



CORPORATE SOCIAL RESPONSIBILITY REPORT 2017



About this Report

This is BNY Mellon's 11th corporate social responsibility (CSR) report. We publish a report annually in the second quarter of the year on www.bnymellon.com/CSR. Unless otherwise noted, this report includes data and activities for the calendar year 2017, from BNY Mellon's global operations. Unless otherwise noted, all data is as of 12/31/2017.

The report provides environmental, social and governance (ESG) data from past years. This is our ninth year using the Global Reporting Initiative's (GRI) framework, the world's most widely used sustainability reporting framework. We prepared the report according to GRI G4.

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ABOUT BNY MELLON

THE FINANCIAL MARKETS ENGINE

BNY Mellon proudly serves exceptional clients in 35 countries. Our dedication to support clients comes through in our CSR activities, where we strive to deliver positive impact for our stakeholders, communities and society.

IMPROVING LIVES THROUGH INVESTING

Since our founding, BNY Mellon has consistently led the industry, helped shape global financial services and created a positive impact on the world. Our Corporate Social Responsibility Statement reaffirms this commitment.

Corporate Social Responsibility Statement

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

Our CSR report details our approach, CSR activities most material to our business and our progress for the year. It is organized by our three CSR strategy pillars where our activities deliver the most impact, today and tomorrow.

 **Our Markets**

 **Our People**

 **Our World**

The data and examples in this report refer to our global operations as of December 31, 2017, unless otherwise stated. Read more in our CSR Overview and explore stories and infographics at bnymellon.com/csr. We welcome your questions, comments and feedback on our report and CSR at BNY Mellon.

Our Vision

Improving lives through investing

Our Mission

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

Our Values

Client Focus
Integrity
Teamwork
Excellence

INNOVATIVE SOLUTIONS FOR THE WORLD

BNY Mellon provides investment management and investment services to many of the world's leading investors. We have 50,000+ employees in 35 countries. The strong client relationships we've built over decades prove our dedication to serve with excellence and create shared value for clients by leveraging our company's full breadth of capabilities.

Our ability to connect clients to opportunities has made us the longest continually running financial institution in the U.S. We have endured every economic condition and market event in the last 230 years, confronted uncertainties and pushed the boundaries of innovation to help clients prosper. We understand the challenges

that businesses, institutions, individuals, communities and societies face, and we develop practical solutions to fit their needs. People know us as a strategic partner with a firm place in history, a sharp focus on today's markets and clients and a positive outlook for the future.

Our Purpose

We safeguard, manage and process trillions of dollars every day to help drive the world's financial markets and the economies they support. But handling transactions is just part of what we do. We take to heart our values of client focus, integrity, teamwork and excellence and help investors of all types and sizes achieve their dreams.

Who We Are

Investment Services

Investment Management



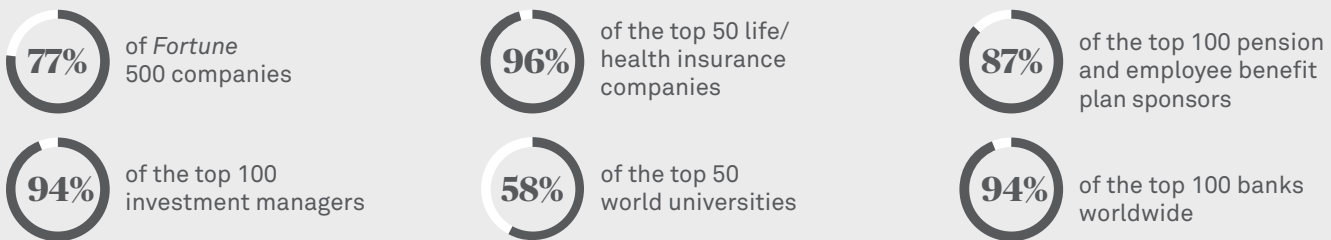
We provide expertise and insights at each investment lifecycle stage:

- 1 Create assets
- 2 Trade, clear and settle assets¹
- 3 Hold and service assets
- 4 Manage assets
- 5 Distribute assets¹
- 6 Restructure assets

Our Clients

- ▷ Advisors
- ▷ Corporations
- ▷ Insurance companies
- ▷ Registered investment advisors
- ▷ Alternative asset managers
- ▷ Family offices
- ▷ Investment managers
- ▷ Banks and broker-dealers
- ▷ Governments and publics
- ▷ Not-for-profits
- ▷ Sovereign institutions
- ▷ Consultants
- ▷ Individuals and families

Our Reach²



1 Securities transactions are effected, where required, only through registered broker-dealers.
 2 All statistics represent the minimum number of BNY Mellon client relationships in each category

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- World Universities // Times Higher Education World University Rankings, TES Global Copyright 2017
- Pension & Employee Benefits // Pensions & Investments (P&I) Copyright 2018 Crain Communications Inc.
- Banks World-Wide // Banks Around the World, Copyright 2011- 2018

MESSAGE FROM OUR CEO

“

We remain committed to contributing to the safe and consistent functioning of the financial systems and to a sustainable world where people can succeed and economies can thrive.

Charles W. Scharf

Chairman and Chief Executive Officer

Last July, I joined this great company, one with a rich history, a strong culture and an important role to play in the global financial markets. As our management team defines the next chapter for BNY Mellon, we remain committed to contributing to the safe and consistent functioning of the financial systems and to a sustainable world where people can succeed and economies can thrive.

We have built relationships over decades by standing for honesty and integrity, by providing quality services and by being there for our clients in all market scenarios. We work every day to re-earn these relationships, by striving to ensure we conduct our business according to the same values that define us.

Our business supports stability in a constantly changing world. To set a strategic direction that is sustainable for the long term, we are anticipating global trends, taking action to mitigate risks and capture opportunities. A few examples of work underway:

- With technology becoming an ever more important component of success, we are increasing our technology spend in 2018 to minimize risk, increase the reliability and quality of our global platforms and expand our capabilities. This work will make us a better partner to the clients who rely on us to provide critical market infrastructure.



- We are working to stay in front of the changing expectations and attitudes of the workforce to ensure we continue to attract the next generation of business experts and digital talent. We do this by continually evaluating our employee engagement, skills development and other benefits programs as well as encouraging community development efforts that help employees acquire the necessary skills to prosper in a digital world.
- To help close the gender gap in women's access to financial products and services, earlier this year BNY Mellon released *Powering Potential*, a report that serves as a call to action for the private, public and social sectors. The report quantifies the untapped power of women as financial actors, with the potential to dramatically expand the market for financial products and services while improving the lives of women and their communities. In our own company, I have challenged our leadership to continue to increase diversity, particularly in our senior ranks.

- Climate change calls for urgent action. We believe it is important to lead by example, maintaining zero net carbon emissions since 2015 and providing more than \$1.7 billion in financing for wind projects since 2014. We also continue to collaborate with our clients on renewable energy funds, green bond issuance and other sustainable finance vehicles.

Our clients, many of the world's financial industry leaders among them, are also trying to navigate these and other pressing issues. They want to partner with providers who act responsibly and can help them invest in a sustainable and inclusive future.

Today, BNY Mellon is doing that. We offer social investing tools, advisory support and investment strategies for our institutional investors, issuers, asset managers and individual clients to help them achieve their environmental, sustainable and governance (ESG) objectives. In 2017, we managed \$77.2 billion in assets which incorporate values-based ESG screens, ESG themes and impact criteria. And in Asset Servicing, the market value of portfolios we screen for ESG factors reached over \$900 billion, up 23 percent from the previous 12 months and 103 percent from 2012.

We believe our actions can help drive meaningful change. Our strategy is built on three pillars reflecting the areas in which we can have the most impact:

- Our Markets, where our investments in strengthening our infrastructure and risk management and in innovating for the future position us to help improve financial market stability and efficiency;
- Our People, where our decision to share the benefits of the new U.S. tax legislation by increasing the minimum wage for all U.S.-based employees is making a difference in the lives of those who need it most; and
- Our World, where our inclusion on the Dow Jones Sustainability World Index, perfect scores in the Carbon Disclosure Project for five consecutive years, and \$41.7 million in community support³, are testament to a purpose-driven culture.

Our commitment to responsible business is good business. It helps ensure our continued relevance is absolutely the right thing to do as a corporate citizen. And we will continue to challenge ourselves to do more.

³ Community support includes donations, grants and charitable sponsorships made by BNY Mellon and employee donations to charities that qualify for our matching program.

2017 AWARDS AND RECOGNITION

Sustainability

Climate A List for climate management leadership CDP; five consecutive years

Dow Jones Sustainability World Index (DJSI)
Only U.S. diversified financial firm named to the World Index for four consecutive years

FTSE4Good Global Benchmark Index, six consecutive years
FTSE4Good

MSCI ESG "A" rating for ESG performance

Technology

Top Companies for Women
Technologists Leadership Index
Anita Borg Institute

NOVA Award for Innovation in Technology
NICSA

Philanthropy

Rockefeller Award
International House

Distinction in Corporate Service Award

9/11 Memorial & Museum

Workplace and Human Resources

Bloomberg Gender-Equality Index
Bloomberg

Best Employer for Healthy Lifestyles
National Business Group on Health

Perfect score on the 2018 Corporate Equality Index for LGBTQ workplace equality
Human Rights Campaign Foundation

Top 50 Employers for Women
The Times



See a full list of our awards at
www.bnymellon.com/us/en/who-we-are/awards.jsp



OUR APPROACH TO CSR

OUR IMPACT

Managed

\$77.2B

in assets which incorporate values-based ESG screens, ESG themes and/or impact criteria

■ Read more on page 67

Built a culture of lifelong learning by delivering over

1MM

learning hours to employees annually

■ Read more on page 47

Contributed

\$41.7MM

to support communities⁴ around the world. Employees volunteered nearly 143,000 hours

■ Read more on page 89

Promoted a strong risk culture

96%

of employees report that they are aware of key risks relevant to their work

■ Read more on page 28

0 net carbon emissions

achieved through emissions reduction, renewable energy credits and carbon offsets

■ Read more on page 94

⁴ Community support includes donations, grants and charitable sponsorships made by BNY Mellon and employee donations to charities qualifying for our matching program.

DELIVERING A DIFFERENCE

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We not only devote our own resources to issues affecting our communities and stakeholders — we enable our clients to leverage social investment solutions.

Heidi DuBois

Global Head of Philanthropy and Corporate Social Responsibility

It is gratifying to work for a company genuinely committed to the wellbeing of the world and its citizens. Part of my role at BNY Mellon is to help determine where we can use our resources for the most positive, tangible impact. We do this by studying global trends, responding through our CSR strategy and supporting achievement of the UN Sustainable Development Goals that aim to address the world's most pressing needs. As you've seen in this report, we believe we can make a real difference by focusing on gender equality, climate change and the effects of technology, globalization and the changing workforce.

BNY Mellon is uniquely positioned to make a difference. We not only devote our own resources to issues affecting our communities and stakeholders — we enable our clients to leverage a broad range of social investment solutions. This increases our ability to deliver positive impacts and aligns us with clients who also strive to reinforce their values through CSR and investment activities.



As I reflect on 2017, I am proud of BNY Mellon's role in supporting the soundness of the global financial system and mobilizing capital to invest in a better future. We made measurable progress in many areas, including administering the second-largest clean energy program loan ever made in the U.S., and servicing green bonds around the world. We affirmed our commitment to diversity and inclusion through events and instituting best practices, and increased membership in our Employee/Business Resource Groups, which connect employees with shared interests to impact our business, by 58 percent, including new chapters in India and Brazil. We continued our strong track record of managing our environmental footprint, earning an "A" rating from CDP for GHG emissions disclosure and climate action for the fifth year in a row.

With all our accomplishments, we know our work is far from done. The global landscape is always changing, but our commitment to conducting business responsibly is steadfast. We will continue to watch global trends evolve and adjust our CSR strategy to deliver the most positive, constructive impact, today and tomorrow.

GLOBAL MEGATRENDS GUIDE OUR CSR STRATEGY

Fundamental shifts in the world's economic, societal and environmental landscape are redefining the future. By understanding these trends and how they affect us, we can all contribute big ideas, innovative solutions and constructive change.

GLOBAL MEGATRENDS AND OPPORTUNITIES TO MAKE A DIFFERENCE

Though we face great challenges, there are positive signs that governments, businesses, institutions and citizens are coming together as a global community to act. In 2015, 193 countries agreed to adopt the United Nations (UN) Sustainable Development Goals (SDGs), 17 goals forming a global blueprint to end poverty, protect the planet and enable peace and prosperity by 2030.⁵

BNY Mellon supports these goals through our CSR activities. We closely monitor global megatrends and periodically adjust our CSR strategy to focus on areas we can impact. In 2017, our CSR activities contributed to the UN's Sustainable Development Agenda across five key trends. We show select examples of our positive impact throughout this report.

1. Technology is moving faster

The way artificial intelligence (AI), robotics, virtual reality and other advanced technologies affect life and work made headlines in 2017. Technology advances require the workforce to gain new job skills, social media and smart phones make it imperative that businesses respond to customers 24/7 and global security requires safeguarding data more than ever before.

As societies depend more on technology, lack of access can negatively affect lives. SDG 9 aims for quality, sustainable infrastructure to support economic

development and human wellbeing, with a focus on affordable, equitable access for all. At BNY Mellon, we see opportunities to harness new technologies to benefit our business, equip our employees with next-generation skills and build more inclusive, collaborative client relationships. Our philanthropic giving specifically targets technology skills-building in communities around the world.

2. Globalized markets are increasingly interdependent

Globalization has opened the flow of products, services and ideas among nations. It has helped millions rise out of poverty and facilitated trade and cooperation. But it also creates greater interdependence, where one country's economic and geopolitical fluctuations could affect the entire system.

SDG 8 helps address globalization's far-reaching impact by promoting inclusive economic growth, helping eradicate unfair labor practices and promoting quality jobs and entrepreneurship. BNY Mellon's governance, risk management, reliability and resiliency help minimize the effects of disruptive global events on our business and clients. Our social investing activity supports sustainable development, economic opportunity and market stability.

3. Gender equality unlocks economic growth

The social and economic benefits of gender equality are well documented. A recent McKinsey study shows narrowing the gender gap through equal employment opportunities, education, financial inclusion, digital inclusion, maternal health and help with unpaid child and elder care could add \$12 trillion to global growth, about 11 percent higher than business-as-usual.⁶

Companies in the top quartile for gender diversity tend to perform better, leading to new economic opportunities for the business and stakeholders.⁷

⁵ Historic *New Sustainable Development Agenda Unanimously Adopted by 193 UN Members*, September 25, 2015.

⁶ *Realizing gender equality's \$12 trillion economic opportunity*, McKinsey Global Institute, May 2016.

⁷ "Why Diverse Teams are Smarter," by David Rock and Heidi Grant, *Harvard Business Review*, November 4, 2016.

SDG 5 seeks to achieve gender equality and empower all women and girls. It supports women participating fully and having equal leadership opportunities in political, economic and public life, which will benefit society and help fuel sustainable economies. Gender equality is a high priority at BNY Mellon. Our goals are to hire more women at all levels and in all functions, fund organizations and programs aimed at gender equality and promote investment opportunities that advance women's roles in society.

4. The global workforce is changing

With Generation Z joining the workforce in 2017, there are five generations working side by side for the first time.⁸ Companies must manage the technology gap between younger and older workers, respond to flexible work arrangement demands and prioritize employee health, wellbeing and engagement. They must also understand employees' varying attitudes. To younger generations, inclusion goes beyond acceptance and tolerance of different viewpoints to include connectivity and collaborative tools to get business results.⁹

The SDGs account for these changes and address the challenges that remain. SDG 8 promotes equal wages, representation and social protections for all. BNY Mellon's commitments in these areas are on target. Our Employee/Business Resource Groups (E/BRGs) help unify our culture across generations and tap our diverse workforce's knowledge, experience and skills to positively influence business outcomes. Our leadership, development, engagement, diversity and inclusion and wellbeing programs help meet current and future workforce needs.

5. Climate change impacts are intensifying

Many world leaders know they must act now to combat climate change, as evidenced by new commitments announced at the 2017 UN Climate Change Conference in Bonn, Germany. Greenhouse gas (GHG) emissions from human activities are at their highest levels, spurring extreme weather events, reducing crop yields and causing sea levels to rise.^{10, 11}

The UN SDGs target climate change in several ways. SDG 13 urges a range of activities from national policies to education and awareness-building to help mitigate climate change impacts. SDG 7 focuses on providing universal access to clean, affordable, sustainable energy. BNY Mellon supports these goals by reducing GHGs in our operations, supporting low-carbon development investments, investing in renewable energy and consuming less energy, paper and water.

8 "5 Generations + 7 Values = Endless Opportunities," by Desda Moss, Society for Human Resource Management, June 20, 2017.

9 "The radical transformation of diversity and inclusion," by M. Christie Smith, PhD, and Stephanie Turner, PhD, Deloitte, accessed November 27, 2017.

10 "Greenhouse gas concentrations surge to new record", World Meteorological Organization, October 30, 2017.

11 Greenhouse gas emissions: drivers and impacts, Government of Canada, April 13, 2017.

HOW WE SUPPORT THE UN SUSTAINABLE DEVELOPMENT AGENDA

In 2015, 193 countries agreed to adopt the United Nations (UN) Sustainable Development Goals (SDGs), 17 goals forming a global blueprint for nations to end poverty, protect the planet and enable peace and prosperity by 2030.

BNY Mellon's CSR strategy and impacts support five SDGs.

BNY Mellon's CSR Strategy and Examples of Impact

- Launched a multi-year project to improve our technology infrastructure
- Environmental risk integrated into business continuity planning



- 42% of our total global workforce is women
- Increased minimum wage for U.S. employees to \$15/hr
- +1MM learning hours delivered to employees to promote lifelong learning



- Partnered with UN Foundation to support gender equality
- Zero net carbon emissions
- CDP Climate A list, five consecutive years



OUR CSR MISSION

Our CSR mission is to have a positive impact on our stakeholders and society. We find opportunities to make a difference, knowing success will benefit our business and bring tangible value to shareholders, clients, communities and employees.

Our CSR Strategy And Global Company Strategy Align To Improve Lives Through Investing.



Impacts	Employees We empower employees to achieve their goals, thrive in a diverse and inclusive culture and be fulfilled by meaningful work.	Company and Investors We are committed to responsible, long-term growth for investors. We are stable in all market conditions and deliver innovative solutions to drive economic prosperity.	Clients We help clients achieve their financial goals through reliable solutions and partnerships built on trust.	Communities and Society We help strengthen communities, make economies more resilient and protect people's livelihoods.
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INTEGRATED FOR ACTION

To decide what we want to accomplish with our CSR strategy, we look across the landscape for opportunities and issues most important to our business and stakeholders. We integrate our action plans across our CSR programs so they complement and reinforce each other and deliver the greatest value and impact possible.

Our Markets

We earn clients' trust every day by acting with integrity and accountability. Our operational resiliency and effectiveness contribute to global market health.

[Read more on page 23](#)

Our People

We encourage a culture of engagement, wellbeing and inclusion. We give all members of our talented, diverse workforce opportunities to grow and succeed.

[Read more on page 45](#)

Our World

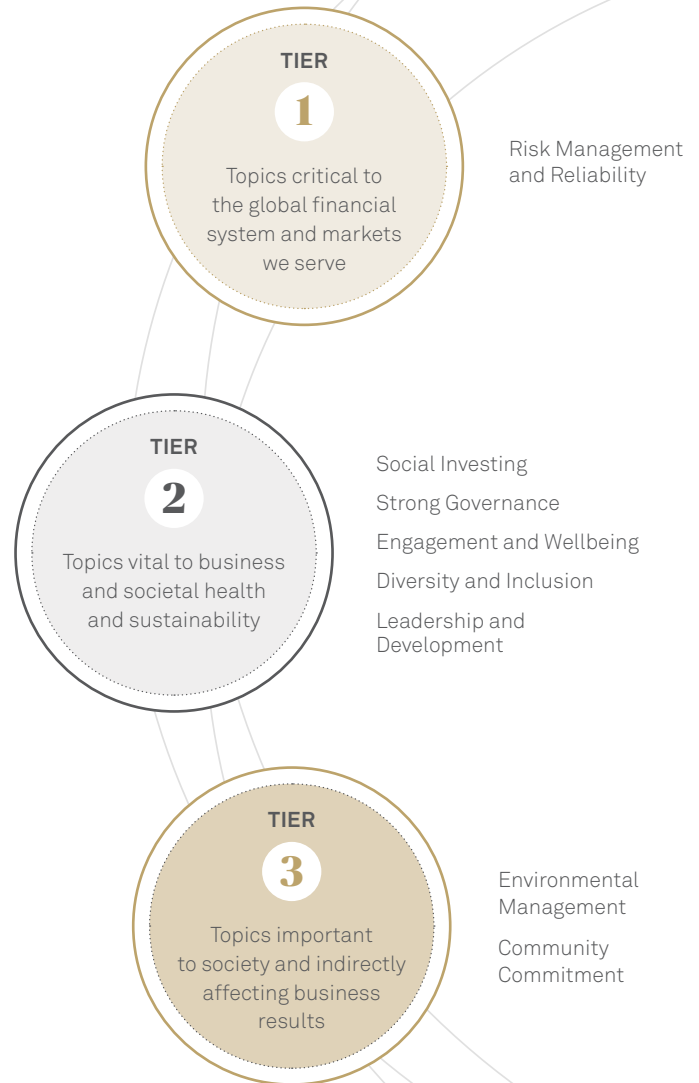
We use our expertise, skills and resources to help solve the world's most pressing problems.

[Read more on page 63](#)

Our Approach

We adjust our CSR approach when new needs or exciting possibilities arise. We revisit our CSR strategy regularly to make sure our work is truly meaningful to our markets; demonstrates value, governance and resiliency to clients; and brings tangible benefits to citizens and the world.

In 2017, we focused on eight priority areas especially important to us and the people and communities we serve.



OUR CSR STRATEGY PILLARS



Our Markets

We support financial market integrity to help economies thrive

- > Risk Management and Reliability
- > Strong Governance

Our risk framework and culture allow us to make evidence-based decisions to protect clients and support financial market integrity. We maintain financial strength and stability in all market conditions through strong governance, ethical standards, unquestioned integrity and operational resiliency.



Our People

We empower people to achieve their goals

- > Leadership and Development
- > Engagement and Wellbeing
- > Diversity and Inclusion

Our people take charge of their careers and grow into our next generation of leaders. Employees are fulfilled by meaningful work, have opportunities to make an impact and know we care about their wellbeing. Our diverse perspectives and inclusive culture drive business results.



Our World

We contribute solutions to the world's most pressing issues


- > Social Investing
- > Community Commitment
- > Environmental Management

Our expertise, skills and resources help investors finance solutions to world challenges. We change lives through philanthropy and social investing, and our employees make a difference. We act on climate change and preserve our natural resources.

OUR 2020 GOALS





Our Executive Committee approved our long-term (2016–2020) CSR goals in 2015, and each year they review our progress. In 2017, we adjusted our long-term CSR goals and key performance indicators (KPIs) in the following five areas to better align them with business and corporate strategies: Risk Framework, Risk Culture, Strong Governance — Client Experience, Social Investing, and Community Commitment — Legal Pro Bono.

We ended 2017 with some challenges to achieving our goals, but made significant progress in Risk Management and Reliability, Strong Governance and Environmental Management.

Pillar	Priority	Long-Term Goals	Year-End Progress	
 Our Markets	Risk Management and Reliability	Risk Framework: Evolve and fortify our risk infrastructure	<ul style="list-style-type: none"> Completed multi-year initiative to create enterprise risk data repository that yields actionable analytics 	■
		Risk Culture: Sustain strong global risk culture focused on ownership and ethical behavior	<ul style="list-style-type: none"> 96 percent of employees reported they were aware of key risks relevant to their work, higher than the financial services norm 	■
		Technology: Evolve business protocols to provide technology knowledge, resilience and business continuity	<ul style="list-style-type: none"> Exceeded targets to reduce enterprise risk through cybersecurity service adoption and migration Strengthened third-party governance by launching comprehensive risk management system and operational and technology risk approach to supplier assessment and monitoring 	■
	Strong Governance	Enhance investor engagement by following best practices for shareholder engagement, sustain strong regulatory engagement and leverage our CSR expertise to enrich the client experience	<ul style="list-style-type: none"> Contacted top 20 investors for governance discussions, providing interactions with directors, if requested; engaged with nine of top 20 investors Educated legislators, regulators and policymakers on our unique business model to help ensure appropriately drafted legislative and regulatory proposals Conducted cross-business discovery session to assess integration of our CSR values into client relationships 	■

■ On track ■ Slow progress or limited challenges ■ Challenges or significant challenges to achieving

Pillar	Priority	Long-Term Goals	Year-End Progress	
 Our People	Leadership and Development	Develop successful leaders and managers who drive high productivity and engagement within their teams	<ul style="list-style-type: none"> Overall upward feedback results for managers improved over 2016; however, in the employee engagement survey, Leadership category remained flat, four points below industry benchmarks 	
	Engagement and Wellbeing	Build a workforce culture supported by engagement and wellbeing	<ul style="list-style-type: none"> Improved engagement with global wellbeing platform by 70 percent; however, employee engagement survey results were flat from 2016 at 79 percent favorable 	
	Diversity and Inclusion	Achieve marketplace leadership and reputation, advance diverse representation in senior-level ranks and drive accountability for a culture of inclusion	<ul style="list-style-type: none"> Increased U.S. ethnically/racially diverse talent at all levels; however, gender representation declined globally, mostly at the senior levels 	

Pillar	Priority	Long-Term Goals	Year-End Progress	
 Our World	Social Investing	Be recognized as a leader in the social investing field consistent with our business model	<ul style="list-style-type: none"> Launched/relaunched three responsible investment fund and strategy offerings; expanded market engagement and exploration of ESG ratings analysis and innovative impact vehicles; however, opportunities exist to improve our deal tracking and understanding of client demand 	
	Community Commitment	Significantly increase scope and impact of community support	<ul style="list-style-type: none"> Launched refreshed philanthropy focus and aligned 66 percent of contributions strategically; however, overall community support¹ was primarily flat to 2016 	
	Environmental Management	Address climate change issues including potential impacts, risk and opportunities and expand and improve environmental management, resource efficiency and reputation	<ul style="list-style-type: none"> Maintained carbon neutral status²; reduced emissions by 52 percent from 2008 baseline; named to CDP Climate A list for climate management for fifth consecutive year, becoming one of two S&P 500 companies with this record 	

■ On track
 ■ Slow progress or limited challenges
 ■ Challenges or significant challenges to achieving

1 Community support includes donations, grants and charitable sponsorships made by BNY Mellon and employee donations to charities qualifying for our matching program.
 2 For Scope 1 and Scope 2 GHG emissions including our data centers, as well as Scope 3 business travel emissions.

CSR GOVERNANCE

CSR is a vital part of BNY Mellon operations. Many people help implement and review CSR activities to keep them in line with our business goals and cultural values. The Board of Directors' independent Corporate Governance, Nominating and Social Responsibility Committee reviews the program regularly, monitors progress and provides direction. Executive Committee members approve goals and monitor progress.

