



BNY MELLON

INVESTED

CORPORATE SOCIAL RESPONSIBILITY
2013 REPORT

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INTRODUCTION AND STRATEGY

“**Doing the right thing, the right way**” has been part of our company ethos since our inception in 1784. In this age of global reset, which is transforming the nature of business and economies, it is more important than ever for financial institutions to be trustworthy. Our clients are at the center of it all, and we win their trust by listening and by understanding their needs and goals and helping them to connect to markets that are constantly evolving. Corporate social responsibility (CSR) is the foundation on which our business operates, enabling us to turn everyday transactions into impact that creates stability and growth worldwide. As one of the world’s leading financial services companies, we take advantage of our market leadership by acting as a catalyst for positive change.

About This Report

This report details our CSR progress in calendar year 2013*, describing our approach and activities related to our most material issues and offering related metrics. The data and stories presented throughout the report are global, unless otherwise noted, and cover our two lines of business: Investment Management and Investment Servicing.

We have structured our report on the three pillars of our CSR strategy: Invested in Market Integrity, Invested in Our People and Invested in Our World. These pillars and related priority areas were created in 2011 to focus our efforts where we can have the greatest impact.

We have streamlined our CSR reporting, which comprises robust discussion of the issues most relevant to our business. We have published a separate GRI Index that provides 2013 data aligned with the Global Reporting Initiative G3.1 Reporting Framework, if you are interested in additional information.

We welcome your feedback on this report. Please send comments to csr@bnymellon.com.

*All data included within this publication is as of December 31, 2013, unless otherwise stated.

BNY Mellon at a Glance

Headquartered in New York, we are a global investments company. We provide investment management and investment services that help individuals and institutions invest, conduct business and transact in markets all over the world, operating in 35 countries and serving more than 100 markets worldwide.

Our 51,000 employees help institutions and individual investors manage and service their financial assets throughout each stage of the investment lifecycle and provide unique perspectives and innovative insights on the world's financial markets.

Our values—client focus, integrity, teamwork and excellence—guide everything that we do. For more information, visit bnymellon.com.

INVESTMENT MANAGEMENT

We combine the scale of a full-service investment manager with the focused expertise of autonomous investment boutiques, each with their own style, strategy and management team. All together, we have the skill to deliver uncorrelated alpha and the scale to deliver diversified beta.

INVESTMENT STRATEGIES

- Equity and asset allocation strategies
- Specialized fixed income, cash and currency solutions
- Alternative and absolute return strategies

INVESTMENT VEHICLES

- Institutional and retail mutual funds
- Collective funds
- Separate accounts
- Sub-advisory

WEALTH MANAGEMENT

- Investment management
- Wealth and estate planning
- Private banking
- Asset servicing and information management

INVESTMENT SERVICES

BNY Mellon provides a comprehensive range of investment services that are unrivaled in scale, precision and quality. Our services have the power to enhance transparency, maximize liquidity and mitigate risks. We help you make the most of your investments.

CAPITAL AND LIQUIDITY

- Access global markets
- Optimize funding and operating capital
- Maximize liquidity and cash flow

EXECUTION AND PROCESSING*

- Conduct, clear and settle trades
- Enhance trading transparency
- Mitigate operational risk
- Execute interest rate, equity and currency transactions

SERVICING INVESTMENTS

- Safekeep and secure assets
- Improve operational efficiency
- Outsource middle-office functions
- Facilitate collateral movement and optimization

\$1.6T

ASSETS UNDER MANAGEMENT

\$27.6T

ASSETS UNDER CUSTODY AND/OR ADMINISTRATION

*Execution and clearing services for derivative products are offered separately.

Select 2013 Awards

Collateral Service Provider of the Year

Custody Risk

World's Best Foreign Exchange Providers: Best Forecasts

Global Finance

World's 50 Safest Banks: Safest Bank in the U.S.

Global Finance

Americas Awards: Most Innovative Project of the Year

Custody Risk

#1 Global Corporate Trust Service Provider

Thomson Reuters and Dealogic

Buy-Side Technology Awards: Best Buy-Side Technology Provider

Eagle Investment Systems

Dow Jones Sustainability Index—North America

Dow Jones Sustainability Indices

FTSE4Good 2012 – 2013

FTSE4Good Index

Highest score in Financials sector (Performance score: A, Disclosure score: 100)

CDP (formerly Carbon Disclosure Project)

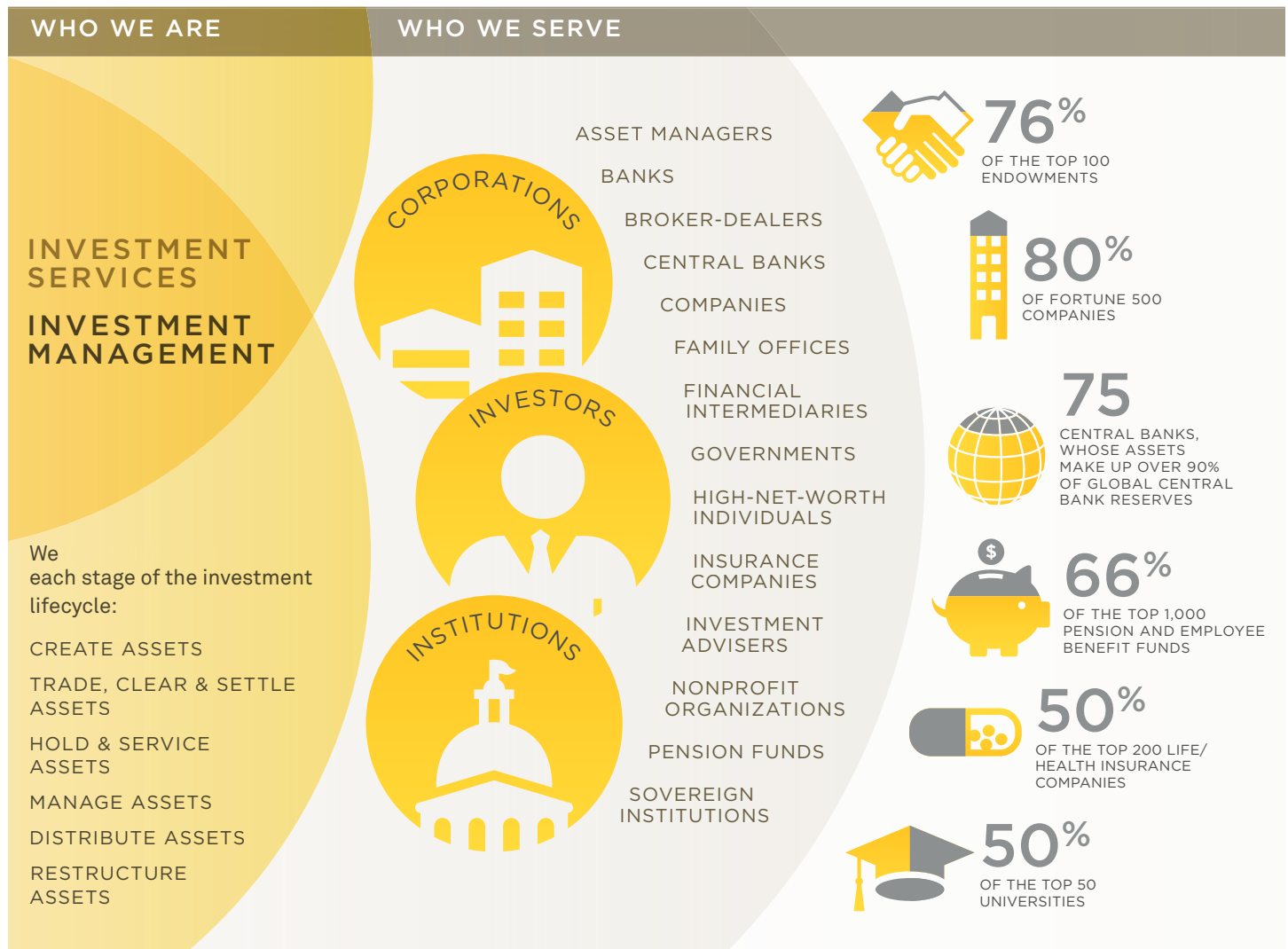
Human Rights Campaign Foundation's Corporate Equality Index, 2008–2014

Human Rights Campaign Foundation

Note: BNY Mellon has had seven consecutive years of 100 percent scores.

The Investments Company for the World

BNY Mellon plays a critical role in the global marketplace. Our daily decisions have far-reaching implications for stability and trust in the world's financial markets. Our values—client focus, integrity, teamwork and excellence—guide us and enable us to power global investments and growth, adding value to society far beyond the transactions we process or the assets we manage. Our customized services and support enable our clients to reach their investment goals. For more information, visit bnymellon.com.



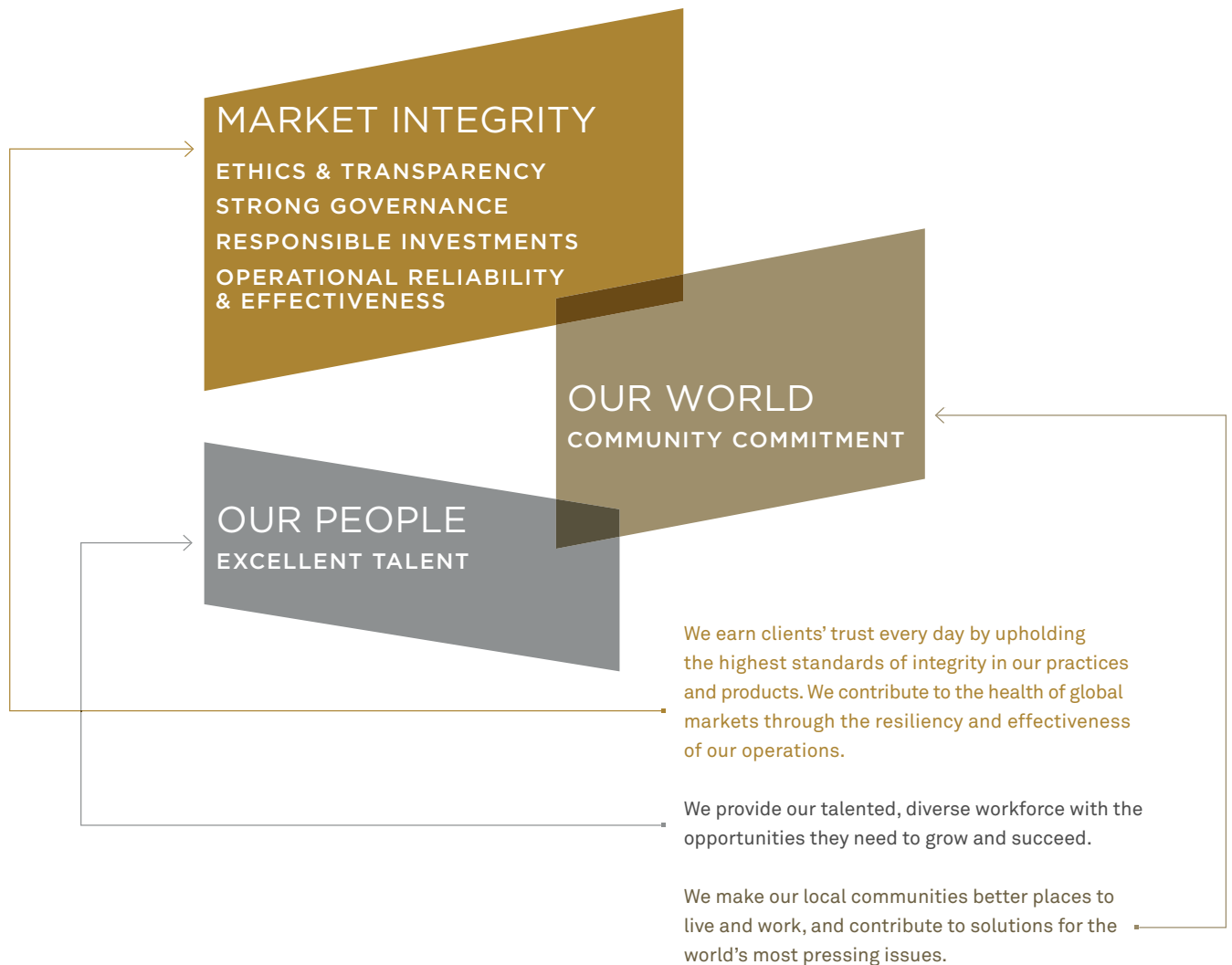
All statistics are global and represent the minimum number of BNY Mellon client relationships in each category. • Fortune 500 (as of 12/31/13) // *Fortune* magazine, May 2013; Global 500 data • Central banks (as of June 2013) // CIA World Factbook, IMF, annual reports • Pensions & EB Funds (as of 2/26/14) // Reprinted with permission of *Pensions & Investments*, Copyright 2013 // Metric is Plan Assets, Millions (converted in thousands) • Endowments (as of 2/26/14) // Reprinted with permission of NACUBO, Copyright 2013 // Metric is Total Market Value of Endowments, in thousands, as of FYE 2011 // Data source used by *P&I Magazine* • Life & Health Insurance Companies (as of 2/26/14) // Reprinted with permission of A.M. Best Company, Inc., Copyright 2013 // Metric is 2012 Total Admitted Assets, in thousands • QS World Universities Top 50 (of 400 listed) // www.topuniversities.com/university-rankings/world-university-rankings/2013 // (as of 12/31/2013)

Our Approach to Corporate Social Responsibility

As an investments company, it is our business to understand where resources can have the greatest impact. We applied this thinking to our CSR strategy, identifying areas where we can foster positive change. The result, vetted by internal and external stakeholders and approved by our CSR Council and Board of Directors, is our CSR framework. Strong performance in each of these areas results in a positive material impact on our stakeholders and society and strengthens our company overall.

The Three Pillars of Our CSR Strategy

Invested in Market Integrity, Invested in Our People and Invested in Our World comprise the priority areas where we can make the greatest impact. Centering our efforts on these priorities helps us deliver exceptional value to our stakeholders and ensure our long-term success.



AN INTERVIEW WITH GERALD HASSELL CHAIRMAN AND CEO



Over the course of nearly four decades with the company, Gerald Hassell has led nearly every major division and served on the Board of Directors. We asked him to draw on that experience to reflect on how the current business environment is changing and how the company is changing with it.

How is the current business environment changing the way BNY Mellon operates?

Clearly, things have changed since before the financial crisis. We are operating in an age of global reset, in which businesses and economies are evolving to seek to prevent another financial crisis. Markets are changing as a result of several things, including the debt overhang in the U.S. and Europe, rise of middle-class consumers in emerging economies, growth of new markets, shifts in trading patterns, aging populations, and new technologies transforming the speed and transparency of financial data.

We are confident that our organization and leadership can thrive in the global reset. And we continue to strengthen key aspects of our culture and embrace new ways of thinking and operating:

- We have sharpened our focus on client needs, refining our organizational structure and approach to client interactions.
- We have invested in improving our compliance, risk and control functions, recognizing our clients and the global capital markets depend on us to be reliable and resilient, no matter the circumstances.
- We have reinforced the importance of every employee having a mindset of risk awareness, and have enhanced systems for identifying and controlling risks.
- We have embraced diversity and inclusion as a means of driving innovation, improving performance and simply making us a better company.
- We are embracing regulatory and market changes and using this reset as a continuing opportunity to improve.

We are showing that we understand that the world in which we operate has changed, that we have embraced the lessons of the financial crisis and that we have adapted accordingly.

INTERVIEW WITH GERALD HASSELL *continued*

What major milestones did BNY Mellon achieve on the CSR front in 2013?

In September, we were named to the 2013 Dow Jones Sustainability Index—North America (DJSI), which tracks the stock performance of leading sustainability-driven businesses worldwide. The DJSI is one of the most highly regarded global sustainability indices, and our inclusion speaks to our strong commitment to being invested in market integrity, our people and our world.

We play an important role in the global financial marketplace, helping to enable the market to efficiently allocate capital by providing an infrastructure that facilitates the fluid movement of cash and securities. Our inclusion in the DJSI recognizes our ability to add value to society far beyond the transactions we process or the assets we manage.

We embrace our leadership responsibility in terms of:

- Setting standards for the industry in terms of capital strength and liquidity;
- Fostering a culture of transparent dialogue with clients, employees, shareholders and communities; and
- Structuring our business around innovation and long-term thinking.

We continue to hold ourselves to the highest standards and look for ways to increase our commitment.

What are some examples of BNY Mellon's progress against its CSR commitments?

First, given our role in the clearing and tri-party market, we recognized our importance in solving one of the key areas of concern during and after the financial crisis. I am pleased to report that the intraday credit risks associated with the book of business where we operate as an agent have been reduced by almost 85 percent, well on the way to achieving the goal of a 90 percent risk reduction by the end of 2014 as outlined by the Tri-Party Reform Task Force sponsored by the Federal Reserve.

Second, we made significant progress in supporting our commitment to responsible and sustainable investing. In total, 48 percent of our assets under management are currently covered by the United Nations Principles for Responsible Investment (UN PRI), compared to 23 percent a year ago. These principles focus on long-term outcomes, with the intention of improving the balance between society's present needs and the shrinking natural resources that will support future generations.

We also began a multiyear plan to create a world-class global training and education program for BNY Mellon employees, continued to help military personnel successfully transition to civilian life through our Returning Military program, and sustained our tradition of investing in our community.

We've made good progress to date, and our journey continues.

AN INTERVIEW WITH JOHN BUCKLEY DIRECTOR OF CORPORATE SOCIAL RESPONSIBILITY



John Buckley leads corporate social responsibility (CSR) practices, performance, 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 insight into the company's management of CSR and our 2013 achievements.

BNY Mellon was included in the 2013 Dow Jones Sustainability Index—North America. Why is achieving this milestone important to your CSR efforts and wider business?

Our management team and board challenged us to identify where BNY Mellon should be a social responsibility leader. Of all the CSR rankings and ratings, we determined that the Dow Jones Sustainability Index (DJSI) best covered the areas relevant to our company. When we were listed on the North American Index in 2013, the first year we applied, we felt our strategies and execution were affirmed. The DJSI rating validates the success and transparency of our CSR programs.

How do you track performance against BNY Mellon's CSR strategy and goals?

We have a robust, companywide system in place. Each year, we create many metric-driven key performance indicators (KPIs) associated with each of our priorities. These KPIs are managed by our executives, and are structured to support our overarching long-term CSR goals, with progress reported regularly to our CSR Board Committee. The CSR team works with our executives and their subject-matter experts on how to meet

these KPIs and move us closer to achieving our long-term goals. This approach embeds sustainability and produces strong performance across our company.

