing materials to bring the brand to life. The celebration carried over to our intranet, where employees tracked local brand celebrations across the globe through photos and shared their "invested in..." photos.

We also showcased our new advertising, which focuses on how we are invested in our world — connecting the dots between our work as an investments company and how it changes the lives those investments touch.

And our employees responded:

"I am proud to work for the world's best investment company with a benchmark brand." — Pune, India

"Our new brand sends a positive energy and a clear message — and it isn't just a new look; it's the start of a new culture." — Pittsburgh

"We now have a fresh look in terms of how we think about our clients. Directly or indirectly, I am invested in our clients' success." — New York

"We are demonstrating how we add value to communities worldwide. Whether directly or through our clients, we are supporting initiatives to create a better environment to work and live." — London

In response to the feedback, Gerald said, "It was energizing to see everyone embracing the change our new brand represents and stepping up to tell us how strongly invested they were in driving it forward. Thanks to our people, when we launched externally around the world we were ready."

In addition to lobbying efforts by members of our Government Affairs Office, certain federal lobbying firms are retained to advocate for our interests. In 2012, we spent approximately \$1.1 million in federal lobbying expenses.

POLITICAL CONTRIBUTIONS

Another aspect of political engagement involves the political process and 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.

Our PAC disbursements totaled \$513,000 in 2012. BNY Mellon made no corporate political contributions* in 2012.

*Corporate political contributions include direct contributions to candidates, political parties and 527 organizations and independent political expenditures made in support of or in opposition to a candidate or political party.

2012 POLITICAL ACTION COMMITTEE CONTRIBUTIONS

Dollars in Thousands

	U.S. House	U.S. Senate	Total
 Republican	\$171	\$75	\$264 (53% Rep.)
 Democrat	\$142	\$78	\$220 (47% Dem.)
Total	\$313 (67% House)	\$153 (33% Senate)	\$466 Total*

*Additional contributions include \$32,000 made to Pennsylvania candidates and \$15,000 made to trade association PACs, resulting in \$513,000 total disbursements

OVERSIGHT

Our Government Affairs Office, under the supervision of the company’s General Counsel, oversees all political activity by or on behalf of BNY Mellon, including administration of our PACs. When making specific contribution decisions, a number of factors are considered, 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 keep 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 will not be reimbursed or compensated in any way for attending

political events, engaging in political activities or making political contributions. An employee’s political activities must be done 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.

CORPORATE GOVERNANCE

Our Board of Directors is responsible for the oversight of company management. The Board of Directors is guided by the interests of the company and shareholders, and all board members are subject to our [Director’s Code of Conduct](#), which addresses ethical issues and promotes honesty and accountability.

Our [Corporate Governance Guidelines](#) are also publicly available on our website. These guidelines provide detailed background on the operations of our Board of Directors and the authority vested in management. The board consists of 11 independent members and one non-independent member (definitions of independence are available in the Corporate Governance Guidelines).

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

COMMITTEES OF THE BOARD:

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

For more information on corporate governance, including our corporate governance structure and our compensation program, please see our [Proxy Statement](#).

CSR GOVERNANCE

We strive to adhere to the highest ethical standards and practices in all our activities and transactions. To make this happen, we have put in place a strong CSR governance structure that starts at the top of our company. We uphold strong governance practices and hold ourselves accountable through transparent reporting and board oversight.

Ultimate responsibility lies with our Board of Directors, led by its Corporate Social Responsibility Committee. The CSR Committee is made up entirely of independent directors who regularly review our CSR program and monitor progress against our long-term goals.

The senior managers who make up our CSR Council act as advisors and ambassadors. The Council’s wide-ranging

membership fosters a collaborative, global approach, bringing together subject matter experts and leaders representing all our businesses and geographic regions. The Council also serves as an important communications and ideas channel between the company leadership and our internal stakeholders.

On the ground, we deploy both dedicated CSR specialists and subject matter experts to embed responsible behavior throughout the company. CSR specialists work with each program area to develop initiatives specific to their business, monitor progress on material issues and facilitate dialogue. Subject matter experts manage the day-to-day execution of CSR policies, practices and programs across the company. They collaborate with the CSR specialists and report, as needed, to the CSR Committee of the Board.

Our new strategy for CSR external engagement focuses on a select group of credible ratings, indices, databases and awards that address issues material to our company. By narrowing our focus to these respected, global ratings, we believe we can receive a valuable evaluation of our CSR performance. We use these evaluation processes as opportunities to engage with clients and business partners, benchmark our performance, and identify emerging issues and opportunities for program improvement. Engaging with and monitoring these external evaluations is also a matter of good governance, as it allows us to gauge the strength of our CSR efforts.

In 2012, BNY Mellon was listed for the first time on the prestigious FTSE4Good CSR rating index. We also received our highest-ever score from the Carbon Disclosure Project (CDP), which ranked BNY Mellon second among industry peers.

CSR COUNCIL

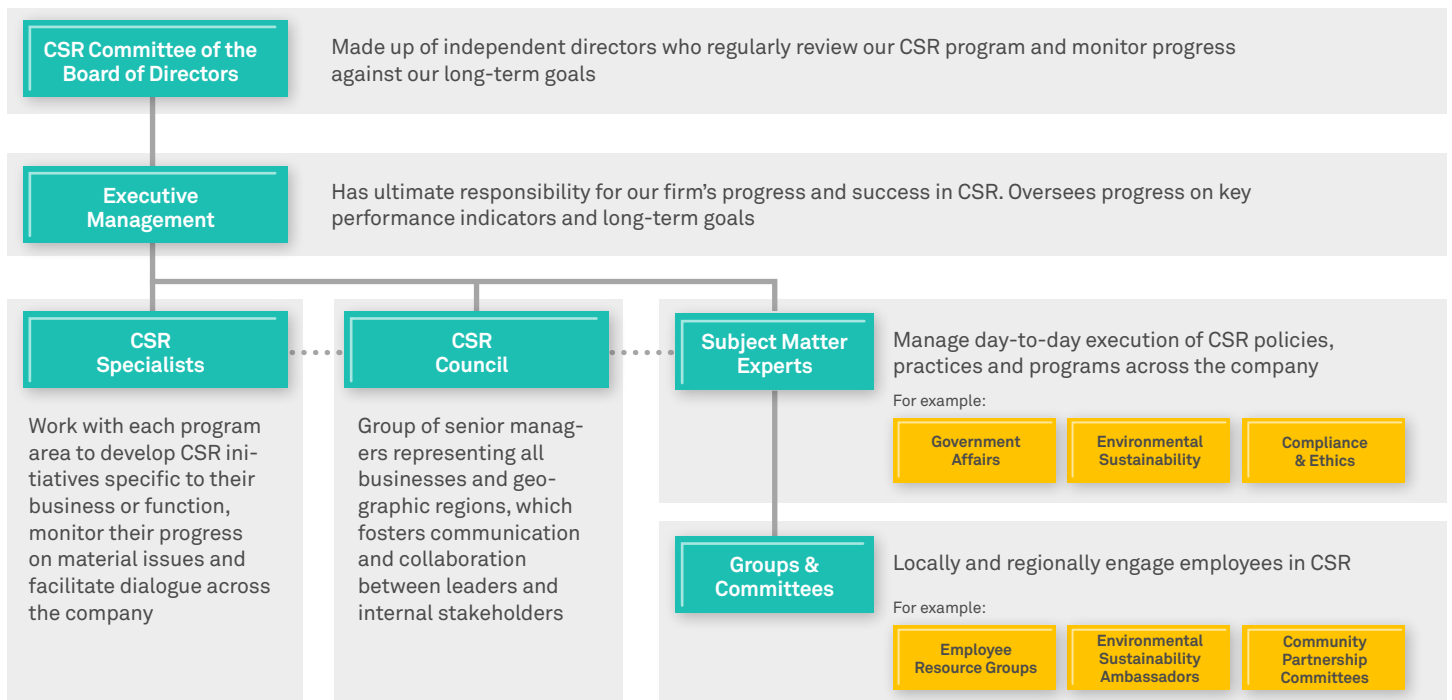
Meeting formally four times a year, the CSR Council advises on strategy, target-setting discussions and our annual report.

The CSR Council's mission is to:

- advance CSR efforts across the business, raising awareness of the value of CSR, championing sustainable behavior, and engaging staff in employee, community and environmental programming;
- drive dialogue, providing perspective and feedback on new and existing strategies; and
- collaborate with key constituents and business leaders to strengthen CSR support company wide.

For more information on our CSR Governance structure, please see the chart below.

CSR GOVERNANCE STRUCTURE



RESPONSIBLE INVESTMENTS

Fiduciary responsibility is our paramount concern when clients trust us with their assets. Many of our clients seek to shape their investment strategies around social or environmental values, and we provide numerous resources to help them meet their goals, including product offerings and education.

OUR LONG-TERM GOAL

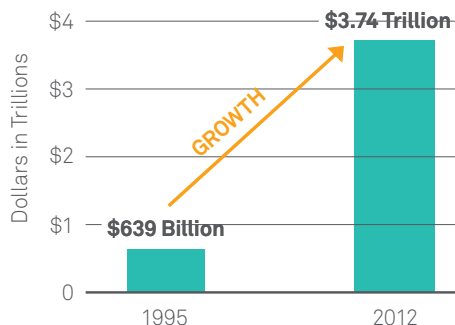
Be highly focused on the client's interests by providing substantive programs to support clients' environmental, social and governance (ESG) needs, and be mindful of ESG risks and impact when lending and investing company funds.