CSR Governance Structure

Corporate Governance, Nominating and Social Responsibility Committee of the Board of Directors



Independent directors who regularly review our CSR program and monitor progress against our long-term goals

Executive Committee



Ultimately responsible for the firm's CSR progress and success; monitors progress on annual KPIs and long-term goals, anticipates market trends and future client needs and drives business innovation

1 CSR Team

Leads CSR strategy development and CSR governance process; works with program areas to develop CSR initiatives, monitor progress, manage public reporting and collaborate with experts

2 CSR Working Group

Oversees CSR measurement, monitoring, reporting and reputational management in designated areas of expertise

3 CSR Subject Matter Experts (SMEs)

Manage day-to-day execution of CSR policies, practices and programs

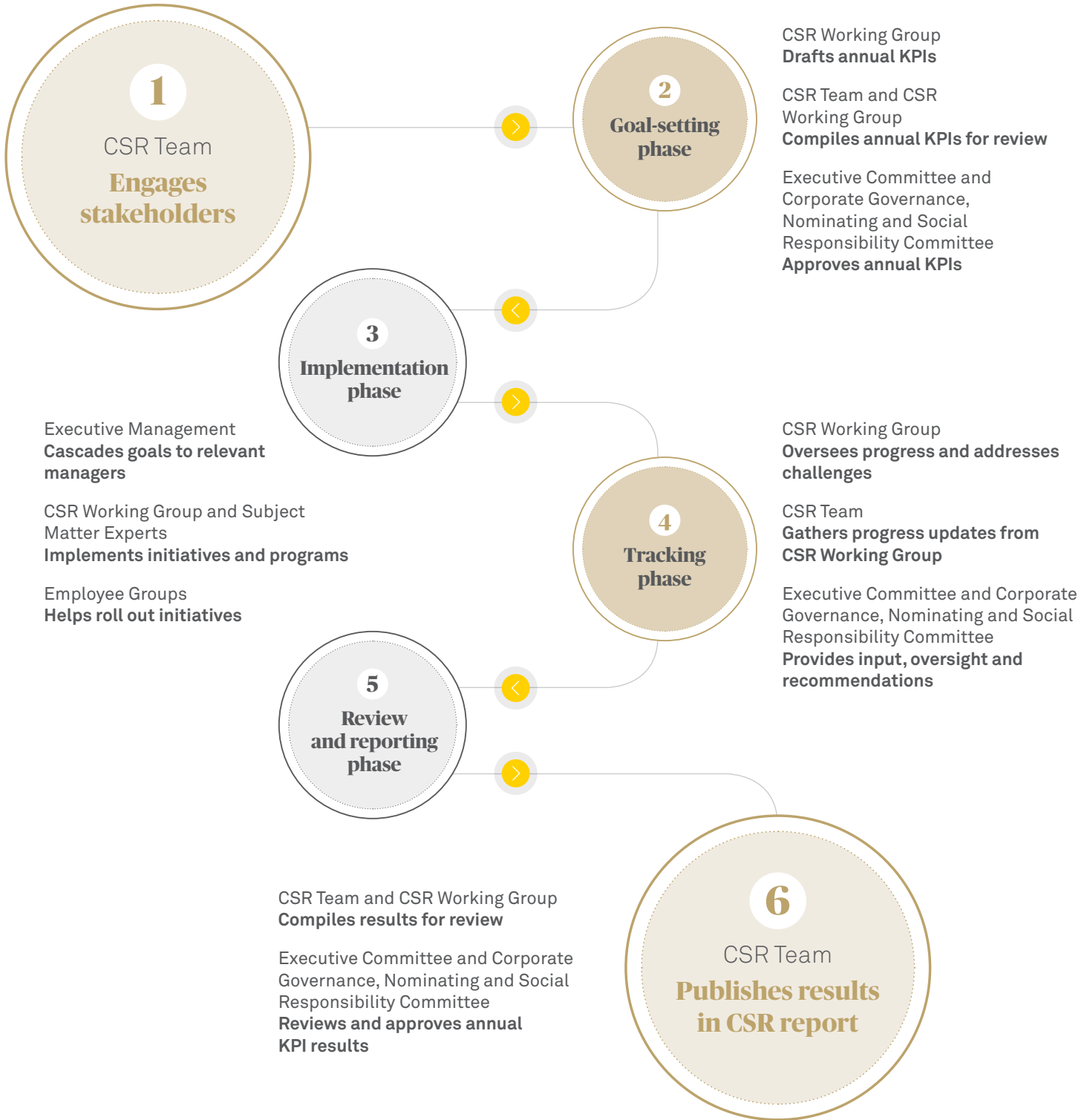
4 Employee Groups

Involve local and regional employees in CSR initiatives; examples include E/BRGs and volunteer and philanthropic fundraising committees

CSR GOVERNANCE DEVELOPMENTS

Based on stockholder engagement, over the last few years our Board has focused on refreshment and efficiency. In 2018, following our Annual Meeting, the Corporate Social Responsibility Committee was dissolved, and its responsibilities assumed by the newly named Corporate Governance, Nominating and Social Responsibility Committee. [For more information on this Committee's Charter, see our Investor Relations page.](#)

Annual CSR KPI-Setting and Implementation Process



ENGAGING THOSE WE SERVE

Stakeholders rely on us to help them realize their financial potential, develop their careers, grow their businesses and improve their communities. We rely on them to tell us what they need, where we can add value and how well we meet their expectations. We engage stakeholders in two-way communications to tell them what we're doing and get their feedback on our CSR programs and business solutions. These open exchanges are invaluable as we plan, implement and evolve our CSR activities.

HOW WE ENGAGE STAKEHOLDERS

OUR CLIENTS

- Direct conversations
- Advisory boards and idea sharing
- Conferences
- Satisfaction and engagement surveys
- Thought leadership
- Social media

OUR PEOPLE

- Conversations with managers
- Performance management and development programs
- Town halls
- Employee/Business Resource Groups
- Engagement surveys

OUR INVESTORS

- Annual and quarterly reports
- Webcasts and conference calls
- Financial services conferences
- Proxy voting
- Annual Meeting and Investor Days

OUR COMMUNITIES

- Meetings with local leaders and advocacy groups
- Board memberships
- Financial support (grants, sponsorships)
- Employee volunteering

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

Our Response to Stakeholder Feedback

Here are a few examples of how we responded to stakeholder interests in 2017 through our CSR activities.

- In our Asset Servicing business, we regularly discuss social investing opportunities with our client advisory boards (CABs), which consist of institutional investors including public and private pension funds, university endowments and foundations. In 2017, the asset owner

CAB identified new use cases for environmental, social and governance (ESG) data in portfolio analysis. In addition to seeing how portfolios compare to benchmarks, clients want to better understand the impact that meeting ESG objectives, particularly exclusionary screens, may have on portfolio performance. This type of feedback on our current offerings will help us develop additional solutions to meet evolving client needs.

- The **World Resources Institute (WRI)** is a leading nonprofit that facilitates collaboration among technology, finance and NGO sectors. In 2017, BNY Mellon funded a project to develop a harmonized framework for financial institutions to set climate targets that include their investing and lending portfolios in line with the Paris Climate Agreement. Once established, we plan to use that framework to set our own science-based emission reduction target based on the level of de-carbonization required to keep the global temperature increase below two degrees Celsius compared to pre-industrial temperatures.
- We've seen a trend among investors and stakeholders requesting greater transparency and easy ways to assess Board skills and evaluations. As a result, we took steps to provide a skills and attributes matrix in our 2018 proxy statement to help stakeholders more easily assess a wide range of issues, including gender, racial and ethnic diversity, need for refreshment, and relevant business skills.
- Our 2017 employee engagement pulse survey identified several opportunities, including moving more quickly from idea to implementation, holding more meaningful conversations with managers on careers, having more open communication with an employee's manager's manager, and senior management more effectively communicating the case for change. The Executive Committee is closely reviewing feedback from the survey and is working with teams globally to develop a set of actions and stress crisper processes, streamlined decision-making, a clearer sense of responsibility and direct, frequent communication from our leaders and managers.

OUR PERFORMANCE

2017 Performance

Dollar amounts are in billions USD, unless otherwise noted.

OUR MARKETS ^(A)	2017	2016	2015
Assets under custody and/or administration (AUC/A) ^(B)	\$33,300	\$29,900	\$28,900
Assets under management (AUM) ^(C)	\$1,893	\$1,648	\$1,625
Total revenue	\$15,543	\$15,237	\$15,194
Percentage of non-U.S. total revenue	36%	34%	36%
Market capitalization	\$54.6	\$49.6	\$44.7
Company credit rating (S&P credit rating of long-term senior debt)	A	A	A
Number of countries of operations	35	35	35
Capital levels (Estimated CET1 Ratio, fully phased-in — Non-GAAP)			
Standardized approach	11.5%	11.3%	10.2%
Advanced approach	10.3%	9.7%	9.5%
Active employees certified as having read and understood the Code of Conduct ^(D)	100%	100%	100%
Number of employees aware of the risks relevant to their work	96%	96%	96%

OUR PEOPLE	2017	2016	2015
Global employees (full-time)	52,500	52,000	51,200
Staff expense ^(E)	\$5.972	\$5.73	\$5.837
Global voluntary employee retention	90%	89%	87%
Director and above positions held by women	27%	27%	27%
Women in our global workforce	42%	42%	43%
Diverse employees hired in the U.S.	43%	39%	37%
Total employee learning hours	1 million	1 million	1 million
Employee engagement globally (percentage of overall positive survey results)	79%	79%	77%
Employees engaged with global wellbeing platform	16,150	–	–

OUR WORLD	2017	2016	2015
Assets which incorporate values-based ESG screens, ESG themes, and/or impact criteria. ^(F)	\$77.2	\$69.3	\$63.0
Assets managed by boutiques which are signatories to the UN PRI (% of total AUM) ^(G)	74%	37%	37%
Community support (millions USD) ^(H)	\$41.7	\$42	\$39.9
Employee contributions and company match (millions USD)	\$15.6	\$17.2	\$16.1
Total employee volunteering hours	143,000	143,000	140,000
CDP score (disclosure and performance)	A	A ^(I)	100 A
Global operations GHG reductions (from 2008 baseline) ^(J)	52%	49%	42%
Global electricity usage offset by renewable energy	100%	100%	100%
Water use reduction (from 2015 baseline, tracked facilities only)	11.4%	11.1%	–
Annual savings through owned or controlled buildings' energy-efficiency projects (millions USD)	\$13.2	\$7.4	\$10.0
Real estate certified for sustainability (by at least one third party and by percentage of sq. ft.) ^(K)	40%	43%	35.6%

(A) For further information, please see the Corporation's reports filed with the Securities and Exchange Commission, including the 2017 Annual Report, at www.bnymellon.com/investorrelations

(B) Includes the assets under custody and/or administration of CIBC Mellon Global Securities Services Company, a joint venture.

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

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

(E) Staff expenses consists of compensation expense, incentive expense and employee benefit expense. For more information please see the 2017 Annual Report.

(F) Prior to 2017, IM presented exclusionary screened AUM only. As of 2017, this number evolves with our product set and additionally includes positive ESG screened, ESG-thematic and impact AUM.

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

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

(I) The old CDP scoring system gave a numerical score for disclosure and a letter band for performance. Under CDP's new scoring methodology, organizations receive a single letter band per criteria.

(J) Includes Scope 1 and 2 CO2e emissions percentage reduction compared to a 2008 baseline for global tracked properties, excluding data centers.

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



OUR MARKETS

As a global financial services provider, we prioritize risk management and protecting assets. It's a significant responsibility, especially as global markets become more interdependent, cybersecurity threats intensify and technology drives client expectations ever higher. The CSR activities outlined in Our Markets show we're up to the task.

RISK MANAGEMENT AND RELIABILITY

Our Opportunity

BNY Mellon is known for financial strength, safety and trustworthiness, thanks to a solid balance sheet, healthy risk culture and commitment to financial stability in all market cycles. We have a responsibility to our clients, our communities and the global financial system to manage risk responsibly and be a reliable custody and investment source.

Key Trends

All global trends have upsides and downsides. Interconnected global markets and unprecedented technological advancements are two that present particular challenges to risk management and reliability. Within these broader trends are two sub-issues affecting our approach and strategy.

THE GLOBAL ATMOSPHERE IS UNCERTAIN

Turbulence and uncertainty in global markets can threaten trade agreements, economies and alliances. The financial services regulatory landscape, which is already complex, could face additional challenges because of change and ambiguity around the world.

CYBERSECURITY TAKES MORE THAN TECHNOLOGY

Technology can now do more than most of us ever imagined. However, lack of awareness and carelessness can make us vulnerable. Companies must have comprehensive cybersecurity plans and a strong risk culture to foil emerging threats.

Our Approach

Risk management and reliability are ingrained in our business strategy, operations and people practices. This helps us build trust, protect stakeholders and fulfill our important role in global financial markets, which can be significant competitive differentiators to prospective clients, talent and investors. We leverage our risk framework, culture and technology to maintain our sound risk position, with emphasis on:

- Guiding employees to proactively identify, assess and manage risk
- Transactional accuracy and responsible financing
- Best-in-class risk culture supported by training, communications, tools and clear procedures
- Improved products, technologies and services to reduce systemic risk for clients
- Technology resiliency via integrated business protocols, employee awareness and business continuity

Our Risk Management and Reliability Goals

Risk Framework: Evolve and fortify our risk infrastructure.

Risk Culture: Sustain strong global risk culture focused on ownership and ethical behavior.

Technology: Continually evolve our business protocols to strengthen our technology knowledge, resiliency and business continuity.

How We'll Achieve Them

We take a continuous improvement approach to risk management to advance our business priorities. We expand our management information capabilities and further apply these analytics to enable effective, evidence-based risk management activities across the company. We continue to clarify how we expect employees to support BNY Mellon's fiduciary obligations and enhance employee training to engage them even more deeply in protecting our company, clients and shareholders.

We further embed best practices into our business and decisions by expanding our Information Security Management System, executing our three-year plan for priority cybersecurity services and enhancing third-party governance for critical vendors and services. Our Technology Monitoring and Control function will drive technology risk management and resiliency across BNY Mellon through a robust framework and in collaboration with risk and compliance functions.

2017 PROGRESS

Risk Framework

- Completed multi-year initiative to create enterprise risk data repository that yields actionable analytics

Risk Culture

- Ninety-six percent of employees reported they were aware of key risks relevant to their work, higher than the financial services norm

Technology Risk

- Exceeded targets to reduce enterprise risk through cybersecurity service adoption and migration

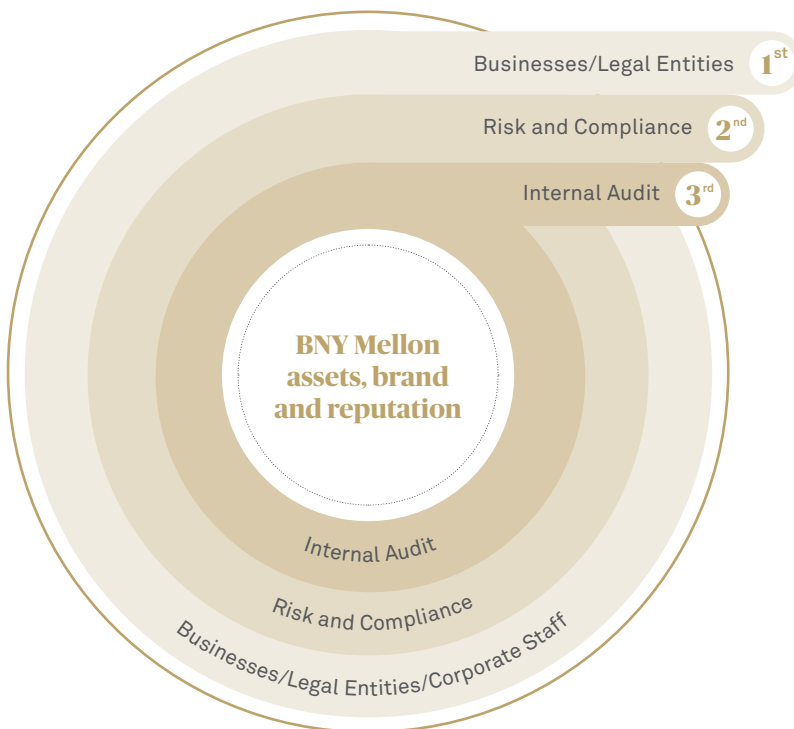
OUR RISK AND RELIABILITY FRAMEWORK

Our Three Lines of Defense Against Risk

We implement integrated risk management practices through our Three Lines of Defense model. The first line, which includes most of the company, comprises the managers and employees in the businesses, corporate staff groups or legal entities. They identify risks associated with business activities and manage controls

and processes to address them. The second line consists of our risk and compliance function. They own the enterprise-wide risk management framework and provide independent oversight of the first line of defense. The Chief Risk Officer oversees the second line of defense and reports jointly to the CEO and the Board of Directors. The third line is our internal audit function, which independently assures our Board of Directors and senior management that our governance structures, risk management and internal controls are effective. The Chief Auditor oversees the third line and reports to the Board of Directors.

Three Lines of Defense



1st Businesses, corporate staff and legal entities

- › Understand and manage the risks inherent in their business, including those associated with products and clients
- › Assume full ownership through identifying, managing and monitoring risks
- › Ensure that controls and sound business-level policies are in place
- › Operate within their risk appetite
- › Escalate issues in a timely manner

2nd Risk and compliance

- › Provides independent oversight and challenge of risk management by the first line
- › Owns enterprise risk and compliance framework, including policies, measures and limits
- › Monitors the effectiveness of the accuracy of reports, compliance with laws and regulations, and timely remediation of deficiencies
- › Identifies and anticipates known risks and emerging issues; reports on enterprise-wide risks

3rd Internal audit

- › Acts independently from first two lines of defense
- › Conducts risk-based audits
- › Monitors effectiveness of governance, risk management and internal controls, including how the first and second lines meet their risk management responsibilities
- › Reports on the company's effectiveness in identifying and controlling risks
- › Tracks and validates resolution of audit issues

Our Risk Management Framework

Because risk is inherent in our business and industry, it is not practical or economically feasible to eliminate it entirely. Rather, it must be actively managed. Our commitment to clients and important role in global markets mandates that we operate within a sound risk management framework.

BNY Mellon’s framework provides comprehensive, integrated risk management practices across the company to support our business strategy and objectives. It includes risk identification and assessment processes, risk-taking boundaries and a governance model. We use the framework to identify material risks

in each BNY Mellon business, region and legal entity and outline well-designed policies and controls.

Our appetite for accepting risk is modest and consistent with our requirement to preserve stakeholder and client trust. In 2017, we integrated risk appetite more thoroughly in key decision-making processes, such as new products and budgeting. Through our risk appetite statements, we consider the potential impact on stakeholders and long-term consequences in our business strategy. The Risk Committee of the Board of Directors approves the company’s risk appetite statement annually. For more on our approach to risk management, see our [2017 Annual Report](#).

Primary Risk Categories

Operational	The risk of loss resulting from inadequate or failed internal processes, human factors and systems, breaches of technology and information systems, or from external events. Also includes fiduciary risk, reputational risk and litigation risk.
Market	The risk of loss due to adverse changes in financial markets. Our market risks are primarily interest rate, foreign exchange and equity risk. Market risk particularly impacts our exposures that are marked-to-market such as the securities portfolio, trading book and equity investments.
Credit	The risk of loss if any of our borrowers or other counterparties were to default on their obligations to us. Credit risk is resident in the majority of our assets, but primarily concentrated in the loan and securities books, as well as off-balance sheet exposures such as lending commitments, letters of credit and securities lending indemnifications.
Liquidity	The risk that BNY Mellon cannot meet its cash and collateral obligations at a reasonable cost for both expected and unexpected cash flows, without adversely affecting daily operations or financial conditions. Liquidity risk can arise from cash flow mismatches, market constraints from the inability to convert assets to cash, the inability to raise cash in the markets, deposit run-off or contingent liquidity events.
Strategic	The risk that BNY Mellon doesn’t effectively manage and protect the firm’s market positioning and stability. This includes risks associated with the inability to maintain a strong understanding of clients’ needs, provide suitable product offerings that are financially viable and fit within the firm’s operating model and adapt to transformational change in the industry.

OUR RISK CULTURE

Employees are Accountable

Risk management is part of the broader BNY Mellon culture. It refers to how all employees — not just those in the risk function — understand and take personal responsibility for risk and manage it appropriately. In other words, it's our internal compass that guides our actions and behaviors. We have a comprehensive risk management framework of policies, internal controls, corporate governance and more. Yet, the most important components of managing risk are our people and the values we share.

We strengthen our risk culture through communications, training and development to raise employees' awareness of and effectiveness in risk management. In our 2017 employee pulse survey, BNY Mellon outperformed financial services norms, with statistically significant differences on four of seven questions related to risk culture. We outperformed our peers on clearly defined escalation procedures, confidence in senior management's effectiveness in managing risk, employee awareness of key risks and confidence in reporting dishonest or unethical practices without fear of reprisal.

RISK TRAINING CHALLENGES ASSUMPTIONS

Fifty-six hundred BNY Mellon managers took our "Effective Risk Management for Managers" training, which consisted of three online simulations based on an actual risk event. The training reinforced our Three Lines of Defense model and guided managers on how to consider risk in their decision-making.

[Read more.](#)

Risk Culture Principles

LEADING BY EXAMPLE

Our senior leaders play a visible and vocal role in our culture. They communicate and model behaviors related to personal accountability and effective risk management. Our leadership competencies reinforce risk accountability and ownership.

PUTTING CLIENTS FIRST

We prioritize client trust and consider their best interests in all we do. We enhanced our processes for receiving, analyzing and responding to client feedback and improving the client experience.

ORGANIZING AROUND RISK OWNERSHIP

We educate employees to own risk and know their roles in managing it. We strengthened employee performance goals for risk management, compliance and ethical behavior to further clarify expectations of ownership and personal accountability.

INSTITUTIONALIZING ETHICAL BEHAVIOR

We embed risk management, compliance and ethics practices and expectations into the employee lifecycle. We deliver thought-provoking training to managers around the world to strengthen their risk management skills and perspective.

Our risk practices must evolve with regulations, markets and businesses, but our commitment to a risk culture of personal responsibility, prudent risk-taking and excellence remains.

Employee Behaviors and Decisions

We use a variety of vehicles to educate employees on ethics, compliance and risk management and to stress their importance to the company's success.

- Our **Code of Conduct** defines and reinforces our high ethical standards.
- In 2017, we required all employees to train on topics such as anti-corruption, protecting assets, business continuity, anti-money laundering and information risk. Targeted programs covered regulations and best practices by region, business and other qualifiers.
- Global communications highlight practices such as early risk identification and prompt escalation. A "Dear Ethics Officer" column introduces ethical situations, stresses appropriate actions and reminds employees of resources.

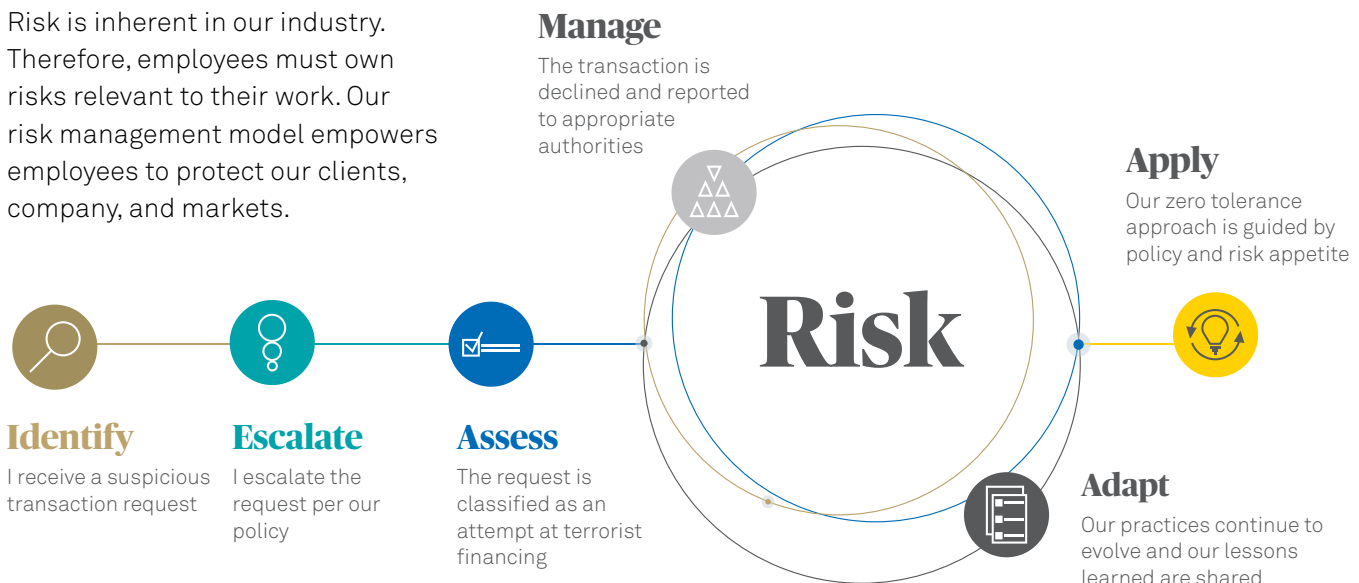
- Short, memorable videos reinforce risk ownership, ethical behavior and putting clients first.
- Employees were awarded 3,400 peer-to-peer and manager-to-employee recognitions related to managing risk in 2017.

Our 2017 accomplishments included:

- 100 percent of active¹² employees certified through our annual attestation program that they read and understood all Code of Conduct provisions.
- The number of anonymous (vs. non-anonymous) reports to our Ethics Hotline and Helpline was well below the financial services industry median, showing employees are comfortable identifying themselves when escalating concerns without fear of retaliation.

Empowering Employees to Protect the Markets

Risk is inherent in our industry. Therefore, employees must own risks relevant to their work. Our risk management model empowers employees to protect our clients, company, and markets.



96%

of employees report that they are aware of key risks in their work

90%

of employees believe that risk management procedures are clearly defined, which is above the financial services norm

Every employee is **measured** on how they manage risk

Training is based on **actual** risk events

¹² May vary because of launch date, employee hire dates, leaves of absence or legal restrictions.

How Employees Voice Ethical Concerns

We encourage employees at all levels to immediately tell their managers and our Compliance or Legal team if they have ethics issues or concerns. We urge them to ask questions and escalate issues until they are resolved.

We prohibit and monitor for retaliation against whistleblowers who raise concerns in good faith. We give them several ways to ask questions or report:

- **Ethics Helpline:** Operated by the BNY Mellon Ethics Office (anonymous reporting available)
- **Ethics Hotline:** Operated by EthicsPoint®, an independent hotline administrator (anonymous reporting available); offers language translation services
- **Incident Reporting System:** Simple desktop application for reporting suspicious activity
- **Director's Mailbox:** Communication directed to an independent director of our Board

As a member of the Corporate Executive Board by Gartner Compliance and Ethics Leadership Council, BNY Mellon leverages ethics best practices and insights from a variety of industries.

Zero Tolerance for Bribery and Corruption

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

CODE OF CONDUCT PRINCIPLES

- **Respecting Others:** We insist on a respectful, inclusive and professional workplace.
- **Avoiding Conflicts of Interest:** We help our workforce navigate potential conflicts of interest and require them to identify and reduce conflicts.
- **Conducting Business:** We tell employees in detail about fair competition, antitrust, anticorruption and improper or illegal activities that can occur in our sector and require them to comply with all applicable laws, rules and regulations.
- **Working with Governments:** Our employees are aware of and comply with the obligations and principles related to working with governments.
- **Protecting Assets:** Our Code and related training stress the importance of financial integrity, privacy and data protection.
- **Supporting Our Communities:** We take an active part in our communities around the world, as individuals and as a company. We are honest, fair and transparent in interactions with communities and the public.