What were key areas of progress in 2013?

We made strong progress in several areas, especially in our sustainable finance products and services for clients, technology advancements and supply chain management. You can read more about our progress in our long-term goals chart. We are reevaluating our approach to engaging communities in a manner that leverages our strengths. Overall, we are seeing measurable, year-over-year progress across the board.

How is innovation across the company advancing your CSR thinking, strategies and performance?

The company has a Plan to Win that challenges all employees to use new thinking, and we are applying this approach to CSR. For example, we are finding innovative ways to reduce our carbon footprint and evolve our training infrastructure and are exploring new products in sustainable finance. Our CEO and executives are also very committed to expanding diversity in our workforce, so we have organized new recruitment programs for senior staff.





Looking ahead, what key challenges do you face in implementing the company's CSR agenda?

Social responsibility at an investments company can be less obvious than in other industries. Our firm plays a critical role in the global marketplace, so our CSR priorities are around investments, training, operations and governance. Our challenge is to better communicate what we are doing in these areas and in others like technology, supply chain management and diversity and inclusion. This year our communications for each of three key audiences—clients, employees and investors—emphasize how our investments focus on how social responsibility materially impacts society.

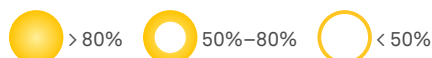
Progress Toward 2016 CSR Goals



We have made long-term commitments for each of our priority areas as described below. We measure our progress in each of these areas using more than 40 key performance indicators (KPIs) and report the results to the CSR Committee of the Board on a quarterly basis. To find out more about our KPIs and CSR Governance structure, see page 26.

We achieved strong progress overall in 2013. Highlights included the development of a supplier relationship management framework, publication of a Health and Safety Statement, the launch of BNY Mellon University (BKU) and updates to technology infrastructure. We continue to assess our programs and work to identify new strategic opportunities that leverage our strengths. For more details on our long-term goal progress, please see the respective sections of the report.

CSR GOALS	PROGRESS 2012 2013	SELECT 2013 PROGRESS
MARKET INTEGRITY		
<p>ETHICS & TRANSPARENCY 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.</p>		<ul style="list-style-type: none"> • We designed a new, more engaging Ethics Refresher course for all global employees. • 100 percent of our active employees certify compliance with our Code of Conduct. • We engaged and informed our employees globally regarding material and critical information through a series of town halls with management, creation of an interactive intranet, and ongoing internal communications efforts.
<p>OPERATIONAL RELIABILITY & EFFECTIVENESS Contribute to the health of the financial system through ensuring excellent transaction quality, reliable critical systems and service providers, and resiliency during potential disruptions, and being a leader in the effective use of resources, including those with environmental impacts.</p>		<ul style="list-style-type: none"> • We improved critical system availability, reducing the frequency of client-impacting events by 20 percent. • We developed and launched, through various pilots, a Supplier Relationship Management program to better address the risks and opportunities in our most critical supplier relationships. • We expanded the use of our new software architecture platform, providing enhanced reliability and efficiency. • We reached nearly \$19 million in total savings from our Enterprise Data Center's Power Usage Effectiveness (PUE) program, launched in 2007.
<p>STRONG GOVERNANCE Meet evolving stakeholder needs and expectations by enhancing and sustaining practices for substantive stakeholder engagement, corporate social responsibility, and responsible political engagement.</p>		<ul style="list-style-type: none"> • We actively engaged with stakeholders through multiple initiatives to understand evolving needs associated with responsible business practices, including our Client Assessment program and engagement with external responsible business associations, ranking agencies and other thought leaders. • We were included in several indices recognizing us for responsible practices, including the Dow Jones Sustainability Index—North America, FTSE4Good, and CDP leadership indices for climate disclosure and performance.
<p>RESPONSIBLE INVESTMENTS 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 impacts when lending and investing company funds.</p>		<ul style="list-style-type: none"> • \$754 billion of our assets under management (48 percent) are currently covered by the UN PRI, up from \$148.5 billion in 2011. • Assets managed that are explicitly screened for environmental, social and governance factors: \$73 billion in 2013 vs. \$35 billion in 2012. • Asset Servicing clients using our ESG screening services grew by nearly 26 percent.

ANNUAL LEVEL OF PROGRESS:



CSR GOALS	PROGRESS 2012 2013		SELECT 2013 PROGRESS
PEOPLE			
<p>EXCELLENT TALENT Be a performance driven organization with an inclusive culture that attracts, engages, develops and retains a talented team of diverse professionals, experts and leaders.</p>			<ul style="list-style-type: none"> • Launched BNY Mellon University (BKU), our learning and development platform, established to bring knowledge to employees' fingertips. • Overall score on our Employee Engagement pulse check survey increased to 78 percent, up from 77 percent. • 35 percent of our global hires and promotions at the Managing Director level and above were women or people from diverse racial or ethnic backgrounds. • 50 percent of our global hires and promotions at the Vice President level were women or people from diverse racial or ethnic backgrounds.
WORLD			
<p>COMMUNITY COMMITMENT Demonstrate a measurable positive impact in our communities through philanthropic activity, employee community involvement, environmental stewardship, diverse supplier development and human rights advocacy.</p>			<ul style="list-style-type: none"> • Donated \$34.4 million to charitable organizations through corporate foundation and employee cash giving. • Logged 105,000 hours of employee volunteer time. • Developed and published a new Supplier Code of Conduct. • Recognized as a leader by CDP (formerly the Carbon Disclosure Project) with a score of 100 A (disclosure & performance). • Greatly exceeded our 10 percent carbon reduction target by 2016, against a 2008 baseline.

ANNUAL LEVEL OF PROGRESS:



CSR BY THE NUMBERS ^(a)			
Dollar amounts in billions USD, unless otherwise noted	2013	2012	2011
MARKET INTEGRITY			
Assets under custody and/or administration (AUC/A)	\$ 27,600	\$26,300	\$ 25,100
Assets under management	\$ 1,600	\$ 1,400	\$ 1,300
Total revenue	\$ 15.0	\$ 14.6	\$ 14.7
Non-U.S. total revenue	37%	37%	37%
Market capitalization	\$ 39.9	\$ 29.9	\$ 24.1
Company credit rating (S&P credit rating of long-term senior debt)	A+	A+	A+
Location of operations (number of countries)	35	36	36
Capital levels (Estimated Basel III Tier 1 common equity ratio—Non-GAAP) ^(b)			
Standardized approach	10.6%	N/A	N/A
Advanced approach ^(c)	11.3%	9.8%	N/A
Assets explicitly screened for ESG factors	\$ 73.0	\$ 35.0	\$ 17.8
Active employees' certified compliance with the Code of Conduct	100%	100%	100%
Cumulative savings through owned or controlled buildings' energy-efficiency projects (millions USD, from 2008)	\$ 30.8	\$ 20.8	\$ 13.0
ENERGY STAR–certified coverage of eligible owned or controlled buildings	69%	74%	55%
PEOPLE			
Global employees	51,100	49,500	48,700
Employees with individual development plans	73%	75%	45%
Total compensation ^(d)	\$ 3.6	\$ 3.5	\$ 3.6
Employees with performance reviews	100%	100%	100%
Training hours per employee, on average	28	31	25
Employee retention	90%	91%	90%
Managing director and above positions that are held by women	26%	26%	25%
Employee engagement globally (% of overall positive survey results)	78%	77%	66%

CSR BY THE NUMBERS			
Dollar amounts in billions USD, unless otherwise noted	2013	2012	2011
WORLD			
Cash donations (millions USD) ^(e)	\$ 34.4	\$ 33.6	\$ 33.6
Grants and charitable sponsorships (millions USD)	\$ 19.9	\$ 19.1	\$ 19.5
Employee contributions and company match (millions USD)	\$ 14.5	\$ 14.5	\$ 14.1
Focused giving on basic needs and workforce development	42%	41%	40%
Total employee volunteering hours ^(f)	105,000	84,000	71,000
CDP score (disclosure & performance)	100 A	90 B	81 B
Greenhouse gas emissions reductions (from 2008 baseline) ^(g)	34%	32%	17%
Global electricity usage offset by alternative energy	63%	72%	57%
Internal paper reduction (from 2008 baseline, U.S. only)	42%	38%	28%

(a) For a full explanation of statistics, please see www.bnymellon.com/csr or the corporate [2013 Annual Report](#).

(b) The estimated Basel III Tier 1 common equity ratio at Dec. 31, 2013, is based on our interpretation of the final capital rules released by the Board of Governors of the Federal Reserve (the "Federal Reserve") on July 2, 2013, on a fully phased-in basis. At Dec. 31, 2012, this ratio was estimated using our interpretation of the Federal Reserve's Notices of Proposed Rulemaking dated June 7, 2012, on a fully phased-in basis.

(c) Changes in January 2014 to the probable loss model associated with unsecured wholesale credit exposures within our Advanced Approach capital model will impact risk-weighted assets. BNY Mellon did not include the impact at Dec. 31, 2013. However, a preliminary estimate of the revised methodology to the portfolio at Sept. 30, 2013, would have added approximately 6% to the risk-weighted assets. For further explanation of the capital ratios, please see the "Capital" section of the [2013 Annual Report](#). Please also see "Supplemental Information—Explanation of GAAP and Non-GAAP financial measures" beginning on page 118 of the 2013 Annual Report for a calculation of these ratios.

(d) A full estimate of total compensation and other staff expense is available within the corporate [2013 Annual Report](#) under "Noninterest Expense."

(e) Employee and company giving, including our two foundations: BNY Mellon Foundation and BNY Mellon Foundation of Southwestern Pennsylvania.

(f) Volunteer hours restated from the 2013 Annual Report number due to late submissions.

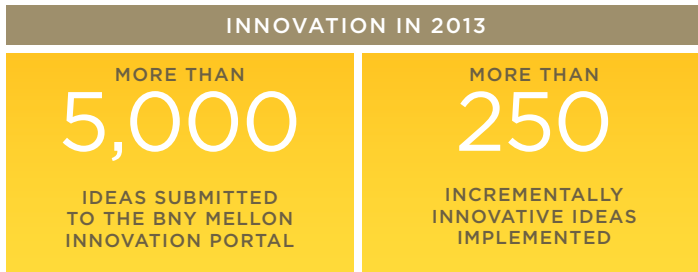
(g) Includes Scope 1 and 2 CO₂e emissions percentage reductions compared to a 2008 baseline for U.S.-tracked properties, excluding data centers.

(h) Consistent with the terms of the Basel III Framework and the Dodd-Frank Act, the Final Capital Rules require Advanced Approach banking institutions to satisfy three minimum risk-based capital ratios using both the new Standardized Approach risk-weightings on January 1, 2015 (during 2014, Basel III looks to Basel I's risk weightings in lieu of the Standardized Approach) and the Advanced Approach (for BNY Mellon, commencing with the second quarter of 2014), including a common equity Tier 1 ("CET1") ratio of 4.0% as of January 1, 2014, increasing to 4.5% beginning January 1, 2015. In addition, these minimum ratios will be supplemented by a new capital conservation buffer that phases in, beginning on January 1, 2016, in increments of 0.625% per year until it reaches 2.5% on January 1, 2019. BNY Mellon expects the 2.5% capital conservation buffer, as applied to it, to increase by an assumed additional G-SIB buffer applicable to BNY Mellon of 1%. For more information on new minimum capital ratios and capital buffers, please see the "Supervision and Regulation" section of the 2013 Annual Report.

Global Innovation

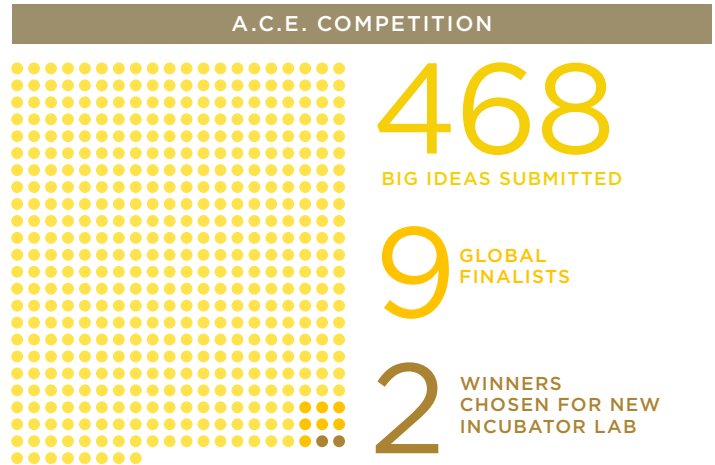
As part of our ongoing efforts to build future opportunities for our company, we formalized our innovation efforts in 2012. The key components of our Global Innovation efforts have been investing in and leveraging the diversity and expertise of our employees to develop incremental, cross-business and transformative solutions that can help our clients succeed.

Although 2013 was the first full year for BNY Mellon's formal Global Innovation efforts, the company has a long history of innovation. This has included helping to launch the first money market fund, executing the first tri-party trade and being the first bank to use the internet to process securities transactions.



In 2013, BNY Mellon employees from across the globe engaged in a variety of activities that collectively fostered a culture of innovation and collaboration. Many of our employees participated in Innovation Boot Camp workshops, took part in brainstorming sessions and submitted ideas for possible development. In essence, they worked together to support efforts and idea generation for our company.

By year-end, employees from across the company submitted 5,000 ideas for consideration, of which more than 250 have been implemented. The ideas ranged from incremental process improvements to new or enhanced offerings designed to meet or exceed our clients' evolving needs.



Additionally, we launched A.C.E. (Accelerate. Collaborate. Execute.), our first annual internal global innovation competition. In the end, two A.C.E. final ideas were selected for development in BNY Mellon's Incubator Lab or with business sponsorship, with the first-place idea expected to become operational in 2014.

Our leadership team is actively involved in supporting the company's Global Innovation efforts:

- Heads of our businesses and business partner groups lead the innovation effort for their groups, working with product and technology teams to execute the best ideas.
- Innovation Champions, designated for each business and business partner group, work in concert with their Advocates and Reviewers to foster a culture of innovation within and across their groups.
- Our Strategic Growth Initiatives team looks at potential transformative opportunities, both inside and outside of the company.
- Our company's Enterprise Product Management Group provides senior leadership and sponsorship for the best cross-business ideas.

In 2013, we received 12 external innovation awards, including:

**Most Innovative Project of the Year
(second consecutive year)**

Custody Risk Americas Awards

**Innovation in Delivery of Financial Products:
Investments 529 College Savings Platform**

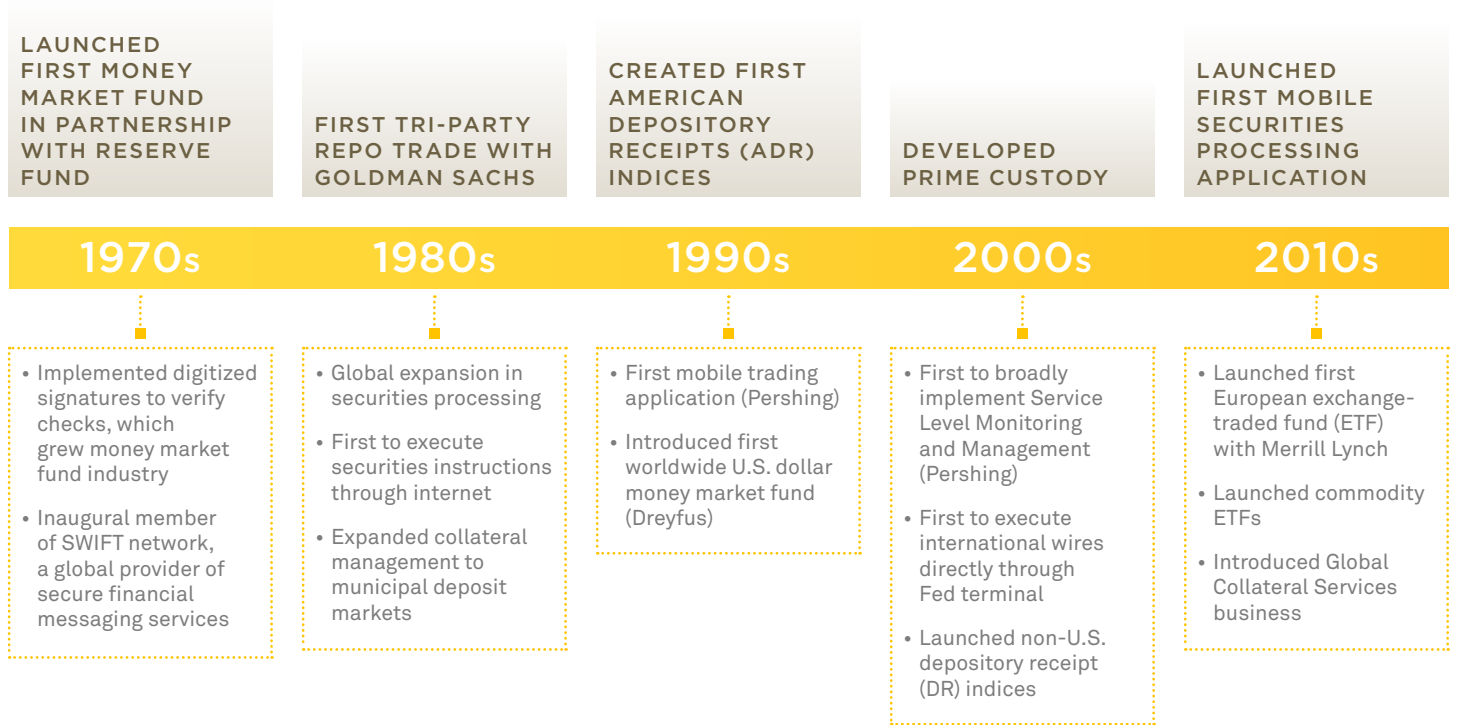
Financial World Innovation Awards

**Best Buy-Side Technology Provider for 2013:
Eagle Investment Systems**

Buy-Side Technology Awards, Waters Technology

Our global team of talented, engaged and diverse employees is full of ideas. Through our innovation efforts, these employees have opportunities to collaborate on solutions that will help our clients succeed, encourage big and long-term thinking, drive strong returns for our shareholders and enhance their own career journeys.

THE HISTORY OF INNOVATION AT BNY MELLON



INNOVATION IN ACTION



Innovation is happening every day across regions and functions, as our employees view challenges as opportunities to adapt and improve. At BNY Mellon, select 2013 innovative solutions included:

NEW CLIENT OFFERINGS, such as a dashboard that enables Chief Financial Officers of healthcare institutions to make strategic financial decisions while meeting Affordable Care Act reporting requirements.