2012 HIGHLIGHTS

- Standish became the fourth of our investment management boutiques to become a signatory to the United Nations Principles for Responsible Investment.
- We conducted an analysis of our lending portfolio, revealing a minimal level of ESG risk.
- We published a paper for our Thought Leadership Series analyzing trends in ESG investing, helping investors gain insight on this increasingly important topic.

The prominence of Socially Responsible Investing (SRI), which integrates environmental, social and governance (ESG) issues into financial analysis and decision-making, has grown exponentially since the mid-1990s. SRI investment in the U.S. alone grew from \$639 billion in 1995 to \$3.74 trillion in 2012, according to the U.S. Social Investment Forum. SRI typically involves screening potential

SOCIAL INVESTMENT FORUM REPORT OF SRI INVESTMENT IN THE U.S.



investments for ESG attributes, though it can also include such practices as impact investing (investments targeted to generate social/environmental benefits alongside financial return), shareholder advocacy/activism and community investing.

In SRI, as with traditional investments, we work in the best interests of our clients. We provide SRI options in our Investment Management and Investment Services businesses, managing and servicing a growing volume of ethically motivated investments.

SRI EDUCATION AND TRAINING

We pride ourselves on the knowledge and insight of our employees, and we help build their expertise in SRI issues through our training programs. In 2012, approximately 100 members of our investment

staff, including analysts, portfolio managers and CIOs, attended SRI training. Topics included The Sustainable Investment Marketplace, Investment Beliefs and ESG, and Scenario Analysis for ESG. We plan to pursue additional SRI education and training for our staff in 2013.

INVESTMENT MANAGEMENT AND SOCIAL RESPONSIBILITY

In our Investment Management work, we take a bottom-up approach to ESG investing and product offerings. We provide investment teams with the information and tools to analyze ESG factors alongside other investment criteria, and allow our boutique investment managers to structure attractive product offerings for the markets they serve. This approach allows us to act in the best interest of the client from a fiduciary perspective while offering a variety of SRI options. Two of

our affiliated boutiques — Newton and Insight, which have a combined \$160 billion in assets under management — incorporate ESG risk factors within all of their investments. Across our businesses, roughly \$35 billion (2.5 percent of our total assets) are explicitly screened for ESG factors.

Leading SRI funds offered by our affiliated boutiques include the following listed in the chart below (*please note that these materials do not constitute a solicitation or recommendation for any fund or securities product offering*):

UN PRINCIPLES FOR RESPONSIBLE INVESTMENT

The United Nations Principles for Responsible Investment (UN PRI) focus on long-term outcomes rather than short-term gains for business, with the intention of improving the balance between society’s present needs and the shrinking natural resources that will support future generations. Signatories to the UN PRI incorporate ESG factors into their investment processes. As of 2012, they include four of our affiliated boutiques:

- Insight
- Meriten (Formerly West LB)

- Newton
- Standish

In total, 23 percent of our assets under management are currently covered by the UN PRI.

INVESTMENT SERVICES

We support our clients’ needs in responsible investing, providing core capabilities to measure and monitor investments as well as tools to support alternative investments. Through education, awareness and product offerings, we allow clients to pursue a variety of SRI approaches.



THIRD CENTURY FUND One of the first SRI funds on the market, launched in 1972	SOCIALLY RESPONSIBLE GROWTH FUND Launched in 1993	SRI RESTRICTED MULTI-STRATEGY, MULTI-MANAGER Strategy launched in 2006
ASSETS UNDER MANAGEMENT		
<p>2010: \$256 million</p> <p>2011: \$243 million</p> <p>2012: \$248 million</p> <p>2012 Performance: The fund returned 11.73 percent versus 16.00 percent for the S&P 500. The fund ranked 81st in the Lipper universe and 34th in the Bloomberg universe of open-ended, socially responsible funds domiciled in the U.S.</p> <p>Benchmark: S&P 500</p>	<p>2010: \$235 million</p> <p>2011: \$214 million</p> <p>2012: \$214 million</p> <p>2012 Performance: The fund returned 11.97 percent versus 16.00 percent for the S&P 500 and ranked 85th in the Lipper universe. Formal universe ranking in the Bloomberg universe is not available.</p> <p>Benchmark: S&P 500</p>	<p>2010: \$254 million</p> <p>2011: \$253 million</p> <p>2012: \$306 million</p> <p>2012 Performance: For 2012, HFRI FoF Diversified index returned +4.79 percent versus +5.76 percent for the fund.</p>
FOCUS		
<p>Enhances the quality of life in America (our definition includes protection and improvement of the environment and the proper use of natural resources, occupational health and safety, consumer protection and product purity, and Equal Employment Opportunity)</p>	<p>Enhances the quality of life in America (our definition includes protection and improvement of the environment and the proper use of natural resources, occupational health and safety, consumer protection and product purity, and Equal Employment Opportunity)</p>	<p>Applies investment restrictions that support certain faith-based, ethical principles. Investment objective is long-term capital appreciation with moderate volatility and moderate correlation to global equity and fixed income markets, through investments in third-party hedge fund managers</p>

CASE STUDY:

NEWTON
The Power of Ideas

NEWTON INVESTMENT MANAGEMENT

ESG is a driving force of Newton's investment process. A UN PRI signatory since 2007, Newton believes that responsibly managed companies can achieve a sustainable competitive advantage and provide strong, long-term growth.

Dedicated ESG analysts provide expertise during investment discussions. Newton's ESG analysts are charged with exercising voting rights, conducting research and carrying out engagement activities on ESG matters. During 2012, Newton staff attended more than 250 Annual General Meetings and 125 Extraordinary General Meetings, where they exercised voting rights on behalf of clients. In addition, they held more than 500 one-on-one meetings with company management, more than 40 of which related to ESG matters.

The work of Newton's ESG analysts is not necessarily geared toward the exclusion of potential investments, but aims to

achieve a better understanding of the relevant ESG risks or seek improvement in the investee company's practices.

Newton regularly reports on ESG issues, discloses examples of engagement and publishes its voting activities. Within the UK, Newton complies with the Financial Reporting Council's UK Stewardship Code. This commits companies to follow seven principles regarding conflicts of interest; dialogue with companies on the appropriateness or viability of their strategy, product positioning and management structure; escalation; acting collectively; voting; and reporting on how investors exercise their stewardship policies.

Newton also publishes regular reports on SRI themes that help both employees and clients better understand the SRI landscape. In 2012, these reports focused on issues such as Arctic oil exploration, the effect of operational safety on investment returns and Chinese environmental protection.

Risk management is critical to ensuring such markets work smoothly. We have used our expertise to help the Federal Reserve minimize risks in the tri-party repo market that were exposed during the financial crisis.

At BNY Mellon, we have a long history of engaging with the U.S. government when reforms are necessary to help steady financial markets. Company President Karen Peetz testified before the U.S. Senate about ongoing efforts to make the tri-party repo market more stable and transparent. In 2012, we also participated in an industry and government-led task force to help the Federal Reserve reform the tri-party repo market and reduce risk.

We are now working to implement the task force recommendations in a manner that causes the least disruption to the funding markets. Our goals are to increase transparency and reduce the risk associated with our intraday secured exposure. Our company has already implemented significant risk-reducing improvements, and we are on schedule to complete these vital efforts by the end of 2014. We strongly believe the market will have less exposure to daylight overdraft risk and be more efficient and transparent once all reform recommendations are implemented industry-wide.

ASSET SERVICING AND ESG SCREENING

We have provided ESG screenings of client portfolios since 2004, and this is now part of our core post-trade compliance monitoring service. We screen investments for more than 60 specific ESG attributes, allowing clients to identify and monitor investments in categories of their choice. Ninety clients are now using ESG-specific data, and we have more than 400 rules in place to monitor ESG criteria on their behalf. The number of clients using our ESG screening services grew by nearly 40 percent in 2012.

BROKER-DEALER SERVICES: RISK MANAGEMENT

While many people have never heard of tri-party repo transactions, these repurchase agreements, intermediated by an independent third party, are a major source of funding for financial institutions that drive global business. Pension funds, municipalities and other entities use this \$1.8 trillion market to generate a return on their cash holdings. We are an experienced third-party facilitator, with roughly 80 percent of the tri-party repo market share.

CORPORATE TRUST

Our Corporate Trust business engages in a variety of ESG-focused work for clients. In 2012, Corporate Trust completed an internal reorganization to better support our clients' needs and help them meet the challenges of particular sectors. We recognize that enhancing our ESG products and business practices will help us open new doors, new markets and new relationships.

CASE STUDY: ESG THOUGHT LEADERSHIP

In late 2012, we published a paper for our Thought Leadership series that analyzed trends in ESG investing to help investors make sense of this increasingly important topic (read the paper [here](#)). Based on a survey of existing Asset Servicing clients, the paper examined if, how and why ESG concerns are incorporated into the investment process. Our findings revealed that:

- 80 percent of firms believe there is no performance tradeoff between SRI/ESG strategies and traditional investments;
- 35 percent of public funds have adopted SRI/ESG strategies, compared to 27 percent of foundations and endowments, and 16 percent of corporate pensions;
- screening of portfolios was the most common ESG strategy;
- human rights, weapons and tobacco were identified by the client base as the most important ESG issues;
- many clients rely on managers to monitor ESG screens (BNY Mellon recommends independent monitoring as best practice); and
- 52 percent of clients in Europe, the Middle East and Asia and 31 percent of clients in the Americas believe that ESG will become more important to their organizations in the future.