TECHNOLOGY AND OPERATIONAL RESILIENCY

Highly Reliable Information Systems

BNY Mellon is integral to transactions that keep the global economy running smoothly. We maintain reliability by advancing our systems availability, transaction quality, technology, cybersecurity, business continuity and vendor standards. We manage our operational resiliency and incident management capabilities to lessen risks to our firm, clients and the financial markets. The Technology Committee of the Board of Directors oversees our work.

Our Technology Journey

Our goal is to have the best operating environment and core technology platforms from which to build innovative, reliable solutions and services for our clients and business. We've made significant progress in the last few years, but we have more work to do.

In 2017, we launched a third-generation, container-based private cloud to host a growing portion of non-mainframe applications and improve software delivery times from months to hours. We will continue to invest to simplify our operating environment, reduce platform redundancies, increase integration and become more efficient.

Integrating client access into a single, open-source, cloud-based environment that is up-to-date improves our resiliency and gives us stronger cybersecurity protection.

Technology Drives Opportunity

Technological innovation provides opportunities for positive impact. We use technology to facilitate safer and more stable market activity, increase data privacy and help employees enhance their risk awareness skills. Our pioneering solutions position us and our clients for success, now and in the future.



INFORMATION SYSTEMS GOVERNANCE AND RISK MANAGEMENT

Managing for Resiliency

We constantly monitor emerging technology threats and work to safeguard our information systems and business with tight governance and strict standards. We evaluate our technology processes and critical services against industry standards and best practices and quickly adapt to disruptions to restore routine functioning.

Our resiliency management program focuses on:

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

Technology Risk Assessment

The Technology Risk Assessment uses a review questionnaire to focus on seven technology risk exposure areas: cybersecurity, third-party governance, resiliency, governance and strategy, innovation, service development, and incident, problem and disaster recovery management. It evaluates our technology services supporting critical business services to determine risk exposure, and enterprise leaders use the results to make evidence-based decisions. We based the assessment on a standard technology risk assessment methodology aligned with international standards and our corporate operational risk management guidelines.

ISO/IEC 27001:2013 Certification

The Bank of New York Mellon Corporation operates an Information Security Management System that is ISO/IEC 27001:2013 certified. The certification is an internationally recognized information security standard.

After extensive internal reviews and audits the British Standards Institution (BSI) Group approved and recommended certification for our Information Security Management System. BSI is the world's largest certification body and certifies companies worldwide that implement management systems standards.

Continued Vigilance

The proliferation of mobile platforms, social networking and cloud data storage creates new opportunities for cyber criminals to steal confidential data and intellectual property. We train our employees on cybersecurity to increase awareness, vigilance and responsiveness to help protect our clients and systems.

CYBERSECURITY

Innovation and Awareness

The financial services industry is particularly attractive to hackers and other cyber adversaries. We implement strict controls, but we know technology alone is not enough protection. We keep cybersecurity top-of-mind and hold employees in our technology departments and throughout the firm accountable for identifying and mitigating risks.

Our Cybersecurity Strategy

We integrate our cybersecurity strategy into our business with multiple control layers to protect clients' information and technology assets.

- Our Cybersecurity Services Model, made up of 23 services, adheres to leading standards such as ISO 27001/2 and the National Institute of Standards and Technology (NIST) Cybersecurity Framework. The model meets regulatory standards, allows us to compare our security posture to the industry, establishes risk reduction priorities and provides measures and goals to gauge progress over time.
- We continually evaluate our enterprise for vulnerabilities and risks and watch for advanced adversaries.
- Our threat intelligence team prepares for evolving security threats using information from the financial services industry, industry-leading third-party vendors, law enforcement and public and private sources.
- We use ongoing awareness programs to educate employees on how to recognize and manage threats, hacking attempts and suspicious activity.

Employee Awareness and Education

We conduct awareness campaigns, special events and training to stress the importance of cybersecurity risk management and compliance to employees. We track and measure participation rates and survey results to find out what works and what we can do better to make the potential for cybersecurity risk real to employees in their jobs and personal lives.

In 2017, our cybersecurity risk awareness and education efforts included:

- A robust training program on topics such as cybersecurity threats, device security, phishing identification and reporting suspicious activities
- Regular phishing simulations to test our susceptibility and educate employees on tactics used by hackers
- Ongoing communications, tips and tools, including a robust internal social media page and inclusion in the companywide Your Risk & Compliance Roundup newsletter
- A full month of programming activities in October, which is recognized as Cybersecurity Awareness Month

FINANCIAL RESILIENCY

A Trusted Leader

BNY Mellon plays a vital role in global financial markets by providing an infrastructure that facilitates cash and securities movement through these markets. We understand the critical functions we perform and accept our leadership responsibility in terms of capital strength, liquidity risk management and payment, clearing and settlement activities. We intend to maintain our strong capital base to meet regulatory requirements, remain a strong and trusted counterparty to our clients and prepare for potentially adverse events.

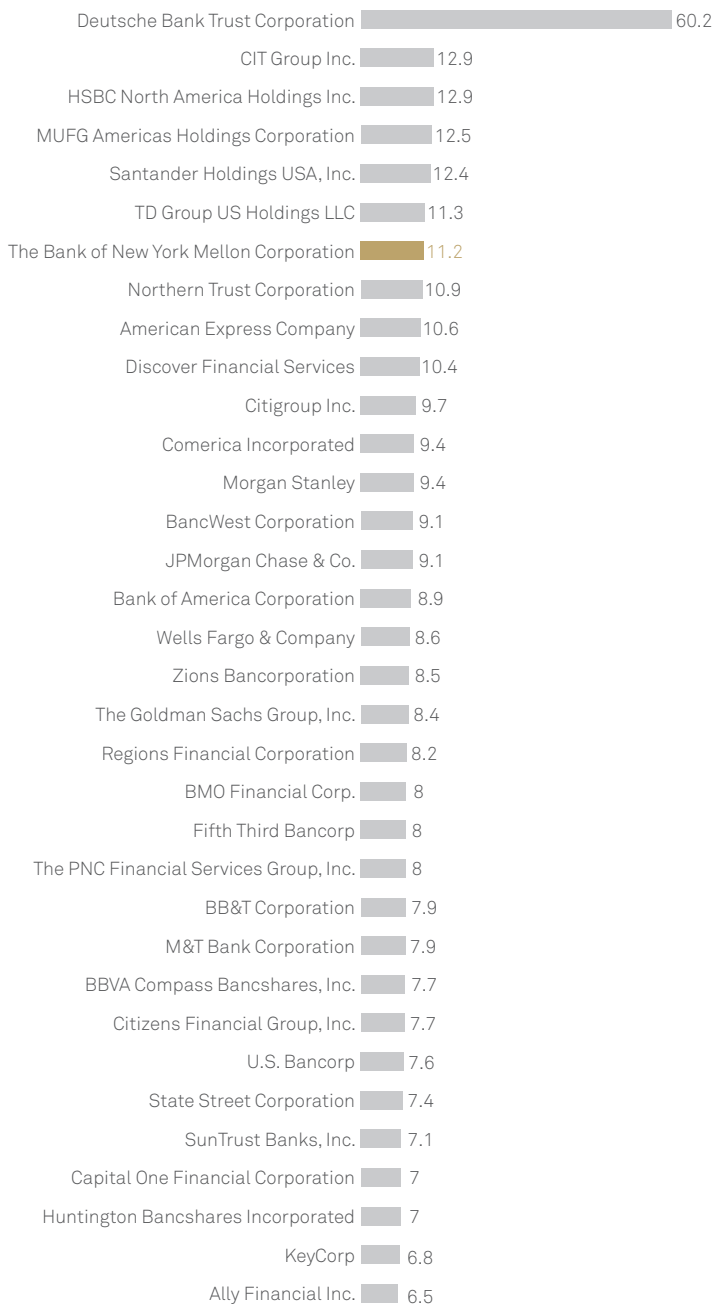
Our global resolution plan helps protect financial system stability by detailing how we would maintain critical operations in case of company failure or insolvency. Our 2017 stress tests demonstrated our financial strength and commitment to maintain appropriate capital adequacy.

Rigorous Stress Testing

It is BNY Mellon’s policy to perform enterprise-wide stress testing at regular intervals as part of the Internal Capital Adequacy Assessment Process (ICAAP). We also perform an analysis of capital adequacy in a stressed environment in our Enterprise Stress Test Framework, as required by the enhanced prudential standards issued pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act. The stressed environment scenario tends to be far more adverse than the Great Recession.

Our stress testing produces analyses across our businesses, products, regions and risk types. It incorporates results from different underlying models and projections given a certain stress-test scenario. This is an important component of assessing capital adequacy and identifying high-risk touch points in business activities.

Minimum CET1 Ratio after Stress Testing in Severely Adverse Scenario, DFAST



Source: Federal Reserve

Note: The capital ratios are calculated using capital action assumptions provided within the Dodd-Frank stress testing rule. See 12 CFR 252.56(b). These projections represent hypothetical estimates that involve an economic outcome that is more adverse than expected. The minimum capital ratio presented is for the period 2017:Q1 to 2019:Q1. In accordance with the regulatory capital framework, all risk-based capital ratios are calculated using standardized RWAs, which became effective on January 1, 2015.

Measuring Core Equity Capital Against Risk-Weighted Assets

RESULTS OF DODD-FRANK ACT STRESS TEST ON OUR BASEL III COMMON EQUITY TIER 1 (CET1) RATIO AND LEVERAGE RATIO¹³

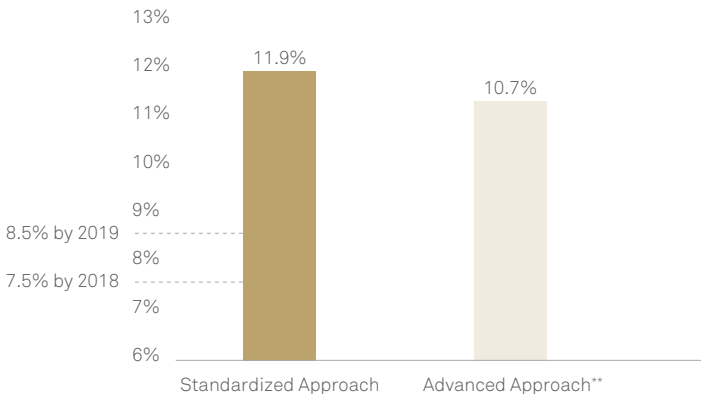
Following stress testing under the supervisory severely adverse scenario, BNY Mellon's risk-based capital ratios remain resilient. For example, in the Federal Reserve's Dodd-Frank Act disclosures made as part of the 2017 Dodd-Frank Act annual stress tests, BNY Mellon had one of the highest projected minimum CET1 ratios, at 9.1 percent over the nine-quarter planning horizon in the severely adverse scenario. We also had one of the highest projected minimum CET1 ratios, at 9.5 percent over the nine quarters in the adverse scenario. We maintained a resilient minimum U.S. tier 1 leverage ratio of 5.2 percent and 5.3 percent in both the severely adverse and adverse scenarios, respectively.

BNY Mellon Capital Levels

As of December 31, 2017

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

Federal Reserve minimum with buffers*



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

** The estimated fully phased-in CET1 ratios (Non-GAAP) are based on our interpretation of the U.S. capital rules, which are being gradually phased in over a multi-year period. For further explanation of the capital ratios, please see the "Capital" section of the 2017 Annual Report. Please also see "Supplemental Information — Explanation of GAAP and Non-GAAP Financial Measures," beginning on page 125 of the 2017 Annual Report for a comparison of fully phased-in Basel III capital components and ratios to those amounts determined under the currently effective rules using the transitional phase-in.

13 Federal Reserve — Dodd-Frank Act Stress Test (DFAST)2017: Supervisory Stress Test Methodology and Results.

Capital Adequacy Governance

The Asset & Liability Committee (ALCO), a cross-company governance body, monitors our capital adequacy during monthly meetings or more frequently, as required. If ALCO recommends modifying capital levels (for instance, by issuing stock), our corporate treasurer, chief financial officer (CFO) and chief risk officer (CRO) evaluate such proposals.

Stress testing results are a core component of capital planning and we review them at the company's most senior levels. Capital adequacy governance stretches from the Board of Directors and executives, including the CRO and CFO, to mid-level managers of risk and finance departments. BNY Mellon uses three lines of defense during stress testing to verify capital adequacy. In the first line of defense, modelers check their models for accuracy. In the second line of defense, the Model Risk Management Group and Project Management Office subject our quantitative and qualitative models and frameworks to robust review and challenge whether they will perform as expected. In the third line of defense, Internal Audit enforces internal controls to identify risks and weaknesses in capital adequacy governance.

OPERATIONAL RELIABILITY

Prepared for the Unexpected

BNY Mellon conducts business for clients and fuels the world's financial engine around the clock. Our centrally coordinated Business Continuity program helps keep critical operations running during unexpected events such as significant power outages and natural or human-made disasters. The program covers crisis management, technology recovery and business resumption. We update, test and modify it based on market and industry changes.

We have processing centers in various geographic regions, multiple backup facilities and resources dedicated to business continuity. Our business units and technology facilities around the globe have recovery plans and we update them to match our corporate footprint as needed. Our Board reviews and approves our Business Continuity program every year.

In 2017, BNY Mellon employees around the world remained resilient to a number of challenging events, including Hurricane Harvey in Texas and Hurricane Irma in Florida. [Read how our employees went above and beyond](#) to help each other and provide uninterrupted service to clients.

Vendor Risk Management

Vendor relationships in global financial services are critical and complex. We work with vendors to manage and reduce risk using a holistic, integrated system of technology, on-the-ground monitoring and due diligence.

Third-Party Governance Program

Our Third-Party Governance (TPG) program is a centralized process for procuring, reviewing and assessing service and associated contract risks. It helps us enforce supplier compliance with applicable regulatory standards. We implemented the TPG framework and roadmap in 2015 and extended it to include environmental/social/governance (ESG)-specific activity in 2017.

Vendor Technology Risk Management Program

Our risk-based, centralized Vendor Technology Risk (VTR) program assesses the adequacy of technology risk practices by third-party service providers. It requires us to complete minimum, risk-weighted due diligence and subjects medium- and high-risk vendors to enhanced due diligence based on their information risk practices.

Every vendor has a named BNY Mellon engagement manager who typically resides in a business or corporate function. The central VTR team conducts information risk due diligence on vendors referred by a business or corporate function. This multilayered process identifies specific vendor risks and triggers in-depth due diligence, monitoring of higher-risk vendors and controls where appropriate.

The risk ratings assigned to a vendor determine the level of additional activity required, with critical vendor services requiring a wide range of assessments and governance processes. After we onboard a medium- or high-risk vendor, we conduct risk assessments annually or biennially. We manage and report our findings and inspect vendors' physical operating environments at least once every three years.

Our Digital Enterprise

A digital enterprise uses standardized components that are easy to change and reuse, rather than customized solutions tied to specific hardware or hard-coded, standalone applications. We have progressed significantly in this area. Benefits include improvements in:

- Agility
- Client experience
- Service levels
- Effective risk management
- Cost management
- Operational efficiencies
- Evidence-based decisions
- Profitable revenue growth

Reliability and Accuracy

People and organizations around the world rely on our data, expertise and insight to make critical financial decisions. This puts accuracy at the center of our processes and controls, including audit, data handling and completeness, marketing and communications and external research.

We rigorously control our environment and hold our teams accountable for following strict procedures to verify and protect clients' and other stakeholders' data.

REGULAR, THOROUGH AUDITS

Internal Audit is an independent, objective function reporting to the Audit Committee of the Board of Directors. They use a risk-based approach to review and evaluate our management procedures, internal control systems, information systems and governance processes to determine if they are adequate, effective and sustainable in verifying data accuracy.

The Audit Committee meets regularly to review 1) the integrity and accuracy of our financial statements and financial reporting process, 2) legal and regulatory compliance, 3) our independent registered public accountant's qualifications and 4) our registered public accountant's and internal audit function's independence and performance. The Audit Committee reviews our management's internal controls assessment.

SECURE TRANSACTIONS

We invest in advanced technology to help protect data. Encryption techniques such as Transport Layer Security (TLS) are used to protect communications between clients and internal systems. All of our techniques adhere to industry best practice, international standards, and are defined by internal policy.

MARKETING INTEGRITY

Our clients trust us to act in their best interests and market our products and services with transparency and integrity. We comply with global responsible marketing principles and manage risks responsibly when conveying information to clients.

COMMUNICATIONS COMPLIANCE

Regulations governing marketing and communications are complex and vary around the world. Our Business Marketing, Corporate Marketing, Corporate Communications and Global and Regional Legal teams work together to comply with these regulations wherever we operate. We adhere to changing policies and best-in-class standards for accuracy and integrity.

RELIABLE PARTNER DATA

Outside perspectives strengthen our value to clients. We partner with leading research, consulting and media organizations to broaden our views and stimulate innovative thinking. We carefully vet our partners and methodologies to verify accuracy, and share what we learn in client, executive and network roundtables.

REDUCING INTRADAY CREDIT RISK

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

In a tri-party repo transaction, broker-dealers and other financial institutions pledge securities as collateral in return for short-term cash from mutual funds and other cash sources. A clearing bank facilitates the deal, valuing pledged securities and verifying they are eligible for the transaction. BNY Mellon is the primary clearing bank in the U.S., and will soon become the sole provider of U.S. government securities clearance and settlement and U.S. tri-party repo services.

To reduce our intraday credit risk, a Broker-Dealer Services (BDS) team of technologists, business strategists, project managers and compliance officers around the world built a technology infrastructure to fully automate repo transactions clearing and settlement. This practically eliminated¹⁴ the need for intraday credit from the clearing banks, significantly reducing credit risk in the market. From 2012 to 2015, we managed a 97 percent reduction in intraday secured credit, from about \$1.4 trillion to around \$28 billion.

The BDS-led industry overhaul created additional solutions. Broker-dealers and other financial institutions are required to post higher-quality collateral, typically highly-rated government bonds. The repo market term structure went from being based largely on overnight loans to deals with a 30-day or longer commitment. This new tri-party framework makes the banking system safer and more transparent.

BROKER-DEALER SERVICES — GOVERNMENT SECURITIES SERVICES CORP.

BNY Mellon Government Securities Services Corporation is a wholly owned subsidiary we established to enhance capabilities, governance, transparency and resiliency in our U.S. government securities clearance and U.S.

tri-party repo businesses. Given our significant role in the market, Government Securities Services provides an operationally resilient platform and services for efficient clearing and settlement. Our Clearance and Collateral Management business clears and settles equity and fixed-income transactions globally and serves as custodian for tri-party repo collateral worldwide.

BNY MELLON LEADERSHIP

BNY Mellon is a leader in global and U.S. government securities clearance. We settle securities transactions, act as a clearing agent for 19 of 23 primary dealers and handle most transactions (by volume) cleared through the Federal Reserve Bank of New York. We lead in servicing tri-party repo collateral, at approximately \$2.6 trillion globally. We service approximately \$1.7 trillion of the \$1.9 trillion tri-party repo market in the U.S.¹⁵

Looking Ahead Risk Management



Resiliency is a top technology priority for BNY Mellon in 2018. To continue improving and expanding our capabilities and infrastructure, BNY Mellon Technology launched a multi-year initiative that includes significant investments to fully modernize our infrastructure to enhance critical applications' stability, resiliency and cybersecurity. This program will impact all of BNY Mellon and support our growing businesses and client needs. Our existing infrastructure will remain in place as we build the new infrastructure and operate in parallel until we are ready to decommission our legacy systems. This will allow us to move forward with large-scale rationalization and modernization activities while serving our clients' and stakeholders' needs uninterrupted.

¹⁴ Defined as a 90% reduction in the need for intraday credit.

¹⁵ The \$2.6 trillion represents the overall average tri-party balance for the 4th QTR 2017 reporting.

STRONG GOVERNANCE

Our Opportunity

At BNY Mellon, integrity and accountability are part of who we are. We are committed to strong governance, which refers to practices and rules that balance our many stakeholders' interests and guide us to operate ethically and responsibly.

Key Trends

When people hear about gender inequality, climate change and other challenges facing society, they want to know what companies are doing in response. Stakeholders want assurance the organizations with whom they do business act in ways consistent with their own values, which requires clear and ongoing communication. Good governance helps us meet these expectations and commitment to positive impact.

PEOPLE WANT TO HELP FIND ANSWERS

Technology has made it possible for just about anyone to instantaneously communicate their opinions and demands globally. Now people want and expect companies to listen and respond. Organizations that give stakeholders easy ways to engage in dialogue may be more likely to build relationships based on trust.

STAKEHOLDERS HOLD LEADERS ACCOUNTABLE

A 2016 global research study showed 71 percent of executives believe leadership accountability is a critical business issue, but only 31 percent were satisfied with the level of accountability their leaders demonstrate.¹⁶ This challenge comes at a time when leaders must be at their best to manage business in a complex environment and earn stakeholder trust.

INVESTORS LOOK FOR GENDER EQUALITY AND EQUAL PAY

Increasingly, shareholders are filing proposals asking companies to analyze and publicize any differences in the salaries of men and women they employ. The Principles for Responsible Investment (PRI) saw workplace diversity as a key theme in the 2017 proxy season, with board diversity, racial and gender diversity

and pay equality being key concerns.¹⁷ BNY Mellon received a proposal on gender pay in 2017, for inclusion in our 2018 proxy statement. The proposal was withdrawn after we responded by conducting a gender pay study finding that, on average, we pay women 99 percent of what we pay men when accounting for certain factors, including geography, level and job to make the comparisons more relevant.

Our Approach

BNY Mellon has been a financial services industry leader for more than two centuries and our commitment to ethical behavior has never wavered. We act in our stakeholders' best interests in everything we do, including corporate governance and advocacy, and political and client engagement.

Good governance promotes accountability, compliance and high ethical standards, as outlined by our Board of Directors. Our diverse perspectives and core values of client focus, integrity, teamwork and excellence complement our responsible business practices and corporate governance best practices.

Our Strong Governance Goal

Enhance investor engagement by following best practices for shareholder engagement, sustain strong regulatory engagement and leverage our CSR expertise to enrich the client experience.

How We'll Achieve It

We will engage our investors in governance discussions and continue to educate legislators, regulators and policymakers on our unique business model.

2017 PROGRESS

Contacted top 20 investors for governance discussions, providing interactions with directors, if requested; engaged with nine of top 20 investors. Educated legislators, regulators and policymakers on our unique business model to help ensure appropriately drafted legislative and regulatory proposals.

¹⁶ "Four steps to making leaders more accountable," by Vince Molinaro, Global Managing Director, LHH — The Adecco Group, January 13, 2017.

¹⁷ Proxy season 2017: analysing the trends, Principles for Responsible Investment.

CORPORATE GOVERNANCE

Structure and Approach

Our Board of Directors oversees company management and supports our company's and shareholders' interests. All Board members are subject to our Director's Code of Conduct, which provides ethics and accountability guidelines. Read more about our Board in our [Proxy Statement](#).

As of April 2018, our Board had 11 independent members and one non-independent member, our chairman and chief executive officer (CEO). [Our Corporate Governance Guidelines](#) define director independence. Independent directors meet in executive sessions, presided over by our lead director, at regularly scheduled Board meetings. Average director attendance at Board and committee meetings in 2017 was 97 percent.

The Board of Directors has six standing committees, each with distinct roles and responsibilities described in a charter. Each committee consists entirely of independent directors. Read more about our [Board committees and charters](#).

COMMITTEES OF THE BOARD OF DIRECTORS

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

AN INDEPENDENT BOARD

Eleven of our 12 directors are independent. Our 12th director is also our CEO. Instead of an independent Board chairman, we have a strong independent lead director with well-defined roles and authority. Annually, our Corporate Governance, Nominating and Social Responsibility Committee and Board evaluate this structure, which is used by most of our financial services peers.

¹⁸ [Why Diversity Matters](#), by Vivian Hunt, Dennis Layton and Sara Prince McKinsey, January 2015.

STRENGTH IN DIVERSITY

Research shows diversity helps drive business success.¹⁸ Just as we promote diversity throughout our organization, we see Board diversity as a strength. Twenty-five percent of our Board members is women.

ONGOING BOARD REFRESHMENT

We refresh our Board regularly to combine legacy knowledge and new points of view, to anticipate and prepare for the corporation's ongoing needs relative to strategy and director retirements and to respond to shareholder feedback. Since April 2014, our Board has added eight new directors.

We also refresh Board leadership. As of 2016, committee chairpersons can preside in such role for no more than five consecutive years. Each of our committees has changed leadership in the past two years, other than our Finance Committee, which was established in 2015. In addition, as of February 2017, the lead director cannot preside more than five consecutive years.

In 2018, following our Annual Meeting, the Corporate Social Responsibility Committee will be dissolved, and its responsibilities assumed by the newly named Corporate Governance, Nominating and Social Responsibility Committee. This change underscores our ongoing commitment to the CSR. [For more information on this Committee's Charter, see our Investor Relations page.](#)

BOARD SKILLS AND EVALUATION

Among other things, our directors' experience, diversity, differing perspectives and institutional knowledge strengthen our Board. In selecting Board members, our Board, led by the Corporate Governance, Nominating and Social Responsibility Committee, looks for candidates with skills applicable to our businesses and strategy. Every year, our Board and each committee self-evaluate their performance.

We've seen a trend among investors and stakeholders requesting greater transparency and easy ways to assess Board skills and evaluations. For example, at the end of 2017, the Comptroller of The City of New York sent letters to several companies requesting board member skills and attributes laid out in a matrix so they could assess a wide range of issues such as Board gender, racial and ethnic diversity, need for refreshment, and skills needed. Although we did not receive such a letter, we took steps to provide a skills and attributes matrix in our 2018 proxy statement.

In 2017, we adjusted our Board evaluation process to include a year-over-year assessment of progress and an individual director self-assessment. For the year-over-year assessment, we used our 2016 assessment as a baseline and asked the same questions in 2017 to assess progress in overall ability to function as a Board across various categories. Results reflected continued progress, with suggestions on more efficient use of directors' time and continued refinement of Board materials. The individual self-assessment component is based on management interviews of individual Board members, which contained thought-provoking and self-reviewing questions. The questions give directors the opportunity to reflect on their own performance, relevance, skills and contributions and encourage more voluntary Board refreshment.

The Board reviewed assessment outcomes in December and will take action after the February 12, 2018 Board meeting.

Executive Compensation

We designed our executive compensation program to drive results over the long term. Twenty-five percent of our CEO's compensation and 30 percent of other senior executives' compensation is in cash, with the balance in stock awards. We pay bonuses and incentives based on performance against goals, including goals on CSR topics like risk and diversity and inclusion. The Board reviews and agrees on the executive compensation program every year.

STOCKHOLDER RIGHTS

BNY Mellon stockholders enjoy ample stockholder rights:

- No staggered Board (i.e., voted on every year)
- Special individual or group meeting rights for stockholders who hold 20 percent of our outstanding common stock
- Proxy access for stockholders, individually or in a group of up to 20 who hold three percent of our outstanding stock for at least three years, to nominate up to 20 percent of the Board
- No plurality voting in uncontested director elections (each director must be elected by majority of votes cast)
- No supermajority voting; stockholder actions require only majority of votes cast (not majority of shares present and entitled to vote)
- No "poison pill" (stockholders' rights plan)

HOW WE ENGAGE INVESTORS

Governance and investor relations team members meet with our top 25 investors regularly. We arrange meetings on governance issues between top investors and our Board members and track the discussions and outcomes.

We connect with our broader investor audiences through meetings in our offices between analysts or individuals and executives. Our senior leaders often attend and speak at industry conferences and host group and one-on-one meetings with investors. On March 8, 2018 we held an Investor Day for our shareholders and analysts who cover our stock. The event's focus was to provide an overview of our business model, how we serve clients and how we're positioned for the future.