ENHANCED PROCESSES, such as a communications campaign that increased client adoption of a Web based audit confirmation system, reducing costs and chances for error.

IMPROVED INTERNAL RESOURCES, such as an updated series of tools that offer better ways to connect with colleagues to foster collaboration and enhance internal networks. These include faster computer start up, improved search capabilities, e newsletters and the roll out of MySource Social our new internal social collaboration platform.



INVESTED IN MARKET INTEGRITY

“The fallout from the financial crisis provides tremendous opportunities for those who can see them—opportunities to re-think current policies and traditions, build new management teams, embrace diversity and adopt new approaches—all of which will help create more sustainable organizations and more stable financial markets.”

Karen Peetz President

Stable, well-functioning markets help communities around the world grow and thrive. As a leading global financial institution, we have a critical role to play—we want to contribute to the integrity of these markets by conducting business in a reliable, trustworthy manner.

We continually innovate in an effort to make our business stronger, more efficient and more responsible, creating benefits for our clients and communities. Guided by our company ethics and focused on delivering excellence, we are committed to promoting market integrity through a wide range of actions across multiple businesses:

- Our employees are committed to “Doing What’s Right,” and we transparently communicate about our economic, social and environmental performance (see Ethics and Transparency, page 19).
- Strong, responsible governance is at the core of everything we do, informing both our business practices and our approach to CSR (see Strong Governance, page 22).
- We develop innovative practices and technologies in an effort to enhance the reliability and effectiveness of our business (see Operational Reliability and Effectiveness, page 29).
- We help clients meet their goals in a responsible manner in both our Investment Management and Investment Services businesses (see Responsible Investments, page 39).

ETHICS AND TRANSPARENCY

At BNY Mellon, ethics and honesty drive our company culture. Our employees at every level are committed to “Doing What’s Right,” and we believe this benefits our business as well as society. By acting ethically and promoting transparency, we build trust with our clients, communities and employees.

Our Code of Conduct reinforces the high ethical standards that guide our global employee base, and we communicate transparently about our business to a wide range of stakeholders. We also create a risk-aware culture, and protect against unnecessary risks through multiple lines of defense.

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.

2013 HIGHLIGHTS

- We designed a new, more engaging Ethics Refresher course for all global employees.
- 100% of our active employees certify compliance with our Code of Conduct.
- We engaged and informed our employees globally regarding material and critical information through a series of town halls with management, creation of an interactive intranet, and ongoing internal communications efforts.

Employee Commitment

We operate with integrity in all aspects of our business and communicate this focus to every employee. Through training, we ensure that employees have the tools to support our commitment to ethical business practices, and we encourage them to speak up if they notice questionable behavior. We also emphasize transparency in our communications with stakeholders.

Code of Conduct

All BNY Mellon employees certify their compliance with our [Code of Conduct](#), which outlines six key principles:

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

AVOIDING CONFLICTS OF INTEREST — We help our workforce navigate all potential conflicts of interest.

BUSINESS CONDUCT — We inform our employees in detail about fair competition, antitrust, anticorruption, and improper or illegal activities that can occur in our sector.

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

PROTECTING ASSETS — Our training and Code also cover financial integrity, privacy and security issues in great detail.

SUPPORTING OUR COMMUNITIES — We conduct business in a manner that benefits the communities in which we operate.

We added the “Supporting Our Communities” principle to our Code in 2013, underscoring our long-standing emphasis on community involvement. Over the past year, 100 percent of active employees* certified their compliance with the Code of Conduct through our Code of Conduct questionnaire.

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

Ethics and Compliance Training

We continually reinforce the importance of ethical conduct to our overall success through ethics training. In 2013, we redesigned our Ethics Refresher course, which all employees complete annually. The new, more engaging online training course uses a series of narrative scenarios to help employees understand how the Code of Conduct principles apply to their work. It also features drawings that provide an overview of employee guidelines and resources (see below). This new approach is keeping employees engaged and attentive, so they retain more information from the course.

BNY MELLON ETHICS REFRESHER TRAINING



We deploy a range of other training resources to keep employees up to date within a constantly changing regulatory landscape. In 2013, we provided securities firewall training to approximately 44,000 employees to help ensure that they appropriately handle material non-public information.

All employees undergo annual training courses that provide updates to company policies and refresh their knowledge of topics such as risk awareness and anti-money-laundering practices. Additionally, all new employees receive comprehensive training in the following:

- BNY Mellon Code of Conduct
- Anti-bribery and anti-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:

- The Foreign Corrupt Practices Act
- Government-contracting compliance
- Insider trading
- Privacy practices for protecting information
- UK conflicts of interest
- UK data protection

Employee Resources

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

ETHICS HELPLINE: Operated by the BNY Mellon Ethics Office

ETHICS HOTLINE: Operated by EthicsPoint,[®] 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

As an additional resource for our leadership team, BNY Mellon maintains a sponsoring partner membership in the Ethics and Compliance Officers Association. This nonprofit group allows members to enhance their expertise, and works to advance ethics and integrity globally. Our participation in the Corporate Executive Board's Compliance and Ethics Leadership Council Roundtable also helps us promote ethical leadership.

Anticorruption

We have a zero-tolerance policy regarding bribery and corruption. Both our Code of Conduct and our [Directors' Code of Conduct](#) spell out detailed expectations regarding anti-corruption. We help monitor potential conflicts through our Anticorruption Compliance program, which 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 promoting transparency throughout our business operations and communications, we build trust with stakeholders and enable collaborative problem-solving. BNY Mellon plays a vital role in the global financial markets, and it is important that our stakeholders see that we are conducting business openly and ethically.

Our commitment to transparency underpins our reputation and record of operational excellence and regulatory compliance. We publicly disclose our actions in public policy and advocacy (see page 24), company governance (see page 24) and responsible investing (see page 39), among other areas.

We prioritize openness with clients and investors, and disclose information through a variety of channels. In accordance with SEC regulations, we provide quarterly and annual reports of our financial performance. Additionally, our senior executives regularly brief securities analysts in public forums. Some of our businesses focus directly on increasing transparency while helping to meet client needs. For instance, our Global Collateral Services business, launched in 2012, helps broker-dealers and institutional investors navigate a variety of new market requirements while making transactions more transparent (see page 46).

We strive to be transparent about our social and environmental performance as well. Each year, we communicate about our CSR goals, strategy, progress and key metrics through our annual CSR report and a variety of related communications (see our [CSR website](#)). In 2013, we were awarded a perfect score of 100 for disclosure of environmental information in our CDP report (see page 62).

STRONG GOVERNANCE

Good governance underlies our business success, enabling us to meet client needs, manage risk and operate effectively over the long term. Driven by our core values, we employ best practices in corporate governance and work to set the standard for responsible business practices.

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.

2013 HIGHLIGHTS

We actively engaged with stakeholders through multiple initiatives to understand evolving needs associated with responsible business practices, including our Client Assessment program and engagement with external responsible business associations, ranking agencies and other thought leaders.

Stakeholder Engagement

Seeking to meet the needs of our diverse stakeholders, we actively solicit feedback and adapt our products and practices to match evolving demands. We believe dialogue and engagement contribute to business excellence. BNY Mellon utilizes a multidimensional approach to stakeholder engagement.

2013 Engagement Efforts

We continue to engage with, and consider feedback received from, our stakeholders. In 2013, we invited comments from investors representing approximately 60 percent of our outstanding shares. We also conducted a series of stakeholder

interviews to help shape both our new global branding project and our updated CSR platform. By incorporating stakeholder feedback into these projects, we helped ensure that our business will continue to meet the needs of our stakeholders as we grow and evolve.

We engaged with numerous other stakeholders in 2013 through a broad range of efforts. Some highlights include:

CLIENTS — Through our Client Assessment program, we solicited feedback using phone interviews and Web-based surveys. Many of our businesses also used Client Advisory Boards—roundtable gatherings of clients—to gather insights, and held thought leadership events for clients around the world. We also launched our Voice of the Customer project, which will harness and evaluate intelligence from global clients.

COMMUNITIES — Our Newton Investment Management boutique served on the steering committee for Business in the Community, a responsible-business charity, helping the organization develop public reporting guidelines on employee engagement and wellbeing. We will use insights gained from this process to inform our approach to these issues.

EMPLOYEES — Our BNY Mellon executives engaged in dialogue, both in-person and electronically, with our employees around the world through town hall meetings and other communications about risk management, our new branding platform and a variety of other topics. Additionally this year, we have introduced a simplified technology experience for our employees through our Digital Workplace. This initiative has been implemented to help employees manage information better and collaborate with ease wherever they work, in a more simplified format.

RESPONSIBLE FINANCE ORGANIZATIONS — We engaged closely with a number of organizations that focus on social and environmental finance, including The Council of Development Finance Agencies (CDFA), the Banking Environment Initiative (BEI), the Climate Bonds Initiative, and the Capital Markets Climate Initiative (CMCI).

STAKEHOLDER ENGAGEMENT MECHANISMS			
SHAREHOLDERS	COMMUNITIES	CLIENTS	EMPLOYEES
Annual and quarterly reports	Direct meetings with local leaders and advocacy groups	Direct meetings	Direct meetings with managers
Webcasts and conference calls	Board membership	Conference advisory boards	Performance management and development programs
Financial services conferences	Financial support (grants, sponsorships)	Client conferences	Town halls and Employee Resource Groups
Proxy voting	Employee volunteering and fund raising	Client satisfaction survey	Engagement survey
Annual meeting		External surveys	

The four groups above 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.

USING STAKEHOLDER INPUT TO REFINE OUR REPORTING STRATEGY



The CSR reporting environment continues to evolve with the emergence of the Global Reporting Initiative (GRI) G4 guidelines as well as other frameworks focused on integrated reporting. We are aware of changing expectations in the CSR field that affect our reporting and are focused on material issues and engaging stakeholders to understand their expectations and needs. As part of this focus, we enlisted Business for Social Responsibility (BSR), a global nonprofit sustainability consultancy, to analyze our reporting strategy and stakeholder expectations regarding our CSR reporting. BSR conducted a landscape analysis and engaged with a range of our stakeholders, including peers, ESG investors, rating agencies, clients, data aggregators, asset owners and reporting experts to garner an understanding of leading industry practices, expectations and industry trends.

As a result of the project's findings, we have concluded that these emerging approaches do not sufficiently allow us to focus on our most material issues. Therefore, we have decided to take a cautious approach to these new reporting frameworks and will keep a close eye on emerging trends such as G4 and integrated reporting. This 2013 report continues our use of the GRI 3.1 framework and we have focused on issues material to our business, as identified through our materiality process. We will continue to engage stakeholders as we evaluate other CSR reporting frameworks for potential use in the future. In addition, we are collaborating with BSR to develop additional resources on best practice approaches and key challenges to CSR reporting.

Industry Organizations

Our active involvement in industry groups keeps us apprised of and involved in the trends and issues that shape our sector. We participate in organizations, including the Securities Industry and Financial Markets Association (SIFMA).

Corporate Governance

Strong corporate governance is the bedrock of our company, guiding us to act ethically and help our clients succeed. Our board of directors is responsible for the oversight of company management, and works to further the interests of our company and our shareholders. All board members are subject to our [Director's Code of Conduct](#), which provides guidelines on ethics and accountability.

The board consists of 11* independent members and one non-independent member (the definitions of independence are available in our [Corporate Governance Guidelines](#) on our website). Independent directors meet in executive sessions at each regularly scheduled board meeting.

Our board is comprised of independent directors, other than our Chairman and Chief Executive Officer. Average director attendance at board and committee meetings in 2013 was greater than 93 percent.

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

*As of April 9, 2014, the board consists of 12 independent board members.

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

Advocacy and Political Engagement

The financial sector is subject to an extensive framework of laws and regulations that evolve on an ongoing basis, affecting our business and our stakeholders. In order to provide excellent service, we engage in public policy and advocacy efforts.

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

We are actively engaged in implementing all changes required by recent regulatory reforms around the world, including those arising from the Dodd-Frank legislation in the U.S., changes to the Basel Accord, updated leverage ratios, and new liquidity standards. In 2013, we increased staffing for our Office of Public Policy and Regulatory Affairs and our EMEA Office of External and Regulatory Affairs in response to heightened regulatory activity in the U.S. and Europe.

On our own, through our membership in industry and trade organizations, or together with peer banks, we have submitted comment letters, responded to financial industry surveys and participated in meetings with legislators and regulatory agencies in the U.S. and internationally to exchange ideas on the financial industry and regulatory and tax reform. We regularly review our trade association memberships to ensure they align with our priorities.

Our Global Regulatory Reform Steering Committee sets and reviews advocacy priorities across the company. In addition to lobbying efforts by members of our Government Affairs Office, we have retained federal lobbying firms to advocate for our interests. In 2013, we spent approximately \$1.3 million in federal lobbying expenses.

Political Contributions

We also pursue political engagement through involvement in 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 \$383,000 in 2013. BNY Mellon made one corporate political contribution* in 2013—a \$15,000 contribution to Fix the Debt, a 501(c)(4) organization that advocated for a comprehensive solution by Congress for deficit reduction.



*“Corporate political contributions” are defined as direct contributions to candidates, political parties, 527 and 501(c)(4) organizations, ballot measures and independent political expenditures made in support of or in opposition to a candidate or political party.

Oversight

Our Government Affairs Office, under the supervision of BNY Mellon’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.

POLITICAL ACTION COMMITTEE CONTRIBUTIONS IN 2013

Dollars in thousands

	U.S. House	U.S. Senate	Total
 REPUBLICAN	\$119	\$66	\$185 (53% Rep.)
 DEMOCRAT	\$97	\$68	\$165 (47% Dem.)
TOTAL	\$216 (62% House)	\$134 (38% Senate)	\$350 Total*

*2013: \$23K given to state candidates and \$10K given to “other” (trades), resulting in \$383K total disbursements.

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

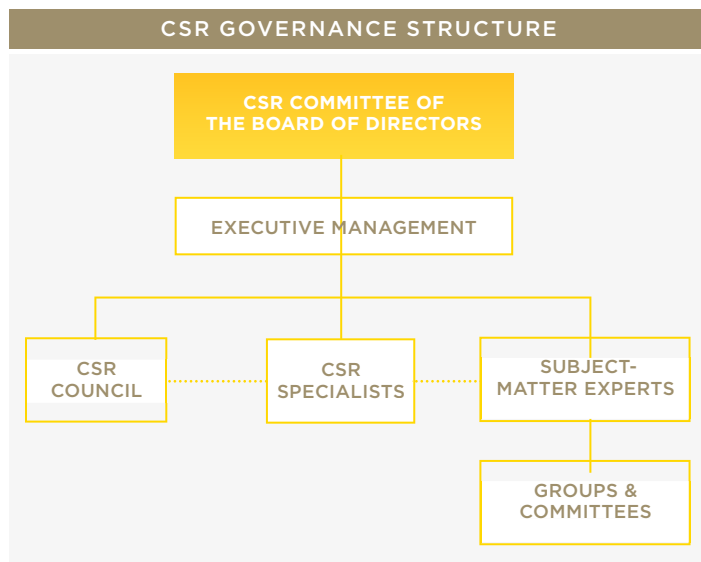
We encourage our employees to stay informed of political issues and candidates, and to take an active interest in political affairs. Employees may participate in the political process by making voluntary contributions on their own behalf to candidates and related political entities, in accordance with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

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

CSR Governance

At BNY Mellon, we seek to make our responsibilities to our company’s stakeholders and to society key considerations in everything we do. To make this a reality, 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.

Our Board of Directors, led by its Corporate Social Responsibility Committee, oversees our CSR efforts. The CSR Committee is made up entirely of independent directors who regularly review our CSR program and monitor progress against our long-term goals. BNY Mellon’s executive management holds ultimate responsibility for our CSR progress and success.

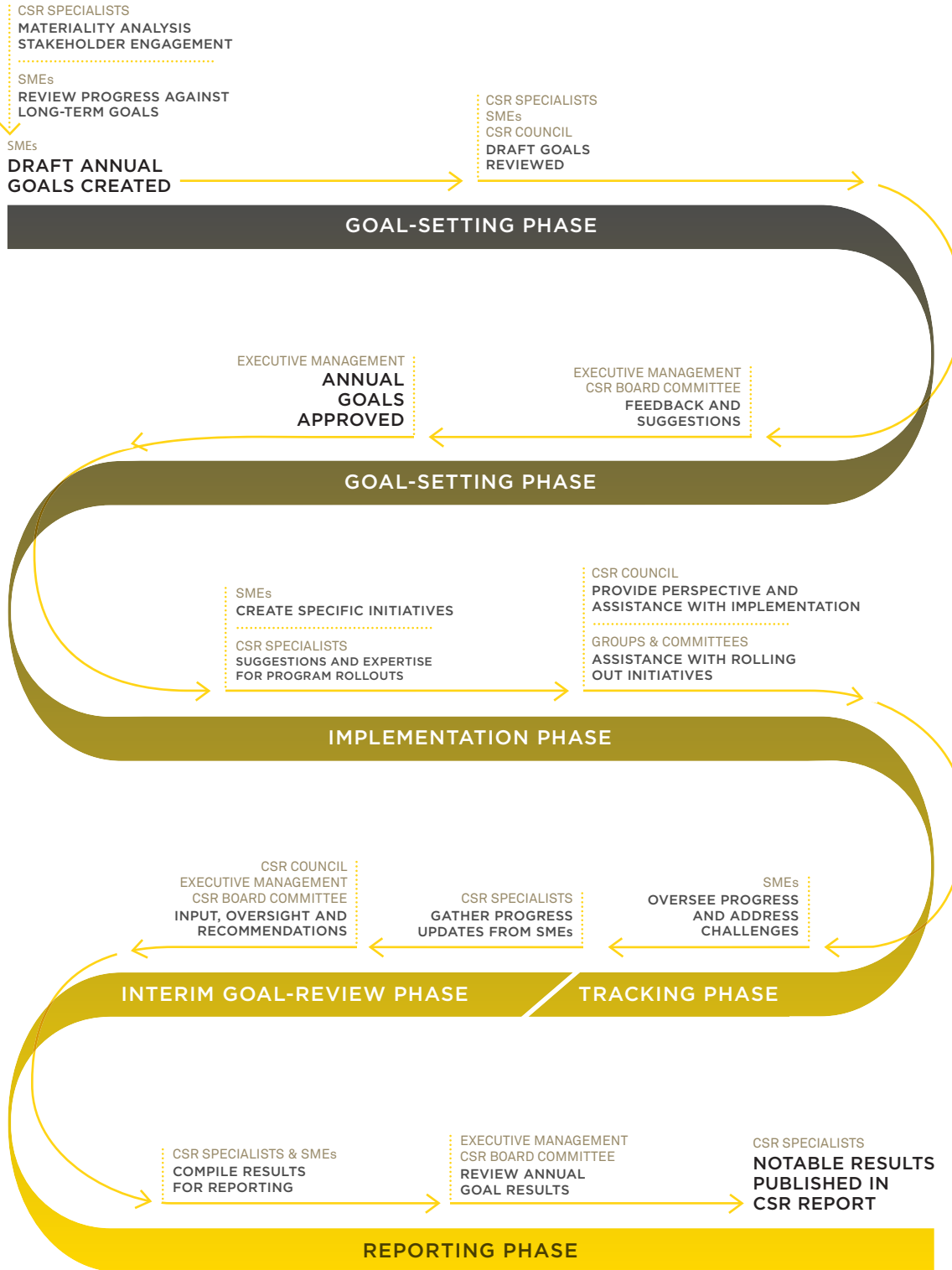


Note: See page 27 for descriptions of governance groups.