Findings and feedback from this study will be used to inform our ESG product development process in order to meet evolving client needs.

Corporate Trust offers the following ESG products:

- **Global Environmental Market Services** — Through custody and clearing for carbon credits, we provide a global platform for the custody and post-trading of carbon offsets that helps to reduce greenhouse gas emissions.
- **Catastrophe Bonds: Trustee and Agency Services** — We facilitate the reinsurance market’s transfer of risk to the capital markets, raising additional reinsurance capacity that will ultimately help to insure policyholders against natural disasters.
- **Project Finance Services: Trustee and Agency Services** — We administer finance arrangements that facilitate the construction or renewal of infrastructure systems, including hospitals, transportation projects and clean energy infrastructure.
- **Environmental Trusts: Trustee Services** — We facilitate the collateralization of corporate environmental liabilities, which will help redress environmental disasters such as oil spills and air pollution.

Many ESG products have a foundation in regulatory or legislative requirements, which commits us to supporting the long-term nature of these products. Some of our recent work, for example, has focused on administering transactions that help clients in the energy and manufacturing sectors respond appropriately to environmental regulations, such the U.S. Environmental Protection Agency’s requirements for brownfield remediation and clean-up and the Nuclear Regulatory Commission’s requirements for decommissioning nuclear facilities.

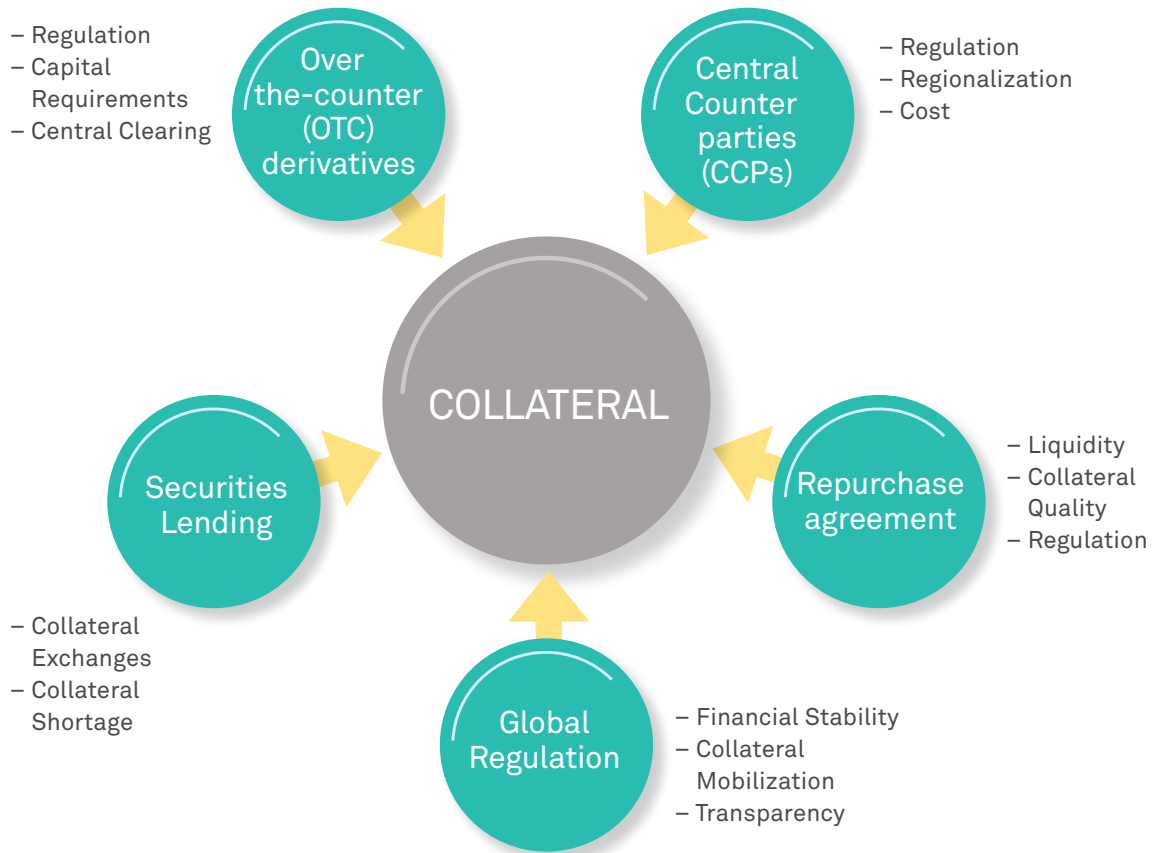
Our Corporate Trust business’s objective is to become a leader in sustainability. Through our London office, we are one of 10 global banking institutions that make up the Banking Environment Initiative (BEI). With high-profile patrons including the Prince of Wales, BEI looks for ways banks can collectively redirect capital away from environmentally damaging activities and toward environmentally beneficial projects. BNY Mellon Corporate Trust plans to sponsor the next BEI forum in 2013.

GLOBAL COLLATERAL SERVICES: PROVIDING STABILITY AS MARKETS CHANGE

Heightened risk sensitivity and new regulations have increased the need for sophisticated collateral management in many financial transactions. We formed our Global Collateral Services business in June 2012 to help broker-dealers and institutional investors navigate new regulatory and market requirements from regulations such as the Dodd-Frank Wall Street Reform and Consumer Protection Act in the U.S., European Markets and Infrastructure Regulation (“EMIR”) and the Basel III global regulatory standard on bank capital adequacy, stress testing and market liquidity risk. The business leverages our diverse global capabilities in collateral management, securities lending, collateral finance, liquidity and derivatives services. The graphic below shows how collateral management has become increasingly important in many types of market transactions. We believe the Global Collateral Services business will help our clients achieve their financial strategies during a period of change.

COLLATERAL MANAGEMENT MARKET FORCES AT PLAY

Market and regulatory changes are driving new client needs and challenges, with an increasing emphasis on collateral.



CASE STUDY: SUPPORTING DIALOGUE FOR SUCCESSFUL MARKET REFORM

To continue communicating our risk reduction initiatives related to U.S. tri-party repo reform, our Broker-Dealer Services team hosted its third Securities Industry Technology Solutions Roundtable in 2012. Chief Technology Officers and Chief Operating Officers from BNY Mellon’s 17 primary broker-dealer clients took part. This ongoing consultative group will foster dialogue with broker-dealer and investment clients and provide a forum for gaining technology insights as we phase in our reforms.

RESPONSIBLE FINANCING

Financial institutions seeking to assess social and environmental risks in their lending activities have generally turned toward an internationally recognized framework: the Equator Principles. 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 own policies and procedures around responsible project finance.

Because we are not active in project financing, BNY Mellon is not a signatory of the Equator Principles. However, in 2012,

we evaluated our entire lending portfolio against their guidelines to determine our exposure to potential social and environmental risk through non-project finance lending activities. Our findings revealed a minimal level of environmental and social risks as a direct result of our lending.

We will continue to monitor social and environmental risk in our portfolio and, in 2013, will update our risk policies to incorporate the standards from the Equator Principles.

For more information on our international exposure and other risks in lending, [see pages 28-34 of our annual report.](#)

COMMUNITY REINVESTMENT

We invest in our communities for many reasons. We believe this is the right thing to do, and critical to meeting our business objectives.

The 1977 U.S. Community Reinvestment Act (CRA) encourages commercial banks and savings associations to help meet the needs of borrowers in low- and moderate-income neighborhoods.

In 2012, we received Satisfactory ratings on the 2011 CRA Examination from our New York regulators (the Federal Reserve Bank of New York and New York State Department of Financial Services). The evaluation covered the period from January 1, 2009, through June 30, 2011. Regulators noted that we had made:

- adequate levels of community development loans, qualified investments and community development services;
- extensive use of complex qualified investments; and
- adequate responses to credit and economic development needs through community development activities.

Our CRA performance at the 2011 CRA Examination included \$543 million in community development lending, \$629 million in qualified investments, \$6 million in CRA-related grants and 179 community services credits.

We work hard to identify CRA-qualified projects to meet our commitment to community reinvestment in a competitive New York CRA market, and anticipate meeting our CRA objectives for our next evaluation.

OPERATIONAL RELIABILITY AND EFFECTIVENESS

We have \$26.2 trillion in assets under custody and/or administration for clients, and provide critical infrastructure that enables capital markets activity around the world. As a systemically important financial institution, it is imperative that our services are continuously available and our transactions are executed properly.

OUR LONG-TERM GOAL

Contribute to the health of the financial system through ensuring excellent transaction quality, reliable critical systems and service providers, and resiliency during potential disruptions. Be a leader in the effective use of resources, including those with environmental impacts.

2012 HIGHLIGHTS

- Reduced Priority One incidents (critical systems incidents posing major risks to our enterprise, clients or core business units) from 0.05 to 0.04 per billion USD assets under custody/administration
- Maintained business continuity through major challenges, including Hurricane Sandy
- Named Best Transactional Bank for Financial Institutions in Europe, Middle East and Africa by EMEA Finance
- Continued ambitious environmental efficiency efforts, resulting in a significant savings through our IT Excellence program and reducing U.S. internal copy paper usage by 38 percent, conserving more than 340 million pieces of paper

Service reliability and systems resilience are critical components of both our overall business strategy and our approach to corporate social responsibility. Our company-wide focus on operational risk management has helped us innovate in order to deliver reliable and effective service to clients even when unexpected challenges arise.