Our Tax Policy

Our firm's culture of "Doing What's Right," as represented in our Code of Conduct, extends to paying taxes. Internal controls include periodic analysis and review of the financial impact of taxes on our company and business operations, so taxes are paid to all taxing authorities in accordance with applicable laws. Transparency includes open communication with tax authorities and regulators and developing real-time working relationships, where possible. [More information related to our taxes is in our Annual Report.](#)

ADVOCACY AND POLITICAL ENGAGEMENT

Policy and Advocacy Involvement

The financial industry globally is subject to extensive laws and regulations that continually evolve and affect the way we do business in different regions. Our engagement in policy development and the political process can take many forms, including discussions with policymakers and providing thought leadership.

Public Policy and Lobbying

Our Global Regulatory Policy and Government Affairs teams monitor legislative and regulatory activities in the U.S., Europe and Asia. We analyze the potential impacts of proposed laws and regulations on BNY Mellon and financial markets. We contribute to industry policy discussions to benefit our stakeholders and strengthen our reputation for responsible political engagement. Our Regulatory Policy and Government Affairs group sets priorities, partners with our senior management and businesses in lobbying activity and reports outcomes. We implement all changes required by regulatory reforms around the world.

We educate legislators, regulators and policymakers globally about BNY Mellon so they understand our unique business model and how we differ from other large financial institutions. This understanding helps them as they consider new reforms and regulatory proposals.

Through memberships in industry and trade associations, or together with peer banks, we submit comment letters, respond to financial industry surveys and meet with legislators and regulatory agencies to exchange ideas on the financial industry and regulatory and tax reform. Because our business model differs significantly from other large financial institutions, we are often impacted differently by industry regulations and need to explain potential unintended consequences to policymakers.

In addition to lobbying by our Government Affairs group, we have retained lobbying firms to advocate for our legislative interests at U.S. federal and state levels. These activities and applicable disclosure reports are regulated pursuant to federal and state laws. In 2017, we spent approximately \$740,000 in federal lobbying expenses. Our federal lobbying disclosure reports are available [here](#). Our state and local legislative lobbying is concentrated in New York and Pennsylvania, where the company's main business operations are located. Expenses are of a de minimis nature and disclosed where required by applicable law.

Active in the Industry

BNY Mellon is a member of numerous trade associations representing financial industry and general business interests. These groups produce issues analyses and white papers and advocate on public policy important to their members. We regularly review our memberships for alignment with our priorities and may not always agree with an association's or its members' positions or priorities.

Our principal trade association memberships include the American Bankers Association, Investment Company Institute, The Clearing House and SIFMA (Securities Industry and Financial Markets Association). We also belong to Financial Services Forum, GFMA (Global Financial Markets Association), AFME (Association for Financial Markets in Europe), EFAMA (European Fund and Asset Management Association), The Investment Association, TheCityUK, ASIFMA (Asia Securities Industry and Financial Markets Association), New York Bankers Association, Pennsylvania Bankers Association, Insured Retirement Institute and Institute of International Finance.

We ask trade associations to not use our membership fees to fund federal, state or local level election-related activity, including contributions and expenditures (including independent expenditures) to support or oppose any candidate for any office, political party committee or political committee.

Political Contributions

We engage in the political process through political contributions. BNY Mellon has two political action committees (PACs) funded entirely by voluntary contributions from our employees. Employees are not reimbursed or compensated in any way for political activities or contributions. In accordance with applicable federal, state and local regulations, the PACs can 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 <http://www.fec.gov>.

Our PAC contributions totaled \$338,700 in 2017. In addition to the summary below, a list of 2017 PAC contributions is available [here](#).

BNY Mellon did not make any corporate contributions in 2017. It has been our practice to disclose any corporate contributions¹⁹ we make. When we do make such contributions, we will disclose that information semiannually on our [website](#).

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

Compliance and Oversight

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

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

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

POLITICAL ACTION COMMITTEE CONTRIBUTIONS IN 2017 (USD)

	Republican	Democratic	Total
U.S. House	\$120,00	\$81,200	\$201,200 (66% House)
U.S. Senate	\$41,500	\$63,500	\$105,000 (34% Senate)
Total	\$161,500 (53% Republicans)	\$144,700 (47% Democrats)	\$306,200*

* Additional contributions include \$17,500 made to Pennsylvania candidates and \$15,000 made to trade association political action committees, resulting in \$338,700 in total PAC disbursements.

¹⁹ A corporate contribution is defined to include a state candidate committee, a 501(c)(4), 527 or ballot initiatives.

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.

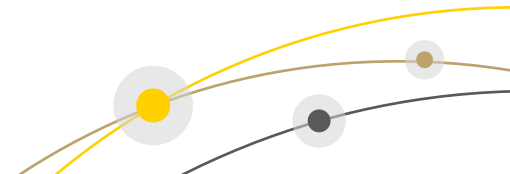
Looking Ahead
Strong Governance



People expect companies to be trustworthy, transparent and accountable, especially in our connected, borderless world. Good corporate governance is essential to support investment, financial strength, stability and growth.

A common global governance framework is one way to achieve this, but varying social norms, cultures and national structures may make a single solution impractical. As people become more aware of the importance of good governance, issues such as gender diversity, board evaluation and CSR may lead to more ethical corporate behavior.²⁰ BNY Mellon is proud to lead and make a positive impact on all fronts.

²⁰ Global Trends in Corporate Governance, Deloitte, December 2015.





OUR PEOPLE

Accelerating technology, gender equality, workforce demographic shifts and changes in employees' attitudes are global trends affecting all our lives. Our strategy takes these trends into account as we foster leadership, professional development, engagement, inclusion and wellbeing to create a productive, invigorating workplace.

LEADERSHIP AND DEVELOPMENT

Our Opportunity

In financial services, top talent is everything. To attract and keep the caliber of people we want, we emphasize workplace excellence, provide growth opportunities and empower people to make an impact on our business and markets.

Key Trends

Demographic changes are creating a new generation of workers whose social, environmental and personal values and attitudes are different from their predecessors. These trends influence our leadership and development approach and programs.

COMPETITION FOR TALENT IS FIERCE

Financial services is just one of many career path possibilities for top graduates. We compete in a wide range of dynamic industries, including technology, consulting, private equity, healthcare and entertainment. Our sector's challenge is to show the positive impact we have on people's lives and the opportunities for learning and growth for up-and-coming leaders.

BUSINESS REQUIRES MORE FINTECH SKILLS

Technology has and will continue to transform financial services in exciting, innovative ways. Technology professionals, however, may not think of large, established financial services firms as the kind of companies they want to work for. Strong learning, leadership and development programs can help fill the industry's mounting demand for fintech professionals.

THERE ARE FIVE GENERATIONS IN THE WORKPLACE

Today's workforce is made up of people ranging from traditionalists born in the 1940s to Generation Z members with birthdates in the late 1990s.²¹ Their wide variety of experiences, skills and attitudes can be challenging for managers trying to motivate employees and respond to their differing needs. A well-planned leadership and development program can prepare managers to handle these dynamics and help each employee reach his or her potential.

21 "A Formal Introduction to the Five Generations of Employees in Your Workforce" by Mary Bennett, February 7, 2017.

Our Approach

We want our employees to grow as leaders and contributors throughout their BNY Mellon journeys. We offer a full curriculum of leadership and development programs and training for people at all levels. We also give employees access to resources for lifelong learning.

OUR HIGH PERFORMANCE CULTURE

We hold our employees to high performance standards and give them tools and resources to excel. We link our performance management system to our business strategy to keep us all working toward a common goal to improve lives through investing. We tie performance metrics to the company's financial commitments and base compensation and rewards on corporate and business performance.

Our Leadership and Development Goal

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

How We'll Achieve It

We will continue to invest in developing strong managerial capabilities through formal and on-the-job training. Our flagship programs build understanding of effective managerial practices and embed common language and tools rooted in our leaders' thinking. Our performance management approach reinforces the art of great management by encouraging conversations and feedback on goals and performance.

2017 PROGRESS

Overall upward feedback results for managers improved over 2016; however, in the employee engagement survey, leadership category remained flat, four points below industry benchmarks.

Our Lifelong Learning Culture

The pace of change in our industry and the world means employees must be open to constant learning and improvement. We pave the way with a comprehensive learning infrastructure that allows employees to grow and develop as leaders and people. It's working; we delivered over 1 million learning hours in 2017.

BNY Mellon University

BNY Mellon University guides employees along a learning and development path from internship to executive management. The framework aligns to the BNY Mellon competency model and offers courses on global financial markets, specialized finance skills, role-specific training and management and leadership. We accommodate a range of learning styles with on-demand courses, virtual classrooms and on-site learning experiences that encourage networking and collaboration. The faculty includes our own accomplished people and top-notch external thought leaders and subject matter experts.

Our world-class learning organization integrates curricula across business lines and into enterprise-wide development programs. This meets our lines of business needs and gives all employees access to consistent learning and development opportunities.

We combine feedback from employees with information about learning, workforce and business outcomes. This allows us to evaluate learning effectiveness and better align our learning strategies to business and workforce needs.

Learning Throughout The Employee Lifecycle



Employee Development

We offer learning and development programs to help employees grow, contribute and achieve their career goals. Our programs include live virtual training, social learning and on-demand resources.

LEADERSHIP PATHWAYS

- Summer Analyst Program (SAP): 10-week summer internship to give undergraduate students strategic project work and extensive learning, networking and mentoring opportunities. SAP shows participants what it's like to work for a competitive, global financial services organization.
- Emerging Leader Program (ELP): 12-month program for high-potential, emerging leaders ready to contribute to BNY Mellon's business strategy. ELP rotates participants across a business or function to work on strategic projects, develop leadership skills, build networks and accelerate their careers.

ONBOARDING

- New Hire Learning: Immerses new employees in BNY Mellon's businesses and culture and the financial industry.
- Social Network Online Top Trader: Discussion forum on MySource Social. Provides economic/financial pages with market data feeds, interactive stock-picking with a fictional \$100,000 and gamification to motivate new employees.

PROFESSIONAL DEVELOPMENT

- Navigate to Win: Primarily for individual contributors who are new to business or developing foundational professional skills. The program creates a winning standard for workplace effectiveness to guide daily performance, client service, productivity and teamwork.
- Operating to Win: Focuses on interpersonal skills such as collaboration, change management, emotional intelligence, goal-setting and problem solving.
- Virtual Classrooms: Interactive blended learning experience where participants develop skills such as decision-making, presentation and time management.

- MyDevelopment On-Demand Self-Study: Online courses employees can take anytime, anywhere, at their convenience. Includes Harvard ManageMentor modules and Intuition tutorials on all financial services areas.

MANAGEMENT AND LEADERSHIP DEVELOPMENT

- Winning Start: Equips people moving from individual contributors to managers with knowledge and tools for a positive transition.
- Managing to Win: Helps managers develop fundamental skills and competencies to manage and develop others; co-led by participants of past programs.
- Leading to Win: Develops experienced managers' skills and competencies to lead others and drive strategy, alignment and execution; co-led by participants of past programs.
- Strategy to Win: Increases senior managers' business and leadership acumen to accelerate organizational impact and optimize the client experience; co-led by participants of past programs.
- Open Enrollment: Develops fundamental skills and competencies to manage and develop others; more than 2,600 managers have attended to date.

EXECUTIVE DEVELOPMENT

- New Managing Director Induction Series: Four one-hour discussions with Executive Committee members on what it takes to be a strong enterprise leader.
- CEO Executive Program: Exposes key executive talent to BNY Mellon Executive Committee members, expanded networks and insights into the company's most important business initiatives.

PERFORMANCE MANAGEMENT

Employees set results-based and individual development goals. We support them with ongoing performance, feedback and development processes including:

- Talent Review and Succession Planning: An enterprise-wide review of the top 700 roles in the firm using a consistent, nine-box tool to capture talent data from all businesses and business partner groups
- MyCareer Center: Online tools for career development and management, including BNY Mellon openings
- Upward Feedback: Online tool for employees to give feedback to their managers on behaviors aligned with Manager Standards of Excellence
- 360 Developmental Feedback: Online tool using our Leadership Competency model to incorporate feedback from several sources to inform and advance individual development

Looking Ahead

Leadership and Development



Leadership and development programs drive business outcomes and give us a pipeline of strong, knowledgeable leaders for the future. Building on the foundation created by our flagship programs, we will provide sustainable development opportunities to our managers and leaders through formal and informal learning events. Continuous learning for managers is critical to maintaining our standards and practices and comes in many forms: just-in-time tips, learning opportunities for flagship program alumni, micro-learning and peer coaching.

ENGAGEMENT AND WELLBEING

Our Opportunity

Today's diverse, multigenerational, mobile, workforce thinks differently about wellbeing and engagement than they did in the past, and they want their employers to respond. Doing so can pay off for businesses; research shows healthier, happier, more engaged employees perform better, miss fewer workdays and are less likely to look for new jobs.²² To attract and retain top people who can contribute to business goals and meet client needs, companies must offer benefits and perks that fit employees' lifestyles and priorities.

Key Trends

People's attitudes about work are changing. Employees today look for companies that make a positive, meaningful impact on society, allow them to express their ideas and opinions, and respect them as individuals. Workforce demographics are changing too, with multiple generations influencing employee expectations. We evolve with these trends, anticipating what employees want and updating our approach to attract and retain top people.

ONE SIZE DOESN'T FIT ALL

More and more, employees want to be recognized for their individuality and diversity. While many value teamwork, they also want to be rewarded for their unique skills and contributions. Human resources leaders can increase employees' satisfaction and productivity by allowing them to tailor benefits and incentives to individual needs.

EMPLOYEES WANT TO BE HEARD

People who feel their employers listen to them tend to be more engaged, creative and likely to stay. Companies with a true listening culture show appreciation of employees' ideas and feedback and, at the same time, learn what's working and what's not. They provide formal and informal channels accessible to all employees and hold managers accountable for productive engagement.

WELLBEING IS MORE THAN HEALTH

Current generations of workers have redefined wellbeing to go beyond physical health and wellness to include emotional, financial and social aspects of life. Companies adopting a broader, more holistic approach to wellbeing believe it can increase engagement and productivity, give them a competitive edge in attracting top talent and help employees and their families be healthier and happier.

Our Approach

Employees really are our most valuable assets. We invest in helping them be their best and we continually fine-tune our engagement and wellbeing programs to meet their needs. Our approach emphasizes employee retention, holistic wellbeing, workplace health and safety and respect for human rights.

22 Well-Being Enhances Benefits of Employee Engagement, by Dan Witters and Sangeeta Agrawal, Gallup News, October 27, 2015.

EMPLOYEE ENGAGEMENT

Employee Feedback for a Better Place to Work

Employees are more motivated and engaged in their work when they know they have a voice on issues affecting the company and the workplace. We use our annual employee engagement survey to measure how well we meet employee expectations in these areas.

Our Engagement and Wellbeing Goal

Build a workforce culture supported by engagement and wellbeing.

How We'll Achieve It

We will work to achieve industry-leading engagement scores and create a globally recognized wellbeing program.

2017 PROGRESS

Improved engagement with global wellbeing platform by 70 percent; however, employee engagement survey results were flat from 2016 at 79 percent favorable.

How We Measure Success

We track employee retention globally and regionally to understand how our people strategies are working and find opportunities to improve.

Global Voluntary Retention Rates, 2016–2017

	2017	2016
Women	89.7%	88.6%
Men	90.4%	89.2%
Overall	90.1%	89.0%

VOLUNTARY RETENTION RATES, BY REGION/GENDER, 2016–2017

Region	2017			2016		2016 Total
	Female	Male	Total	Female	Male	
Asia Pacific	85.7%	89.7%	88.3%	82.5%	86.2%	85.0%
Europe Middle East & Africa	88.4%	89.0%	88.8%	89.2%	89.4%	89.3%
Latin America	90.4%	88.8%	89.5%	93.4%	95.4%	94.5%
U.S. & Canada	91.6%	91.3%	91.4%	90.6%	90.8%	90.7%
Total	89.7%	90.4%	90.1%	88.7%	89.2%	89.0%

Engagement Opportunities

We want to be a top-quartile firm in all areas of employee engagement. Four areas of opportunity in 2018:

- **Goals:** We will continue improving our employee engagement scores and hold managers accountable for reaching specific targets. Our Executive Committee members have committed to this as part of their individual performance goals.
- **Action and accountability:** We are removing barriers so employees feel more empowered and have the right tools, processes and resources to do their jobs successfully.
- **Communication:** We will make employees aware of changes we make as a result of our employee engagement surveys by discussing goals, including them in focus groups and other forums and regularly sharing engagement outcomes.
- **Risk:** We will monitor our transformation activities' impact on employee engagement, communicate changes and account for changes in other engagement-related improvements.

OPPORTUNITIES TO EXCEL

BNY Mellon fills 33 percent of open positions with internal candidates. At the vice president level, the ratio is 37 percent.

2017 Employee Engagement Pulse Survey Highlights

We measure employee engagement every year, either with a full survey as we did in 2016, or with a pulse survey, which we conducted in 2017. In 2017, 73 percent of us shared our feedback, compared to 82 percent in 2016. We also received 14,000 comments. Our results showed overall engagement at 79 percent favorable, unchanged from 2016.

The largest increases since 2016 were in the following: *performance management*, which went up eight points to 69 percent favorable; *manager*, up four points to 76 percent favorable; and *retention*, up four points to 64 percent favorable. Here's what employees said:

- My immediate manager gives me regular feedback on my performance (up eight points to 81 percent favorable).
- My manager provides a clear sense of direction (up four points to 76 percent favorable).
- The company makes adequate use of recognition and non-monetary awards to encourage good performance (up eight points to 58 percent favorable).

Risk management is a strength we want to continue building. Our results in this category included:

- Risk management escalation procedures are clearly defined (up one point to 90 percent favorable).
- Employees report that they are aware of key risks relevant to their work (unchanged at 96 percent favorable).
- My department does a good job of ensuring employees comply with risk policies and procedures (relatively unchanged at 92 percent favorable).

We're pleased with our progress in these important categories, but our goal is to constantly improve the BNY Mellon employee experience. Employees told us there are areas where we can do better, including:

- **Empowerment:** This score dropped by one point from last year to 67 percent favorable. Responses to BNY Mellon moving quickly from idea to implementation decreased two points to 55 percent favorable.
- **Career opportunities:** While employee sentiment about career opportunities at BNY Mellon went up six points from last year to 64 percent favorable, fewer employees said they've had meaningful career conversations with their managers this year. Our results were down three points to 74 percent favorable.
- **Skip-level management:** More than 80% of employees report that second-level managers are accessible to them, but satisfaction with their manager's manager communicating openly fell four points to 73 percent favorable.
- **Senior management:** Employees' perceptions of senior management effectively communicating the case for change to meet company objectives fell two points to 70 percent favorable. The score for senior management having a clear vision of the company's future was flat at 70 percent favorable.

The Executive Committee closely reviewed this feedback and worked with teams globally to develop action plans and stress crisper processes, streamlined decision-making, a clearer sense of responsibility and direct, frequent communication from our leaders and managers. These and other changes will further empower employees in their jobs, foster more cross-functional collaboration and help our teams better understand the company's vision and business objectives.

EMPLOYEES' TOTAL WELLBEING

Wellbeing Benefits to Our Employees and Business

Obesity, current and future financial concerns and poor mental health are issues impacting employees' personal and professional lives around the world. More than 40 percent of employees are dealing with health challenges and financial worries, and this group has the highest rates of absenteeism, working while sick and working while under stress.²³

Research shows a direct link between employee wellbeing and business results. In one study, companies with high employee wellbeing generated 50 percent higher revenue per employee and 33 percent higher market premium.²⁴ In another, employees with physical and financial wellbeing were three times more engaged at work.²⁵ We know that helping employees improve their physical, financial, social and emotional wellbeing helps them be healthier, happier, more engaged and more productive. And when employees enjoy better wellbeing, they are more creative, more innovative and they provide better service.

All "IN"

IN, BNY Mellon's global wellbeing program, gives employees easy access to resources and programs to improve and maintain physical health, emotional resiliency, financial wellbeing and social connections.

²³ Willis Towers Watson 2017/2018 Global Benefits Attitude Survey, November 17, 2017.

²⁴ Towers Watson.

²⁵ Gallup.

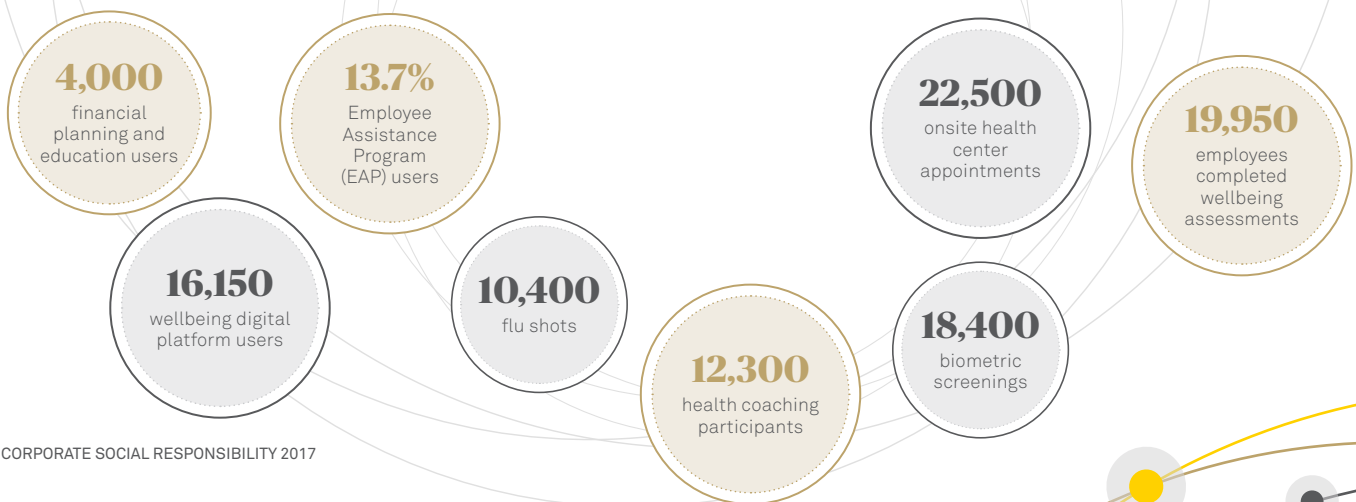
It offers health screenings, onsite employee assistance consultants, flexible work arrangements and financial planning tools and counseling. We partner with Virgin Pulse, a subsidiary of the Virgin Group, to provide a global online wellbeing engagement platform. All BNY Mellon employees can take charge of their wellbeing by tracking healthy behaviors, doing health risk assessments, sharing experiences with colleagues and participating in global wellbeing challenges.

In 2017, we redesigned our wellbeing incentive program to fit our holistic approach and better meet employees where they are on their wellbeing journeys. Employees now earn rewards for a variety of activities related to physical, emotional, social and financial wellbeing.

OPENING UP ABOUT MENTAL HEALTH

In response to global health risk data, we launched a mental health and emotional resiliency campaign including global webinars, senior leader blogs, educational materials and local activities. On World Mental Health Day in October, we encouraged employees to talk about traditionally difficult mental health topics that can impact the workplace and productivity. We developed mental health training for managers to educate them on their roles in understanding mental health issues, how to create a healthy work environment, how to support employees who may be struggling and how to direct them to the right resources. [Read more about the campaign.](#)

2017 Global Wellbeing Program Participation



A Culture of Wellbeing

BNY Mellon creates a culture of wellbeing where employees and their families feel supported and valued. We provide time, tools and resources for employees to proactively improve their total wellbeing, which, in turn, positively impacts them, their families, their communities and our business.

Wellbeing Program And Resources

Physical	Emotional	Social	Financial
Employee Assistance Program (EAP) — Wellbeing Platform (VirginPulse) — Health Risk Assessment (HRA)			
Digital health risk assessments Onsite Health Centers Health coaching Tobacco cessation Flu vaccinations Healthy food options Fitness discounts Biometric screenings Preventive screenings and exams Telemedicine Onsite fitness classes Bicycle racks Designated walking routes Recreational leagues Race entry discounts	Employee Assistance Program (EAP) Emotional resiliency training Digital self-care tools Manager mental health training Remote psychological consultations Domestic violence training Legal services	Team-based activity challenges Flexible work arrangements Maternity and paternity programs Adoption support services Child and elder care programs Onsite nursing mother rooms Charitable giving for healthy behaviors	Financial education seminars Digital planning tools Personalized financial counseling
Information Support: Information portraits — Education programs — Campaigns — Wellbeing Fairs — Champions			
Communications and Marketing: Intranet — Brochure — Posters — Survey — Vendors			
Facilities: Showers — Bicycle Racks — Wellbeing Rooms — First Aid Room — Healthy Food — Tobacco Free — Signposting of Walking Routes			

HEALTH AND SAFETY

Delivering Protection

We invest in protecting our employees and their families in our facilities and through programs, policies and competitive health and wellbeing benefits. See more details in our [Health and Safety Statement](#).

Healthy Workplaces

In 2015, we launched the Workplace Excellence program, recently rebranded as Workplace Design, to create workspaces that maximize technology and encourage collaboration. Today, Workplace Design supports a healthy work environment for our employees to maximize focus on clients and client service excellence.

We incorporated our workplace design principles, which include productivity, sustainability and engagement components, into key projects in 2017, including our refurbished Piccadilly Gardens building in Manchester, UK, and our redesigned Syracuse, New York buildings. Employees in those facilities are co-located in an open plan that allows them to use individual desks, focus rooms and collaboration areas to suit their needs. We will integrate Workplace Design principles into our newly designated headquarters at 101 Barclay Street in New York in 2018.

WORKPLACE DESIGN PRINCIPLES

- Use design, construction and technology to support an agile, collaborative, fit workforce
- Create energized workspaces that encourage innovation and mobility
- Promote wellbeing with healthy food options and comfortable dining spaces

Human Rights

We respect and support human rights and treat employees with fairness, dignity and respect at work. These values help define our company and we reinforce them in our policies, including:

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

Looking Ahead Engagement and Wellbeing



Employee engagement and wellbeing are not programs or initiatives at BNY Mellon; they are part of who we are. Our leaders encourage employees to use all available programs and resources to let their voices be heard and take care of themselves and their families.

We will continue to expand our programs globally. Financial resources and programming will help employees organize their current finances and plan for future needs. We will create a healthy dining policy and establish global healthy dining standards to help employees make better nutrition decisions at work. We will continue to promote the interrelated elements of engagement and wellbeing to achieve higher employee satisfaction, productivity and loyalty.

DIVERSITY AND INCLUSION

Our Opportunity

Diverse perspectives fuel transformation. Employees, with their varied backgrounds, perspectives and experiences, create dynamic workplaces alive with curiosity, innovation and forward thinking. Equality for all is expected in today's world and companies benefit from building inclusivity and diversity into their businesses. At BNY Mellon, we embrace diversity and inclusion wholeheartedly as the path to employee engagement, profitable growth, excellent client experiences and brand differentiation.

Key Trends

Employees expect diversity and inclusion in the workplace as a reflection of the societies in which we live; a refreshing and positive trend for BNY Mellon. This important societal principle benefits our business in many ways, enabling us to attract top talent and meet clients' expectations.

STAKEHOLDERS VALUE DIVERSITY

Clients want new ideas and varying perspectives that can only come from diverse thinkers and problem-solvers. They also want financial performance objectives aligned with their social and moral compasses. More and more investors factor environmental, social and governance (ESG) issues such as diversity and inclusion into their investment decisions and evaluate companies on their progress in these areas.