The 36 senior managers on our CSR Council act as advisers on our CSR strategy and ambassadors for our programs. This Council, which includes experts and leaders from all of our businesses and geographic regions, meets quarterly and provides broad expertise. The group helps disseminate ideas between company leadership and internal stakeholders. Members also play key roles in communicating our CSR strategy externally, through speaking engagements, white papers and other channels.

CSR specialists and subject-matter experts work to instill CSR practices and behavior throughout our company. Our core team of five CSR specialists works with each program area to develop initiatives specific to their businesses, monitor progress on material issues and facilitate dialogue. They also interface with experts in the industry and the CSR field. More than 50 subject-matter experts help manage the day-to-day execution of CSR policies, practices and programs across the company. These experts are responsible for achieving targets related to annual CSR key performance indicators, and often employ groups and committees to engage employees and communities on CSR initiatives. Subject-matter experts also report, as needed, to the CSR Committee of the board.

Annual CSR Goal-Setting & Implementation Process



CSR GOVERNANCE GROUPS

CSR COMMITTEE OF THE BOARD OF DIRECTORS (CSR BOARD COMMITTEE)

Independent directors who review BNY Mellon's CSR program and monitor progress against long-term goals.

EXECUTIVE MANAGEMENT

Oversee progress on key performance indicators and long-term goals, and have ultimate responsibility for CSR progress and success.

CSR COUNCIL

Senior managers who represent all businesses and regions, and facilitate collaboration internally as well as with external stakeholders. Members help to communicate our CSR strategy externally through various channels.

CSR SPECIALISTS

Lead the development and management of BNY Mellon's CSR strategy, help create initiatives, monitor progress, manage public reporting, and interface with leading experts in the industry and CSR field.

SUBJECT-MATTER EXPERTS (SMEs)

Professionals around the company (ethics, HR, philanthropy, procurement, etc.) who manage the day-to-day execution of CSR policies, practices and programs.

GROUPS & COMMITTEES

Groups which engage employees locally and regionally on CSR initiatives. Examples of these include Employee Resource Groups, as well as committees focused on volunteering and philanthropic fund raising.

Note: In the 'Progress Toward 2016 CSR Goals' table on pages 11–12, the 'Select 2013 Progress' column provides information on 2013 results.

CSR Ratings and Recognition

Our strategy for obtaining credible, external assessments and recognition for our CSR programs focuses on a select group of global 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 better evaluate 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.

<p>MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM</p> <p>In 2013, BNY Mellon was included in the Dow Jones Sustainability Index—North America, one of the most highly regarded indicators of strong CSR and sustainability performance.</p>	  <p>In 2013, we were the highest-scoring financial services firm globally reporting to CDP (formerly known as the Carbon Disclosure Project), the only global system for companies and cities to measure, disclose, manage and share vital environmental information. BNY Mellon was included in CDP's two leadership indices for disclosure and performance.</p>	 <p>FTSE4Good</p> <p>We were also included in the FTSE4Good Global Benchmark Index for a second year in 2013.</p>
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OPERATIONAL RELIABILITY AND EFFECTIVENESS

BNY Mellon plays an integral role in many of the transactions that keep the global economy running, and it is imperative that we operate reliably and effectively. We continually make enhancements in an effort to improve the reliability of our systems, benefiting our business as well as markets around

the world. Our approach focuses on the preparedness of our critical systems, programs designed to ensure business continuity, quality execution of all transactions, and operational-efficiency measures.

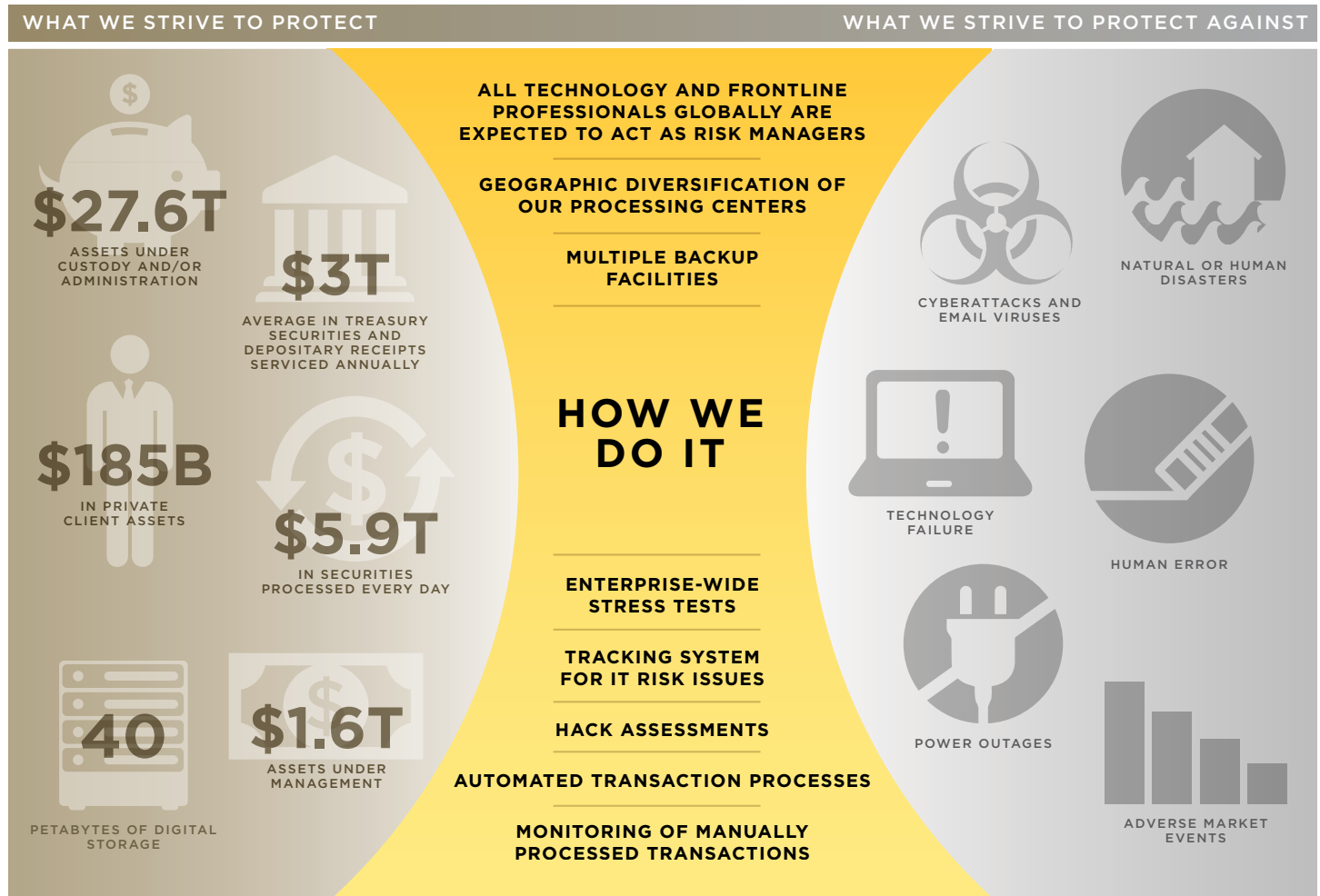
OUR LONG-TERM GOAL

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

2013 HIGHLIGHTS

- We improved critical system availability, reducing the frequency of client-impacting events by 20%.
- We developed and launched, through various pilots, a Supplier Relationship Management program in an effort to better address the risks and opportunities in our most critical supplier relationships.
- We expanded the use of our new software architecture platform, designed to provide enhanced reliability and efficiency; and reduced server build time from 10 days to 40 minutes, application readiness time from two weeks to two hours and certain capital infrastructure costs by 85%.
- We reached nearly \$19 million in total savings from our Enterprise Data Center's Power Usage Effectiveness (PUE) program, launched in 2007.

Operational Reliability



Critical System Availability

Our technological infrastructure processes transactions worth \$5.9 trillion each day and handles 3.26 billion mainframe transactions per month. To help markets function properly, we need these systems to be available. We strive to maintain system availability by investing in state-of-the-art technology and an accomplished staff. In 2013, our Technology Services group reduced the frequency of client-impacting events by 20 percent. Its major efforts for the year focused on incident and problem management and improved root-cause analysis.

In 2013, we engineered a Supplier Relationship Management program in an effort to further improve our operational resilience by providing more comprehensive, consistent oversight of our third party suppliers. In addition, the program also addresses environmental, social and governance concerns within our supply chain. We expanded our staff support in this area, and developed a governance process and a balanced scorecard. Throughout 2014, we intend to pilot new supplier management activities and look to expand coverage to additional supplier segments.

Business Continuity

As a global company, we conduct business 24 hours a day in markets around the world. We strive to minimize operational risk at all times, and one element of these efforts focuses on business continuity. Our centrally coordinated Business Continuity program is designed with the goal of allowing critical operations to continue under nearly any circumstance, including significant power outages and natural or human-made disasters. Constantly updated and tested in an effort 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 have

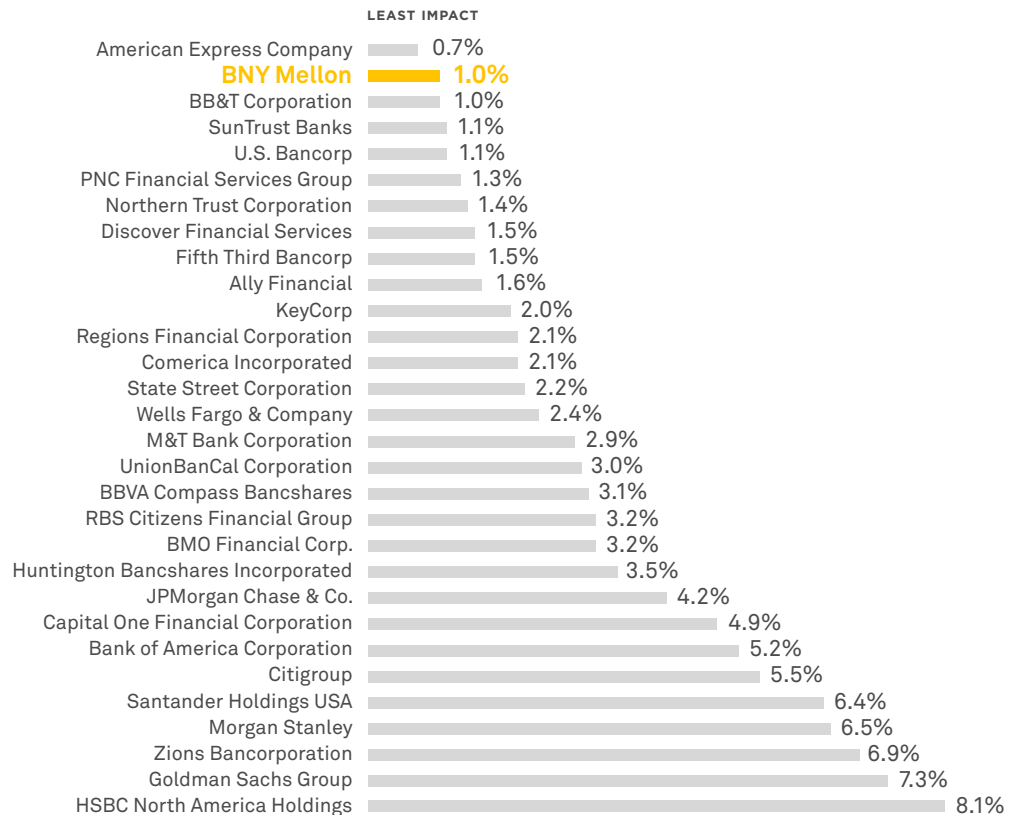
recovery plans in place that cover our business units and technology facilities around the globe. Plans are evaluated and modified to reflect our corporate footprint as needed. Our board reviews and approves our Business Continuity program annually.

Enterprise-Wide Stress Testing

Our focus on capital adequacy and business continuity excellence is the foundation of our Stress Testing program. Through enterprise-wide stress tests, we gauge our resiliency to macroeconomic and idiosyncratic risk scenarios, such as adverse market events, counterparty defaults, liquidity pressures, technology failure, operational events (such as terrorist attacks) and litigation.

WELL POSITIONED FOR STRESS SCENARIOS

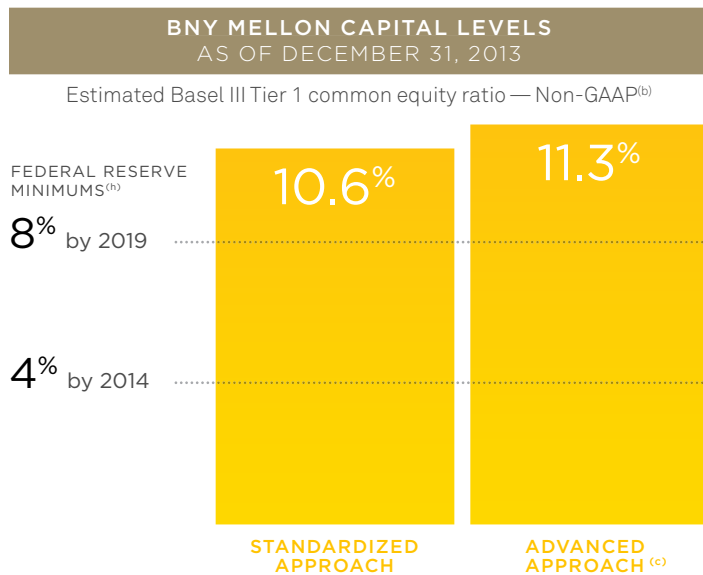
Impact of DFAST Stress Test Severely Adverse Scenario on Basel I Tier 1 Common Ratio



Source: Federal Reserve—Dodd-Frank Act Stress Test (DFAST) 2014: Supervisory Stress Test Methodology and Results

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

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. BNY Mellon is fully committed to maintaining a well-capitalized position under the new Basel III framework and has revised its stress testing practices to include metrics related to the revised rules.



Note: Please see footnotes (b), (c) and (h) on page 14 for explanations.

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

In addition to enterprise-wide stress tests, BNY Mellon conducts reverse stress tests to analyze risk sensitivities across primary businesses, liquidity stress tests 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 decision-making on strategic initiatives, and continuous improvement across BNY Mellon.

Cybersecurity

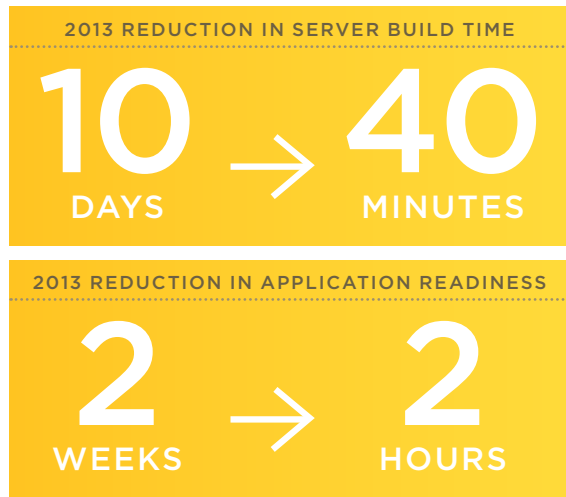
As cyberattacks have become increasingly common, we have expanded our cybersecurity infrastructure. As part of our first line of defense against risk, cybersecurity plays an important role in minimizing threats to business continuity. In 2013, our Client Technology Solutions group made significant advancements to protect our technological infrastructure. We scanned all internet-facing technology with an innovative penetration-testing system and improved application security through hack-testing and remediation. We also deployed 10 new web application firewalls, completed a large cybersecurity simulation, and established a robust tracking system for IT risk issues.

Transaction Execution Quality

When we execute a transaction properly, we advance the goal of a client and help a market run smoothly. Through comprehensive oversight processes and the deployment of advanced technology, we seek to ensure that our execution goals are met.

In 2013, we greatly expanded our use of Dynatrace, a performance- and availability-monitoring technology. The monitoring program has been instrumental in helping to find the root causes of incidents in vendor products. In early 2014, we expect to complete the rollout of this product and make additional technology and data-analysis improvements to address our full technology stack, including our C++ and mainframe applications.

We automate transaction processes when possible to increase efficiency and security, using methods such as straight-through processing (STP) of payments, which does not require manual intervention. We are improving our STP rate by using business activity-monitoring technology with our Enterprise Payment Hub, which handles transaction tracking, monitoring and alerting, and analytics and trending. We are also developing technology to track and monitor 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. Additionally, we use big data technology to help with payment flow analytics, in an effort to help clients reduce manual payments and increase the accuracy of their transactions.



Technology Improvements

In 2013, we expanded the use of our new technology architecture and platform. By implementing this common architecture and modular approach throughout many of our global business units, we expect to enhance reliability and efficiency and allow for more seamless integration of technology. Our new architecture standardizes the technology our developers use.

Through the adoption of this platform, we reduced server build time from 10 days to 40 minutes and application readiness time from two weeks to two hours. We also reduced certain capital infrastructure costs by 85 percent.