We believe our focus on operational reliability and effectiveness represents an emerging best practice within the financial services industry. Our approach is centered on:

Availability — We strive to make our infrastructure available and operational at all times.

Continuity — We have robust systems in place to continue critical business operations, even when unforeseen or catastrophic events occur, and our internal stress testing helps strengthen these systems.

Transaction Quality — Though we execute billions of transactions each month, we ensure that each one is performed properly.

Resource Efficiency — By using resources efficiently, we reduce costs for our business while minimizing our environmental footprint.

CRITICAL SYSTEM AVAILABILITY

Our technology system is massive, processing 3.26 billion mainframe transactions per month and servicing 195 million accounts across more than 16,000 servers. We strive to maintain exceptional standards in system availability by investing in the best available infrastructure and staff.

BUSINESS CONTINUITY

Our centrally coordinated business continuity program is designed with the goal of allowing critical operations to continue under nearly any circumstance, including significant regional power outages and natural or human-made disasters. Constantly updated and tested to respond to market and industry changes, our comprehensive system encompasses crisis management, technology recovery and business resumption.

Our strategy focuses on geographic diversification of our processing centers, use of multiple back up facilities, resources dedicated to the business continuity process, and plans to care for employees should emergencies arise. We currently have more than 1,300 recovery plans in place, covering our business units and technology facilities around the globe. Board review and approval of our business continuity program is required on an annual basis.

CRITICAL SYSTEMS: 2012 PERFORMANCE

Availability

- Priority One incidents (those that impact our enterprise, an entire region, a core service or client service-level agreements, or pose legal/regulatory risks) were reduced from 0.05 to 0.04 per billion USD assets under custody/administration.
- Despite increased system complexity, availability exceeded 99 percent.

THE DISCIPLINE OF BUSINESS CONTINUITY

BNY Mellon's Global Business Continuity team works across the company and in every region to plan for employee safety and the continuity of service to our clients before, during and after a crisis. This discipline includes prevention, response and recovery.



Continuity

- Detailed plans were developed to accommodate potential interruptions from the London Olympics and other major events.
- Service Level Agreements for all critical care applications were completed as planned.
- In crisis response tests, we successfully recovered our Electronic Funds Transfer and Custody systems in less than four hours and Government Securities Clearance in less than three hours, both exceeding industry standards.

CASE STUDY

OPERATIONAL RELIABILITY IN ACTION: HURRICANE SANDY



continue

IN THE WORDS OF A CLIENT

“IF IT WASN’T FOR THE IMAGE ON TV, WE WOULD THINK EVERYTHING WAS NORMAL IN NEW YORK CITY.”

When Hurricane Sandy struck the East Coast of the United States in October 2012, many of the region’s basic systems, from electric grids to public transportation, struggled to recover. Yet our company’s operations continued almost seamlessly, despite damage near three of our main buildings (including our headquarters) that prevented many employees from coming to the office for two weeks.

The first step in assuring business continuity was preparation. Our team had tracked the storm’s progression, readied generators, communicated plans to employees, and moved some critical resources out of the region. When storm

damage kept over 4,000 of our employees from their regular offices, Business Continuity, Technology, and Facilities teams quickly made remote resources available. Our cross-regional recovery strategies also leveraged assistance from staff in Europe, India, and around the U.S. These efforts, along with our uniquely secure data center design and advanced mobile network capabilities, allowed us to deliver superior client service without interruption and help protect the stability of global financial markets.

The strength of our business continuity system also meant that we could focus on helping affected communities

rebuild. Our company and individual employees donated over \$1.5 million to relief agencies and communities (see Strategic Philanthropy, p. 45) while providing extensive resources to help our employees in the region recover. The lessons we learned from Hurricane Sandy have since been used to drive new improvements in our business continuity program.

CASE STUDY

HURRICANE SANDY IS NO MATCH FOR BNY MELLON

Oct. 29
2012

HURRICANE SANDY HITS LAND AT 8 P.M.

The East River overflowed its banks, flooding large sections of Lower Manhattan.

Metropolitan transportation in and around the city is at a standstill.

Decision made by CEO and Crisis Management Board to temporarily close all New York City and New Jersey facilities and transfer work to other BNY Mellon locations, ensuring staff safety and the continuity of service to our clients.

8 of our facilities were impacted, ranging from loss of utility power to severe water damage due to sea surge.

4,163 people were affected by the closure of three facilities which remained closed until Friday, November 9 (One Wall, 101 Barclay, 120 Broadway).

409 staff based at the 32 Old Slip office worked from contingency locations until the week of December 10.

Staff in all impacted areas checked in via the company's Employee Emergency Hotline system or were contacted by business recovery team members. The company successfully executed its recovery plans, providing uninterrupted operations and service to clients under extremely difficult circumstances.

The company's cross-regional recovery strategies were proven to be very effective, with support from Pittsburgh and Orlando to Europe, India and upstate New York.

Early planning enabled key critical positions to be moved out of region, further augmenting cross-regional recovery.

1,000 PCs mobilized and deployed to contingency locations for our storm-displaced employees through inventory and the company's asset refresh program. Public fuel shortages and transportation issues continue.

1,800+ staff worked in recovery seats.

5,200 staff utilized remote access.

All crisis support teams and Business Continuity, Human Resources, Technology, and Facilities — did a tremendous job in managing the needs of our staff in a flexible manner.

Gerald Hassell and our Crisis Management Board — which includes members of the Executive Committee — worked diligently 24x7 to communicate with clients, employees and other key stakeholders.

Throughout these events, Gerald Hassell reiterated the need to keep both employees and clients updated; both were done very well by our Communication teams and Relationship Managers.

Caring for Our Employees and Our Communities

BNY Mellon created an Employee Care Fund, providing grants to employees who were severely impacted.

BNY Mellon also contributed **\$1 MILLION** to the American Red Cross, local food banks, and agencies to support basic, urgent needs.

11,000 BNY MELLON EMPLOYEES and their families were in the impact zone

INTERNAL STRESS TESTING

Our focus on business continuity excellence is the foundation of our stress testing program. Through regular, enterprise-wide stress tests, we gauge our resiliency to various macroeconomic and idiosyncratic risk scenarios, such as adverse market effects, counterparty defaults, technology failure, operational events (such as terrorist attacks) and litigation. These tests evaluate BNY Mellon's financial and capital position under adverse conditions, as well as second-level impacts on counterparties, clients and volatile markets, in order to increase awareness of our potential to impact financial markets and their potential impact on us given our unique business profile and our significant role in the global markets.

We have developed our stress testing program to meet industry best practice and regulatory expectations. The tests are also a critical component of BNY Mellon's capital adequacy and risk management frameworks. 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 the various 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 reverse stress tests to analyze risk sensitivities across primary businesses, liquidity stress test to identify significant vulnerabilities with respect to liquidity, and entity-specific stress tests to understand risks to each of the enterprise's unique legal entities as well as a variety of other business-specific stress tests. Stress

testing is appropriately integrated with the capital management program at BNY Mellon and lessons learned from stress tests inform our risk culture and contribute to continuous improvement across BNY Mellon.

TRANSACTION EXECUTION QUALITY

Though we execute billions of transactions each month, each one presents both an opportunity (to accomplish the goal of our client) and a risk (execution or data security could be compromised). Through comprehensive oversight processes, we seek to ensure that our execution goals are met, contributing to market integrity and assisting our clients.

We automate transaction processes where possible to increase efficiency and security. Straight-through processing (STP) of payments, without manual intervention, is desirable on both of these counts, and we work with clients to increase STP rates. In December 2012, our Treasury Services Latin America business presented awards to clients that achieved high STP rates.

We are also developing technology to track all transactions that are manually processed. This enormous data set will help us develop systems to reduce cycle time, improve service, mitigate risk and lower costs.

TECHNOLOGY IMPROVEMENTS

In 2012, we made technology improvements related to client experience and operational efficiency, harnessing innovations in big data, mobility and virtualization. We also launched a new software development platform, BNY Mellon Xtreme Computing, which will serve as a base for a growing number of our applications.

Other 2012 technology highlights included:

- Early risk detection through real-time monitoring for suspicious transactions
- Improved risk management practices through increased oversight of access rights, information protection, and technology controls

CASE STUDY: TRANSACTION EXCELLENCE IN EMEA

2012 marked the third consecutive year that BNY Mellon was recognized as the best transactional bank for financial institutions in Europe, Middle East and Africa by EMEA Finance in its Treasury Services Awards. The magazine highlighted BNY Mellon's transaction execution reliability, financial strength and client focus during a period of significant financial challenges in the region.

OPERATIONAL EFFICIENCY

Our technology efficiency initiatives and our corporate paper reduction program show how effective resource management has a positive effect on the bottom line, helps manage risk and allows us to provide exceptional service to our clients. Using resources efficiently is also an important part of our environmental strategy. (For more about our environmental efforts, see Environmental Stewardship, p. 49).

TECHNOLOGY EXCELLENCE

Our information technology infrastructure is integral to the work we do across the financial markets. Our Client Technology Solutions (CTS) Excellence initiative focuses on continuous improvement in technology and management, using a state-of-the-art technology management framework and driving success through the skills and expertise of our technology professionals. CTS Excellence also incorporates activities focused on the tactical delivery of projects with a financial or risk-reduction impact.

In 2012, BNY Mellon committed to adopting the IT Capability Maturity Framework (IT-CMF), an empirically proven and industry-validated standard for technology management practices focused on building capabilities to drive business value. BNY Mellon is an early adopter of this framework, which we believe will help us manage technological operations more smoothly.