EMPLOYEES WANT INCLUSIVE WORK CULTURES

When candidates think about companies they want to work for, they may give higher marks to those that support inclusion.²⁶ Diverse and inclusive companies tend to encourage out-of-the-box thinking, provide opportunities for continuous learning and value unique skills and experiences. They treat people with fairness and dignity, respect individual cultures and needs and want employees to bring their whole selves to work for maximum positive impact.

²⁶ "Seventy-Two percent of Working Americans Surveyed Would or May Consider Leaving an Organization for One They Think is More Inclusive, Deloitte Poll Finds," Deloitte, June 7, 2017

²⁷ Delivering through diversity, McKinsey & Company, January 2018

DIVERSE COMPANIES ARE MORE PROFITABLE

Companies are realizing diversity and inclusion is more than social justice; it can translate to the bottom line. A 2017 research study of more than 1,000 companies in 12 countries shows diverse companies understand customers better, have higher employee satisfaction and can attract talent more easily, all leading to better results. Those in the top 25 percent for ethnic and gender diversity were, respectively, 33 percent and 21 percent more likely to have higher than average profits.²⁷

Our Approach

We are committed to diversity and inclusion to empower employees to do their best work, make an impact and enhance our dynamic culture. Our approach sharpens our competitive advantage and produces better results for our clients.

We encourage every BNY Mellon employee to bring fresh perspectives, unique knowledge and distinctive insights to help improve lives through investing. Our diversity and inclusion strategy, programs and culture strongly support employees who want to turn the world's challenges into opportunities for clients and stakeholders.

Our Diversity and Inclusion Goal

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

How We'll Achieve It

We will continue to attract and retain diverse talent, integrate diversity and inclusion into our businesses to drive high performance and client experience, and leverage diverse perspectives to advance our inclusive culture.

2017 PROGRESS

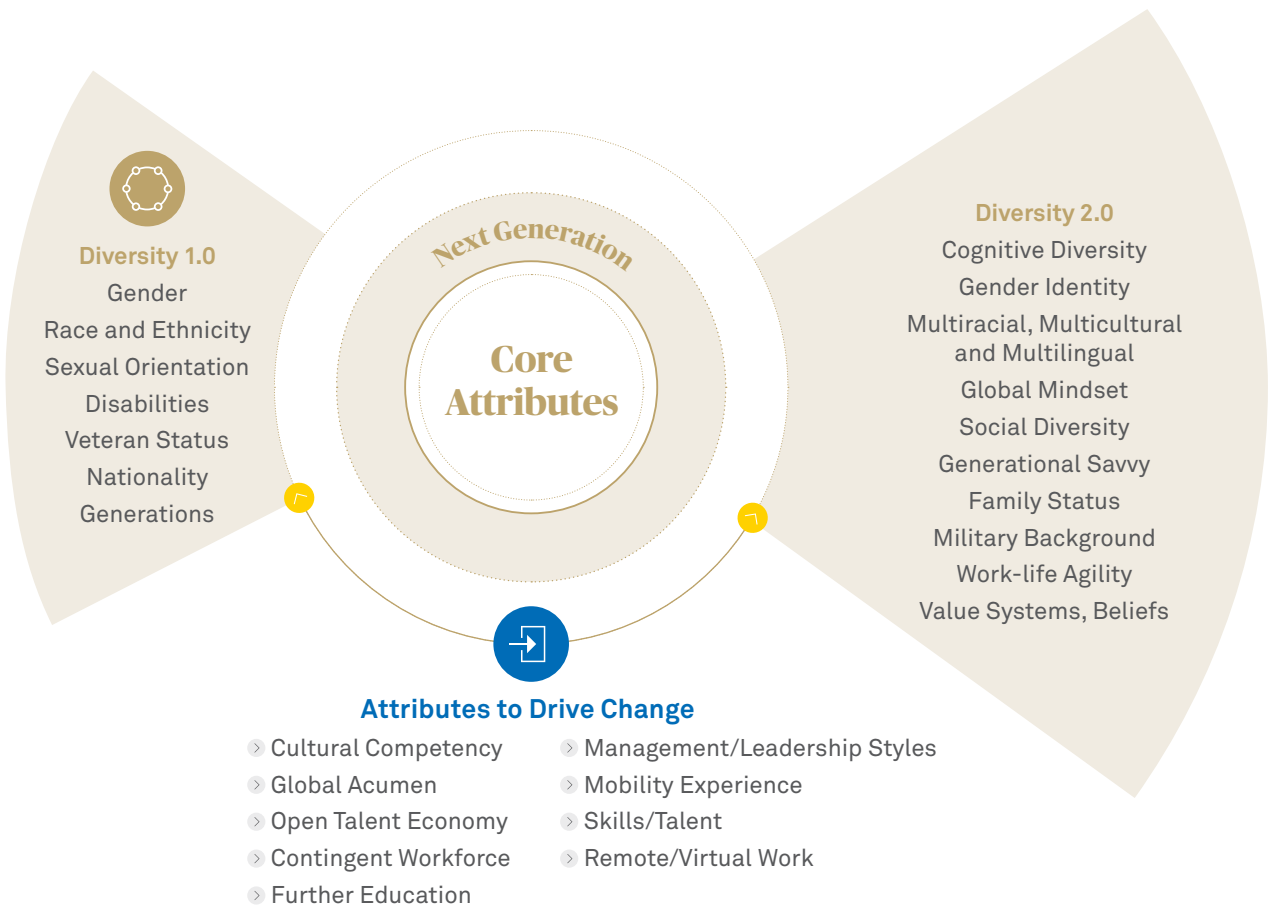
Increased U.S. ethnically/racially diverse talent at all levels; however, gender representation declined globally, mostly at the senior levels.

DIVERSITY AND INCLUSION STRATEGY

Diversity and Inclusion 2.0

Diversity and inclusion is a continually evolving principle. Initially, it focused on tangible characteristics like gender, race, ethnicity and sexual orientation. Our next-generation approach, called Diversity and Inclusion 2.0, is more progressive and inclusive. It encompasses a broad spectrum of acquired attributes such as global mindset, generational savvy, social diversity, work-life agility and value systems, guiding us to assess potential and attract people who are innovative, agile and open and able to drive change.

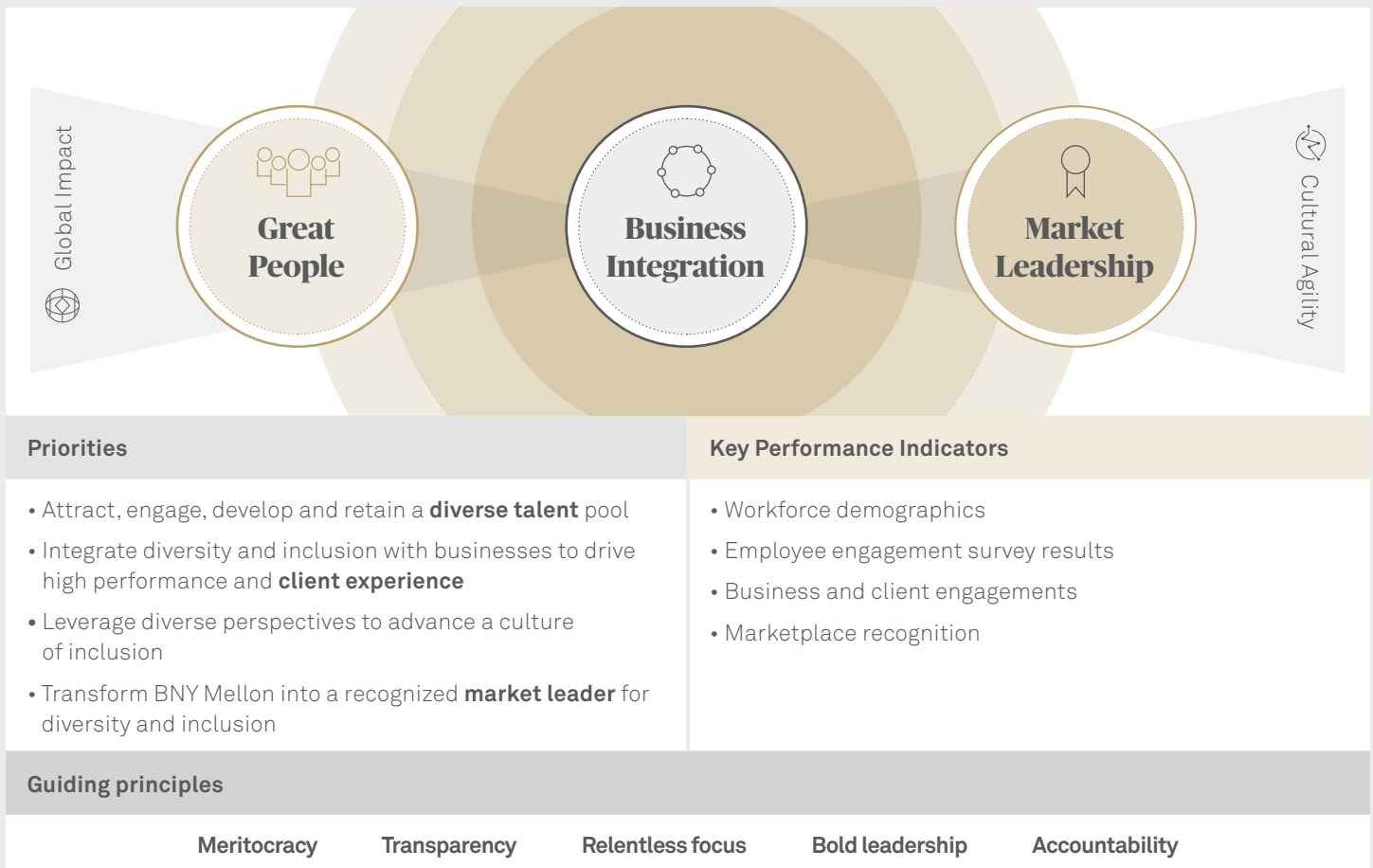
Evolving The Conversation



Inclusion, Innovation and Investing

Our global diversity and inclusion strategy is founded on our global enterprise strategy and subject to the same discipline. It leverages our people's strengths to increase cultural agility and global impact, and connects us to our strategic pillars of Market Leadership, Business Integration and Great People. The pillars prioritize diversity and inclusion initiatives for greater business impact, better talent, enhanced client experiences and market and industry leadership. Our strategy and pillars, reinforced by our CSR strategy, form our diversity and inclusion vision to improve lives through investing.

Investing In Diverse Perspectives That Fuel Transformation



Inclusive Leaders

We embedded diversity and inclusion into our human resources and talent strategy for integrated, holistic learning and development. Our Diversity and Inclusion Foundational Excellence Certificate Program builds a motivated meritocracy and high-performing team culture that looks beyond traditional and visible diversity attributes. It acknowledges the rich diversity in our global workforce and harnesses broader strengths such as cognitive and socioeconomic diversity, multicultural competency and work-life agility. This is how we will grow the next generation of enterprise leaders.

Certification gives employees a structured diversity and inclusion learning path and verifies competitive skills. Managers can measure team members' diversity and inclusion progress and performance for talent reviews, strategic project assignments and succession planning. In 2017, certification program enrollment and completions rose 41 percent and 302 percent, respectively.

Equitable Pay

To stay competitive in the marketplace, we periodically conduct reviews of our pay practices. Recently, we conducted a review with an eye towards assessing how men and women are comparatively paid across our company.

Our global analysis found that, on average, women are paid 99 percent of what men are paid when accounting for certain factors, including geography, level and job to make the comparisons more relevant.

Furthermore, we conducted a similar analysis comparing how U.S. minority and non-minority employees are paid, which found that minority employees are paid on average more than 99 percent of what non-minority employees are paid when accounting for certain factors, including geography, level and job.

We are committed to providing equal pay for equal work. We plan to continue our review of pay practices to further this goal and, if necessary, to make adjustments, as appropriate.

Return on Equality

In 2017, BNY Mellon and the UN Foundation (UNF) released *Return on Equality: Investment Opportunities to Help Close the Global Gender Gap*, a white paper on investment opportunities with companies that advance gender equality through their products and services. At events throughout the year, the paper sparked dialogue and partnership opportunities with clients, global influencers and media, and demonstrated BNY Mellon's support of the UN SDGs.

As a follow-up in early 2018, BNY Mellon published *Powering Potential*, also developed with the United Nations Foundation. The report examines the power and potential of expanding women's access to financial products and services and aims to inspire financial services providers to design offerings that fuel women's full economic participation and to encourage investors to steer capital toward such companies.

See [page 64](#) in Social Investing for more details about the report.

Diversity and Inclusion Progress

We measure diversity and inclusion progress through our annual employee engagement survey results, workforce demographics, business and client engagements and marketplace recognition. We push for more data to make better, evidence-based decisions for our employees, businesses and clients.

2017 RESULTS RELATED TO DIVERSITY AND INCLUSION

- 86 percent say management supports diversity in the workplace, recognizing and respecting the value of people’s differences (seven points ahead of financial services norm)
- 77 percent feel employees with diverse backgrounds are valued (up from 2016 survey results)

A Culture of Transparency

We believe transparency promotes accountability and progress. In that spirit, we share our diversity and inclusion strategy, efforts and outcomes on communications platforms such as our [corporate website](#). We take part in third-party research studies and benchmarking initiatives. In 2017, we voluntarily submitted a diversity and inclusion self-assessment report to two U.S. regulators, pursuant to section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Being a diverse, inclusive company requires us to continually raise the bar. Benchmarking and best practices are important guideposts, but to attract top talent and optimize the benefits of a diverse workforce and inclusive culture, we define and aim for what “best” means to us.

Employee/Business Resource Group Impact

E/BRGs are the primary drivers of our diversity and inclusion strategy. As these groups mature, they become more sophisticated in how they operate and are key to sustaining a high performance team and success with clients. They connect our employees around the world, giving them ways to express their unique value and provide leadership development opportunities.

To leverage diversity and inclusion for greater business impact, our ERG members work together and with our businesses to transform themselves into BRGs.

ERGS VS. BRGS

ERGS	BRGS
<ul style="list-style-type: none"> • Company sponsored • Voluntary groups of employees • Shared common interest or background • Opportunities to network and support members • Liaise with senior executives, upon request 	<ul style="list-style-type: none"> • Company aligned • Executive engagement and ownership • Measurable business impact • Formalized governance and oversight • Comprehensive strategy that drives business priorities and goals

Our Diverse, Inclusive E/BRGs

GENEDGE: Improves collaboration across generations and regions to leverage thought diversity to solve business problems

HEART: Increases awareness and education on the value and needs of people with disabilities

IMPACT: Leverages cultural diversity and inclusive leadership as competitive advantages to drive business outcomes

PRISM: Fosters an open and supportive environment for LGBT+ employees and allies

VETNET: Serves as a resource for professional development, retention and advancement of veterans and members of the broader military family as they transition to new careers and civilian life

WIN: Supports women's advancement through professional development, leadership, enhanced visibility and greater connectivity with employees and clients

UNCOVERING TALENT WORKSHOP

We expect all BNY Mellon employees to embrace diversity and inclusion in their everyday actions and attitudes. To challenge them to take a fresh approach to unconscious bias, cultural fit, gender equality and generations in the workplace, we hosted a workshop facilitated by legal scholar Kenji Yoshino of New York University. He combines research and “living” case studies performed by a theater troupe to stimulate deeper discussions about diversity and inclusive leadership. Nearly 500 BNY Mellon executives, managers, employees and clients attended workshops in our New York City, Pune and Tokyo offices.

DIVERSITY AND INCLUSION IN ACTION

BNY Mellon works to promote diversity and inclusion inside our company, with clients and in our communities.

INTERNATIONAL WOMEN'S DAY

For the sixth year, BNY Mellon offices around the globe celebrated International Women's Day and the 2017 theme, "Be Bold for Change." Our WIN E/BRG partnered with the CSR team to host more than 75 events across the globe on advancing gender parity. Almost 1,500 clients and BNY Mellon employees participated in the global marquee kickoff event in person or via webcast.

BRAZIL E/BRGS

BNY Mellon teams in Brazil had a busy 2017 promoting the benefits of diversity and inclusion. They conducted a town hall on the topic, launched a PRISM ERG and hosted a WIN event on women's career paths and a PRISM event on nonviolent communication. In October, they launched a HEART ERG with an experiential breakfast to raise employees' awareness of life with disabilities such as blindness, low vision and physical disability. In November, they introduced an IMPACT ERG and plans for a future mentoring program in Brazil. A GENEDGE ERG is in the works for 2018.

Looking Ahead Diversity and Inclusion



At BNY Mellon, diversity and inclusion is a rich philosophical, strategic and operational approach to welcoming and leveraging a wide range of beliefs, experiences and individuality. It unleashes bold thinking to shape the future of finance. We demonstrate our commitment to diversity and inclusion through ambitious goals and measurable accountability for improvements in diverse hiring, workforce representation and inclusive culture. Our impact goes beyond deriving benefit for our employees and businesses. Clients and industry peers often seek our advice and guidance on successful practices, important trends and thought leadership. We will continue to share, inspire and collaborate with financial services and other companies to accelerate diversity and inclusion progress.





OUR WORLD

The world continues to grapple with issues such as the need for sustainable economic growth, demand for new technological skills and climate change — all calling for urgent action. We use our resources and influence to tackle world challenges and deliver positive impact.

SOCIAL INVESTING

Our Opportunity

Social investing at BNY Mellon refers to investment activities that seek to generate financial returns and incorporate social and/or environmental factors. Our enterprise-wide social investing program encompasses activity we conduct at the corporate level as well as the investment management and investment services we provide our clients.

As a global financial institution, we not only direct our own capital to projects with potentially positive impact, we can also inform the investment decisions of our clients and their clients. We help individual and institutional investors consider risk and return potential based on ESG criteria and issues related to regulatory changes, stranded assets and reputational risk. This approach to delivering risk-adjusted returns helps investors capitalize on solutions to global challenges such as climate change, gender inequality, clean energy, infrastructure and others outlined in the UN SDGs. Concurrently, we help corporate issuers and asset managers understand investors' ESG interests so they can examine and optimize their own practices and business strategies. By creating awareness and supporting strategic decisions throughout the investment lifecycle, we play a key role in fostering positive impact.

Key Trends

Social investing is growing among all types of investors. At the end of 2016, \$22.89 trillion in assets were professionally managed under responsible investment strategies, a 25 percent increase from 2014.²⁸ As interest grows among individuals and institutions, we draw upon our deep experience and expertise to help clients understand the key considerations for their decision-making and impact objectives.

PUBLIC AND PRIVATE SECTORS MUST WORK TOGETHER

In April 2017, the president of the UN General Assembly said it will take about \$6 trillion (USD) per year, or \$90 trillion (USD) over 15 years, to implement the 2030 Agenda for Sustainable Development.²⁹ While governments hold a substantial share of resources to achieve the SDGs, they alone cannot cover the \$2.5 trillion annual gap between what's available and what's needed.³⁰ Institutional investors, individuals, central banks, financial regulators and others have an opportunity to come together to mobilize capital in support of long-term investments in social inclusion and environmental stewardship.³¹ An example of what public and private collaboration can accomplish is BNY Mellon's *Return on Equality* report. Published in early 2017 in partnership with the UN Foundation, the report revealed a \$300 billion market opportunity in investing in companies that advance gender equality through their products and services.

INVESTORS WANT ESG INFORMATION

More and more, investors want to know how firms and organizations perform on nonfinancial issues like human rights, diversity and carbon footprint. In a 2016 survey conducted by the University of Cambridge with BNY Mellon support, 82 percent of investors said they incorporate nonfinancial information into investment decisions. A growing number of corporate issuers see the need to respond meaningfully to investor demands for ESG information, even though reporting standards are still up for discussion. The social investing sector is working to develop better metrics for communicating this information and quantifying financial performance implications. BNY Mellon strives to incorporate ESG data and considerations into our solutions in response to client interest. For example, our Depositary Receipts business offers a unique suite of ESG advisory services to help clients understand key ESG drivers and industry best practices and assess their own business practices to improve performance.

²⁸ Global Sustainable Investment Alliance.

²⁹ Opening remarks of H.E. Peter Thomson, President of the UN General Assembly at High Level SDG Action Event "SDG Financing Lab," April 18, 2017.

³⁰ "Impact investment to close the SDG funding gap," by Mara Niculescu, Partnership Development Analyst, UNDP Europe and Central Asia, July 13, 2017.

³¹ Opening remarks of H.E. Peter Thomson, President of the UN General Assembly at High Level SDG Action Event "SDG Financing Lab," April 18, 2017.

SOCIAL INVESTING VEHICLES ARE GROWING RAPIDLY

The rise of social investing vehicles — both access to them and assets in them — is being shaped by the significant wealth transfer underway and the increasing adoption of green investment strategies. Experts expect Millennials' aggregated net worth globally to more than double between 2015 and 2020. Members of the largest generation are entering their prime earning years and starting their own businesses; many will inherit their Baby Boomer parents' wealth, motivating them to think about their financial futures.³² Millennials are twice as likely as overall investors to invest in companies with social or environmental impact goals, with up to 84 percent believing their investments will lead to positive change.³³ In parallel, the rapid growth of responsible investment funds and indices and the expansion of mainstream platforms like the Luxembourg Green Exchange give investors access to investments that align their values and assets. Furthermore, more investors are exploring direct investments in green assets such as real estate and infrastructure. In this evolving landscape, BNY Mellon plays an important role in enabling the success of such investments through financing, administration, technology support and other critical services.

Our Approach

As caretaker for more than \$33 trillion in assets under custody and/or administration and manager of nearly \$2 trillion in assets, BNY Mellon engages with a broad range of stakeholders throughout the investment lifecycle. Advancing ESG issues is critically important to creating a more sustainable world. It also represents a significant opportunity for our clients, given the investment community's growing awareness and appetite. We demonstrate our commitment to social investing in a number of ways across the company.

- **Investment Management (IM):** IM boutiques provide a variety of responsible investment (RI) strategies, and Wealth Management offers RI solutions from BNY Mellon-affiliated and unaffiliated managers. These solutions consider social and environmental information and objectives alongside long-term wealth goals.
- **Asset Servicing:** Asset Servicing provides institutional investors with business and technology solutions to safeguard assets, enhance investments administration and inform investment strategies through data and analytics. Asset Servicing integrates ESG data in support of our clients' investment strategies and provides services to alternative managers launching socially responsible funds around the world.
- **Issuer Services:** Corporate Trust offers corporate and public sector issuers the infrastructure, technology and processing services to navigate the debt capital markets; our administration of responsible bonds and projects advances ESG progress around the world. Depositary Receipts helps securities issuers access the world's financial markets and helps their clients develop effective ESG strategies.
- **Clearing, Markets and Client Management:** Capital Markets provides solutions for accessing capital, financing and liquidity, including a number of products and services that can meet the needs of both investors and users of socially responsible capital. Treasury Services provides payment, trade and cash management services for corporate and institutional global treasury needs, helping clients move money quickly, safely and reliably through a more connected world economy.
- **BNY Mellon Corporate:** Facilitates enterprise-wide thought leadership, strategic public-private partnerships, an impact investing pilot and Community Reinvestment Act (CRA) financing and community development.

³² Millennials and wealth management: Trends and challenges of the new clientele, Deloitte.

³³ Millennials Drive Growth in Sustainable Investing, Morgan Stanley, August 9, 2017.

Our Social Investing Goal

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

How We'll Achieve It

We intentionally define social investing broadly to encompass all relevant efforts across the industry, and to be inclusive of our corporate activities, business lines and the diverse clients we serve.

2017 PROGRESS

Launched/relaunched three responsible investment fund and strategy offerings; expanded market engagement and exploration of ESG ratings analysis and innovative impact vehicles; however, opportunities exist to improve our deal tracking and understanding of client demand.

Supporting Our Clients' Social Investing Objectives



Individual Investors

BNY Mellon provides responsible investment options and technology to empower underserved populations



Corporate and Public Sector Issuers

BNY Mellon advises firms and facilitates socially responsible projects



Institutional Investors

BNY Mellon provides responsible investment options and greater access to ESG data



Asset Managers

BNY Mellon enables the execution of ESG strategies

BNY Mellon Social Investing Capabilities



Clearing, Markets and Client Management

Capital Markets:

- Asset Origination and Advice (Innovative Social Investing Vehicles)
- Sales and Trading (e.g. Green Bonds)

Treasury Services:

- Real-Time Payments



Asset Servicing

- ESG Investment Analysis and Monitoring
- ESG Fintech Development
- ABLE Savings Plan Solution

Alternative Investment Solutions:

- Private Equity and Real Estate Fund Services



Investment Management

- Responsible Investment Products (e.g. Mutual Funds, Separate Accounts, Custom ESG and Values Screening, Impact Bonds)
- Responsible Investment Strategy Evaluation
- Proxy Voting and Issuer Engagement



Issuer Services

Corporate Trust:

- Debt Administration for Responsible Bonds and Infrastructure Projects
- Specialty products & services

Depository Receipts:

- ESG Advisory Solutions*

* Non fee-based services offered to select Depository Receipts clients

Across our firm, educating stakeholders through thought leadership is a key focus.

BNY Mellon Corporate

By tapping into BNY Mellon's scale, expertise and capabilities across the firm, our Social Investing initiative looks to support and catalyze all kinds of purpose-driven market activity. Other activities at the Corporate level include:

- Affordable Housing Lending and Investments
- Small Business Investment Corporation (SBIC) Lending
- Tax Credit Investments (e.g. Wind, State Tax Credits)
- Strategic Partnerships
- Thought Leadership
- Impact Investing Pilot

INVESTMENT MANAGEMENT

Multi-Boutique Model

BNY Mellon Investment Management (IM) consists of Asset Management and Wealth Management. The Asset Management business is a multi-boutique model comprised of autonomous investment boutiques, each with its own style, strategy and investment management teams. This model enables us to offer a wide range of well-diversified and customizable investment strategies. As of December 31, 2017, we managed \$77.2 billion in assets which incorporate values-based ESG screens, ESG themes and/or impact criteria.³⁴

³⁴ Prior to 2017, IM presented exclusionary screened assets under management (AUM) only. As of 2017, this number evolves with our product set and additionally includes positive ESG screened, ESG thematic and impact AUM.

Responsible Investment Framework

Responsible investment (RI) is the subset of social investing most relevant to Investment Management. It encompasses investment strategies that seek to offer investors financial returns while incorporating environmental, social and/or governance considerations.

BNY Mellon Investment Management breaks RI strategies into three classifications based on investor objectives: Values Expression, Influence Change and Return Enhancement. By isolating and understanding investors' motivations for pursuing RI, we may better navigate the RI landscape and build products that meet investors' goals.

Responsible Investment Framework

In this framework, the three classifications are not mutually exclusive. On the contrary, one strategy may encompass two or three of these objectives simultaneously. Implementation tactics including exclusionary screening, positive screening, ESG integration, thematic investing, impact investing and active ownership are used to pursue one or all of these objectives.

Values Expression

Values Expression describes the intent of investors whose objective is to align investments with their environmental and/or social principles. This approach is most often implemented through exclusionary screens that eliminate organizations misaligned with the investor's personal values, such as weapons or tobacco manufacturers.

Return Enhancement

Return Enhancement ESG risks and opportunities are increasingly being integrated into investment strategies to help support long-term, risk-adjusted investment performance potential. Additionally, managers cite elements of active ownership, including engaging with companies and casting proxy votes, to encourage and directly affect companies' ESG practices in support of long-term shareholder value.

Influence Change

Influence Change strategies support solutions to social, environmental and economic challenges and/or encourage organizations to improve their ESG behavior. The influence that RI strategies offer varies widely; we further classify these strategies according to the scope and magnitude of influence they target.