We formed a new Technology Product Management team in 2013, focused largely on the integration of our new architecture platform. It helped to expand the use of three offerings: the Professional Portal, which has 200,000 registered users globally; the Retail Portal, which has serviced more than 200 million accounts; and the Services Portal, a comprehensive application-programming interface/file-delivery product. By helping to expand the use of our new platform, this team is trying to fully leverage the latest technology solutions, improving our transaction execution quality and enhancing our overall operational reliability.

We expect our new technology platform and corresponding management strategy will help us deliver increased effectiveness for clients and the market. For example, in the Corporate Trust business, we envision a finance and investment platform that could help national, state, municipal and private organizations manage their clean-energy initiatives. These initiatives often have multiple inflows and outflows of funds. Our proposed platform would provide transparent reporting and monitoring, enabling stakeholders to expand finance and investment options while reducing operational project costs. This would allow agencies and lenders to more easily invest in clean-energy adoption and expansion initiatives.

Suresh Kumar on Technology and BNY Mellon



Suresh Kumar, Senior Executive Vice President and Chief Information Officer, on technology trends and the financial sector

Safeguarding Client Data

We leverage our IT risk management capabilities in an effort to protect client data and mitigate technology risks. Our Information Risk Management and Client Technology Solutions groups each focus on risk identification as well as risk response and monitoring. These activities are a critical part of BNY Mellon’s first line of defense against risk (see below).

Managing Risk

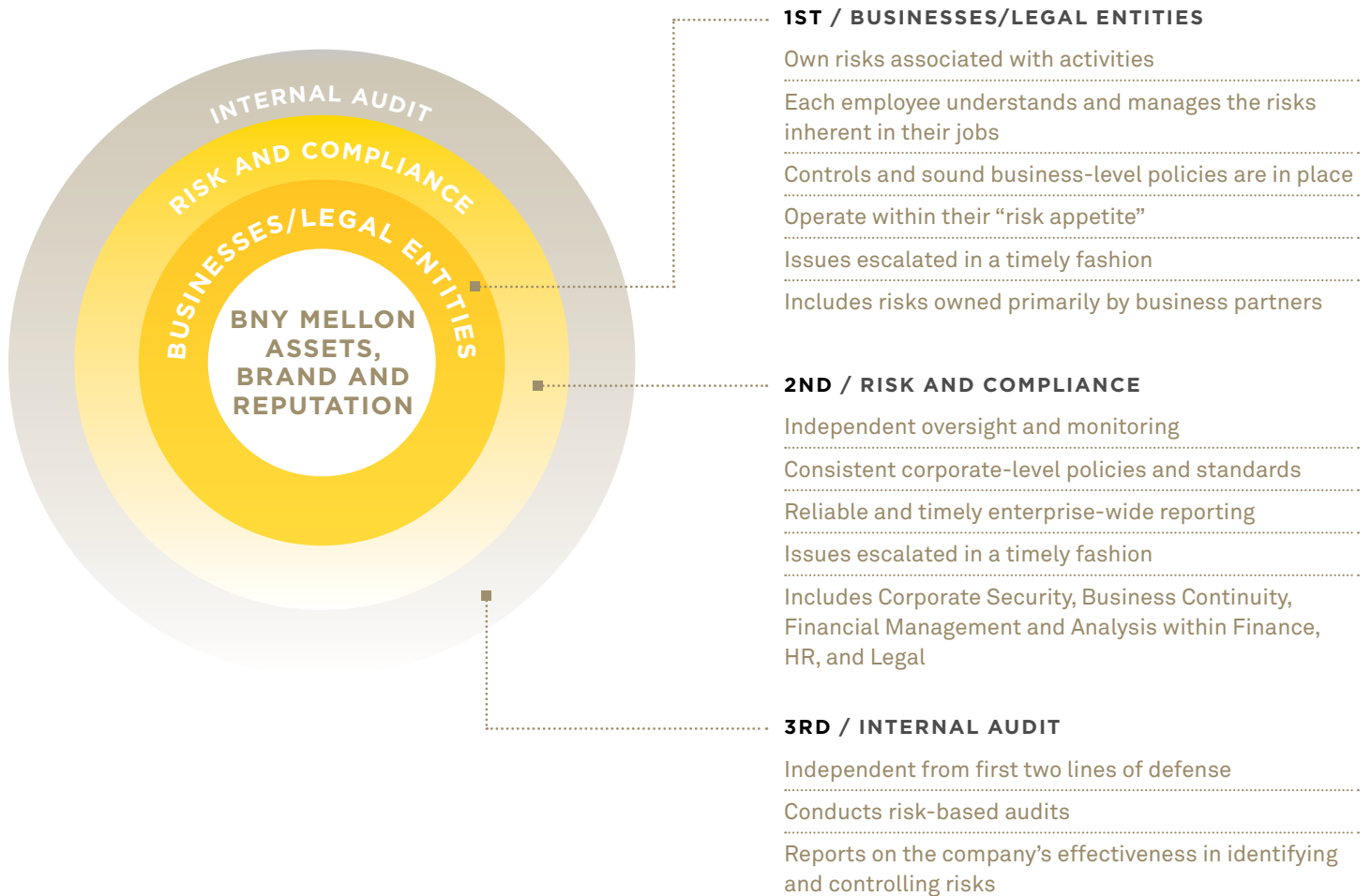
The ever-changing landscape of regulations, threats and technology complexity make superior risk management more important than ever, and managing risk is critical to our operational reliability strategy. Risk management is an essential element of our business, and we have incorporated risk-appetite principles into our company culture and strategic decision-making processes. In addition, we have a Three Line of Defense framework in place that holds all employees accountable for risk management, and that outlines how we all work together to protect the company’s assets, brand and reputation.

Categories of Risk

Our business faces a wide range of risks, which our employees navigate in their daily work.

PRIMARY RISK CATEGORIES	
TYPE OF RISK	DESCRIPTION
Operational/ business	The risk of loss resulting from inadequate or failed internal processes, human factors and systems, breaches of technology and information systems, or from external events. Also includes fiduciary risk, reputational risk and litigation risk.
Market	The risk of loss due to adverse changes in the financial markets. Our market risks are primarily interest rate, foreign exchange, and equity risk. Market risk particularly impacts our exposures that are marked-to-market such as the securities portfolio, trading book, and equity investments.
Credit	The possible loss we would suffer if any of our borrowers or other counter parties were to default on their obligations to us. Credit risk is resident in the majority of our assets, but primarily concentrated in the loan and securities books, as well as off-balance-sheet exposures such as lending commitments, letters of credit, and securities lending indemnifications.
Liquidity	The risk that BNY Mellon cannot meet its cash and collateral obligations at a reasonable cost for both expected and unexpected cash flows, without adversely affecting daily operations or financial conditions. Liquidity risk can arise from cash flow mismatches, market constraints from inability to convert assets to cash, inability to raise cash in the markets, deposit run-off, or contingent liquidity events. Thus, liquidity risk can be inherent in the majority of our balance sheet exposures.

BNY Mellon's Three Lines of Defense Against Risk



Gerald Hassell, BNY Mellon Chairman and CEO, on Risk



Gerald Hassell, BNY Mellon Chairman and CEO, speaks at The Economist's "The World in 2014" summit in New York

Operational Efficiency

Operating efficiently allows us to deliver superior services to our clients while cutting costs. Our focus on efficient resource use also benefits the planet. Our initiatives in this area complement our Environmental Stewardship program (see page 62), but we view them as a distinct effort because they make our daily operations more efficient and cost-effective, independent of their environmental benefits.

Technology Excellence

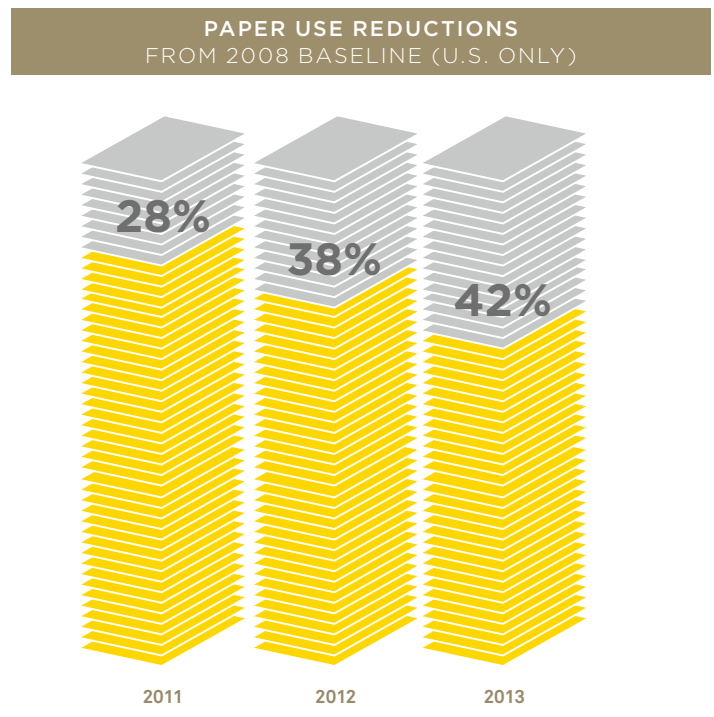
Our information technology infrastructure is integral to the work we do across the financial markets. Our Client Technology Solutions (CTS) Excellence initiative focuses on continuous improvement in technology and management, using a state-of-the-art technology management framework and driving success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

Successful 2013 outcomes from the CTS Excellence initiative include a new streamlined Development Life Cycle, Business Intelligence Scorecards, and People Asset Management improvements.

PaperWise

Our PaperWise initiative, launched in 2010, helps employees make informed choices about paper use to reduce waste and use resources efficiently. Using digital alternatives to paper can often improve our products and services, increasing data security, execution speed and ease of access. By the end of 2013, we reduced office paper use in the U.S. by 42 percent, compared to our 2008 baseline, saving \$1.6 million in paper costs and surpassing our 2013 goal of a 30 percent reduction. 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.

In 2013, we broadened the PaperWise program. In collaboration with our Client Service Delivery Operations Training Academy, we have implemented a series of Lean Six Sigma projects that focus on cost-, time- and paper-saving initiatives identified through in-depth research into business operations. These include ordering supplies in bulk, consolidating delivery orders, eliminating redundant processing and printing, and using alternative document storage and processing technologies.



Using Energy Intelligently

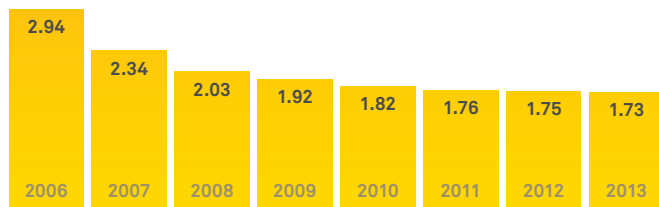
BNY Mellon is both an investments company and a technology company, with digital infrastructure and data management central to our business. Powering our operations and data centers requires energy, which we try to use as efficiently and intelligently as possible.

Data centers consume large amounts of energy. In 2013, our data centers accounted for roughly 40 percent of the total energy consumed at our global properties and produced roughly 25 percent of our total carbon emissions (including facility and travel emissions). As our business services expand our need for data storage grows. Through our Enterprise Data Center Power Usage Effectiveness (PUE) program, launched in 2006, we pursue efficiency measures to conserve energy. Recent initiatives have included airflow management improvements, optimization of control systems, and improvements to building envelopes and associated ancillary systems.

Through 2013, the program saved nearly 257 million kilowatt-hours (kWh) of electricity, equivalent to almost 27 million gallons of gasoline. Our electricity cost savings total close to \$19 million since 2007.

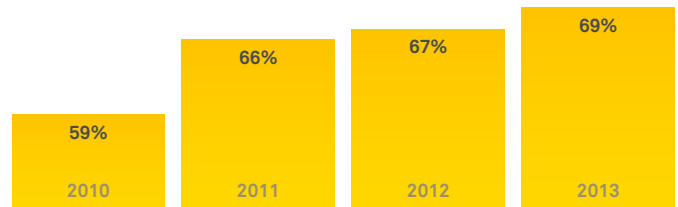
PUE is calculated by dividing the amount of power entering a data center by the power used to run the computer infrastructure within it. Overall efficiency improves as the PUE score decreases.

DATA CENTER AVERAGE POWER USAGE EFFECTIVENESS (PUE)



Note: 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 decreases.

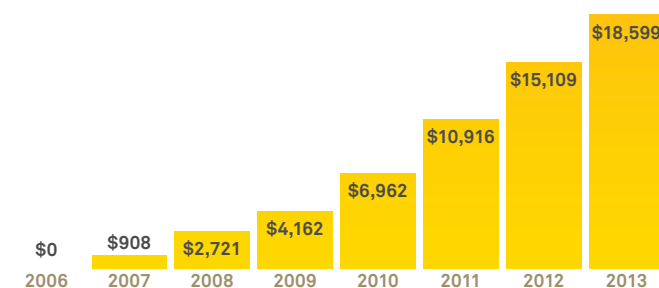
LANDFILL DIVERSION RATE* (% OF TOTAL WASTE)



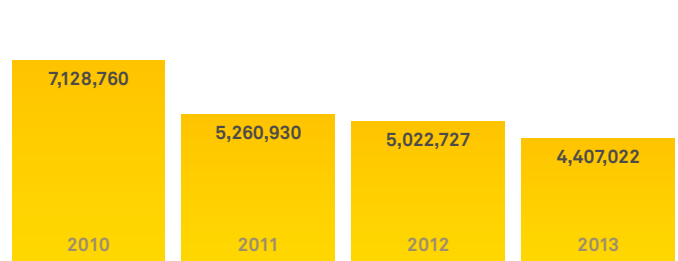
*Amounts reflect office waste only.

Note: Includes techniques such as recycling, composting and waste-to-energy incineration.

CUMULATIVE PUE PROGRAM DOLLAR SAVINGS (IN THOUSANDS)



ANNUAL AMOUNT TO LANDFILL* (LBS)



*Amounts reflect office waste only.

Waste and Recycling

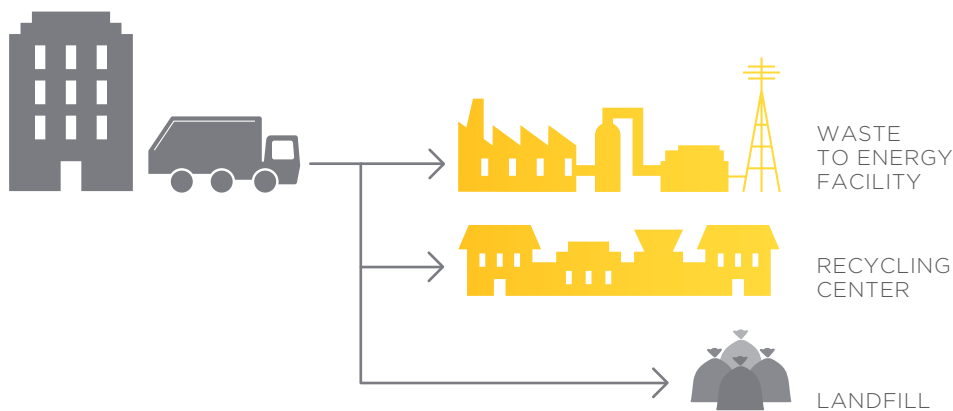
Each year, we track waste-disposal volumes from our major locations in the U.S. and EMEA, with the goal of continuous operational and behavioral improvement. In 2013, we are tracking waste at more than a dozen additional locations, primarily in the EMEA region, bringing our total square footage for office waste tracking to 10.1 million, up from 8.9 million square feet in 2012.

WASTE AS A COST AND ENVIRONMENTAL CONSEQUENCE

We focus on reducing overall waste, and on diverting the waste we do produce from landfills whenever possible. Much of our waste stream has value, and we seek to reuse or recycle materials when we can. By limiting the amount of waste we send to landfills, we reduce waste disposal costs as well as greenhouse gas emissions associated with waste transportation and landfilling.

Our average recycling rate of office waste in 2013 was 69 percent, up from 67 percent in 2012. We successfully diverted 260 tons of electronic waste from landfills, including laptops, CPUs, monitors, phones and data-center hardware, and we continued our trend of increasing the amount of waste diverted from landfills. Our ongoing objectives are to minimize the amount of overall waste produced and to divert at least 60 percent of our office waste from landfills.

CURRENT WASTE DISPOSAL PRACTICES



RESPONSIBLE INVESTMENTS

BNY Mellon offers a variety of options for clients seeking to shape investment strategies around their social or environmental values. We have numerous environmental, social and governance (ESG)-related offerings and capabilities in both our Investment Management and Investment Services businesses. We also adhere to responsible financing guidelines.

OUR LONG-TERM GOAL

Be highly focused on clients' interests by providing substantive programs to support clients' ESG needs, and be mindful of ESG risks and impact when lending and investing company funds.

2013 HIGHLIGHTS

- \$754 billion of our assets under management (48%) are currently covered by the United Nations Principles for Responsible Investment (UN PRI), up from \$148.5 billion in 2011. Assets managed that are explicitly screened for environmental, social and governance factors: \$73 billion vs. \$35 billion in 2012.
- Asset Servicing clients using our ESG screening services grew by nearly 26%.

Investment Management

We believe ESG factors should be considered by investment teams because they affect risk-adjusted investor returns. One of the beliefs that underlies our boutique business model is that investment teams, philosophies and processes are focused on specific investment styles and market niches. This means ESG factors will be treated differently depending on the investment team. Our approach to socially responsible investing (SRI) allows us to offer clients a full set of capabilities, from ESG screening to full integration and issue engagement, allowing clients to choose the solutions that fit their objectives while enjoying the advantages of skilled, long-tenured investment teams.

In 2013, we developed an SRI product-gap-analysis framework so that individual boutiques can strategically build their product offerings to meet client needs.

UN PRI AND BNY MELLON

The UN PRI launched in 2006, provide a framework for prioritizing long-term outcomes rather than short-term gains in investments, with the intention of improving the balance between society's present needs and the dwindling natural resources that will support future generations. Signatories to the UN PRI incorporate ESG factors into their investment processes. Since 2005, the number of signatories to the UN PRI has grown steadily. Collectively, they manage \$34 trillion of assets, or about 15 percent of the world's total financial assets.

Six of BNY Mellon's boutiques are signatories to the UN PRI:



ASSETS UNDER MANAGEMENT COVERED BY THE UNITED NATIONS PRINCIPLES FOR RESPONSIBLE INVESTMENT



Note: Siguler Guff and Mellon Capital became UN PRI signatories in 2013. Insight Investment Management Limited does not offer services in the U.S. Services offered in the U.S., Canada and Australia by Pareto Investment Management Limited under the Insight Pareto brand. Meriten Investment Management GmbH does not offer services in the U.S. BNY Mellon owns a 20 percent interest in Siguler Guff & Company, LP and certain related entities (including Siguler Guff Advisers, LLC).