In 2012, through technology transformation efforts, we improved processes that will reduce costs significantly. This program has achieved cost savings through infrastructure and application optimization efforts that reduce the physical footprint of our technology systems and use resources more efficiently.

In 2012, we targeted progress on our management and governance of the information we use and store. While our data storage and processing requirements grow significantly each year, managing the lifecycle of information allows us to reduce the number of servers we use, minimize energy needs and mitigate risk. Refinements to our eDiscovery and Legal Holds systems now allow us to define and scope legal holds more precisely, reducing dependency on external law firms and associated risk. We now house all legal matters in a single system.

Other key efforts in 2012 included standardization and optimization of desktops, mainframes and open systems.

PAPERWISE

Launched in 2010, our PaperWise initiative helps employees make informed choices about paper use to help conserve natural resources. In 2011, we achieved a 28 percent reduction in U.S. internal copy paper usage from a 2008 baseline. Our 2012 performance was even better, with reductions of 38 percent or more than 200 million pieces of paper.

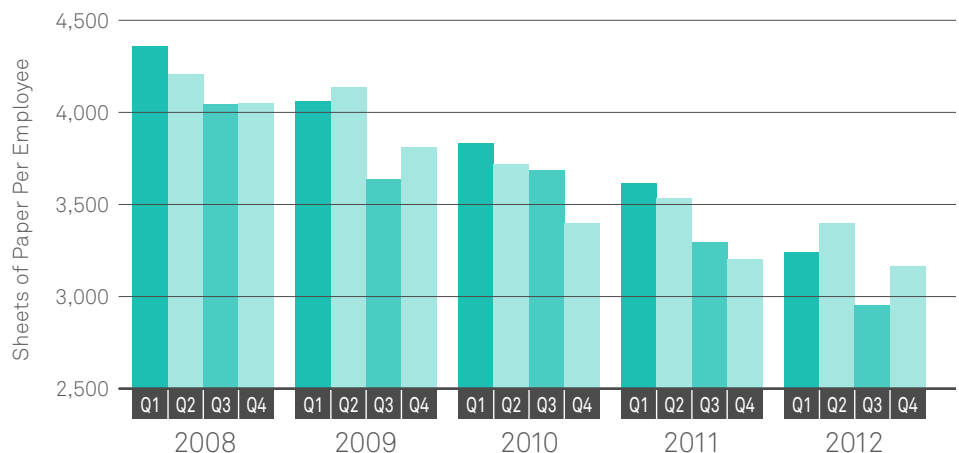
Additionally, in the U.S., we are pursuing reductions in overall paper usage, while reengineering paperless technologies and processes to improve the client experience. In 2013, our U.S. offices aim to sustain copy paper purchasing reductions of at least 30 percent from our baseline, through the application of technology and a culture of employee awareness.

Our EMEA region has set targets to reduce copy paper consumption by 20 percent from 2011 levels by 2016, and by 30 percent by 2019. Our progress toward this goal is off to a good start, with reductions of 15 percent in the region in 2012.

Purchased office paper has been reduced by more than **200** million sheets since 2008.

SHEETS OF PAPER CONSUMED PER U.S. EMPLOYEE PER QUARTER*

*excluding a major acquisition in 2010



DIRECTING OUR ENERGY

We have been working to increase energy efficiency at our data centers, as well as pursuing enterprise-wide power efficiency and management improvements.

Data centers consume large amounts of energy, and ours occupy 200,000 square feet of space, so efficiency improvements can have massive impacts. We use best practices in energy efficiency optimization at our data centers and publicly disclose performance information. In 2012, optimization helped us save 52 million kWh of energy globally. Our Enterprise Data Center Power Usage Effectiveness (PUE) Program has saved more than \$15 million and 203 million kWh since 2006, equivalent to saving 21 million gallons of gasoline.

In 2013, we plan to maintain the positive results of the Enterprise Data Center Power Utilization Effectiveness program. We will also continue working to deploy the leading industry technologies for new potential efficiency gains.

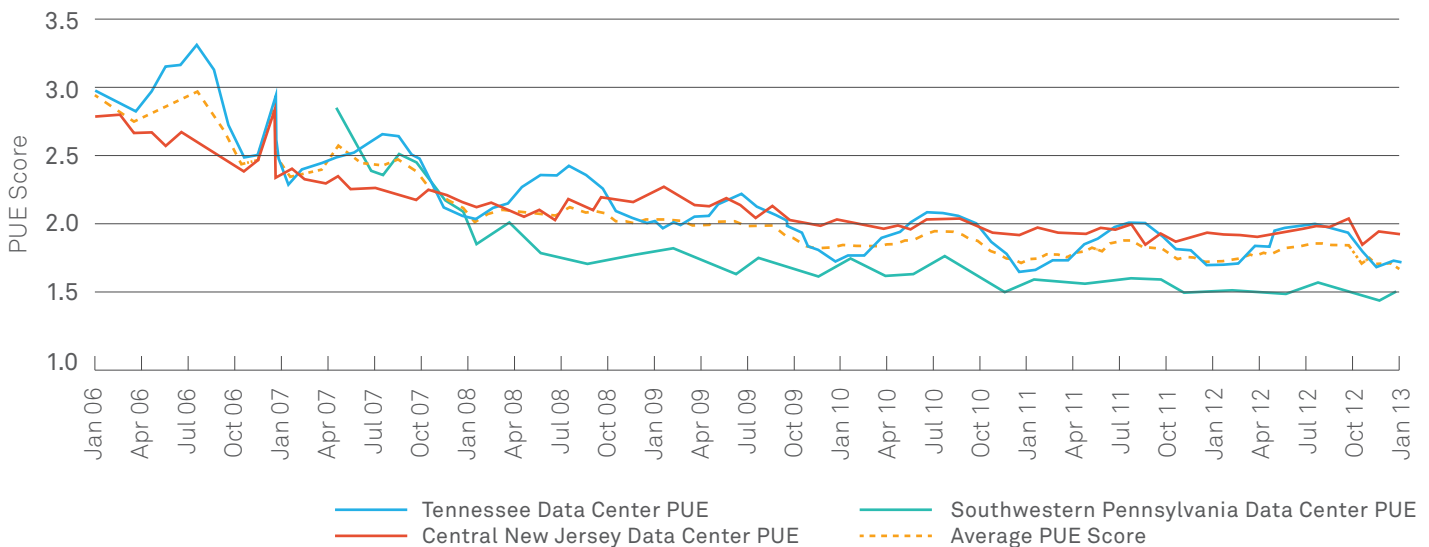
**CASE STUDY:
PUE IN PENNSYLVANIA**

Our 71,000-square-foot Northern Pennsylvania Processing Center (NPCC) is becoming increasingly efficient, thanks to our Power Usage Effectiveness (PUE) program. As part of the program, the facility made a series of upgrades that both expanded capacity and reduced energy consumption. Only projects with a complete return on investment of less than three years were undertaken, including the installation of variable-speed drives on fan systems and changes to temperature and humidity controls. As a result of PUE improvements, the NPCC became only the second data center ever to earn the ENERGY STAR building designation.

**CASE STUDY:
INDUSTRY EFFICIENCY DRIVE**

In September 2012, we joined 10 other financial services institutions in an energy efficiency drive led by the International Financial Services Centre in Dublin. The group aims to cut energy use, as well as reduce water consumption, in our Dublin operations. Each company is aiming for 10 percent reductions in energy costs and carbon emissions by the end of 2013.

DATA CENTER POWER USAGE EFFECTIVENESS (PUE)



PUE is calculated by dividing the amount of power entering a data center by the power used to run the computer infrastructure within it. Overall efficiency improves as the PUE score decreases.

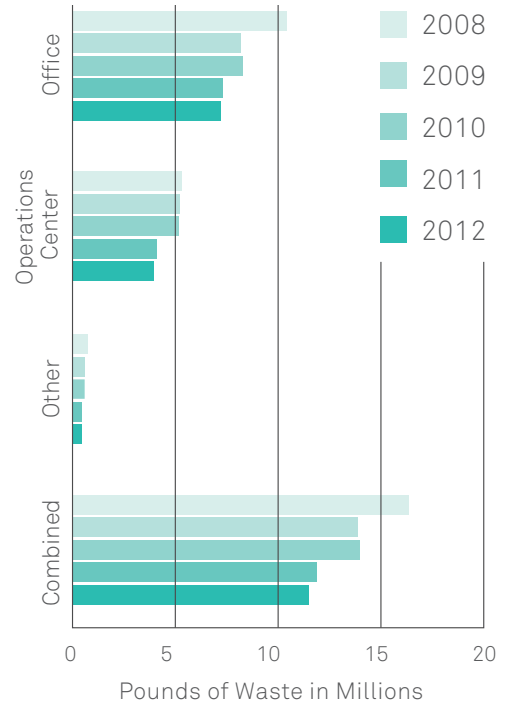
WHY WASTE?

We seek to create positive environmental impacts by optimizing our recycling programs and collaborating with suppliers to reuse materials, thereby limiting the amount of waste sent to landfills. This not only helps to lower greenhouse gas emissions associated with waste transportation and landfiling, but also allows us to recover valuable materials and resources.