Boutique RI Capabilities

Under Investment Management’s multi-boutique model, many of our boutiques have developed RI expertise and capabilities. For example, Newton, Walter Scott and Siguler Guff³⁵ integrate ESG risks and opportunities into investment decisions when the ESG consideration is relevant, i.e. has potential financial impact. Standish³⁶ and Insight believe ESG risks are relevant to credit and sovereign analyses and Mellon Capital incorporates ESG criteria into investment decisions to support several RI strategies.

Newton’s dedicated RI team conducts ESG research and actively engages with companies on ESG behavior. Many of our boutiques can screen portfolios for ESG criteria based on custom client-directed mandates.

In addition to ongoing ESG training and participation in RI events, notable activity in 2017 included several RI strategy launches. In 2017, Newton became the subadvisor for the Dreyfus Sustainable U.S. Equity Fund, Inc.*, Insight introduced the Sustainable Euro Corporate Bond Strategy, and Standish launched the Enhanced Cash ESG composite.

Boutique	Personnel	Investment Process / Products	RI/ESG Policy
Newton	Four-person dedicated responsible investment team	ESG integration across all portfolios; dedicated sustainability products	Yes
Standish	Dedicated Director of Sustainable Investing; all investment personnel trained to analyze relevant ESG risks	ESG risks integrated across relevant credit and sovereign investment decisions; dedicated impact bond strategies	Yes
Mellon Capital Management (MCM)		MCM’s Carbon Efficiency Strategy incorporates carbon and ESG data into the investment decision	Yes
The Boston Company (TBC)	Dedicated ESG officer; training analysts to incorporate ESG factors	TBC has begun formally incorporating ESG data into the investment decision	Yes
Insight	Dedicated ESG analyst, all fixed income investment personnel trained to analyze relevant ESG risks	ESG integration across relevant credit and sovereign investment decisions; dedicated sustainability products	Yes

* Investors should consider the investment objectives, risks, charges and expenses of any mutual fund or variable annuity sub-account carefully before investing. Contact your financial advisor or visit Dreyfus.com to obtain a prospectus or summary prospectus, if available, that contains this and other information about the fund or sub-account and read it carefully before investing. MBSC Securities Corporation, distributor.

35 BNY Mellon owns a 20 percent interest in Siguler Guff & Company, LP, and certain related entities including Siguler Guff Advisers, LLC.

36 As of 2/1/18, Investment Management’s Mellon Capital Management Corporation (Mellon Capital), Standish Mellon Asset Management Company LLC (Standish) and The Boston Company Asset Management, LLC (The Boston Company) were merged into a single business unit, BNY Mellon Asset Management North America Corporation.

Select RI Strategies at BNY Mellon

THE DREYFUS SUSTAINABLE U.S. EQUITY FUND, INC.* (SUB-ADVISED BY NEWTON INVESTMENT MANAGEMENT (NA) LIMITED)

\$312 million as of December 31, 2017

The Dreyfus Sustainable U.S. Equity Fund invests in equity securities of U.S. companies that demonstrate attractive investment attributes and sustainable business practices and have no material unresolvable ESG issues.

THE DREYFUS SUSTAINABLE U.S. EQUITY PORTFOLIO, INC.* (SUB-ADVISED BY NEWTON INVESTMENT MANAGEMENT (NA) LIMITED)

\$236 million as of December 31, 2017

This U.S. equity portfolio invests in equity securities of U.S. companies that demonstrate attractive investment attributes and sustainable business practices and have no material unresolvable ESG issues.

CARBON EFFICIENCY STRATEGY (MANAGED BY BNY MELLON ASSET MANAGEMENT NORTH AMERICA CORPORATION, FORMERLY MELLON CAPITAL MANAGEMENT CORPORATION)

\$548 million as of December 31, 2017

The Carbon Efficiency Strategy seeks to provide broad equity exposure while minimizing investment in companies with high carbon emissions and supporting companies that have made strides toward being environmentally responsible.

GLOBAL FARMLAND FUND LIMITED (MANAGED BY INSIGHT INVESTMENT MANAGEMENT (GLOBAL) LIMITED)

\$179 million as of December 31, 2017

The fund seeks to provide investors primarily with global exposure to farmland, farmland businesses and the agricultural commodities grown on those farms. This exposure will be gained through investment in a variety of direct holdings including, but not limited to, investments in farmland companies, specially-incorporated vehicles established to hold farmland assets (either alone or jointly with one or more third parties) and farmland real estate. This fund is closed to investors and is no longer accepting new subscriptions.

SUSTAINABLE EURO CORPORATE BOND STRATEGY (MANAGED BY INSIGHT INVESTMENT MANAGEMENT (GLOBAL) LIMITED)

\$510 million as of December 31, 2017

The strategy aims to deliver attractive total returns in excess of a credit benchmark by investing predominantly in investment grade euro corporate bonds while taking ESG factors into account. It also favors issuers with superior sustainability profiles. Insight actively engages with companies held in the portfolio if their sustainability profiles deteriorate to try to rectify issues. The strategy is currently available in select European markets, and is not available to U.S. investors.

JAPANESE WOMENOMICS STRATEGY

\$23 million as of December 31, 2017

The strategy, available only to Japanese investors, will invest mainly in Japanese equities considered attractive medium- to long-term investments under the theme of women's empowerment.

** Investors should consider the investment objectives, risks, charges and expenses of any mutual fund or variable annuity sub-account carefully before investing. Contact your financial advisor or visit Dreyfus.com to obtain a prospectus or summary prospectus, if available, that contains this and other information about the fund or sub-account and read it carefully before investing. MBSC Securities Corporation, distributor.*

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

Responsible Investing Initiatives

We continue to pursue a boutique-specific approach to various responsible investment initiatives, which means that each firm owns the requirements of being a signatory or participant. One major RI initiative is the UN Principles for Responsible Investment (UN PRI); boutique signatories to the UN PRI were Mellon Capital Management, Newton, Insight, Standish, Siguler Guff, The Boston Company, and Walter Scott. Boutiques are also involved in several other RI organizations, serving as signatories and active committee members. For example, Newton and Insight are both members of the Institutional Investors Group on Climate Change (IIGCC) and Standish, Mellon Capital and Insight are all members of the CDP (formerly the Carbon Disclosure Project). Newton supports several corporate governance organizations, and in 2017 a Newton RI analyst was appointed to the board of the International Corporate Governance Network (ICGN). Standish is an ongoing partner of the Climate Bond Initiative (CBI), and is a member of the Green Bond Principles. Further, Insight is a member of the UK Sustainable Investment and Finance Association (UK SIF).

Following the merger of Standish, Mellon Capital and The Boston Company into BNY Mellon Asset Management North America Corporation (AMNA), AMNA will continue participation in the noted initiatives of its predecessor firms.

As of December 31, 2017, boutiques that are signatories to UN PRI oversaw \$1.4 trillion, or 74 percent, of our total assets under management.^{37,38}

³⁷ UN PRI AUM represents the sum of PRI member firms' AUM, less assets managed by boutique personnel on behalf of BNYM institutional bank.

³⁸ Insight's AUM is represented by the market value of cash, securities and derivatives held in client accounts. Where a client mandate requires INA to manage some or all of a client's liabilities, and INA is to be paid an investment management fee based upon the value of such liabilities, the AUM for the account will be based on the value of the liabilities plus the gross notional value of any derivatives used in the management thereof.

Wealth Management

BNY Mellon Wealth Management works with high-net worth individuals, families and institutional investors on comprehensive wealth planning and integrated investment support. In recent years, Wealth Management has responded to increased client demand for RI options and engaged directly with clients to raise awareness of these opportunities.

As institutional investors such as endowments, foundations and family offices are at the forefront of driving demand for RI, Wealth Management continues to design and offer internally and externally managed equity and fixed income RI strategies. For example, our Planned Giving group develops customized solutions for mission-driven client organizations and provides access to investment pools that meet stringent social and faith-based investment requirements. Our Family Office team works with clients interested in investments that reflect their family values and to create family legacies. Further, Wealth Management has several initiatives to enhance communication and understanding of strategic philanthropy and social investing opportunities.

In 2017 we launched new model portfolios that align with the values of faith-based and socially conscious investors, developed a new female-oriented equity model and convened a working group of Wealth Management RI subject matter experts.

In addition, we offer a Social Finance Municipal Impact Strategy, and continue to build out our set of responsible investments across asset classes.

Proxy Voting and Issuer Engagement

Eight³⁹ of Investment Management's boutiques/business units participate in the BNY Mellon Proxy Voting and Governance Committee (PVGC). Equity professionals from these firms make voting decisions on behalf of the businesses' clients — the equity owners of the assets they manage. The PVGC has detailed, predetermined, documented voting guidelines for specific types of proposals and matters commonly submitted to

shareholders, including those related to ESG concerns. To provide transparency to companies, the PVGC publishes a summary of its [Voting Guidelines](#).

The PVGC is supported by its research team (PVG Research). PVG Research assists the PVGC by conducting research on companies and shareholder voting proposals, leading engagement efforts with companies and maintaining oversight of all operational aspects of the proxy-voting process. The efforts of the PVGC and PVG Research combined to determine vote decisions at over 12,000 annual and special shareholder meetings for U.S. and international companies in 2017.

In addition to casting proxy votes, the PVGC and PVG Research seek to hold engagement meetings with companies on a range of issues, including governance, executive compensation plans, contested meetings and shareholder proposals. The PVGC generally focuses on three areas it believes strengthen alignment between company leaders and shareholders: transparency in corporate governance practices, Board of Directors' support of the company's business strategy, and alignment between executive compensation and performance. The PVGC's preferred approach is to work collaboratively with company management and the Board to better understand a company's specific circumstances, both generally and in relation to matters properly presented to shareholders for vote. Engagement dialogue is leveraged to inform proxy voting decisions, which are designed to support the long-term interests of shareholders.

BNY Mellon boutiques that are not members of the PVGC are responsible for independent voting and engagement on behalf of their own clients. Notably, Newton's four-person dedicated responsible investment team works alongside Newton investment professionals to engage companies and to exercise voting rights on behalf of the firm's clients. Newton's approach to responsible investment is founded on protecting and enhancing the long-term value of its clients' holdings. A quarterly responsible investment report provides details of Newton's voting decisions and engagement activities. Additionally, in 2017, Mellon Capital established guidelines for voting on environmental and social-related matters for their separate account business.

39 As of 12/31/17. As of 2/1/18, six of Investment Management's boutiques/business units participate, as a result of the merger of Mellon Capital, Standish and TBCAM into a single business unit. Lockwood Advisors, an Asset Servicing business unit, also participates in the PVGC.

ASSET SERVICING

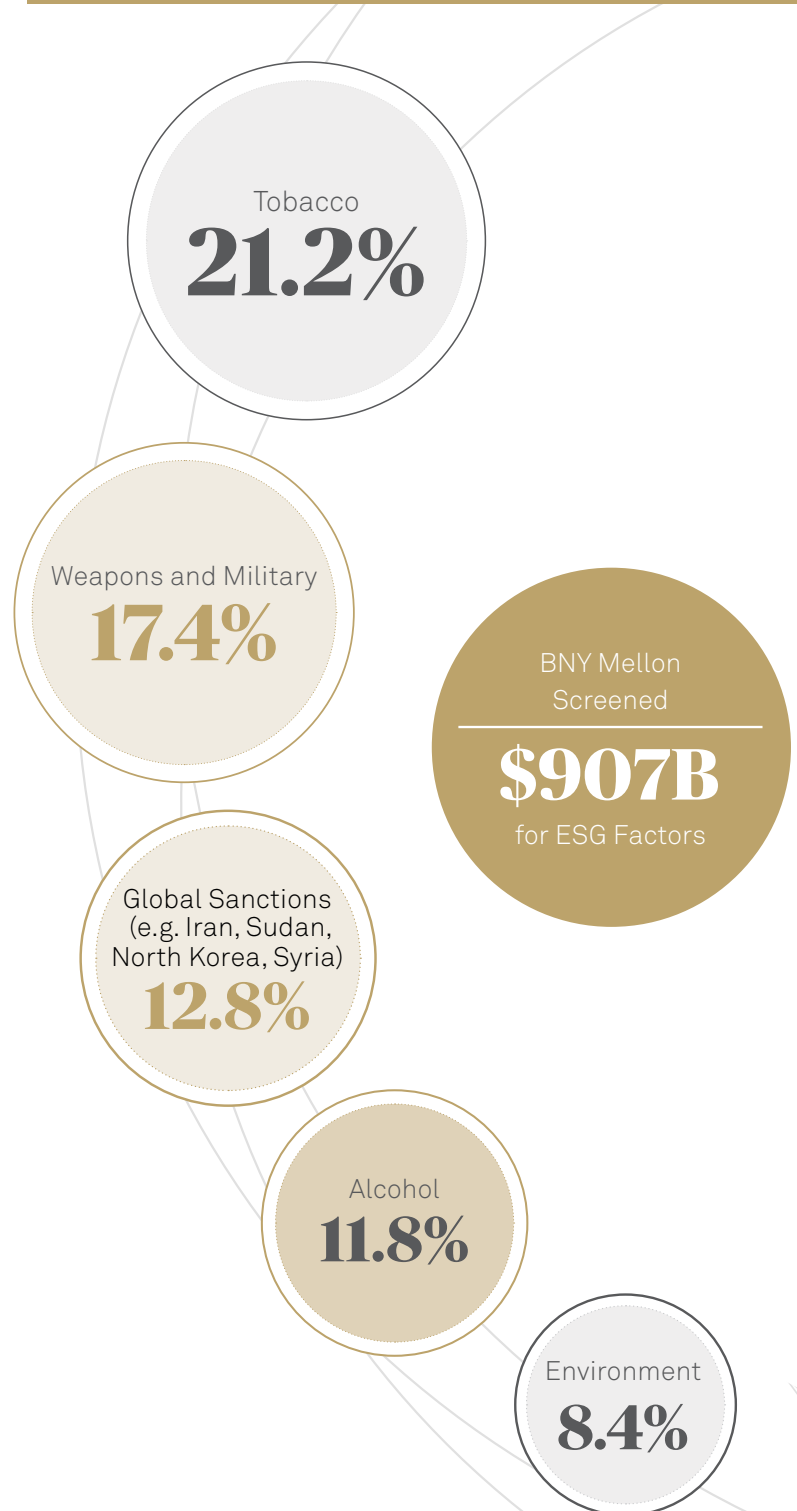
Asset Servicing supports institutional investors in today's fast-evolving markets, safekeeping assets and enhancing client investment administration. We offer services that process, monitor and measure data from around the world to allow clients to focus on managing their investments. We help clients better understand their portfolios, including analyzing rates of return, asset allocation, security selection and risk exposure to certain countries and sectors.

ESG Screening

BNY Mellon has offered innovative ESG screening capabilities for more than a decade. In the last five years, demand has increased substantially. As of December 31, 2017, 142 BNY Mellon clients used ESG rules or screens, a seven percent increase from 2016, and a 58 percent increase from 2012. The market value of portfolios we screen for ESG factors reached \$907 billion in 2017, up 23 percent from the previous 12 months and 103 percent from 2012.

Our ESG services meet an important need for institutional investors. Many use our services to monitor their investment managers' adherence to their ESG investment guidelines. Traditional negative screening is fading in popularity as investors migrate toward more integrated approaches such as using ESG factors to mitigate financial risk and enhance long-term performance. Clients strive for better implementation and integration, especially as they attempt to consolidate sustainability data from multiple sources into actionable reporting and analysis. While ESG data continues to inform annual reporting efforts, it is also relevant on a daily basis for monitoring portfolios.

Most Common ESG Screens



Client Advisory Boards

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

In 2017, our asset owner CAB identified new use cases for ESG data in portfolio analysis. In addition to seeing how portfolios compare to benchmarks, clients want to better understand the impact that meeting ESG objectives, particularly exclusionary screens, may have on portfolio performance. While our clients define unique ESG problems for which they seek solutions, environmental objectives consistently rise to the top of the priority list, particularly carbon footprint analysis. Through these CAB discussions, we solicit feedback on our current offerings and shape new solutions to meet evolving needs.

ABLE Savings Plan Solution

The passage of the [Achieving a Better Life Experience](#) (ABLE) Act is positively impacting many lives. People living with disabilities now have the option to save money in tax-advantaged 529A-ABLE accounts and invest for the future without compromising important state and federal benefits.

BNY Mellon is committed to supporting the public sector and the ABLE community. Our BNY Mellon team offers states a powerful end-to-end plan management solution that simplifies the delivery of ABLE savings plans. We provide states with a single point of accountability for service delivery, service management and customer support. In 2016 and 2017, we helped early adopter states Oregon and Maryland launch their ABLE plans, which total approximately 1,500 accounts as of February 2018.

For individual savers, our digital platform's innovative user experience is easy and intuitive, with goal-setting tools that encourage people to build their savings. Minimum transfers are set at reasonable amounts, and personalized gifting pages make it easy for account owners to receive funds from friends and family. We worked with the National Disability Institute in 2017 to raise awareness of ABLE programs, through the national #ABLEtoSave campaign.

Alternative Investment Services

Alternative Investment Services (AIS) provides operational support to alternative asset managers through a full range of prime custody, hedge fund, private equity and real estate administration services. We provide custody, cash management, accounting, administration and investor services to approximately 500 alternative managers around the world.

We continually engage in dialogue with our clients and other leaders in the alternative investments sector, exploring CSR issues through our representation at industry events and through workshops at our own Innovation Centers. In 2017, we attended the Middle East SuperReturn, contributing to sessions on renewable energy and other topics related to fluctuating oil prices. In addition, we actively monitor the growing interest among institutional investors in responsible or green investments; in a 2017 survey we conducted, 99 percent of investors stated that sustainability is an important factor in their real estate investments. As the importance of and interest in responsible investing grows, we are ready to help alternative managers mitigate their operational risk and optimize their efficiency, so they can more effectively focus on their core business goals.

THE INFRASTRUCTURE OPPORTUNITY

Alan Flanagan, head of Private Equity and Real Estate Fund Services, BNY Mellon Alternative Investment Services, shares his view on the unique opportunity that infrastructure represents for investors.

Within the alternative investments world we are seeing two key trends that, taken together, are elevating the awareness and appeal of infrastructure as an asset class. First, investor appetite for alternatives has been rising quickly the past few years, and shows no signs of slowing down. Second, public funding around the world is falling far short of meeting the growing infrastructure demands caused by demographic shifts — greater demands for energy, transportation, healthcare and education. The resulting gap creates an opportunity for private sector investors to deploy their capital with potentially lower risk profiles while achieving their ESG objectives as well.

We have been monitoring the infrastructure opportunity closely over the past few years; in a 2015 survey we conducted, 60 percent of infrastructure fund managers expected their assets under management (AUM) to increase by 50 percent or more in the next five years. The sector has indeed seen steady growth, adding \$66 billion in inflows in 2016 and \$65 billion in 2017, bringing total AUM to a record \$418 billion according to Preqin.⁴⁰ Investors are continuing to search for long-term sources of income in a low-yield environment.

There are special considerations fund managers weigh carefully in the infrastructure sector. A crowded and competitive marketplace can drive valuations up and squeeze returns, while regulators typically impose strict requirements for transparency and reporting. Institutional investors are also seeking greater transparency, and demanding better terms of liquidity from a traditionally illiquid asset class. This call for liquidity is driving innovation in how managers are structuring their funds; we have now seen the emergence of open-ended infrastructure funds. Our team at BNY Mellon plays a key role in partnering with managers,

to help them evaluate the operational requirements for new fund structures and ensure accurate reporting on cash, capital, fees, currencies and other critical metrics.

In certain sectors, such as renewable energy, we are also seeing a shift from investing in technology and equipment manufacture to investing directly in the infrastructure assets themselves. These direct investments offer diversification and potentially lower market risk (given the use of mature technologies and highly rated counterparties).

Whether accessed through funds or through direct investment, the infrastructure asset class seems likely to figure into more and more investors' portfolios and ESG strategies in the years ahead.

⁴⁰ 2018 Preqin Global Infrastructure Report.

ISSUER SERVICES

Corporate Trust

Corporate Trust offers the infrastructure, technology and processing services to help financial institutions, corporations, insurers, governments and not-for-profit organizations navigate the debt capital markets. Corporate Trust supports our clients' ESG needs with a diverse range of products and solutions.

GREEN BONDS

We administer debt securities that fund projects with environmental benefits such as clean transportation or renewable energy projects to help society mitigate and adapt to climate change. In 2017, we administered approximately 37 green bonds representing approximately \$19.3 billion in issuance volume, up from 21 green bonds representing \$15.4 billion in issuance volume in 2016.

Notable examples include our [appointment by the Province of Quebec, Canada](#), to service its first green bond; servicing the [Brazilian Development Bank's first international issue of green bonds](#) by a Brazilian bank; and servicing a \$600 million [green bond issued by AVANGRID Inc.](#), the third-largest wind energy producer in the U.S.

We continue to work with associations that support green bond market growth. Corporate Trust maintains "Observer" status to the International Capital Market Association's (ICMA) [Green Bond Principles](#) (GBP), which are voluntary process guidelines that recommend transparency and disclosure and promote integrity in developing the green bond market. ICMA's [Social Bond Principles](#) (SBP) and [Sustainability Bond Guidelines](#) (SBG) provide similar guidance for projects with positive social outcomes and positive green and social impacts, respectively.

In 2016, BNY Mellon became an approved listing agent on the [Luxembourg Green Exchange](#) (LGX), the world's leading platform exclusively for securities that are 100 percent green, social or sustainable. We provide dedicated service to issuers listing green securities.

INSURANCE-LINKED SECURITIES

Corporate Trust administers alternative reinsurance capital financings such as catastrophe (CAT) bonds that reduce the cost of reinsuring risk from natural disasters and longevity risk swaps that help pension funds adjust to demographic changes. As communities look for financial security amid global population growth and climate change, we expect demand for these products and solutions to rise.

SOCIAL HOUSING BONDS

In the UK, we have supported social housing infrastructure by administering the bond financings issued by local housing authorities. These financings help fund the construction or renewal of social and affordable housing and can help improve the lives of vulnerable people.

CHARITABLE BONDS

We administer charitable bonds in the UK that allow charities and social enterprises to raise capital in the form of long-term debt. This enables them to finance the expansion of income-generating activities, such as a network of charity shops, to broaden their reach and impact.

PROPERTY ASSESSED CLEAN ENERGY (PACE) BONDS

In the U.S., PACE bonds help residential, commercial and industrial property owners finance energy efficiency upgrades and renewable energy installations. Under PACE programs, private and commercial property owners can repay funds for eligible energy efficiency projects by accepting a special assessment on their property tax bills.

In 2017, BNY Mellon administered the largest [clean energy program loan](#) ever made in Texas and the second largest in the nation. CleanFund Commercial PACE Capital financed the project to convert a 1910 landmark in downtown Dallas, Texas, into apartments and commercial space. It is expected to save more than 6.6 million kilowatt hours in electricity, almost 700,000 gallons of water and more than 3,500 metric tons of carbon dioxide per year, and contribute to creating over 100 new jobs in the Dallas area.

ENVIRONMENTAL TRUSTS AND ESCROWS

We help clients comply with financial responsibility requirements enforced by the U.S. Environmental Protection Agency (EPA) and other commissions for environmental issues ranging from chemical emissions to nuclear decommissioning. Our services include the setup and administration of standby and funded trust and escrow accounts that serve as financial guarantees to secure environmental liabilities.

PROJECT AGENT AND PUBLIC-PRIVATE PARTNERSHIPS

A number of infrastructure systems around the world need extensive upgrades to withstand current and future environmental and economic stresses. Urban areas are expanding, populations are growing rapidly and the demand for infrastructure, civic and energy investments is strong.

Corporate Trust administers project bonds and project loans to help finance infrastructure projects such as wind farms, hospitals and student accommodations. Using our scale and resources, we help project sponsors and investors meet sophisticated and complex jurisdictional requirements while easing counterparty risk in the structure.

SOVEREIGN DEBT RESTRUCTURING

We have administered a wide array of debt restructuring and workout transactions for clients, including sovereign issuers like the Republic of Argentina, Brazil, Uruguay, Ecuador and the Ukraine. As a global institution, we have extensive experience serving sovereigns and sub-sovereigns internationally and throughout a variety of political and credit cycles.

In 2017, we participated in a UN Sovereign Debt Restructuring Committee looking at best practices for sovereign debt workouts. When distressed sovereigns are better able to recover and restore liquidity, they can more quickly access the market and foreign investment, which may help to improve social and economic stability and meet the needs of their populations. The committee's recommendations appeared in a white paper entitled, ["Sovereign Debt Restructuring: Further Improvements in the Market Based Approach,"](#) published by the UN's Financing for Development Office, Department of Economic and Social Affairs.

Depository Receipts

Depository Receipts plays a major role in helping securities issuers access the world's financial markets. BNY Mellon is the world's leading provider of sponsored depository receipt (DR) programs.

As one of the largest providers of depository receipts services in the world, BNY Mellon served as depository for 886 sponsored American and global depository receipts programs at Dec. 31, 2017, acting in partnership with leading companies from 58 countries.

DRs facilitate cross-border trading, allowing companies to make their shares available outside their home markets and helping investors in the U.S. and elsewhere invest in companies on a more global basis.

ESG ADVISORY SOLUTIONS

Depository Receipts offers ESG Advisory Solutions to help DR issuer clients develop effective ESG strategies for consideration in their capital markets and investor relations activities.

We support issuers in four key areas:

- 1. Education and Benchmarking:** Through our collaboration with a leading provider of ESG research and analysis, we assist in identifying the most dominant themes specific to the issuer and its industry. This is accomplished through providing company-specific ESG ratings, industry and thematic research reports, as well as BNY Mellon bespoke peer benchmarking analysis.
 - 2. Engagement Policy and Strategy:** We advise our issuer clients on how to best implement and position their ESG practices to better align with the needs of the global ESG investment community. A main component is a review of their communications — content, platforms, and frequency.
 - 3. Intermediary Engagement:** We assist DR issuer clients to understand the ESG service provider landscape, including ESG rating companies, sustainability index providers, specialized firms and associations, and proxy advisors.
 - 4. Investor Engagement:** We facilitate engagement between issuer clients and the investment community on ESG and other topics.
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CLEARING, MARKETS AND CLIENT MANAGEMENT

Treasury Services

BNY Mellon Treasury Services provides global payment, trade and cash management services, enabling our clients to move money around the world quickly, safely and reliably. Through an extensive network of correspondent financial institutions, we help bank and non-bank financial institutions, corporations, not-for-profits and government agencies streamline transactions, optimize cash flow, manage liquidity and make payments more efficiently. For our clients this means improved, faster access to working capital and a gateway to other financial services, both key enablers of a more inclusive and productive global economy.

After decades of stagnation in the payment services industry, the last few years have seen radical changes spurred on by new technologies, innovative providers and rising demand for a faster, safer, smarter and more efficient payments system. In the longer term, open banking, where banks share data with clients and with account information service providers (AISPs) and payment information service providers (PISPs), will end banks' monopoly on client account information and prompt a game-changing transition away from existing banking models. BNY Mellon leads industry and transformational initiatives to redefine the banking experience in our globalized, technology-driven world - so that businesses and organizations can spend less time and money on payments processing, and more time on achieving their goals.

PAYMENT MODERNIZATION

In November 2017, BNY Mellon was the first bank in the U.S. to launch a [Real-Time Payments \(RTP\) service](#) to enable consumers and businesses to send and receive funds in real time directly from their bank accounts, 24/7/365. The positive impact is tangible: RTPs enable cash flow management down to the second, freeing up working capital for businesses and easing stress on budget-conscious consumers.