As of December 31, 2013, \$754 billion of our assets under management (48 percent) are currently covered by the UN PRI, up from \$148.5 billion in 2011.

We have pursued a boutique-specific approach to signing the UN PRI to ensure that teams fully own these responsible investing practices and they are not a top-down, “check-the-box” exercise. The boutiques evaluate both the advantages and costs of becoming a signatory. Those that do so can enjoy branding benefits that can build business, though they also commit to specific compliance and reporting requirements.

WORKING IN THE BEST INTEREST OF THE CLIENT

At BNY Mellon, we take fiduciary duty very seriously. When clients trust us with their assets, fiduciary responsibility is our paramount concern. In SRI, as with traditional investments, we are always guided by the best interests of our clients.

SRI Education and Training

Building the knowledge base of our employees helps us add value for clients. We help strengthen employee expertise in SRI issues and topics covered through UN PRI, through training programs. In 2013, many of our investment staff, including analysts, portfolio managers and CIOs, attended SRI training. Topics included ESG integration into the investment process and ESG risk analysis by third-party data providers. Our investment management professionals and SRI consultants lead our SRI training efforts.

In addition to educational support, boutiques access consultants when ESG becomes a business driver in their markets. Information-sharing calls about SRI issues are held quarterly.

ASSETS EXPLICITLY SCREENED FOR ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS



\$73B

IN 2013

\$35B

IN 2012




\$17.8B

IN 2011

Investing for Environmental, Social and Governance (ESG) Factors

We provide clients a variety of options for shaping their investment strategies around their ESG values.

TYPES OF ESG INVESTMENT STRATEGIES

POSITIVE SCREENING	NEGATIVE SCREENING	FULL ESG INTEGRATION
<p>PROACTIVELY INVESTING IN COMPANIES WITH PRACTICES CONSISTENT WITH CLIENT ESG VALUES</p>	<p>AVOIDING OR DIVESTING FROM COMPANIES WITH PRACTICES THAT CONFLICT WITH CLIENT ESG VALUES</p>	<p>EXPLICITLY INCLUDING ESG RISKS AND OPPORTUNITIES INTO ALL ANALYSES</p>
<p>EXAMPLE: Only invest in companies that are actively addressing labor and human rights concerns in their supply chain.</p>	<p>EXAMPLE: Do not invest in utilities that rely heavily on fossil fuels.</p>	<p>EXAMPLE: Consider companies that have beneficial records in all areas of concern, such as human rights, climate change and business ethics.</p>
		

COMMON CLIENT ESG CONCERNS

HUMAN RIGHTS / ALCOHOL / WEAPONS & MILITARY / ANIMAL WELFARE
TOBACCO / ADULT ENTERTAINMENT / ENVIRONMENT

APPLICATION OF ESG CRITERIA

MANAGED	SCREENED	SIGNATORY
<p>\$73B</p> <p>ASSETS MANAGED ACCORDING TO ESG CRITERIA</p>	<p>\$446B</p> <p>ASSETS UNDER CUSTODY AND/OR ADMINISTRATION SCREENED FOR ESG CRITERIA</p>	<p>\$754B</p> <p>ASSETS UNDER MANAGEMENT COVERED BY UNITED NATIONS PRINCIPLES FOR RESPONSIBLE INVESTMENT (UN PRI)</p>
<p>We provide opportunities for our Investment Management clients to incorporate ESG criteria into their investment guidelines.</p>	<p>In Asset Servicing, we provide post-trade analysis of client portfolios against ESG guidelines and assist clients in understanding the nature of violations.</p>	<p>Six of our Investment Management boutiques follow the UN PRI framework for incorporating ESG factors into the investment process.</p>



HELPING CLIENTS UNDERSTAND A GROWING TREND

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

To help our clients understand and leverage insights on SRI, we regularly offer thought leadership and produce white papers. In early 2014, our Newton boutique released the white paper “Fathoming directors’ pay in the UK,” which analyzes new regulations that give shareholders of UK companies a binding vote on remuneration policies for directors. Newton, a London-based, global investment management subsidiary of BNY Mellon, provides investment products and services to a broad spectrum of clients. Newton believes that responsibly managed companies are best placed to achieve sustainable competitive advantage and provide strong long-term investment opportunities. This white paper provides investors with topical insight on important ESG issues.

SRI Offerings

In 2013, we created an SRI product-gap-analysis framework, so that individual boutiques can strategically build their product offerings to meet client needs.

BNY Mellon boutiques offer a wide range of SRI funds and other ESG products. Some of these include:

DREYFUS PREMIER THIRD CENTURY: \$308 MILLION

One of the first SRI funds on the market, this fund focuses on protection and improvement of the environment, occupational health and safety, consumer protection and equal employment opportunities.

DREYFUS SOCIALLY RESPONSIBLE GROWTH FUND: \$272 MILLION

Launched in 1993, this fund, similar to the one above, also focuses on protection and improvement of the environment, occupational health and safety, consumer protection and equal employment opportunities.

ESG and Private Wealth Management

Our Wealth Management group offers a range of SRI/ESG equity funds for its clients, including The Dreyfus Premier Third Century Fund. The group is currently in the process of building a fixed income solution for clients as well. See SRI offerings for more information regarding these specific funds.

Proxy Voting and Issuer Engagement

In 2013, the Proxy Voting and Governance Committee (PV&GC) sought to provide transparency to the issuer community by releasing a summary publication of the firm's proxy voting guidelines. The disclosure is leveraged to engage with U.S. and international issuers to discuss boards, governance, compensation, transactions, contested meetings, and shareholder proposals.

During this same period, the PV&GC also undertook a full policy review to focus on several aspects of proxy voting that the committee believes enhance value at portfolio companies. More specifically, committee members focus on three areas that strengthen the alignment between company leadership and shareholders, including (1) an overall review of corporate governance at the firm, (2) a consideration of how the board of directors represents our underlying shareholder interests, and (3) the structure and execution of the executive compensation program relative to performance and benchmarked to peers. Lastly, in reviewing the proxy voting guidelines the committee considers the evolving regulatory environment and investor sentiment in order to ensure that BNY Mellon delivers best practices.

The committee has implemented a revised policy on direct voting to allow more detailed consideration of proxies with the most material economic impact. Further, the direct voting policy and the PV&GC accommodates our member firms that are signatories of the United Nations Principles of Responsible Investing on environmental, social and governance matters. The Proxy Voting & Governance Research team supports the committee's efforts to employ corporate-governance research and financial analytics to discern value-enhancing vote decisions at nearly 12 thousand meetings for U.S. and international issuers each year. The team researches voting proposals for the committee, leads engagement efforts, and maintains oversight of all operational aspects of the proxy-voting process. The concerted efforts of the equity professionals who serve on the committee, and the research professionals who frame and implement the voting requirements, provide our clients with proxy-voting best practices to enhance the value of their investment.

Investment Services

When we service investments for clients, we do so responsibly by offering ESG screening capabilities and tools to help mitigate risk and increase transparency, thus strengthening market integrity.

Asset Servicing and ESG Screening

For 10 years, BNY Mellon has provided robust ESG screening capabilities to our Asset Servicing client base. During this time, we have significantly enhanced our capabilities to cover a broad range of topics and insights sought by our clients. As of the end of 2013, clients were using our service across 470 distinct rules or screens on ESG criteria. We were screening a total of \$446 billion in assets for clients as of year-end.

The number of clients using our ESG screening services grew by nearly 26 percent in 2013. The increased usage of our ESG service shows that our offering meets an important need for institutional investors and that SRI is becoming more mainstream. We discuss our ESG screening offerings with both existing and prospective clients and promote these capabilities in industry publications. Our screenings currently focus on equity holdings, and we hope to expand this capability in 2014 to cover all asset classes.

Corporate Trust

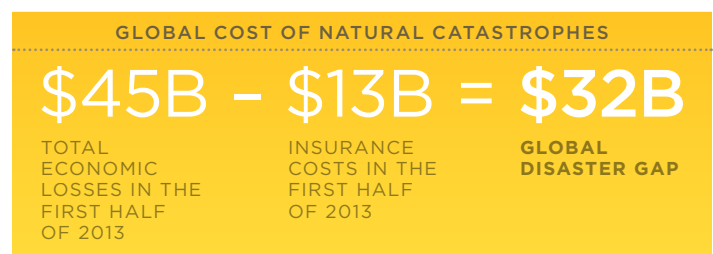
Our Corporate Trust business engages in a wide variety of ESG-focused work for clients, and we have expanded our ESG-related business initiatives in 2013, supporting our clients' ESG needs with focused product solutions that include:

SOCIAL HOUSING BONDS — Demand for affordable housing in the UK has surged in recent years, and we have served as the paying agent on many of the UK social housing bonds issued to date. In 2013 alone, we administered four bonds issued by UK housing authorities and are working more closely with other capital markets participants who are setting up public sector desks to support additional opportunities in social housing finance.

ENVIRONMENTAL TRUSTS AND ESCROWS — These accounts help clients comply with U.S. financial responsibility requirements enforced by the Environmental Protection Agency and other U.S. agencies. In 2013, we launched a campaign targeted at energy producers, industrial consumers, and manufacturers to raise awareness of our product solution. We also administered several trusts for nuclear decommissioning liabilities for a U.S. manufacturer of consumer health products.

INSURANCE-LINKED SECURITIES — We administer alternative reinsurance capital financings such as catastrophe bonds, which reduce the cost of reinsuring risk from natural disasters, and longevity risk swaps, which help pension funds adjust to demographic changes. These products/solutions help make communities more financially secure, and we see major growth opportunities in this work. In 2013, BNY Mellon sponsored a study on "[The Disaster Gap: How Insurers and the Capital Markets Can Harness Big Data to Close the Gap](#)," which analyzed financial risks from natural disasters and the potential benefits of catastrophe "cat" bonds.

Globally, natural catastrophes had cost the insurance industry approximately \$13 billion in the first half of 2013, yet the overall economic losses were estimated at around \$45 billion. The industry therefore covered less than one third of natural catastrophes, leaving a global disaster gap of \$32 billion.



Insurers and the capital markets can help reduce the gap between economic losses and insured losses by working together with big data to deploy new capital to cover new perils in new regions. This will reduce the cost of rebuilding for governments and provide a positive contribution to society.

At BNY Mellon, we believe the volume of cat bonds outstanding could more than double its current volume to \$50 billion by the end of 2018 and we see major growth opportunities in this work.

CARBON CREDITS — Carbon credits in the EU Emission Trading Scheme (ETS) are increasingly viewed as high quality, tradable, fungible assets following recent standardization initiatives. We are one of the largest global custodians for carbon credits, and we support clients by administering carbon credit assets used as collateral in secured bilateral and trilateral lending arrangements.

Additionally, our Corporate Trust business provides administration solutions for U.S. federal, state and local programs related to economic stability, housing and lending; for clean-energy and energy efficient financings issued by nonprofit groups, such as Property Assessed Clean Energy (PACE) Bonds and Qualified Energy Conservation Bonds (QECB); and for global infrastructure financing arrangements, including public-private partnerships, that fund beneficial projects including hospitals, schools and wind farms.

Through Corporate Trust’s ongoing involvement with clients, capital markets participants and non-governmental organizations, we have expanded the reach of our SRI work. In 2013, we engaged closely with a number of organizations that focus on social and environmental finance, including The Council of Development Finance Agencies, The Banking Environment Initiative, the Climate Bonds Initiative, and the Capital Markets Climate Initiative.

We also continue to innovate. In 2013, a team from Corporate Trust won BNY Mellon’s first A.C.E. innovation competition, which solicits employee ideas that could lead to cost savings or revenue generation. The winning team proposed a loan servicing center of excellence within the company, and the creation of a BNY Mellon Asian Central Securities Depository. As our Corporate Trust group grows its innovative product offerings, we believe we will play an expanding role in the SRI activities of our clients.

Broker-Dealer Services — Tri-Party Repo

Broker-Dealer Services has been at the forefront in creating technology to significantly reduce our intraday credit risks associated with the tri-party repurchase (repo) market, where we are the industry leader. We have made significant investments in technology enhancements to implement new procedures, controls and reporting—an investment that sets us apart in the financial industry. Given our role in the clearing and

tri-party repo market, we recognize the importance of reducing the intraday credit risk without creating market disruptions.

We are pleased to report that the amount of intraday credit provided by BNY Mellon in connection with its tri-party repo book of business was reduced by almost 85 percent* before the end of 2013—well on the way to achieving its goal of a 90 percent reduction by the end of 2014 as recommended by the U.S. Tri-Party Reform Task Force sponsored by the Federal Reserve Bank of New York. BNY Mellon has implemented several important measures in that regard, including reducing the amount of time during which we extend intraday credit, implementing three-way trade confirmations, reducing the amount of credit provided in connection with processing collateral substitutions, introducing a functionality that enables us to “roll” maturing trades into new trades without extending credit, and requiring dealers to prefund their repayment obligations in connection with trades collateralized by Depository Trust Company (DTC) sourced securities. These measures have substantially reduced risks in our tri-party repo business in the near term and, together with technology enhancements currently in development, will, by the end of 2014, practically eliminate intraday credit related to tri-party repo processing. We are setting a new standard for the industry in helping reform critical elements of the capital markets infrastructure, while acknowledging the importance of maintaining strong relationships with market participants and our regulators.

Risk management is critical to ensuring the tri-party repo markets operates smoothly, and we have used our expertise to work with the Federal Reserve Bank of New York and our clients to help minimize risks that were exposed in this market during the financial crisis. BNY Mellon is fully committed to its U.S. Tri-Party Repo Reform effort and reaching the goal of “practically eliminating” intraday credit in this business while at the same time enabling market participants to continue to efficiently fund their operations. BNY Mellon continues to closely coordinate with market participants to implement changes in a timely way with the aim of full completion by the end of 2014.



*Validated as of 10/31/13 and exact percentage may fluctuate day to day.

Global Collateral Services

Heightened risk sensitivity and new regulations have increased the need for sophisticated collateral management in many financial transactions. Our Global Collateral Services business, launched in 2012, helps financial institutions, intermediaries 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., the European Market Infrastructure Regulation (EMIR) in Europe 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, segregation, securities finance, liquidity and derivatives services.

Our major focus for 2013 was on innovation and enhanced regulatory readiness. We developed new products, services, solutions and enhancements, including the BNY Mellon Collateral Universe, our next generation of collateral solutions designed to help buy-side clients manage the impact of regulatory change on their investment processes. Established to help clients address new regulations including Basel III, EMIR, Alternative Investment Fund Managers Directive (AIFMD), as well as the advent of T2S (TARGET2-Securities), BNY Mellon's Brussels-based Central Securities Depository (CSD) received a Belgian Royal Decree granting it Securities Settlement System (SSS) status. We also worked to help pension-plan asset managers prepare for new swap-trading requirements, and conducted a survey on collateral risk in the insurance industry.

Responsible Financing

When we participate in financing activities, the Community Reinvestment Act is given consideration in making loan and investment decisions.

The Equator Principles

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

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

We have also evaluated our lending portfolio against guidelines based on the Equator Principles to determine our exposure to potential social and environmental risk through non-project finance lending activities. This 2012 evaluation revealed a minimal level of environmental and social risks based on these guidelines.

Community Reinvestment

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. We seek to provide meaningful, beneficial and innovative community development solutions through our CRA activities.

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

In 2013, both our private wealth and institutional banks identified new CRA-related opportunities that meet community development needs in a very competitive CRA market. Both banks target affordable housing for low- and moderate-income residents as their primary community development focus. Other investments support small-business investment corporations under the Small Business Investment Act and national equity funds created by community development financial institutions.

Our CRA efforts are complemented by our community involvement activities, many of which also target underserved communities. For more on these efforts, see *Invested in Our World* on page 57.



INVESTED IN OUR PEOPLE

At BNY Mellon, our people are the source of our success. We are privileged to have more than 51,000 highly talented professionals delivering superior results for our clients every day. We work hard to attract and retain top talent by developing our employees to the fullest and by providing them with a dynamic and diverse workplace.

We are committed to investing in our people. Our persistent focus on talent requires investment and accountability related to giving our employees opportunities to contribute and succeed.

EXCELLENT TALENT

From Hong Kong to Wall Street, and Pittsburgh to Paris, our clients' success is driven by our employees. BNY Mellon aspires to hire the most talented professionals in our industry across disciplines. We share our employees' ambition to achieve their full potential and succeed on behalf of our clients, across all our businesses around the world.

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.

2013 HIGHLIGHTS:

- Overall score on our Employee Engagement pulse check survey of 5,000 employees increased to 78 percent, up from 77 percent.
- Launched BNY Mellon University (BKU), our learning and development platform, established to bring knowledge to employees' fingertips.
- 35 percent of our global hires and promotions at the Managing Director level and above were women or people from diverse racial or ethnic backgrounds.
- 50 percent of our global hires and promotions at the Vice President level were women or people from diverse racial or ethnic backgrounds.

Employee Engagement

Engaged employees deliver results and contribute to our continued business success. Employee engagement makes us more productive and supports our recruitment and retention efforts.

In 2013, we focused on enhancing five key drivers of employee engagement.

OUR KEY DRIVERS OF EMPLOYEE ENGAGEMENT



LEADERSHIP

Deepening understanding of our company’s priorities, strategy and vision, and strengthening confidence in senior management decisions.

MANAGEMENT

Enhancing overall management effectiveness and updating management tools.

EMPOWERMENT

Providing employees with tools and resources to do their jobs more effectively and continually improve their skills and performance.

COLLABORATION

Breaking down silos and working more effectively across functions and businesses to enhance the employee and client experience.

CAREER OPPORTUNITIES

Providing growth and development opportunities to help employees along their career journeys.

Engagement Survey

We measure engagement every year, with either a full survey or—as in 2013—an interim pulse check.

EMPLOYEE ENGAGEMENT SURVEY 2013 PULSE CHECK - HIGHLIGHTS

	2013	CHANGE FROM 2012
Overall engagement score	78%	+1%
Employees with diverse backgrounds are valued	79%	+5%
I can report instances of dishonest or unethical practices to the appropriate level of authority without fear of reprisal	87%	+2%
I am willing to put in a great deal of extra effort to help the company succeed	92%	0%
I believe strongly in the company’s goals and key priorities	85%	+4%

While we are pleased with our overall results, we recognize the need for continued focus in certain areas including career development, recognition of good performance, and rapidly putting good ideas into practice.