In 2012, we reused or recycled more than 10,000 PC items including laptops, CPUs, monitors and phones, diverting 161 tons of electronics waste from landfills. We decommissioned 52.7 tons of hardware and media in accordance with industry best practice and BNY Mellon policy, accounting for:

Each year, we track waste disposal volumes from our major locations in the U.S. and EMEA, with the goal of continuous operational and behavioral improvement. Reporting locations in 2012 include over 8.9 million square feet and approximately 26,000 employees. We recorded 11.6 million pounds of office waste globally, slightly less than in 2011. Our average recycling rates remain steady at 57 percent, and we continue to explore opportunities to divert office waste from landfill by including composting or incineration in our waste management programs. For example in EMEA, approximately 406,000 pounds of office waste were incinerated. Combined with their recycling rates, the regional average diversion rate was 85 percent in 2012.

ANNUAL WASTE DISPOSAL VOLUME



30,134

server/storage hard drives shredded and recycled

34,000

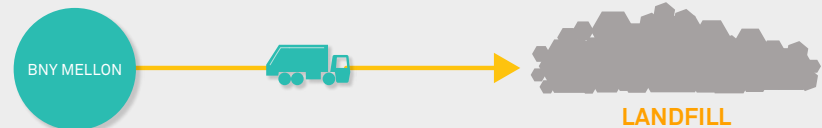
tape cartridges incinerated in a Waste-to-Energy facility

750,000

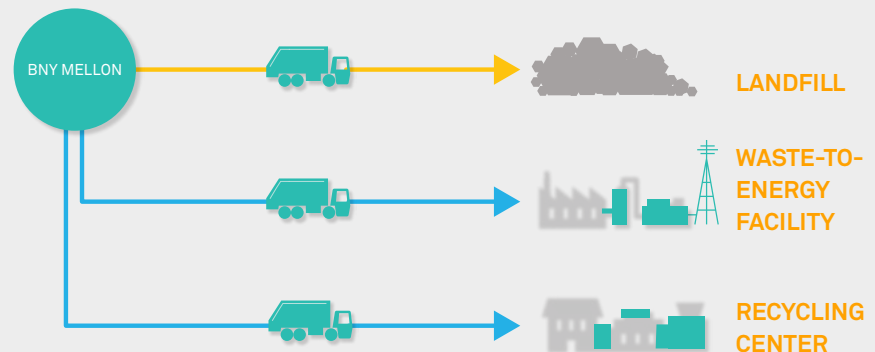
pieces of microfilm/microfiche incinerated in a Waste-to-Energy facility

A CHANGE IN WASTE DISPOSAL PRACTICES

OLD DISPOSAL PRACTICES



NEW DISPOSAL PRACTICES



INVESTED IN OUR WORLD



We make our local communities better places to live and work, and we contribute to solutions for the world's most pressing issues.

COMMUNITY COMMITMENT

At BNY Mellon, the approach to our community commitment is based on innovation and long-term thinking. We strive to make a measurable impact through our strategic philanthropy, employee community involvement, human rights advocacy, diverse supplier development and environmental stewardship.

OUR LONG-TERM GOAL

Demonstrate a measurable positive impact in our communities through philanthropic activity, employee community involvement, environmental stewardship, diverse supplier development and human rights advocacy.

2012 HIGHLIGHTS

- Corporate, Foundation and employee cash giving totaled \$33.6 million
 - Employees volunteered 84,000 hours of their time
 - Positive education and employment outcomes were reported for the 658 vulnerable youth in the Pathways Program participants that were tracked in the U.S. and UK
 - GHG emissions decreased 9 percent from the 2008 baseline
 - Diverse suppliers accounted for 13 percent of competitive supplier spend
-

STRATEGIC PHILANTHROPY

Through our global Community Partnership program, we partner with nonprofits to improve the social and economic conditions where we do business and where our employees live and work. To make a positive difference in our communities around the world, Community Partnership combines charitable donations, sponsorships and the dedicated involvement of our employees.



OUR PHILOSOPHY: POWERING POTENTIAL

In 2008, we developed a philosophy of Powering Potential to direct our philanthropic efforts. The aim was to sharpen the strategic focus of our Community Partnership program and maximize its impact on improving people's lives. As a result, we are prioritizing partnership programs that provide assistance for the most disadvantaged in our communities by delivering basic needs and workforce development. Our efforts provide food, clothing, energy and housing assistance and foster long-term self-sufficiency through job training, education, mentor-

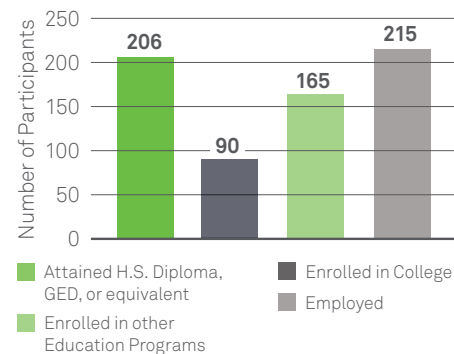
ing and skills development. In 2012, we directed more than 40 percent of our total giving to Powering Potential initiatives aimed at the following:

Vulnerable Youth: Pathways Program

Our Pathways program is a \$6 million, five-year global workforce development initiative that provides education, job training and career development opportunities to help vulnerable youth make the transition into adulthood. In 2012, we targeted disengaged young people and youth leaving foster care in the U.S. cities of Boston, New York and Pittsburgh, and internationally in London and Pune, India.

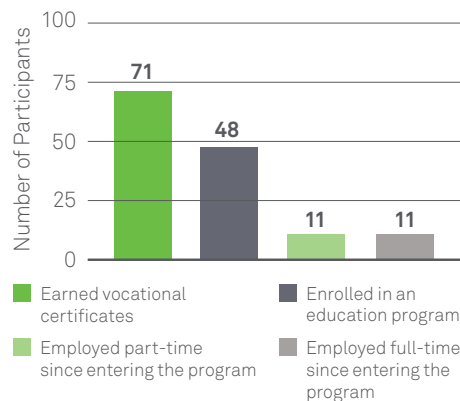
U.S. Pathways Program Outcomes

Our U.S. partners reported the following outcomes among their 550 program participants in 2012:



U.K. Pathways Program Outcomes

We've had similar success in the UK. Our partners there reported the following outcomes among their 108 program participants in 2012:



Our support for Pathways goes beyond financial giving. In 2012, we hosted a thought leadership summit in Pittsburgh to explore the challenges facing young people aging out of foster care and best practices for enabling their educational advancement and employment opportunities. The forum brought together 60 key community leaders, stakeholders, providers and funders who are dedicated to improving the lives of youth at risk.

Returning Military Personnel

In 2012, we assisted more than 500 returning military personnel and their family members through our Powering Potential program. We provided basic needs such as food, clothing and housing, and we offer tutoring and job training services to support returning military members in completing their college degrees and pursuing competitive employment opportunities.

We also sponsored the Building Bikes, Building Dreams event, organized by the 9/11 Tribute Center in New York and held in partnership with the United Service Organizations. The event drew the support of our employees, who logged more than 800 hours of volunteer time building bikes for children of active-duty military members.

Individuals with Disabilities

In 2012, we donated \$600,000 to charities that support basic needs and provide workforce development opportunities for individuals with disabilities so that they can achieve self-sufficiency.

For the fourth consecutive year, we sponsored the Best Buddies Challenge, a 100-mile bicycle ride from Boston to Hyannis Port, Massachusetts. Best Buddies fosters friendships and integrated employment opportunities for people with intellectual differences. Our funding has allowed the program to grow to accommodate more than 70 individuals with special needs. In 2012, we received Best Buddies' Champion of Inclusion award for our commitment to supporting this important work.

Basic Needs

FOOD: We contributed \$1.2 million, the equivalent of 6 million meals, for charities around the world to provide food to those in need. For example, employee donations and volunteer time have supported Community Servings, a Massachusetts nonprofit that provides more than 7,500 medically tailored meals per week to individuals and families living with critical and chronic illnesses.

DISASTER RELIEF: We gave nearly \$1.5 million to Hurricane Sandy relief efforts. To read more about how we were affected by the superstorm and our community recovery efforts, please see p. 38.

HOUSING: We provided 3,000 vulnerable individuals with emergency, transitional

FOOD

We contributed **\$1.2** million around the world to provide food for those in need

DISASTER RELIEF

We gave nearly **\$1.5** million to Hurricane Sandy relief efforts

HOUSING

We provided around **3,000** vulnerable individuals with emergency, transitional and permanent housing

CLOTHING

We made donations to provide clothing to more than **17,000** people

and permanent housing, a 67 percent year-over-year increase from 2011.

CLOTHING: We made donations to provide clothing to more than 17,000 individuals, a 31 percent increase compared to 2011.

EMPLOYEE COMMUNITY INVOLVEMENT

Our dedicated and engaged employees maximize the impact of our Community Partnership program. We encourage and inspire employees throughout the world to give back to their communities through individual donations, team-oriented volunteering and fundraising, and individual community service. As incentives, we offer company matching donations, paid time off for volunteering and employee recognition. Senior executives and managers, including members of our global Executive and Operating committees, also give their time and talents to foster a culture of giving.

In 2012, we worked hard to make employee community involvement easier for those who were interested in participating. For example, we now have an online system — for team volunteering and team fundraising approval and matching donation requests — that is accessible from all of our locations around the world. We expanded giving options to include the new BNY Mellon Employee Care Fund, which provides direct support to employees who have sustained significant, non-reimbursable financial losses from significant disasters like Hurricane Sandy, and increased the number of eligible charities outside the U.S. Aware of our employees' busy schedules, we also adjusted the requirements for our individual employee volunteer program by reducing the number of volunteer hours required to earn a company donation and increasing the donation amount.