BNY Mellon began offering SWIFT global payments innovation (gpi) in June 2017. This service increases cross-border payment speed, transparency and end-to-end tracking to help corporates grow their international business, improve supplier relationships and achieve greater treasury efficiencies. We plan to expand the solution's currency and reach as gpi grows globally and within BNY Mellon and we gain further insight into the payments lifecycle.

In December 2017, we introduced BNY Mellon Tokenized Payments® now available with Zelle®. This service accelerates corporate and institutional clients' transitions from paper to electronic payments by using consumer electronic tokens (email addresses or mobile numbers) to send money quickly. BNY Mellon Tokenized Payments eliminate the need to store or process payees' bank account information and the cost and hassle of physical checks or other traditional payment options. Consumers receive nearly instant notification that funds are on the way and will be deposited directly to their account, enabling them to use the funds without waiting days for a check to arrive.

BNY Mellon Capital Markets

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

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

SOCIALLY RESPONSIBLE CAPITAL

Capital Markets provides a number of products and services that can meet the needs of both investors in and users of socially responsible capital. We have been active in the affordable housing space since the early 1990s and have expanded our activities to include social impact bonds, green bonds, pay for success structures, sustainable ventures, renewable energy and non-profit finance.

For example, Capital Markets acted as the Placement and Remarketing Agent on \$20 million of variable rate Certificates of Participation for an international development agency investment in a South African transportation fund. This development agency joined a consortium of other entities to provide loan financing and a cost-effective structure that would allow under-resourced individual entrepreneurs in the Republic of South Africa to obtain, manage, service and finance minibuses that operate as taxis in the region. Minibuses are a key part of the South African transportation sector as approximately 67 percent of all travel in South Africa is via minibus. Each minibus is a small business which supports the operators, their families and their communities. We currently act as Remarketing Agent on the Certificates of Participation, which includes resetting the interest rate as needed and finding new investors in the event that the current investors wish to exit their position.

CORPORATE ACTIVITIES

As a global institution, BNY Mellon's activities advance industry thinking and support the global investment community to make positive social, environmental and economic impacts. We tap resources across our corporate functions to drive thought leadership, public-private partnerships with universities and nonprofits, investments in community development projects and responsible financing.

Thought Leader and Partner

In 2017, we focused our thought leadership and partnership efforts on three primary themes:

1. Piloting impact investing
2. Field-building for gender-lens investing
3. Driving industry dialogue on long-term value creation and better assessing climate risks

EXPLORING IMPACT INVESTING

2017 marked the 10th anniversary of the coining of the term "impact investing" and the beginning of a global effort. BNY Mellon partnered with organizations that support investors who seek profit and purpose.

- The [Global Impact Investing Network \(GIIN\)](#) is the preeminent thought leadership and membership nonprofit organization dedicated to increasing impact investing scale and effectiveness using tools, training and research. BNY Mellon is proud to be a member and strategic partner. In 2017, we expanded our relationship to provide funding to help the GIIN continue to scale impact investing around the world, specifically by supporting working groups and resource development on impact measurement and management and gender-lens investing.

- As investor demand for impact investing grows, we see the need to build awareness and access to capital for innovators and changemakers who bring solutions to the world's challenges; social entrepreneurs are an integral part of sustaining the flow of deals to fill investor portfolios. [Village Capital](#) operates educational programs for entrepreneurs who build innovative models to address social challenges and environmental sustainability. In 2017, BNY Mellon provided funding for one of Village Capital's social enterprise programs, a three-month accelerator during which eight early-stage ventures working to solve transportation-energy challenges through sustainable energy consumption received valuable mentoring and training to help them grow. Read about our other social innovation outreach and support of [impact startups](#).
- In addition to key partnerships like these, we are committed to expanding our hands-on learning. BNY Mellon's Social Investing team has partnered with its Investment Management's Manager Research Group (MRG) on an impact investing pilot project, which serves as both an opportunity to build BNY Mellon's impact investing capabilities and network and to model the potential for investors to have an impact beyond traditional philanthropic efforts. The project will leverage BNY Mellon philanthropic funds in a donor advised fund (DAF) account held at [ImpactAssets](#); in 2017 the project was approved and early execution stages began. Through this project, we seek to invest in several impact investment funds along the impact theme of expanding access to financial capital and services.

CATALYZING INVESTING

Gender-lens investing, in which investors seek positive financial returns as well as beneficial impact on women's lives, is gaining momentum. BNY Mellon supports this field through thought leadership and advocacy.

- Developed in partnership with the [United Nations Foundation](#) (UNF), BNY Mellon's 2017 thought leadership report, *Return on Equality*, found advancing gender equality through greater access to products and services in five sectors — water, contraception, telecommunications, energy and child care — could unlock \$300 billion in incremental annual spending globally by 2025.
- Throughout the year, the report was presented at more than 20 high-level convenings, including the “Sustainable Finance: Aligning Purpose with Profit” cross-bank event and TEDWomen, reaching approximately 1,500 thought leaders and professionals. The report prompted hundreds of conversations with employees and partners who are passionate supporters of women's empowerment but recognize the value and importance of research that can demonstrate the economic and business case in addition to the moral imperative.
- We have continued our partnership with the UNF to develop *Powering Potential: Increasing women's access to financial products and services*, an analysis of the potential market returns and development gains from advancing women's economic empowerment and closing the global gender gap.

DRIVING INDUSTRY DIALOGUE

We believe professionals learning from each other and contributing expertise to address shared challenges are vital to scaling social investing. BNY Mellon is active in this important industry dialogue.

- The [World Resources Institute](#) (WRI) is a leading nonprofit that facilitates collaboration among technology, finance and NGO sectors. In 2017, BNY Mellon funded a WRI project to develop a harmonized framework for financial institutions to set climate targets that include their investing and lending portfolios in line with the [Paris Climate Agreement](#). In the Paris Agreement to combat climate change, countries agreed to work to limit global temperature rise to below 2 degrees Celsius. [Read more about BNY Mellon's work on climate targets.](#)
- In 2017, we sponsored the third annual [Berkeley Sustainable Business and Investment Forum](#), a gathering of leading academics, government officials, corporate executives and institutional investors. The conference focused on topical issues such as climate change, impact investing, sustainability reporting, investor relations and long-term value creation in the evolving field of sustainable business practices.

Community Reinvestment Act at BNY Mellon

In the U.S., two BNY Mellon banking entities — BNY Mellon N.A. and The Bank of New York Mellon — are evaluated in accordance with the **Community Reinvestment Act** (CRA). Regulators examine the banks under the Community Development Test, which evaluates bank performance with regard to community development lending, investments and community service activities. Currently BNY Mellon N.A. is rated “**Outstanding**,” and The Bank of New York Mellon is rated “**Satisfactory**”.

The banks’ CRA goals are established on a multi-year basis and across business lines to capture a range of activities that contribute to this record of community development performance.

LENDING PRODUCTS

- Construction loans, bridge loans and/or rehabilitation loans
- Letters of credit
- Bond financing
- Term loans
- Lines of credit

INVESTMENT PRODUCTS

- Affordable housing and community development projects utilizing:
 - Low income housing tax credits (LIHTC)
 - Historic tax credits
 - Brownfield credits
 - Renewable energy credits
- Small business investment corporations (SBIC)
- Mortgage-backed securities
- Affordable housing bonds

PHILANTHROPY AND CONTRIBUTED SERVICES

- Corporate and foundation grants
- Matched employee giving
- Employee volunteering and community service

Capital to Expand Housing Affordability

Demand for convenient, quality, affordable, energy-efficient housing is a pressing need in many metropolitan markets across the U.S. where the banks have CRA obligations. Affordable housing financing is thus the most visible and significant means for BNY Mellon to meet those obligations. By providing equity and debt financing for affordable housing developments, BNY Mellon capital helps our clients produce innovative, sustainable responses to these challenges. Investments in affordable housing partnerships generate tax credits and economic returns for BNY Mellon and contribute to local resiliency and enhanced quality of life for low-income people and the communities where they live.

BNY Mellon’s Affordable Housing Investments

	2017
New affordable housing projects financed	23
Equity investments	\$255 million
Debt financing	\$313 million
Units produced	1,915
Persons housed ⁴¹	4,736

⁴¹ Estimate bases on 1.5 persons per bedroom.

Financing Community Innovation in New York

Safe, affordable housing is a building block for vibrant communities and productive citizens. Bringing this vision to life was the objective for Compass Residences, a multi-building development in New York City's Bronx borough. To date, BNY Mellon has committed \$286 million to help transform an underutilized strip of former industrial property into a bustling neighborhood with quality housing, open space, retail and other amenities to attract a mix of households with varying income levels. Compass Residences uses a variety of CRA investment vehicles such as Low-Income Housing Tax Credits (LIHTCs) and Brownfield credits to couple private investment with public resources for the massive master planning and rezoning effort.

Compass Residences consists of multiple phases, three of which BNY Mellon participated in. When complete, about 75 percent of the units will be for households at 60 percent or below the area median income (AMI), a small group will be set aside for homeless households and the rest will be for moderate-income households at 80–90 percent AMI. With plans for more retail shops, a school and outdoor gathering spaces, this previously blighted area is becoming an attractive community for citizens and families.

Active Support for Passive House in Pennsylvania

Passive House design principles keep buildings comfortable with minimal active heating or cooling, even in extreme heat or cold. With financing from BNY Mellon, several developer clients in Pennsylvania have embraced these principles and are constructing affordable Passive House projects to mitigate climate change and reduce energy costs for residents.

Small Business Investment Corporation Portfolio

A Small Business Investment Corporation Portfolio (SBIC) is a CRA-eligible investment fund authorized and regulated by the Small Business Administration (SBA). Companies with little or no access to low-cost capital or conventional financing turn to SBICs to grow their businesses. BNY Mellon added one SBIC investment to our portfolio, to increase the portfolio to \$92.5 million and 12 corporations.

Philanthropy and Community Service

BNY Mellon's corporate commitment to philanthropy and volunteerism also contributes to the banks' CRA record. Monetary donations, in-kind services and employee involvement in certain qualified activities and organizations are tracked through the Community Partnership portal and add to the banks' reputation and rating, and to community wellbeing. For 2017, this giving represented a \$6.5 million reinvestment in American communities.

Responsible Financing and the Equator Principles

Financial institutions who want to assess social and environmental risks in their lending activities generally turn to the Equator Principles, an internationally recognized framework. The principles are modeled on the World Bank's environmental standards and the International Finance Corporation's social policies.

BNY Mellon is not active in project financing and is not an Equator Principles signatory. Although we don't plan to change the scope of our activities, we do see the need to apply social and environmental criteria to lending activities related to large-scale infrastructure projects. The guidelines we require our lending professionals to follow are consistent with the Equator Principles. We periodically evaluate our lending portfolio against these guidelines to determine our exposure to potential social and environmental risks through non-project finance lending activities. Our evaluations show minimal environmental and social risk.

Financing Wind Energy Projects

In the U.S., financing certain alternative energy projects provides investors with economic benefits that include tax credits while enabling support for renewable energy expansion. In 2017, BNY Mellon committed approximately \$440 million for the financing of four U.S. wind energy projects. The projects have a combined total installed capacity of 363 megawatts, representing approximately six percent of the wind capacity installed in the U.S. last year. In total, the projects produce enough electricity to power approximately 100,000 average U.S. homes. Since 2014, BNY Mellon has provided more than \$1.7 billion in financing for wind projects with a combined capacity of 3,512 megawatts capable of powering approximately one million average U.S. homes.⁴²

⁴² In 2017, an estimated 6,000 megawatts of wind power were installed in the United States. Total installed U.S. wind capacity is now estimated at 89,000 megawatts, enough capacity to power approximately 26 million homes. See 4,000 megawatts estimated installed in fourth quarter of 2017.

Looking Ahead Social Investing



We see the potential for investor capital to have positive economic, environmental and social impact now and in the future. We are well positioned to apply our expertise and capabilities to continue developing social investing products and services.

Markets indicate green financing is significant and growing. The larger the green bond market becomes, the more investors will demand these vehicles and strategies to meet their changing financial needs. We're also watching the next generation of investors and their different motivations. Purpose-led and impact-driven investments will increase, increasing demand for asset managers and servicers to develop products that capitalize these interests.

We will continue to track developments, build awareness and test new social investing opportunities with our clients and partners. We will partner with stakeholders to develop thought leadership and innovative products and services to allocate capital for maximum impact.

SUPPLY CHAIN RESPONSIBILITY

Our Opportunity

It takes many products and services to operate a global organization of our size and scale. We partner with suppliers to conduct business responsibly and bring measurable value to our firm and clients.

Key Trends

We hold our suppliers to the same high standards we have for ourselves. We expect them to do business with integrity, protect human rights, provide safe working conditions for their employees and comply with laws and environmental regulations. We also expect them to know how certain issues affect financial services, in particular.

THE FINANCIAL SERVICES INDUSTRY HAS STRICT STANDARDS

Financial services firms rely heavily on data processing and analytics to serve clients and markets, and many use third-party suppliers for these tasks. Suppliers must have stringent privacy, accuracy, security and other policies and processes to protect and validate financial and nonfinancial information. We evaluate potential providers against these standards and communicate our process to strengthen stakeholder trust.

CLIENTS DEMAND SUSTAINABLE SUPPLY CHAINS

Globalization and a growing number of intermediaries underline the importance of a secure, defensible supply chain to prevent disruptions affecting business performance. A late 2014 study showed 80 percent of companies felt pressure from customers to prove their supply chains were sustainable in terms of environmental impact, worker health and safety, ethics and other factors.⁴³ BNY Mellon has also seen a dramatic rise in supply chain responsibility and supplier diversity requirements and priorities in client inquiries. Supply chain responsibility and supplier diversity achievements and actions were included in bids for more than \$861,200,000 in potential business in 2017.

EMERGING MARKET NORMS CAN CREATE RISK

Emerging markets offer tremendous potential for business growth. Capturing these opportunities often means using local suppliers in areas where regulations and/or societal norms vary widely. We must prepare to manage possible risks while helping suppliers improve their processes and raise their standards.

Our Approach

We expect suppliers to adhere to our Supplier Code of Conduct, human rights policies and applicable laws, regulations and standards in the countries where they operate. They must have a sound value proposition and offer the right combination of products, services and/or expertise to help us meet our operational and client needs.

⁴³ "Customers demand more sustainable supply chains," Joacim Vestvik-Lunde, DNV-GL, October 31, 2014.

How We Work with Suppliers

Our suppliers help us deliver excellence to clients around the world, improve our performance and uphold our responsibilities to the financial markets. We value partners who are trustworthy, ethical, innovative and good social and environmental stewards. Our supplier relationships are based on commitments to quality, performance and cost effectiveness.

We're always looking for smarter ways to run our business and reduce risk to our company, clients and the financial system. When new companies show interest in becoming a BNY Mellon supplier, we ask them to register on our supplier registration portal. During this process, they must explain their unique value proposition, which helps us evaluate their products and services and confirm the relationship will be a good fit for our company and theirs.

Supplier Diversity

We support, develop and listen to diverse entrepreneur supplier perspectives. Our Supplier Diversity Program is for small and diverse businesses owned and operated by women, minorities, veterans, individuals with disabilities and LGBT+ individuals. It creates a level playing field where they can compete for our business with bigger and more established companies and contribute valuable ideas, drive feedback and solutions.

In 2017, we spent \$242 million with diverse and small business suppliers in the U.S. Overall, we achieved a 10.4 percent diverse and small business supplier spend versus 6.6 percent in 2016. We changed our approach to focus on end-to-end supply chain sustainability to improve our business top line through formalized client team bid support as well as generating bottom line savings through innovation, efficiencies and increased competition. As we identify diverse suppliers and develop mutually beneficial relationships, our business becomes more valuable to clients.

Human Rights Protection

Human rights risks in the supply chain most relevant to our business are related to labor standards, wages, privacy and conflict minerals. Our procurement approach and Supplier Code of Conduct include human rights attestations. In 2017, we reviewed our human rights risk assessment and screening procedures, increased the human rights weighting in procurement decisions, ratified our [UK Modern Slavery Act Statement](#) and re-ratified BNY Mellon's [Human Rights Statement](#) after amending our zero-tolerance statement to include modern slavery.

Looking Ahead Supplier Responsibility



We expect risks resulting from increased regulation, human rights and environmental issues to compel clients to demand more supply chain and supplier management information. Through our supplier assessment process, we enforce our high standards for governance, environmental stewardship, human rights protection and other responsible behaviors with our suppliers. Partnering with them in these areas adds value to our firm and assures clients of our commitment to sustainability in every aspect of our business.

COMMUNITY COMMITMENT

Our Opportunity

Communities everywhere are grappling with how to improve citizens' quality of life while dealing with the effects of climate change, depleted resources and growing economic inequality. BNY Mellon and other private sector companies are stepping up with resources, pinpointing areas where they can have the greatest impact and collaborating with governments and charitable organizations to tackle tough social issues in the communities in which we live and work.

Key Trends

Accelerating technology, the changing global workforce and gender inequality are difficult challenges for communities striving for economic prosperity and social wellbeing. Companies and individuals also face these issues:

SLOW WAGE GROWTH HAMPERS ECONOMIC GROWTH

While the global economy is improving, wage growth remains sluggish.⁴⁴ In some parts of the world, workers are trapped in low-paid and low-productivity jobs. With fewer resources, they spend less, invest less and can't contribute to economic growth, which perpetuates the cycle of underemployment and unemployment. This phenomenon especially impacts vulnerable people. Public and private sectors must work together to build a productive workforce with the right skills for the evolving global market.

A SKILLS GAP IS EMERGING

Technology is changing the way people do their jobs. Next-generation employees need more than industry expertise; they also need technology and data analytics skills. A shortage of candidates with strong technical skills can hamper companies' growth and competitiveness, slow economic progress and threaten quality of life. We must invest in education and training to help people develop new skills so companies and communities can prosper.

Our Approach

Our philanthropic giving targets problems we believe we can impact significantly. Investing in economic empowerment and digital capacity building can generate positive results now and in the future. Our community programs direct corporate, foundation and employee giving to make a meaningful difference and give employees opportunities to use their skills and resources to improve lives.

OUR COMMUNITY GOAL

Significantly increase the scope and impact of our community support.

How We'll Achieve It

We will work to increase our philanthropic impact, including increasing our skills-based volunteering and continuing to grow our international programs.

2017 PROGRESS

Launched refreshed philanthropy focus and aligned 66 percent of contributions strategically; however, overall community support was primarily flat to 2016.

⁴⁴ "The Disconnect Between Unemployment and Wages," by Gee Hee Hong, Zsoka Koczan, Weicheng Lian, Malhar Nabar, IMFBlog, September 27, 2017.

GIVING FOR IMPACT

How We Help People, Communities and Economies

As we do in all parts of our business, our global philanthropy team monitors trends and emerging issues to direct our corporate charitable giving to the most pressing challenges. Previously, we targeted citizens' basic needs and workforce development. In 2016, we reassessed our funding strategy and refreshed our focus. We now direct our resources in two areas:

Economic Empowerment to increase countries', institutions' and communities' capacity to improve people's financial wellbeing

Technology and Digital Capacity Building to develop next-generation business and technology skills to help people work and thrive in the digital world

Our specific objectives are to:

- Steer philanthropic efforts for greater depth and social impact
- Invest in developing and re-skilling the next-generation workforce
- Invest in education, including science, technology, engineering and mathematics (STEM) education and technical training, and expand innovative delivery models and adaptive and mobile technologies
- Identify projects we can implement any time, in any location and across multiple sites and borders

We encourage eligible employees in all parts of the world to get involved in activities related to our corporate philanthropic focus. We also support their involvement in and match contributions to approved nonprofit organizations important to them.

PHILANTHROPIC GIVING

Donating for Impact

BNY Mellon invests in our communities' wellbeing. Through our Community Partnership Program, the company and our employees make financial donations to nonprofit agencies around the world, and our employees donate their time and talent to make a difference. We look for initiatives that improve social and economic conditions where we do business and where our employees live and work. We adapt our programs to regional and cultural nuances and needs.

VISIBLE DIFFERENCE

Our philanthropic partnerships, programs and fundraising events make our giving more visible to stakeholders. Prospective clients and talent often want to know what we're doing for the community, and seeing us support causes that matter to them strengthens relationships. As a result, in 2018 we launched a Global Philanthropy web page. Please visit bnymellon.com/globalphilanthropy.

Economic Empowerment

Long-term economic development and sustainability require access to capital, markets, business networks, technology, training and equal protection under the law for those in need. Economic empowerment is one of our philanthropic priorities. We invest in community-based education and curricula to retrain, re-skill and provide tools to help people join the workforce of the future. We support socially responsible entrepreneurship that delivers positive environmental or sustainable impact and improves lives.

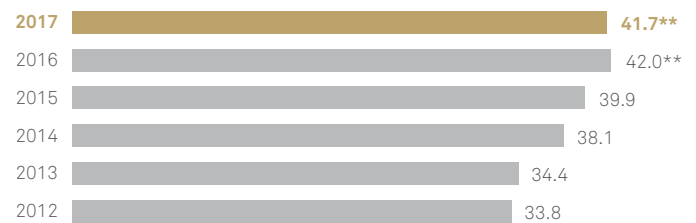
Technology and Digital Capabilities

We invest in education, training, skills-building, internships and mentoring to help young people (ages 16–24) pursue technology careers and avoid the challenges of unemployment and underemployment. We fund women in technology initiatives, STEM studies for adults of all ages, early education for girls and expanded access to digital and financial literacy to help people secure meaningful employment.

Disaster Response

BNY Mellon partners with relief organizations to provide funds for immediate assistance and short-term rebuilding after disasters. When eligible employees contribute to approved disaster relief efforts, the company matches what they give through our Community Partnership Disaster Relief Program.

Total Community Support* (\$m)



* Community support includes donations, grants and charitable sponsorships made by BNY Mellon and employee donations to charities qualifying for our matching program.
 ** The calculation of Community Support includes amounts previously not included in the tally of Total Community Support.

WE'RE THERE WHEN NEEDED

Our disaster response programs provided invaluable assistance in 2017, as hurricanes devastated parts of the U.S. and the Caribbean. BNY Mellon and our employees donated more than half a million dollars to relief agencies for Hurricane Harvey victims in Texas; for Hurricane Irma victims in the Caribbean and Florida Keys; for Hurricane Maria victims in Puerto Rico. For each disaster, we gave employees the opportunity to contribute through the company's individual matched giving program, with BNY Mellon matching all eligible donations. [Read more about our hurricane response in 2017.](#)

EMPLOYEES GIVE BACK

Community Partnership at Work

Community Partnership is a year-round, global program where employees can volunteer and raise funds for any Community Partnership-eligible charitable nonprofit they choose. We offer every eligible employee up to three days of paid volunteer time per year, as well as regional team and individual volunteer project opportunities. We support and give a corporate match to approved charities for volunteer time and fundraising.

Through our year-round, Individual Matched Giving program, we encourage eligible employees to donate to a variety of nonprofit organizations in their communities. We match what they give with company contributions.

Skills-Based Volunteering

One of our strategic objectives is to grow our employee offerings by developing a skills-based volunteering ecosystem, to engage employees and build capacity to increase the impact of philanthropic partners. In 2017, we partnered with the Taproot Foundation, a BNY Mellon grantee and leader in developing corporate pro bono programs, to help us create a high-impact program that matches our world-class talent with nonprofits' needs.

As part of an extensive discovery process, we conducted the BNY Mellon ScopeAthon, a pilot event allowing employees to lend their expertise to help nonprofits address organizational challenges. The impact was wide-ranging and included the development of a communications and outreach strategy for a social service agency and a work plan for an education nonprofit to update its aging IT infrastructure. As a result of what we learned, we will roll out a comprehensive signature pro bono volunteer program in 2018.

SKILLS-BASED VOLUNTEERING VS. PRO BONO VOLUNTEERING

Skills-based volunteering uses employees' professional experience to help others, such as mentoring youth or reviewing resumes for those who face unfair barriers to employment. Pro bono volunteering uses job-specific skills employed at work each day to help build nonprofit organizations' capacity so they can more effectively achieve their missions. In addition to the legal variety of this work that people are most familiar with, pro bono volunteerism can use expertise from functional areas such as finance, technology and human resources. Projects might include a marketing team advising a nonprofit staff on a branding campaign, or technologists updating a nonprofit's client database.

EMPLOYEE COMMUNITY INVOLVEMENT PROGRESS

	2013	2014	2015	2016	2017
Employee donations and company match (in millions)	\$14.5	\$15.2	\$16.1	\$17.2	\$15.6
Volunteer hours	105,000	127,000	140,000	143,000	143,000

In 2017, 47 percent of employee volunteer hours were skills-based and benefited more than 500 nonprofit organizations. BNY Mellon employees served on boards, volunteered individually and volunteered as teams.

MAKING A DIFFERENCE WITH LEGAL PRO BONO PROJECTS

BNY Mellon employees donate their time and skills to drive agendas important to our communities and stakeholders. Highlights from 2017 include:

- Our Legal Department attorneys volunteer to staff a Legal Aid Society helpline called “Access to Benefits” (A2B), a one-stop resource for underprivileged individuals who need help with government benefits, employment issues and other matters.
- BNY Mellon lawyers pair with attorneys from Paul, Weiss, Rifkind, Wharton & Garrison LLP to conduct intake/screening interviews with people seeking U.S. asylum based on persecution for LGBTQ+ and/or HIV-positive status. Our volunteers make recommendations to Legal Services—NYC to help determine which cases to pursue.
- Our lawyers and paralegals partner with the Pittsburgh-based Neighborhood Legal Services Association to assist victims of domestic violence in obtaining protection from abuse orders.
- BNY Mellon lawyers provide advice to individuals from under-privileged communities in the UK on employment issues at Toynbee Hall, a free legal advice center.
- We team up monthly with other corporate partners at Legal Services—NYC’s “Military Mondays” clinics to provide legal assistance to hundreds of low-income veterans.
- BNY Mellon and Paul, Weiss, Rifkind, Wharton & Garrison LLP sponsor an Equal Justice Works Fellow to work with The Safe Passage Project seeking immigration relief for unaccompanied minor children who have been victims of sexual abuse and other violence.

Human Rights

We work to preserve and improve human rights and contribute to global human rights initiatives throughout our company, supply chain and communities. See our [Human Rights Statement](#) for details.

As noted throughout this report, BNY Mellon supports the UN SDGs to end poverty, protect the planet and create prosperity for all. All 17 goals touch human rights in some way, which underscores the importance of human dignity. We are determined to see all people live and work in safe, healthy communities where everyone is treated fairly and equally.

OUR POSITION AGAINST MODERN SLAVERY

Slavery is often a hidden crime, making it impossible to know exactly how many people are in forced labor, sexual exploitation or marriage. An International Labor Organization (ILO) report estimates there are more than 40 million, with one in four being children.⁴⁵ We are committed to preventing modern slavery and human trafficking in our operations and supply chain.

In 2017, we ratified the company’s [UK Modern Slavery Act statement](#), which includes our awareness of modern slavery and steps we take to prevent it. We updated our [Supplier Code of Conduct](#) and our global [Human Rights Statement](#) to expressly cover modern slavery and clarify our expectations in this area. We developed a vendor self-assessment and attestation for Human Rights for key vendors and included modern slavery in our training, due diligence and governance practices where relevant.

See all [BNY Mellon policies related to human rights](#).

⁴⁵ “40 million slaves in the world, finds new report,” by Mark Tutton, CNN, September 20, 2017.