Our long-term objective remains to continually improve employee engagement. To respond to what we have learned and continue to improve employee engagement, each year we create action plans within our businesses and regions.

Retention in Key Positions

One of our critical measures of success in employee engagement is retention, which we track globally and regionally by gender and business segment.

Our companywide retention rate in 2013 was 89.8 percent, down slightly from 91.1 percent in 2012. Male and female retention rates differ by approximately half a percent, with women at 90.1 percent versus 89.5 percent for men. We view these results as reflective of the economic recovery underway globally and within the banking and financial services industry and see regional differences in line with market patterns.

GLOBAL RETENTION RATES, 2012 TO 2013

	2012	2013
Women	91.2%	90.1%
Men	91.0%	89.5%
Overall	91.0%	89.8%

2013 RETENTION RATES BY REGION/GENDER

	FEMALE	MALE	TOTAL
Asia Pacific	83.7%	85.5%	84.9%
Europe, Middle East and Africa	90.2%	89.9%	90.0%
Latin America	89.2%	87.8%	88.4%
U.S. and Canada	91.6%	91.8%	91.7%
Total	90.1%	89.5%	89.8%

Learning and Development

Investing in our people is critical to our business success. Learning and development opportunities—from classroom training and e-learning to peer partnerships and on-the-job experience—help our employees build skills and expertise.

During 2013, we delivered 28 hours of training per employee.

BNY Mellon University

Our most significant learning and development achievement in 2013 was the launch of BNY Mellon University (BKU) to create dynamic learning experiences for our employees.

BNY Mellon University houses all of our learning and development resources. The university is designed to continually enhance the knowledge, skills, careers and engagement of our employees in the pursuit of outstanding service to our clients.

The university has three teams focused on the learning requirements of our businesses, business partners and regions and five academies that address companywide learning and development needs.

BNY MELLON UNIVERSITY ACADEMIES

BUSINESS DEVELOPMENT AND CLIENT SERVICE

CLIENT SERVICE DELIVERY AND CLIENT TECHNOLOGY SOLUTIONS

RISK AND COMPLIANCE

PROFESSIONAL DEVELOPMENT

LEADERSHIP AND MANAGEMENT DEVELOPMENT

Individual Development Plans

Our growth and success are directly tied to the development of our employees. Each employee, across business areas, levels and locations, has unique skills and abilities that help our clients succeed. The establishment of development goals is one way of ensuring that individuals get support to aid with achieving their professional development goals and desired competency levels. It is a shared commitment that is driven by the employee in collaboration with his or her manager.

In 2013, 73 percent of employees globally had documented individual development plans in place, similar to the level we reached in 2012 and up from 25 percent in 2010.

AN INTERVIEW WITH DAVE DEFILIPPO CHIEF LEARNING OFFICER



In 2013, BNY Mellon achieved a milestone in our employee learning and development efforts with the launch of BNY Mellon University (BKU), under the leadership of Dave DeFilippo, Chief Learning Officer. This project is evolving our training solutions and infrastructure so they are consistent, accessible and meaningful for our employees. We asked Dave to tell us about his vision and plans for the university.

What's the vision behind BKU?

Our vision came from Gerald Hassell and his own experience starting out as a management trainee. His own career journey, including on-the-job experience, framed how he thought about the business and its approach to training.

BKU aims to create systematic learning experiences embedded in the real work our employees do. Our goal is to help employees learn, grow and thrive in the workplace, and for the company to reach its fullest potential through them.

We are pursuing a more thoughtful and targeted approach to our learning and development programs based on analysis of business performance and outcomes, using metrics as a tool to help us mitigate risk by ensuring training requirements are met and by charting strategic direction and employee development.

What new opportunities does BKU provide to employees?

First, it provides them with better access to learning and development—better and multiple ways to grow and develop in their careers. We will offer classes in a variety of formats to create greater opportunities to learn and improve the overall learning experience.

Second, we will methodically roll out our new learning resources, testing new courses and course formats in small groups, scaling them to larger audiences and refining them to be as effective as possible.

Third, BKU will provide a unified learning storefront for employees—one that is consistent, results oriented, and accessible.

What are you working on in 2014?

Our top priorities for BKU in 2014 are:

- Fostering a strong culture of managing risk throughout the organization
- Strengthening manager effectiveness and leadership skills
- Addressing feedback from the employee engagement survey relating to employee development
- Addressing companywide learning and development needs to support career mobility
- Using analysis of business outcomes, efficiency and effectiveness to inform BKU approaches
- Reporting ROI from learning and development activities

Strategic Workforce Planning

We aim to deliver the best for our clients at all times, now and in the future. This means understanding clearly what our future workforce requirements will be so we will be ready to meet those needs.

During 2013, execution of our workforce planning initiatives allowed us to put new staff in place in our global delivery centers in Pune and Chennai, India; Wroclaw, Poland; Manchester, UK; and Pittsburgh, PA and Syracuse, NY in the United States.

We believe in global mobility, and encourage staff and leadership to take opportunities that will develop their talent and contribute to our success around the world. Forty-eight employees at the managing director position or above are currently on international assignments.

Health and Safety

We are steadfast in our commitment to maintain healthy, safe workplaces. In 2013, we adopted a formal statement on health and safety, applicable to all offices and sites worldwide. The statement formally affirms the commitment we already have in place to look after the physical welfare of our employees on the job.

BNY MELLON HEALTH AND SAFETY STATEMENT

As a company dedicated to social responsibility, BNY Mellon is invested in protecting the health and safety of our employees globally and ensuring that our suppliers commit to doing the same for their employees.

Reflected in our Code of Conduct and internal policies, our commitment includes:

- Providing and maintaining safe working conditions to prevent injury, violence or ill health
- Providing a range of health benefits and wellbeing initiatives
- Implementing policies and procedures for emergency preparedness, along with providing training and conducting rigorous testing
- Communicating our expectations for the health and safety policies and practices of our suppliers*
- Adhering to applicable laws and regulations

*In line with our practices, BNY Mellon expects its supplier base and their authorized subcontractors to commit to providing their employees with serviceable, safe and healthy working conditions, and to comply with all health and safety laws and regulations applicable to their work location.

Health Management

Improving one's health and wellbeing starts with making small, healthy choices each day. Our Live Well program encourages employees to adopt healthy behaviors and commit to a healthier lifestyle and improved quality of life. Live Well provides a range of resources, including tools, information, professional guidance and referrals to healthcare services as provided for in our employee benefits packages. Live Well can help employees:

- Better understand their health status
- Quit smoking
- Work with a personal health coach to reduce risks
- Manage a chronic condition
- Find a doctor
- Get active
- Stay healthy in pregnancy
- Access emotional or psychological support

Working together with our healthcare providers, the Live Well program is accessible to our U.S.-based employees and their dependents 24 hours a day, every day.

HEALTH & SAFETY BY THE NUMBERS



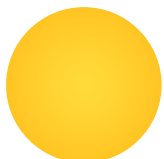
11,700

FLU SHOTS PROVIDED



31,000

WELLBEING ASSESSMENTS CONDUCTED



28,000

BIOMETRIC SCREENINGS COMPLETED



14,000

EMPLOYEES ENROLLED IN HEALTH COACHING



14,000

PARTICIPANTS FROM 33 COUNTRIES IN THE GLOBAL ACTIVITY CAMPAIGN



24 million

MINUTES OF PHYSICAL ACTIVITY LOGGED

Protecting Human Rights in Our Workforce

Guided by our company ethics, BNY Mellon is committed to supporting the protection and advancement of human rights. Our [Human Rights Statement](#) illustrates our commitment to respecting the rights of the individual in everything we do. With operations around the world, 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.

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.

Workplace Rights

Our success depends on the talent, skills and commitment of our employees, and we create an environment where every person is treated with fairness, dignity and respect. We maintain specific policies to ensure:

- [Equality of opportunity](#)
- [Affirmative action programs and opportunities for veterans and individuals with disabilities](#)
- [Freedom from sexual and other discriminatory harassment](#)
- [A drug- and alcohol-free workplace](#)

Diversity and Inclusion

BNY Mellon operates in 35 countries, serving more than 100 markets worldwide. Every day our diverse workforce delivers creative insights and solutions that lead to our continued business success. Our work in diversity and inclusion improves our performance and make us a more sustainable company.

We have completely refreshed our global diversity and inclusion strategy to help our firm capitalize on opportunities presented by the shifting global talent landscape, the external business environment and internal transformation initiatives.

Our corporate leadership is committed to advancing diversity and inclusion. In 2013, the company specified accountability measures to all Executive and Operating committee members for steering our progress in 2013:

- Driving diverse representation in both direct reporting line teams and immediate next-level teams
- Increasing the appointment of qualified diverse candidates, whether internally or externally sourced into job openings at the vice president level and above
- Ensuring that succession benches for all Executive and Operating committee members include one or more diverse candidate(s)
- Leading and championing diversity initiatives

EMPLOYEE ENGAGEMENT SURVEY PULSE CHECK RESULTS RELATED TO DIVERSITY

	2013	CHANGE FROM 2012
Employees with diverse backgrounds are valued	79%	+5%

OUR GLOBAL WORKFORCE

30,600
NORTH AMERICA

9,400
EUROPE, MIDDLE EAST & AFRICA

11,500
ASIA PACIFIC

600
LATIN AMERICA

Numbers are rounded and include full-time and part-time employees.



Our Results

We have made measurable progress through a range of actions and a strong public commitment by the company.

Since 2009, there has been a 100 percent increase in the number of women and a 35 percent increase in the number of people from diverse racial and ethnic backgrounds at Executive Committee (EC), Operating Committee and Regional Operating Committee levels.

We are proud of our efforts and the success we have achieved so far in building diversity and a broad range of inclusion initiatives. But a few challenges remain:

- **Scaling our efforts at the local levels:** It takes time to develop a deep understanding of the experiences, nuances and challenges at the local levels, across our countries of operation—and to develop responses that align with, respect and support local cultures.
- **Our industry and operating environment:** With a slower pace of hiring, particularly at senior levels, it takes longer to generate results in advancing diversity.
- **Ongoing awareness and education:** The people and managers responsible for the bulk of our hiring need ongoing education on the business case for diversity, and tools to achieve greater diversity and address unconscious biases.

Leadership in Diversity

In 2013, we were proud to promote Karen Peetz to the position of president of BNY Mellon. Karen is a 30-year banking veteran, served as our first female vice chairman, and was named by *American Banker* as The No. 1 Woman to Watch. Karen is passionate about fostering a responsible, risk-sensitive banking culture and making the business case for diverse talent. She is also a leading player in our industry’s changing risk and regulation frameworks, which will strengthen our reliability and rebuild trust for our industry.

- In 2013, BNY Mellon received 22 external awards and other forms of recognition (corporate and individual) for diversity and inclusion, up from 11 awards in 2012
- 20 percent of employees globally were actively involved with one or more employee resource group in 2013, up from 16 percent in the previous year

Further data on our diversity performance is available in our GRI index.

HELENA MORRISSEY, THE 30 PERCENT CLUB



In 2009, Helena Morrissey, CEO of our Newton investment management boutique, was inspired along with others to dramatically increase women's participation in the top ranks of business. She realized that while many excellent initiatives existed to identify, support and encourage women's advancement in business, what was missing was a measurable goal. Along with other top professionals, the 30 Percent Club was founded to promote a voluntary target of 30 percent of board seats at leading companies to be filled by women candidates. Research suggests that 30 percent is the point at which critical mass is reached – when a minority group reaches this point, its collective voice can be clearly heard.

Since then, the club has focused on best practices seminars, the development of a voluntary code of conduct, and engagement with the European Union on positive voluntary approaches to strengthening women's success in business. The latest figures show that the prevalence of women on FTSE100 boards has increased to more than 17 percent, up from 15 percent in 2012, with 27 percent of appointments since March 2013 going to women.

Awards

Robert D. McAuliffe Community Service Award

Arc of Onondaga Foundation

Readers' Choice Best Diversity Company

Diversity/Careers

Top 50 Employers for Women (UK)

The Times and Opportunity Now

Top Employer in Finance

Black EOE Journal

Top Employer in Finance

Professional Woman's Magazine

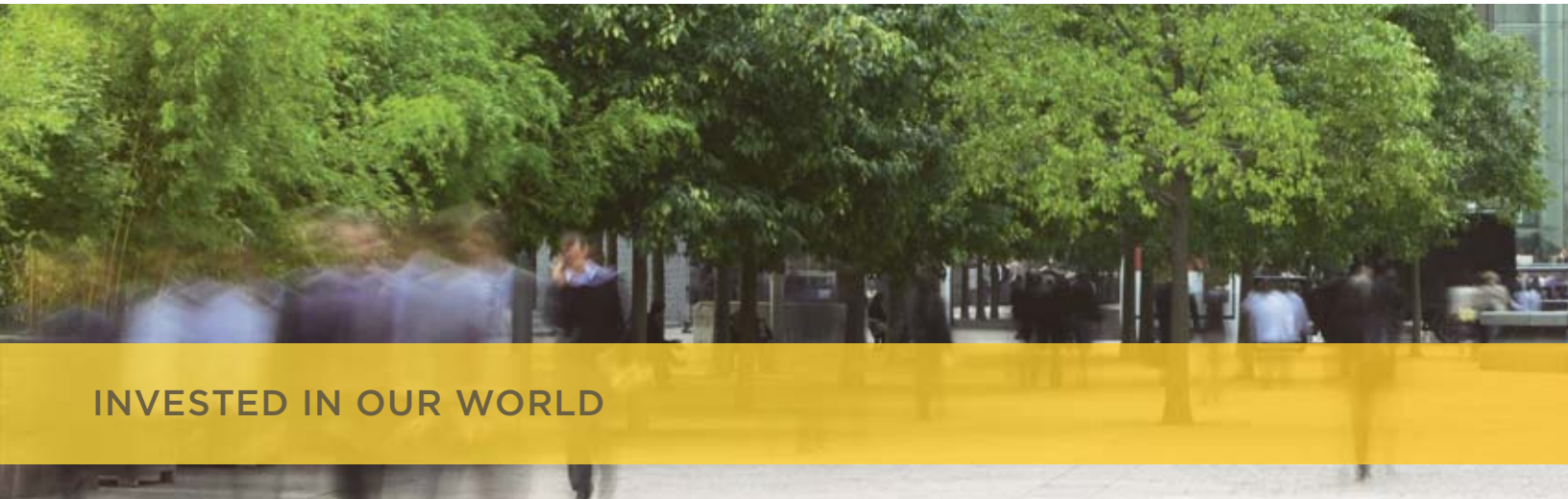
Corporate Partner of the Year (UK)

The Albert Kennedy Trust

Human Rights Campaign Foundation's Corporate Equality Index, 2008–2014

Human Rights Campaign Foundation

Note: BNY Mellon has had seven consecutive years of 100 percent scores.



INVESTED IN OUR WORLD

Financial services are a central part of thriving markets and communities around the world. We work hard to have a positive impact in our local communities through our services, philanthropic initiatives, volunteering, supplier relationships and respect for the environment. We are focused on helping to deliver solutions for some of the world's most pressing challenges.

We are currently living through an era that we call the age of global reset, a time defined by responses to the global financial crisis and debt management challenges around the world.

But whatever the challenges at both a global level and within our local communities, BNY Mellon and our employees aim to play a responsible part in collaborating to develop and deliver meaningful solutions.

COMMUNITY COMMITMENT

Our global presence gives us a unique vantage point on major problems facing society today, including meeting basic needs for food and shelter and providing access to education and job training. We are committed to contributing to solutions to address these challenges and target our philanthropic efforts toward programs that make communities better places to live and work.

OUR LONG-TERM GOAL

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

2013 HIGHLIGHTS

- Donated \$34.4 million to charitable organizations through corporate foundation and employee cash giving
- Logged 105,000 hours of employee volunteer time
- Developed a new Supplier Code of Conduct
- Recognized as a leader by the Carbon Disclosure Project with a score of 100 A (disclosure & performance)
- Exceeded our 10 percent carbon reduction target by 2016, against our 2008 baseline

Strategic Philanthropy and Employee Involvement

Our philanthropy strategy is to invest in and inspire our employees to give to charities that make a lasting, positive difference in our local communities. The approach is designed to help those individuals and communities by providing basic needs and investing in workforce development. BNY Mellon works with its community partners to provide food, clothing and housing assistance to those who require immediate help. The company's workforce development investments are designed to improve access to employment through job training, education, mentoring and skills development. We inspire employees by providing a company matching donation for employee donations, giving paid time-off for volunteering, and recognizing initiatives that deliver real benefits. In 2013, we donated \$34.4 million and our employees volunteered a total of 105,000 hours.

\$34.4M 2013 DONATIONS | **105,000** 2013 VOLUNTEER HOURS

Company Initiatives

At a company level, our philanthropic initiatives focus on providing basic needs and workforce development opportunities for people in our communities who are most in need—such as disadvantaged youth, homeless military veterans, the hungry and victims of disaster.

TOTAL CASH DONATIONS (\$ MILLIONS)



Note: Includes corporate, foundation and employee cash giving.

Contributing to Sustainable Solutions to End Hunger

The World Food Programme reports that there are 842 million undernourished people in the world, and that one out of six children in developing countries is underweight. Addressing hunger is a basic need if individuals and communities are to grow and thrive.

In 2013, we arranged more than 100 events around World Food Day to raise awareness and contribute to sustainable food systems and solutions to end hunger.

Globally, we contributed more than \$1.4 million this year—the equivalent of providing 7 million meals—to food-related charities around the world, up nearly a fifth from 2012.

WORLD FOOD DAY CELEBRATION: CANSTRUCTION®

Since 1992, Canstruction has worked with partners like BNY Mellon to contribute 21 million pounds of food to the hungry in communities around the world. In 2013 employees in Boston, Hong Kong, London, Pittsburgh and New York worked with Canstruction to build structures made out of donated food. Each structure remained on display for a week or more to raise awareness about hunger and sustainable food systems, then was broken down and donated to local food banks.