CASE STUDY:

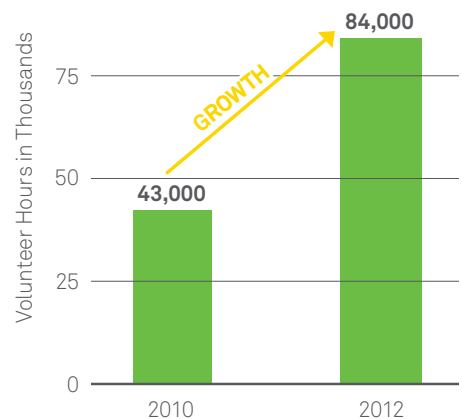
PRO BONO PROGRAM MAKES INSTANT IMPACT

Our pro bono program, established in December 2011, enlists our employees' support in providing legal services and expertise to individuals and nonprofit organizations in their communities. In partnership with local legal aid organizations and private law firms, BNY Mellon employees have lent their skills to projects such as:

- supporting 9/11 victims in New York,
- monitoring the National Election Campaign in various locations,
- participating in custody conciliation in Pittsburgh,
- staffing a family law clinic in Boston,
- helping small businesses in NY and Philadelphia,
- partnering with low-income students in New Jersey,
- assisting foreign domestic workers in Hong Kong and,
- staffing clinics for the homeless in London.

In just one year, 110 staff members logged more than 650 volunteer hours to the program's service initiatives.

GROWTH OF EMPLOYEE VOLUNTEER HOURS GLOBALLY FROM 2010 TO 2012



Our annual Community Partnership Campaign encourages employees around the world to get involved in their communities and raises awareness about program offerings and ongoing initiatives such as Powering Potential.

2012 HIGHLIGHTS

Our success continued with more than 23,000 employees participating in the Community Partnership program. The overall value of employee community involvement — including employee donations, the value of employee volunteer time and fundraising efforts, and associated company matches — totaled \$15.9 million, a 54 percent increase since the launch of the program in 2008.

Our Community Partnership Outstanding Team Awards recognize employee volunteer teams that have made lasting impacts in their communities. Teams receive \$2,500 to distribute to the charities they work with, in addition to the company matching donation for the team's volunteer time. Our 2012 winners include:

- A team in Chennai, India, that volunteered more than 1,000 hours to foster the development of underprivileged children in their community. In partnership with charities including the Avvai Home and Orphanage, Little Flower Convent Higher Secondary School for the Deaf and Madras Society for the Protection of Children, employees taught English, math and computer science and helped maintain a computer lab.
- A team in Johannesburg, South Africa, that supports Bophelo Home Based Care, a charity serving local children whose parents have died from AIDS or are suffering from HIV. Employees donate their time to support the children through serving meals, hosting holiday parties and helping with homework, and the company provides financial support.

- A team in Pittsburgh that biked 150 miles and raised more than \$36,000 for the Multiple Sclerosis Society as part of the Escape to the Lake Bike MS event. BNY Mellon employee teams have raised nearly a quarter of a million dollars through various Bike MS events since 2008.
- A team in Dublin that participated in the Movember Challenge, growing mustaches to support Action Prostate Cancer, an initiative of the Irish Cancer Society. The group raised more than \$15,000 to support awareness and education, survivorship and research on men's health.

HUMAN RIGHTS ADVOCACY

We work to preserve human rights throughout our company and our supply chain (see p. 48). Our actions are guided by our Human Rights Statement, ratified by the CSR Committee of the Board of Directors in 2010. We also look for ways to contribute to human rights solutions throughout the world and seek to serve as a positive influence for the strong protection of human rights.

FOCUS ON INDIA

We are developing targeted human rights advocacy strategies for key countries and regions where we operate.

We have identified India as a priority, given its significance to our operations and urgent social needs. We anticipate that a well-positioned and impactful advocacy program led by our company can generate significant positive change in this region. In 2012, we began exploring opportunities to partner with organizations specializing in gender equality and women's rights in the region. Ultimately, we hope to:

- enhance women's political empowerment;
- build networks among key women's organizations;

BNY MELLON'S HUMAN RIGHTS STATEMENT

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

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

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

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

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

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

- provide financial assistance and other resources to women seeking alternative livelihoods; and
- involve women in community-based organizations.

RESPONSIBILITY IN OUR SUPPLY CHAIN

As a financial services company, we depend on suppliers for services and products ranging from office supplies to legal services and facilities maintenance. Strong supplier relationships are critical to the functioning of our daily operations. As expected by our clients and shareholders, we conduct business with our suppliers in accordance with the highest standards of ethical conduct. We cultivate a responsible supply chain by:

- maintaining a high-quality supplier selection process that takes into consideration quality, innovation, performance and cost-effectiveness;
- incorporating environmental, social and governance (ESG) considerations into supplier management processes;
- developing supplier contracts that set guidelines;
- implementing an assessment program designed to identify and manage risks in vendor relationships;
- advancing responsible practices in areas with a direct ESG impact, such as corporate travel;
- fostering a diverse supplier base through the Supplier Development Program; and
- providing employees with a resource guide to sustainable supplier selection that outlines environmental and social credentials for suppliers of food and dining, corporate travel, IT equipment removal, mail services and office supplies.

SUPPLIER DIVERSITY

Small and diverse businesses — such as those owned by women, minorities, military veterans, the disabled and LGBT individuals — support us in achieving our objectives. Through our Supplier Development Program, we level the playing field for small businesses to compete with more established companies. We build relationships with and maintain a diverse supplier base of more than 2,500 businesses by:

- actively seeking new sources of qualified diverse suppliers through attendance at trade shows and other events;
- expanding opportunities for our existing diverse suppliers by providing guidance and support on our bidding process for new business;
- mentoring diverse suppliers with whom we hope to work in the future; and
- identifying joint-venture opportunities with our major suppliers.

We also collaborate with third-party organizations to advance diversity in the workplace beyond our company. In 2012, we were named Corporate Partner of the Year by the New York Women’s Chamber of Commerce.

We also continued our sponsorship of the New York City Department of Small Business Services Corporate Alliance Program and took part in its Construction Trades Certificate Mentorship program for construction companies owned by minorities, women or local residents. These businesses, selected through a competitive application process, benefit from exclusive contracting opportunities, one-on-one corporate coaching with BNY Mellon senior executives, extensive training through Columbia University, and enrollment in workshops that provide insights on how to do business in the private sector.

In a new initiative, we partnered with the National Minority Business Council and Monroe College in New York to develop a comprehensive

2012 SELECT SUPPLIER DIVERSITY PROGRAM PARTNERS

- Asian Women in Business
- Empire State Development Corporation
- Financial Services Roundtable for Supplier Diversity
- Greater New England Minority Supplier Development Council
- National Association of Women Business Owners
- National Hispanic Business Group
- National Veteran-Owned Business Association
- New York City Department of Housing, Preservation and Development
- New York City Department of Small Business Services
- New York Women’s Chamber of Commerce
- The National Minority Business Council, Inc.
- The National Minority Supplier Development Council, Inc.
- The New York & New Jersey Minority Supplier Development Council, Inc.
- The Pennsylvania-New Jersey-Delaware Minority Development Council
- U.S. Department of Commerce Minority Business Development Agency
- United States Hispanic Chamber of Commerce
- Western Pennsylvania Minority Supplier Development Council
- Workshops in Business Opportunities

educational program on growing and competing in a global economy for small business owners. We will launch a pilot in 2013 with participants choosing from learning tracks including management, human resources strategy and procurement.

HUMAN RIGHTS IN THE SUPPLY CHAIN

We work hard to understand how our suppliers address human rights issues and risks in their own operations and use this information in our supplier selection process. In 2012, we added a human rights clause to our Master Agreement template. We also added a question to our Service Provider Management questionnaire to evaluate potential human rights risks in our supply chain. We are tracking responses and plan to develop a mitigation strategy for vendors that do not meet our requirements.

In addition, we assist selected suppliers in addressing environmental and social issues through their own due diligence processes.

ENVIRONMENTAL STEWARDSHIP

We aim to integrate environmental awareness into every aspect of our business and to consider the environmental, social and financial impacts of every decision we make. (For more on our environmental efficiency initiatives, see p. 41).

In January 2012, we published our first Environmental Sustainability Policy Statement, outlining a comprehensive and holistic approach for our global initiatives ([read the full statement here](#)). Its publication marks the rapid evolution of environmental sustainability at BNY Mellon from a facilities-management initiative established in 2008 into a proactive program spanning every aspect of our business across the globe. Today, our program encompasses five core areas:

1. ENTERPRISE-WIDE ENERGY AND CARBON TRACKING

In 2012, we launched an enterprise-wide sustainability database for tracking energy consumption and carbon emissions — in addition to water, waste and paper usage — from every facility around the world.

We are a signatory of the Carbon Disclosure Project (CDP) and publicly disclose our emissions for every owned, controlled or leased facility in the 36 countries where we operate. In 2012, we received a score of 90 on the CDP’s annual survey, our highest score to date and the second-highest achieved among our industry peers.

Tracking our energy use and carbon emissions has led to improved management and performance. In 2012, we reported a 72.2 percent offset of our global electricity consumption through the purchase of renewable energy and renewable energy credits. We also reported a 31.5 percent reduction from a 2008 baseline in Scope 1 and Scope 2 carbon emissions for our U.S. tracked real estate portfolio, excluding data centers.