12,000
POUNDS OF FOOD

9,000
MEALS



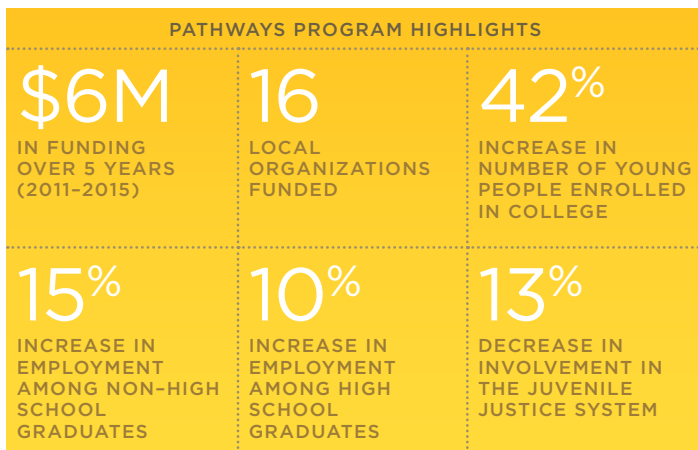
5 cities

LONDON, NEW YORK, HONG KONG, PITTSBURGH AND BOSTON

Empowering Vulnerable Youth

Our Pathways program is a \$6 million, five-year initiative that provides education, training and career development to help vulnerable youths make the transition to adulthood. Beginning in 2011, the Pathways program has reached more than 1,000 young people around the world, enhancing education, job training and career development opportunities for populations that are at risk and facing severe challenges of chronic unemployment, poverty and homelessness.

The program has had a tangible effect on participants' lives: in the U.S., 82 percent of participants currently go on to graduate from high school or meet an equivalent standard, while a growing number enroll in college and approximately half gain employment while in the program. Data shows that Pathways program participants fare better than others leaving the foster care system, including fewer involved in the juvenile justice system.



Homeless Military Veterans

The U.S. Department of Housing and Urban Development estimates that 57,849 military veterans are homeless on any given night. About 1.4 million other veterans are considered at risk of homelessness due to poverty, lack of support networks and dismal living conditions in overcrowded or substandard housing.

Annually, we give more than \$1 million in support to returning military personnel in the U.S. and UK. For example, in 2013 we partnered with the Veteran Leadership Program (VLP) of Western Pennsylvania. VLP is the largest provider of

subsidized transitional and permanent housing in western Pennsylvania which helps more than 2,000 veterans and their families settle back into civilian life each year, including finding meaningful employment.

BNY Mellon and our employees' investments in this organization, which totaled more than \$120,000 in 2013, began with an invitation to employees from Vince Sands, chairman of BNY Mellon of Pennsylvania, to "never forget vets." This call to action inspired employees to volunteer more than 400 hours in support of 600 Pittsburgh-area veterans and their families.

Disaster Relief

Typhoon Haiyan devastated the Philippines in November 2013 and took the lives of more than 6,000 people. In response, BNY Mellon and its employees contributed more than \$385,000 to relief and recovery efforts to help typhoon victims and their families get back on their feet and start rebuilding their communities.

The tragic bombing at the Boston Marathon in April 2013 reverberated around the world. The One Fund Boston was rapidly initiated to raise funds for victims and their families. In 2013, we donated \$200,000 to The One Fund.

MEASURED IMPACT OF OUR GIVING	
EDUCATIONAL ASSISTANCE	5,400 individuals received educational assistance, such as tutoring.
JOB TRAINING	15,000 individuals received job training and at least 3,500 obtained jobs .
MENTORING	8,000 individuals received mentoring.
FOOD	7 million meals were provided to vulnerable individuals and families across the globe — a 17 percent increase over 2012.
CLOTHING	13,000 individuals received clothing.
HOUSING ASSISTANCE	3,900 vulnerable individuals were provided with emergency, transitional and permanent housing, a 29 percent increase over 2012.

Regional Outreach

Our employees regularly volunteer in their local communities for causes that are close to their hearts and in ways that make their professional skills and experience of use to others.



Children participate in their lessons at Kamayani, a school in Pune, India, for children with special needs, many of whom live in the slums. BNY Mellon employees volunteer their time at the school, giving the children lessons in English, accounting and computer skills and helping them to improve their lives.

MENTORING STUDENTS

Many of our employees work with vulnerable youths through various charities. For example, we have a Workplace Mentoring program through Big Brothers Big Sisters that offers one-on-one mentoring and provides relationship-building to young people. This is a unique and innovative program that allows BNY Mellon to host students from area schools and communities at our corporate offices. In 2013, this program expanded to four new locations and now includes more than 200 mentoring relationships at 10 of our locations.

Pro Bono

BNY Mellon’s Legal department is one of seven to receive an Outstanding Legal Department award from the *New York Law Journal* and New York Lawyers for the Public Interest. Over the past year, BNY Mellon’s attorneys around the world have worked on a wide variety of pro bono projects to support groups such as senior citizens, military members, veterans, transgender people and low-income women.

EMPLOYEE COMMUNITY INVOLVEMENT						
	2008	2009	2010	2011	2012	2013
Employee Donations and Company Match (\$M)	\$9.9	\$12.8	\$14.0	\$14.1	\$14.5	\$14.5
Volunteer Hours	18,900	26,100	43,000	71,000	84,000	105,000

Individual volunteering hours were not tracked before 2011.

Human Rights Advocacy

The Board of Directors ratified BNY Mellon's commitment to human rights in 2010. We are focused on driving respect for human rights through our supplier relationships and value chain. We are also exploring other areas where we can have a meaningful and measureable impact on human rights appropriate to our business. For more information on our human rights policy, please visit <https://www.bnymellon.com/us/en/who-we-are/social-responsibility/human-rights-statement.jsp>.

Our Suppliers

We provide opportunities for suppliers of all types and sizes, globally, to partner with BNY Mellon. We rely on our suppliers for a multitude of products and services to support our company in the delivery of service to our clients. Our Supplier Relationship Management (SRM) program (read more on page 29) integrates ESG concerns into the overall approach for working with our suppliers, including periodic reviews of their practices through a balanced scorecard.

In addition to our Supplier Relationship Management program, we improved our supply chain practices by:

- developing a Supplier Code of Conduct;
- requesting certification of human rights compliance;
- encouraging our suppliers to consider our shared environmental footprint;
- promoting diversity through a Supplier Development program.

Supplier Code of Conduct

Our new Supplier Code of Conduct describes the requirements for our third-party suppliers in relation to our company's social responsibility commitments. As a practicing advocate of health & safety, labor & human rights, ethics and other responsible business practices, BNY Mellon expects its suppliers to meet the same standards of excellence. Topics covered in the Code include, but are not limited to: ethical working practices, human rights and zero tolerance for retaliation, fair competition, financial integrity, anti-corruption, environmental sustainability and expectations in the treatment of suppliers' employees. Although these are not

new expectations for our suppliers, the Code, coupled with our Supplier Relationship Management program, represents a more holistic management approach to our supplier relationships.

Certifying Human Rights

We view advocacy and respect for human rights throughout our supply chain as an important aspect of our positive investment in and contribution to our communities. Although the nature of services required from suppliers in the financial services industry may not carry inherent human rights risks, we believe it is important to communicate our commitment to protecting human rights, and to ask our supply chain partners to share that commitment. We incorporate human rights language in our new contract forms and ask our suppliers to sign a Human Rights Certification letter. This year we requested the letter from 68 suppliers, and intend to continue to work with suppliers to promote awareness of our collective potential to protect human rights.

Environmental Footprint

We are working with our suppliers to foster understanding of our shared environmental impacts and inspire them to incorporate our environmental priorities into their businesses. At the same time, we are working to find ways in which we can benefit from our suppliers' best practices and industry expertise through mutual dialogue. Our Supplier Code of Conduct and approach to SRM incorporate environmental sustainability themes and track performance against issues such as climate change, carbon-emission-mitigation efforts, water risks and use, and the use of natural resources. Read more about our Environmental Stewardship efforts on page 62.

Promoting Diversity

We collaborate with diverse suppliers, and are particularly keen to cultivate small, local and minority suppliers when possible. Our supplier diversity program supports companies owned, operated and managed by minorities, women, veterans, LGBTs, the physically challenged and certain qualifying small businesses. In 2013, in addition to committing a portion of our spend to support these businesses, we were involved in approximately 79 supplier diversity events, including some

for which we provided space or hosted workshops valued at \$265,000. These capacity building efforts are examples of our strong commitment to promoting diversity in our local communities. In 2014, we expect to further refine our approach at regional and global levels, maximizing the value of our extended supplier network and aligning with our global diversity and inclusion agenda. Read more about our commitment to diversity on page 54.

Environmental Stewardship

We work to integrate continuous environmental improvement and sustainability into everything we do—from cutting carbon emissions in the way we travel to work and the design of our offices to providing our clients with investment options that manage climate risks and opportunities. We seek to inspire and reward our employees for championing the environment at work and in our local communities. For more information on how we drive efficiencies in our operations—including data on energy, waste and paper conservation—see page 36.

Since 2010, we have supported the Banking Environment Initiative, which seeks to identify new ways in which banks can collectively stimulate the direction of capital toward sustainable, low-carbon growth and away from activities that undermine it. For more information on our ESG products, see page 39.

Climate Change Leadership

CDP (formerly Carbon Disclosure Project) is the world’s only global environmental disclosure system. Through CDP, we voluntarily report our corporate-wide carbon emissions and progress toward emission reduction goals. The process of compiling an annual response and the resulting report are valuable in helping us identify risks and opportunities related to climate change for our business.

This year, we were recognized by CDP as a leader for our climate change disclosures and our performance on carbon management. We were among the top companies listed in CDP’s Global 500 Climate Disclosure Leadership Index as well as on its Global 500 Climate Performance Leadership Index. CDP awarded us an A for performance and a score of 100 for

disclosure—the highest score attained by any financial company participating in the program and the highest score possible. We participate and strive for excellence to provide an example to others and to improve investment information available within the market.

CDP SCORES		
	DISCLOSURE	PERFORMANCE
2013	100	A
2012	90	B
2011	81	B
2010	66	C
2009	78	-

For our CDP disclosure, our Scope 1 and 2 emissions are 100 percent verified externally against ISO standard 14064-3.

There were many factors that contributed to CDP’s recognition, including our progress in disclosing climate-change impacts throughout our supply chain, our additional disclosure of climate risks and opportunities throughout our business, and, fundamentally, our success in making significant cuts in carbon emissions and energy use, surpassing our stated carbon reduction goal.

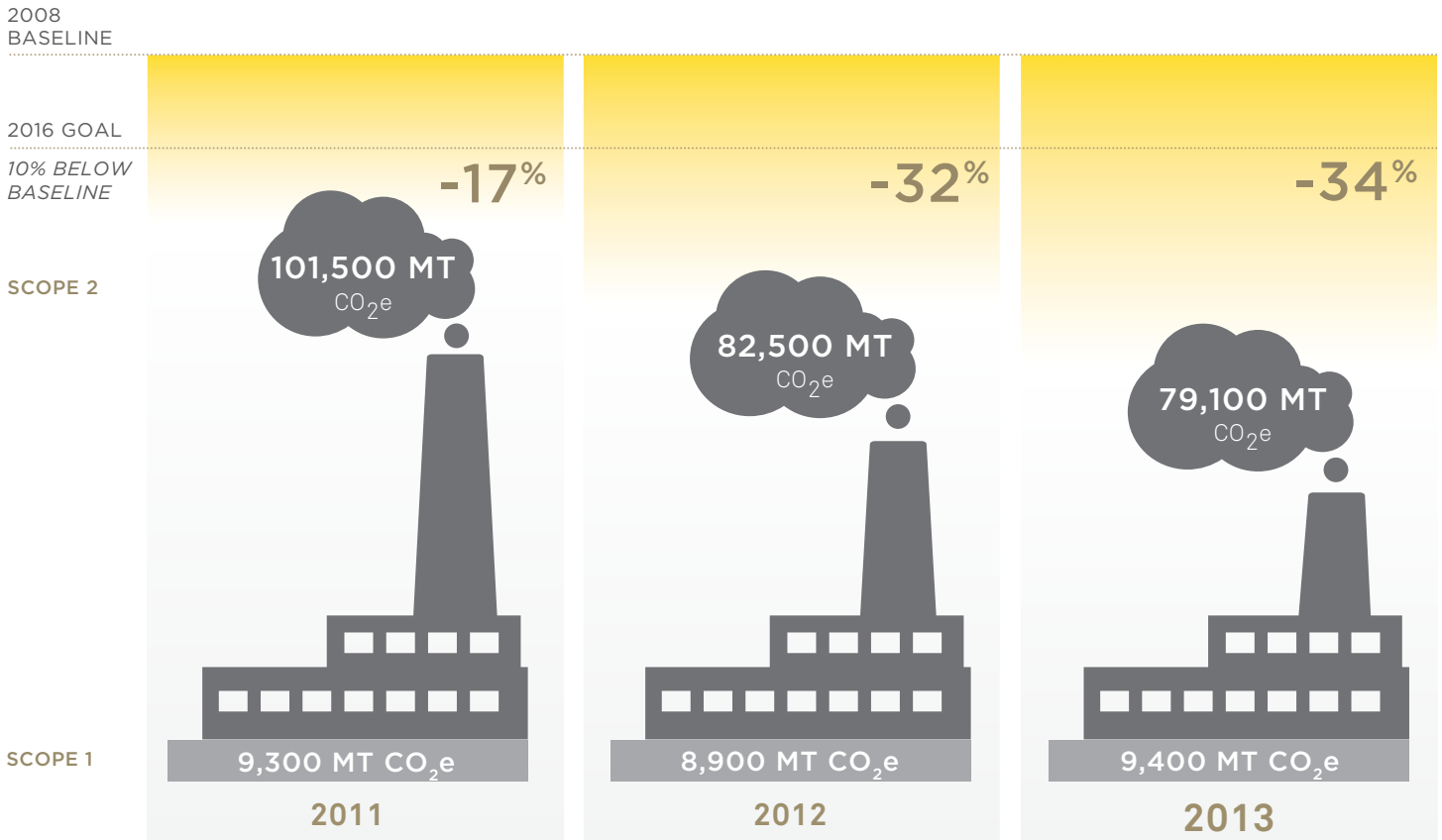
Climate Change Performance

In 2013, we achieved a 34 percent reduction in our Scope 1 and Scope 2 carbon emissions, beating our target of a 10 percent reduction by 2016, against a 2008 baseline for our U.S. tracked real estate portfolio (excluding data centers). Due to significant progress against our goal, in 2014 we will reevaluate and set a new, more aggressive global carbon-emissions-reduction goal that will continue to help push our program forward.

This carbon-emission reduction results largely from a reduction in energy use which also realizes a cost avoidance. Since the program’s inception in 2008, a \$30 million cost avoidance has been realized through energy-efficiency and other energy-reduction efforts, on a total investment of \$13.3 million.

PROGRESS ON 2016 GREENHOUSE GAS (GHG) REDUCTION GOAL

BNY Mellon has set an absolute GHG global Scope 1 and 2 target reduction goal of 10 percent, for U.S.-based owned or controlled corporate locations (not including data centers), over an eight-year period from base year 2008.



Scope 1 emissions are direct GHG emissions from sources that are owned or controlled by the entity. Scope 1 can include emissions from fossil fuels burned on site, emissions from entity-owned or entity-leased vehicles, and other direct sources.

Scope 2 emissions are indirect GHG emissions resulting from the generation of electricity, heating and cooling, or steam generated off site but purchased by the entity, and the transmission and distribution (T&D) losses associated with some purchased utilities (e.g., chilled water, steam, and high temperature hot water).

We also continued to meet our goal of offsetting at least 62 percent of our global electricity consumption through investments in on-site renewable energy, renewable energy credits (RECs) and direct renewable-energy purchases, ranking us among industry leaders. In 2013, we achieved a

63 percent offset of our global electricity consumption. We will continue to assess opportunities to increase our renewable energy investments and support renewable energy markets through the purchase of RECs and carbon offsets, and by encouraging other business opportunities in renewable energy technologies.

TOTAL GREENHOUSE GAS EMISSIONS (MT CO ₂ e)						
	2008	2009	2010	2011	2012	2013
Direct Emissions (Scope 1)	9,925	9,858	9,732	9,490	9,513	9,917
Indirect Emissions (Scope 2)	240,146	245,446	226,379	230,078	208,926	206,479
Emissions from Employee Travel (Scope 3)	31,350	26,114	26,827	24,394	24,284	23,782
Total	281,421	281,418	262,938	263,962	242,723	240,178

Continuous Improvement of Location Impacts

Our approach to managing the environmental design and efficiency of our offices is a direct way to help sustain our business and support our employees.

Our Sustainable Operations and Maintenance program works to drive continuous improvement at our sites and follows industry best practices established by the U.S. Green Building Council and its LEED program, as well as international programs such as ISO 14001. This year, we achieved 100 percent participation in the program at all U.S.-owned and -controlled locations. In 2014, we will be working toward implementing the program at international locations as well.

The Sustainable Operations and Maintenance program is a core strategy that facilitates our building certifications and collaboration with our landlords in leased locations. In 2013, four UK locations gained ISO 14001 certification for environmental management, and certification is being pursued at other locations in Europe.

Our India locations have seen success as well. The BNY Mellon Towers at Magarpatta City in Pune house approximately 4,000 employees. Last year, our first location in the Asia Pacific region was awarded Platinum certification by the U.S. Green Building Council’s LEED Commercial Interiors program. To date, there are fewer than 70 LEED-certified projects in India.

Our Green Leasing program is also a key part of our sustainability program’s full life cycle approach, which allows us to assess all potential and current leased locations for sustainability issues. By the end of 2013, 100 percent of domestic

lease transactions were subject to the green leasing criteria. Continuing on these efforts in 2014, it is our goal that all domestic and international lease transactions will be subject to green-leasing criteria.

Water Stewardship

We are developing a comprehensive water management program, including a strategy to identify risks related to water management, and opportunities for improving water use efficiency and reducing consumption. We are continually reviewing our water risk exposure and identifying additional tools and resources that enable effective management across our facilities and supply chain.

Supply Chain Footprint

We are working with our suppliers and contractors to foster understanding of our shared environmental impacts and inspire them to incorporate our environmental priorities into their businesses. At the same time, we are working to find ways to benefit from our suppliers’ best practices and industry expertise through mutual dialogue. Our Supplier Code of Conduct and approach to Supplier Relationship Management incorporates environmental sustainability themes and tracks performance against issues such as climate change, carbon emission mitigation efforts, water risks and use, and use of natural resources. Read more about our Supply Chain Management on page 61.

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 to solutions for some of the world's most pressing issues, building healthy economies and sustainable communities over time.

To find out more about our CSR strategy, commitments and achievements, please see www.bnymellon.com/csr. Additional information is available on www.bnymellon.com, or follow us on Twitter @BNYMellon.

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM



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8th Largest Global Asset Manager (Pensions & Investments, November 2013)

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