2. SUSTAINABILITY LONG-TERM CAPITAL PLANNING

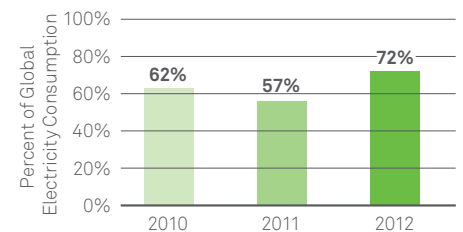
Our long-term thinking and proactive approach directs capital to projects that have the greatest sustainability poten-

tial. Since 2005, we have invested more than \$10.3 million in capital projects throughout our portfolio, ranging from lighting upgrades to building automation systems. To date, the projects have saved us more than \$11.6 million and reduced our impact across our operations.

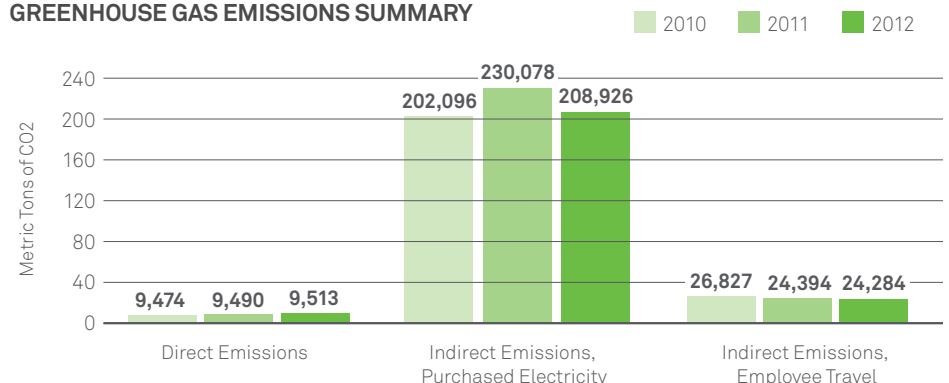
3. BUILDING OPERATION AND MAINTENANCE BEST PRACTICES

Our global facilities management team follows operational principles derived from the U.S. Green Building Council’s Leadership in Energy and Environmental Design (LEED) Operating and Maintenance best practices. Our property management staff tracks and reports data on solid waste, green cleaning, indoor air quality, sustainable procurement and purchasing, refrigerant management and integrated pest management. We plan to incorporate this data into our enterprise-wide sustainability database.

GLOBAL ELECTRICITY CONSUMPTION OFFSET BY ALTERNATIVE ENERGY INVESTMENTS



GREENHOUSE GAS EMISSIONS SUMMARY



In 2012, we also issued a preliminary water usage survey to facilitate the development of a water management strategy and to identify water conservation opportunities across our operations.

In the U.S., we became an Environmental Protection Agency ENERGY STAR Building and Plants Partner, and we currently track energy use in 30 of our buildings using the ENERGY STAR Portfolio Manager. Our ENERGY STAR ratings help inform our strategic decisions regarding certification and other building operation projects. Five of our ENERGY STAR rated facilities have also received LEED Existing Building certification.

Many of our clients have inquired about certification of Environmental Management Systems (EMS), and we've listened. At our Europe, Middle East and Africa (EMEA) Regional Headquarters in London, we pursued and achieved ISO14001 certification, indicating we've met re-

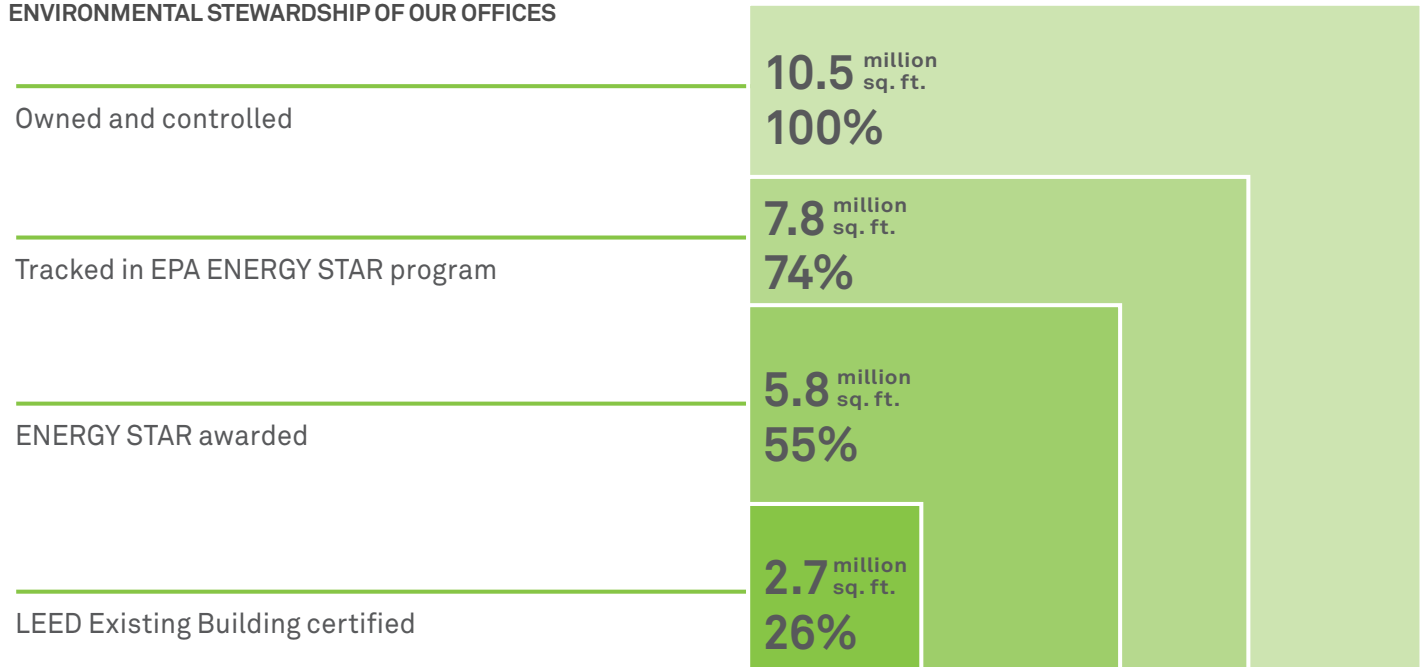
quirements for integrating goals, strategy, procedures and communications into an effective Environmental Management System (EMS).

We operate in more than 300 locations worldwide, with 65 of our facilities under our direct management. To extend our building operations and maintenance best practices beyond our directly managed portfolio, we engage with business groups and landlords at our leased locations. This year, we implemented a sustainable leasing strategy that will help us provide high-performing and healthy workspaces for our employees. We include a green leasing questionnaire in our requests for proposals, and aim to incorporate sustainable provision clauses in all leasing contracts.

4. GREEN DESIGN PRINCIPLES

Nine design and construction projects received LEED Commercial Interiors certification in 2012, including the Meseturm office in Frankfurt, Germany, our first international location to receive this recognition. LEED-certified buildings have been verified by the U.S. Green Building Council (USGBC) as healthy and safe places to work that have reduced environmental impacts. Our design and construction teams have created a set of design principles based on LEED guidelines that addresses issues such as site management, energy efficiency, indoor environmental quality and materials management. We will apply these principles to all future building and renovation projects worldwide in a continued effort to minimize our footprint and cut operating costs.

ENVIRONMENTAL STEWARDSHIP OF OUR OFFICES



*Represents owned and controlled square footage which makes up 66% of our total 2012 global footprint

5. EMPLOYEE EDUCATION AND AWARENESS

Sustainability Ambassadors are employee volunteers, representing our businesses and business partner groups, who are responsible for internally championing all aspects of our sustainability program and galvanizing action to advance environmental awareness at their sites. This global network of committed individuals creates a culture of sustainability throughout BNY Mellon by educating and encouraging employees at every level to adopt positive environmental behaviors in the workplace and consider integrating sustainability principles into their businesses. For example, Sustainability Ambassadors in Pittsburgh started a pen recycling program in partnership with Staples and Terracycle that has spread to more than 20 U.S. locations and prevented more than 10,000 writing instruments from being landfilled. In 2012, we expanded

our network of Sustainability Ambassadors to encompass more than 150 employees in cities across North America and EMEA.

2012 also marked our first annual Eco Days, a celebratory awareness period between Earth Day and World Environment Day. Sustainability Ambassadors led employee volunteer projects with local environmental nonprofits such as For the Good, an urban gardening group in Utica, New York, and the Brooklyn Bridge Park Conservancy. Additional events and activities include:

- green fairs promoting eco-friendly products and services;
- regional surveys to better understand work and travel habits;
- seminars on subjects as transportation and waste management

BASIS FOR THIS REPORT

This report covers our CSR performance for the 2012 calendar year. We publish CSR reports annually. The report includes consolidated data from wholly owned subsidiaries but excludes data from joint ventures and suppliers, except where indicated.

We compiled this report and our separate GRI Index using the Global Reporting Initiative G3.1 protocols and self-declare that they together meet Level B application. Our GRI Index can be found [here](#).

We use the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol Initiative tool and the U.S. Environmental Protection Agency Climate Leaders Simplified GHG Emissions Calculator as guides for reporting environmental data. Environmental data includes actual utility data and annualized watts-per-square-foot estimates for every owned, leased or controlled facility. Some updates were made to 2011 environmental data where numbers were previously approximated.

For questions and more information about this report, please contact csr@bnymellon.com.

CSR STATEMENT

Corporate social responsibility is crucial to how we fulfill our role as a major global financial institution. At BNY Mellon, we are invested in our people, market integrity 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.

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