WHAT WE EXPECT OF NONPROFITS

We expect our philanthropic funds recipients to share our commitment to protect human rights. We ask nonprofit organizations (e.g., charities and NGOs) applying for financial sponsorship or donations to certify they comply with BNY Mellon's Non-Discrimination Policy Certification for Non-Profits. See our [Equal Employment Opportunity Statement](#) for more information on protected groups.

SUPPORT FOR LGBT+ INDIVIDUALS

Achieving our full potential starts with fully being ourselves. BNY Mellon is a staunch advocate of equal rights for all. We want all people to thrive and grow, be proud of who they are and feel respected, valued and supported at work and in society.

LGBT+ individuals may find themselves navigating a world, cultures and environments that are not welcoming. Some cope by adapting, but this can diminish authenticity. At BNY Mellon, we set a higher bar, because we believe it is only through embracing our differences that we can recognize and fully develop our strengths. We support LGBT+ individuals through everyday inclusion and through PRISM, our LGBT+ ERG. PRISM updates us on developments affecting LGBT+ employees and the broader community and brings issues and opportunities to senior management's attention. Promoting and protecting LGBT+ rights empowers employees and the greater talent pool, supports workforce engagement and advancement, and improves financial and social inclusion.

We were the first Wall Street firm to join a coalition of businesses supporting same-sex marriage in the U.S., and we continue to support marriage equality around the world. Our participation in legislative initiatives helps advance these rights in the U.S., Ireland, Australia and Hong Kong. We have opposed anti-inclusion legislation, supported a bill to protect transgender people's rights, pushed to include gender identity in civil rights law, signed a country's diversity charter and adopted a region's code of practice against employment discrimination based on sexual orientation.

Through partnerships with LGBT+ advocacy organizations and law firms, we fight discrimination against transgender people. BNY Mellon is proud to support the [UN Human Rights Office's LGBTI Standards of Conduct for Business](#).

LGBT+ Recognition

In 2017, the Human Rights Campaign Foundation gave BNY Mellon 100 percent on the Corporate Equality Index for LGBTQ workplace equality, our 11th consecutive year of perfect scores. BNY Mellon has twice received the Business Equality (BEQ) Pride LGBTQ Business Equality Excellence Award for commitment to LGBTQ business equality. Affinity Inc. magazine named BNY Mellon among the top corporations for LGBT economic empowerment for LGBT+ individuals and LGBT-owned businesses. The National Business Inclusion Consortium, an initiative of the National Gay & Lesbian Chamber of Commerce, honored BNY Mellon for Best Practices in the Advancement of Workplace, Marketplace and Supplier Diversity Programs. Community Business in Hong Kong gave us the Gold Award for our policies and practices that support and advance LGBT+ workplace inclusion.

Looking Ahead Community Commitment



We will continue to invest our community support in economic empowerment and building technology and digital skills to tangibly improve lives, business and society. We will continue to encourage skills-based employee volunteerism and pro bono programs to increase our nonprofit partners' capacity and effectiveness in these areas. We will explore speaking opportunities to increase visibility of our philanthropy strategy and engage partners and stakeholders.

ENVIRONMENTAL MANAGEMENT

Our Opportunity

BNY Mellon has hundreds of facilities and thousands of employees all over the world. We owe it to our stakeholders, communities and society to manage our operations responsibly and minimize our environmental impact. We invest in programs and processes to reduce the natural resources we use, make it easy for employees to get involved in environmental efforts and model sustainability for our industry peers and supply chain partners.

Key Trends

Finding solutions to climate change, one of the greatest challenges of our time, requires collective action by the global community. We do our part in our operations to reduce climate change effects and keep our eye on these resource-related trends.

GHG PROGRESS IS AT RISK

Companies around the world are trying to reduce their carbon footprints, but they must do more — and quickly — to keep climate change from undoing the progress of the past several decades. Renewable energy, energy efficiency and other mitigation measures are needed to reduce energy consumption and emissions and move toward more resilient economies.

WATER IS GETTING SCARCER

Access to safe water and sanitation are fundamental human rights. While more than 90 percent of the world's population used improved drinking water sources in 2015, there are still more than two billion people whose countries are at risk of water scarcity in the future.⁴⁶

⁴⁶ Progress of Goal 6 in 2017.

⁴⁷ For Scope 1 and Scope 2 GHG emissions including our data centers, as well as Scope 3 business travel emissions.

⁴⁸ Emissions reduction includes tracked facilities excluding data centers.

Our Approach

We take a holistic approach to environmental management to support sustainable development and manage risk. We focus our activities in three areas:

1. Resource conservation: We responsibly use resources including energy, water, paper and travel to generate economic and reputational benefits.
2. Risk management: We consider environmental risk in corporate lending risk assessments, supplier management and business continuity planning including real estate and natural disaster recovery.
3. Client service: We serve clients' environmental finance needs through our products and solutions, industry dialogue and opportunities to promote environmental leadership.

Our Environmental Management Goal

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

How We'll Achieve It

We rank among the leaders in climate change disclosure and performance. We build on our environmental management performance by managing paper and toner use, using renewable energy, conserving water and diverting waste from landfills.

2017 PROGRESS

Maintained carbon neutral status⁴⁷; reduced emissions by 52 percent from 2008 baseline⁴⁸; named to CDP Climate A list for climate management for fifth consecutive year, becoming one of two S&P 500 companies with this record.

Business and Environmental Sustainability Ambassadors

We have more than 300 Business and Environmental Sustainability (BES) Ambassadors who are interested in environmental sustainability and want to create positive environmental change in our business, communities and for the planet. The group, launched in 2009, represents employees in thirteen regional networks.

BES Ambassadors have four important roles:

- Educate and involve coworkers to create change in their workplaces, homes and communities and contribute social and environmental benefits
- Empower colleagues to improve our business and environmental performance and motivate sustainable teamwork
- Encourage sustainable innovation and ideas to reduce our environmental impact
- Listen to and incorporate employees' ideas where appropriate

In 2017, BES Ambassadors initiated 28 events to involve employees in sustainable practices. Examples include:

- BNY Mellon's Sixth Annual Eco Days involving more than 300 ambassadors
- Earth Day clean-up events across the U.S.
- Ambassador idea for reusable Keep Cups in King of Prussia, Pennsylvania, diverting 4.65 tons from landfill per year
- Print Reduction Challenge to reduce printing in ambassador chapter locations

BNY Mellon Eco Days

Our annual Eco Days start on Earth Day on April 22, and last until World Environment Day on June 5. During this six-week period, we encourage our employees around the world to be especially aware of their environmental impact and participate in activities in their locations to develop responsible habits.

OUR CLIMATE CHANGE AGENDA

Helping Protect Our Planet

Since 2015, BNY Mellon has been carbon neutral, which means our net GHG emissions equal zero. Our carbon neutral program covers Scope 1, Scope 2 and Scope 3 business travel GHG emissions, i.e., emissions associated with the energy we use worldwide: electricity, steam, natural gas, automotive fuel, jet fuel, refrigerants and business travel.

We met our carbon neutral goal by significantly reducing energy use in our offices and data centers, purchasing energy from renewable sources and purchasing carbon offsets to offset emissions we can't reduce ourselves. Our carbon offset purchases finance renewable energy, forestry and resource conservation projects globally. These projects reduce GHG emissions and demonstrate our environmental sustainability leadership and commitment to our clients, business groups and stakeholders.

In 2017, we exceeded our 2020 goal to reduce GHGs by 40 percent (from a 2008 baseline for all tracked real

estate, excluding data centers) five years early, with \$103 million in associated cumulative savings. We saved significantly more through continued diligence and Workplace Excellence, which transforms workplaces into efficient, collaborative spaces and provides working arrangement flexibility.

CDP Climate A List

In 2017, BNY Mellon was listed on the CDP Climate A list for leadership climate change performance for the fifth consecutive year. This achievement is harder to reach each year and only two percent of companies assessed received an A letter grade. We were one of three U.S.-based financial services firms to receive an A grade of the 120 companies listed.

CDP Scores	Disclosure ⁴⁹	Performance
2017	NA	A
2016	NA ⁵⁰	A
2015	100	A
2014	100	A
2013	100	A



Dow Jones Sustainability Index

- 98th percentile for environmental dimension



CDP

- Climate A List for climate management leadership
- Among the top one percent of over 3,300 suppliers disclosing through CDP supply chain program



FTSE4Good

- Achieved highest possible environmental score
- Environmental score: 5 out of 5



EPA Green Power Partner

- Thirtieth-largest U.S. purchaser of green power
- Fourth-ranked financial services firm as of October 2017

⁴⁹ Maximum score is 100.

⁵⁰ The prior scoring system provided a numerical score for disclosure and a letter band for performance. Under CDP's new scoring methodology, organizations receive a single letter band per criteria.

How We Maintain Carbon Neutrality

After reducing our Scope 1 and 2 emissions by 52 percent since 2008 for all tracked locations, excluding data centers, we matched our remaining emissions with the purchase of carbon offsets and renewable energy products.

Carbon offsets

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

GHG (CO₂e)

Scope 1	Scope 2 (steam)	Scope 3
8,265 MT	2,248 MT	17,944 MT

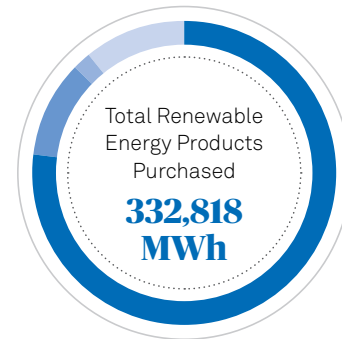


Renewable energy products

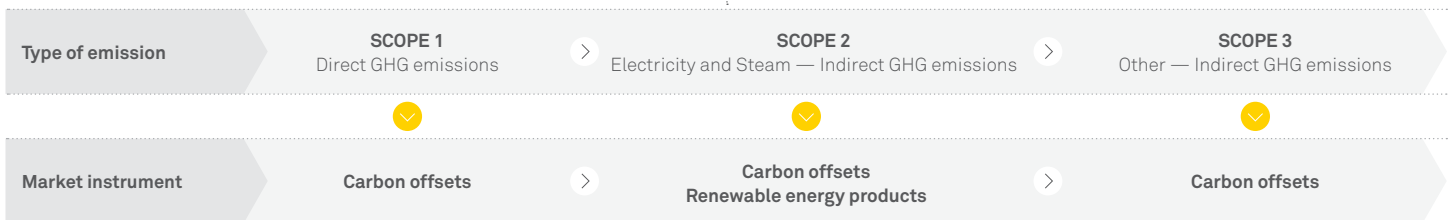
We matched our Scope 2 electricity usage, excluding steam, by purchasing renewable energy products and certificates, depending on the location.

Electricity Use

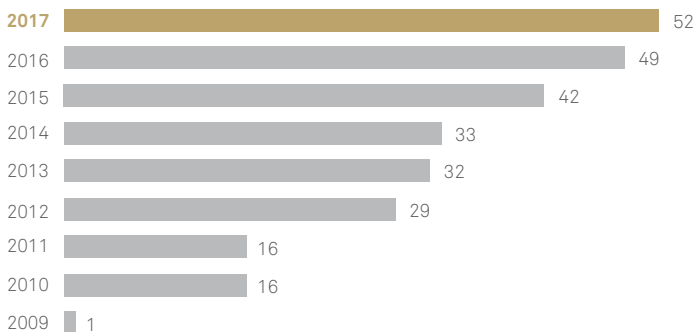
Scope 2
311,793 MWh



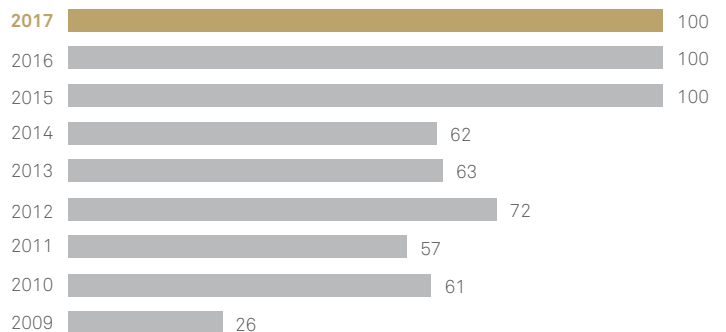
- **257,000 MWh**
Renewable Energy Certificates
- **34,000 MWh**
European Guarantees of Origin
- **5,899t MWh**
International Renewable Energy Certificates (outside Europe)
- **35,919 MWh**
PowerPlus Instruments



GHG emissions reduction from our 2008 baseline (%)



Global electricity consumption offset with renewable energy (%)



WORKSPACES AND ENVIRONMENT

Our Multifaceted Approach

We affect the environment most directly in the way we operate our offices. We lessen our impact by being efficient, educating our employees and creating high-performing workspaces.

REAL ESTATE IMPROVEMENTS

Our Sustainable Real Estate program makes our office spaces better through all lifecycle phases. We use best-practice sustainability frameworks, including the U.S. Green Building Council's (USGBC's) LEED certification program and international standards such as ISO 14001.

In buildings where we control operations, we use green cleaning, waste management, integrated pest management and other indoor environmental quality measures. In locations where we lease space but do not control operations, we work with landlords through our green leasing program to assess space health and sustainability and improve where needed. Our accomplishments through 2017 include:

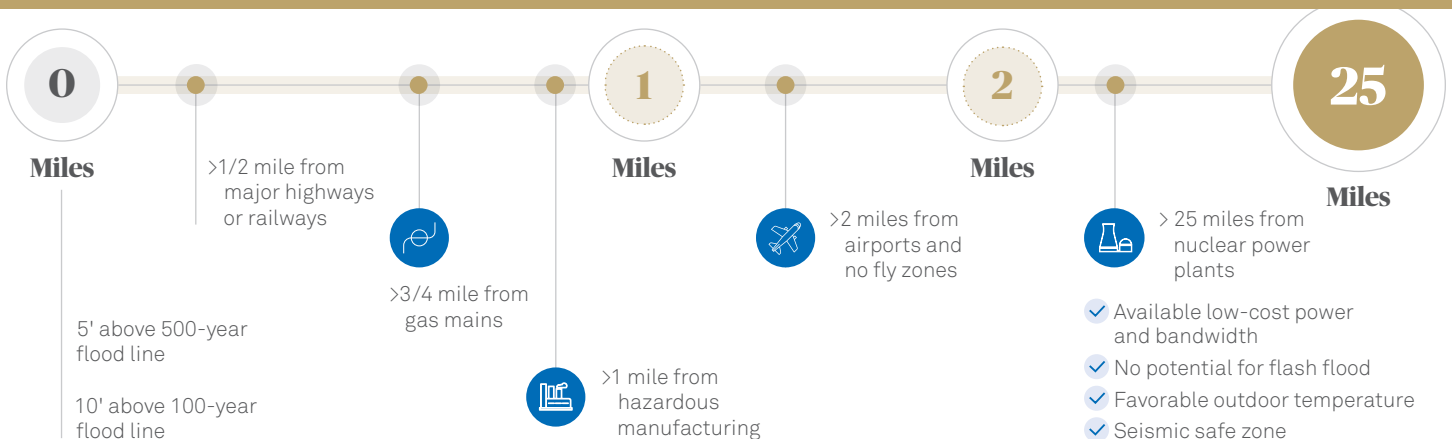
- 40 percent of real estate with third-party sustainability certification from LEED, ISO 14001 or ENERGY STAR
- 41 LEED certifications globally, representing 22 percent of our global footprint
- ISO 14001 certification for environmental management at 11 certified locations in the UK, accounting for 55 percent of total square footage in EMEA

- 100 percent compliance with our sustainable operations program in the U.S.
- 90 percent of all new, renewed and expanding domestic lease transactions subject to our green leasing program criteria
- Expanded green leasing program to additional sites in EMEA and APAC

ENVIRONMENTAL IMPACT

- Reduced GHG emissions 52 percent from 2008 baseline of controlled facilities excluding data centers
- Avoided \$103 million in energy costs since 2007
- Purchased 100 percent renewable energy
- Purchased 38,000 mtCO₂e carbon offsets globally
- Tracked 115,600,000 gallons of water across all controlled properties
- Reduced global water consumption 11.4 percent from 2015
- Diverted 73 percent in waste and recycling
- Deleted, eliminated or avoided 366 million paper pages since 2012, 37 million in 2017
- Saved 430,000,000kWh through data center energy efficiency since 2006
- Earned sustainability certifications for 40 percent of real estate: 41 LEED and 11 ISO 14001 certifications
- Engaged more than 300 BES Ambassadors in 13 chapters

How We Site Our Data Centers To Minimize Risk



DATA CENTER EFFICIENCY

DATA CENTER PROGRESS

In 2017, our data centers accounted for about 31.3 percent of the electricity we used in our global properties. They produced around 30.1 percent of our total Scope 1 and Scope 2 carbon emissions.

We must expand our data storage as we grow. Our Enterprise Data Center Power Usage Effectiveness (PUE) program, launched in 2006, helps us use energy efficiently while meeting our data storage needs. Measures such as airflow management and improvements to building envelopes and associated ancillary systems saved 39,841,823 kWh of electricity in 2017. Since we started the PUE program, we have saved \$30,811,203 in electricity cost avoidance.

DATA CENTERS AND ENERGY

- 50.1 petabytes of data storage
- 28.9K servers
- 570K square feet of enterprise data center building space
- 97 million kilowatt hour (kWh) used in 2017
- 39,841,823 kWh saved in 2017, enough to power more than 3,700 homes in the U.S. for one year⁵¹
- Zero downtime across enterprise data centers in 2017
- Zero downtime at primary data centers for more than 11 years

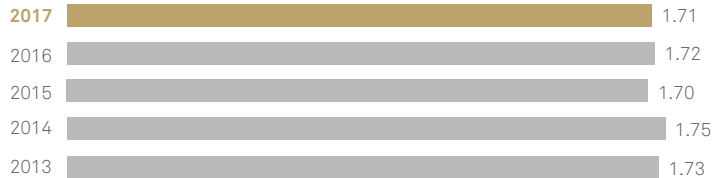
HOW WE IMPROVE EFFICIENCY IN OUR DATA CENTERS

- 1 Automate fan and pump speed control
- 2 Raise temperature set points within recommended limits to reduce energy usage
- 3 Create contained cold supply air aisle
- 4 Use raised floors for air delivery
- 5 Optimize and virtualize server utilization
- 6 Prevent unwanted mixing of hot and cold air and use blanking panels on equipment where needed
- 7 Seal all unmanaged openings and place perforated tiles only where needed

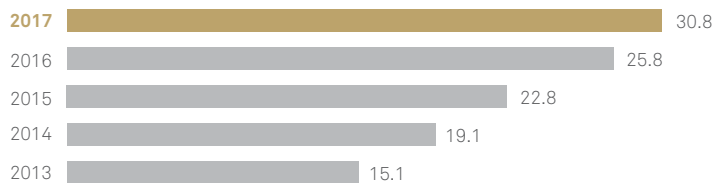
WHAT WE'VE ACCOMPLISHED

Data center average power usage effectiveness (PUE)

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



Cumulative program dollar savings (\$m)



⁵¹ Calculation based on average annual electricity consumption for a U.S. residential utility customer in 2014, as reported by the U.S. Energy Information Administration.

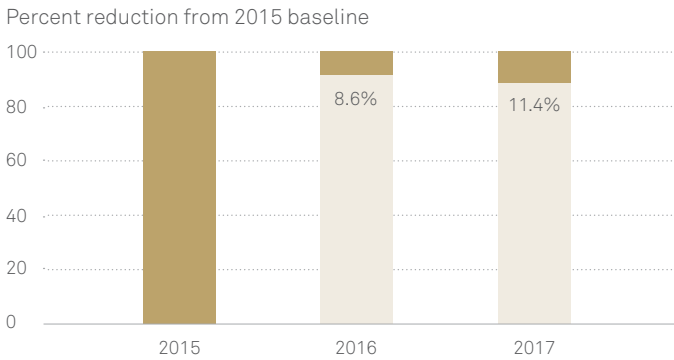
WATER CONSERVATION AND WASTE RECYCLING

Reducing Our Water Usage

We track water consumption in our U.S. and international controlled locations and use systems to reduce water consumption and increase water efficiency. We prioritize conservation in water-stressed regions and manage water runoff treatment responsibly. In 2017, we decreased our global water consumption by 11.4 percent compared to a 2015 baseline. We were able to achieve this reduction through installation of low-flow fixtures and aerators, efficient operation of chiller plants, repair and replacement of old, leaking systems, and operation of efficient irrigation systems.

Due to an increase in the number of global facilities tracked for water consumption, we were able to expand the coverage of our 2015 baseline.

Water reduction



PAPER NEUTRALITY

We implement programs to make employees aware of their paper and toner use and how it affects the environment. We promote smart, sustainable choices for printing, copying and sharing documents, which helped us eliminate or delete 37 million pages in 2017.

In 2017, we launched our Paper Neutral program, where we planted 51,138 trees to offset deforestation equal to the number of pages printed in our global offices.

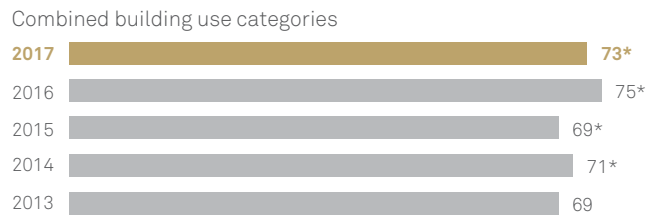
Keeping Waste Out of Landfills

We want to divert more than 80 percent of our office waste from landfills and uphold our technology groups' no-landfills policy by 2020. Our ISO certifications, LEED-rated buildings and sustainable operations program show we are invested in these commitments.

We use binless desk-side and central-collection programs and reinforce them with employee education and engagement. We work with our technology groups to recycle electronics and with suppliers to find products made of recyclable material that can be reused to manufacture new products.

In 2017, we tracked waste and recycling rates in 8,240,736 million square feet of our locations, accounting for 61 percent of our global real estate portfolio and 63 percent of our employees. We diverted an average of 73 percent of waste from landfills, recycled 3,088 printers and reused or recycled 35,682 technology devices.

Waste diverted from landfills (%)



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

Looking Ahead Environmental Management



The public and private sectors are making progress toward climate change goals, but we must do more and do it quickly. We continually find new and better ways to manage the environmental impact of our operations. We are exploring a science-based GHG emissions target, working with suppliers to incorporate sustainable practices and packaging and educating employees and suppliers on environmental sustainability programs.

GLOBAL REPORTING INITIATIVE (GRI) INDEX

The following is supplemental information to BNY Mellon's 2017 Corporate Social Responsibility Report. It is arranged according to the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines indicator list. All data is reported as of December 31, 2017 unless otherwise noted. This index provides

responses for individual GRI indicators in the following ways: (1) section and page references to our 2017 CSR Report; (2) direct responses within the index; (3) references to other company reports (e.g. Annual report or Proxy); or (4) materials located on our website.

Category: Standard Disclosures

Aspect: Strategy & Analysis

Indicator	Disclosure	Our Response
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G4-1	CEO Letter	BNY Mellon CSR Report 2017, CEO Letter, p.5
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Aspect: Organizational Profile

Indicator	Disclosure	Our Response
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G4-3	Organization Name	BNY Mellon Annual Report 2017, General, p.4
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G4-4	Primary brands, products and services	4Q17 At A Glance
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G4-5	HQ location	BNY Mellon Annual Report 2017, Corporate Information, inside back cover
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G4-6	Where the organization operates	1) BNY Mellon Annual Report 2017, International Operations, p.26 2) BNY Mellon Location Directory
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G4-7	Nature of ownership and legal form	BNY Mellon Annual Report 2017, General, p.4
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G4-8	Markets Served	BNY Mellon CSR Report 2017, About BNY Mellon, p.2
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G4-9	Scale of Organization	1) BNY Mellon CSR Report 2017, Our Performance, p.22 2) 4Q17 At A Glance 3) BNY Mellon Annual Report 2017, Financial Highlights, p.xxviii
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G4-10	Total number of employees by type	EE01 Document, see end of GRI Index
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G4-11	Collective bargaining agreements	BNY Mellon fully complies with local laws regarding employee rights and collective bargaining. In certain locations outside of the US, we engage with trade unions, work councils and adhere to applicable national collective bargaining agreements. We also have client and vendor relationships with trade unions. Our Code of Conduct applies to our employees globally and emphasizes the company's commitment to foster a culture where all employees feel valued, engaged and are able to bring their whole selves to the workplace. Employees are encouraged to raise any concerns through multiple channels identified in the Code of Conduct.
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Category: Standard Disclosures**Aspect:** Organizational Profile

Indicator	Disclosure	Our Response
G4-12	Supply chain description	BNY Mellon CSR Report 2017, Supply Chain Responsibility, p.84
G4-13	Organizational changes during the reporting period	BNY Mellon Annual Report 2017, Key 2017 and subsequent events, p.5
G4-14	Precautionary Principle	1) BNY Mellon CSR Report 2017, Environmental Management, p.92 2) BNY Mellon CSR Report 2017, Responsible Financing and the Equator Principles, p.83
G4-15	External charters, principles, or other initiatives	1) UNPRI: Newton, Insight, Standish, Mellon Capital, Siguler Guff, The Boston Company, Walter Scott 2) Investor Network on Climate Risk: Newton 3) CDP: BNY Mellon, Newton, Insight, Standish, Mellon Capital 4) UK SIF: Insight 5) FTSE4Good: BNYMellon 6) DJSI: BNYMellon 7) UK Stewardship code: Newton, Insight 8) Institutional Investors Group on Climate Change: Newton, Insight 9) Climate Bond Initiative: Standish 10) SRI Connect Alcentra 11) Asian Corporate Governance Association: Newton 12) UK Corporate Governance Forum: Newton 13) International Corporate Governance Network: Newton 14) Council of Institutional Investors: Newton 15) PLSA (Pension and Lifetime Savings Association) Stewardship Advisory Group: Newton 16) Group: Newton 17) ISG (Investor Stewardship Group) endorser: Newton 18) Climate Action 100: Insight
G4-16	Membership Associations	1) In 2017, our memberships included: Business for Social Responsibility (BSR), Banking Environmental Initiative (BEI), Business Council for the United Nations (BCUN), Global Impact Investing Network (GIIN), World Resources Institute (WRI), and Aspen Institute's Leaders Forum 2) BNY Mellon CSR Report 2017, Advocacy and Political Engagement, p.42 3) BNY Mellon Proxy 2018, Item 1 Election of Directors, p.9

Category: Standard Disclosures**Aspect:** Identified Material Aspects and Boundaries

Indicator	Disclosure	Our Response
G4-17	Entities included in financial statements	1) BNY Mellon Annual Report 2017, Review of businesses, p.16 2) 4Q17 At A Glance
G4-18	Process for defining report boundaries and content	1) BNY Mellon CSR Report 2017, About this Report, p.1 2) BNY Mellon CSR Report 2017, Our Approach to CSR, p.8
G4-19	Material aspects included in the report	All material aspects are reported against in this GRI Index. More information is in our CSR Report, Our Approach to CSR, p.8
G4-20	Descriptions of material aspect boundaries within the organization	BNY Mellon CSR Report 2017, Our Approach to CSR, p.8
G4-21	Descriptions of material aspect boundaries outside the organization	BNY Mellon CSR Report 2017, Our Approach to CSR, p.8
G4-22	Restatements	None
G4-23	Changes from previous reports in terms of scope and/or boundaries	None

Aspect: Stakeholder Engagement

Indicator	Disclosure	Our Response
G4-24	Stakeholder Groups	BNY Mellon CSR Report 2017, Engaging Those We Serve, p.21
G4-25	How were stakeholders identified	BNY Mellon CSR Report 2017, Engaging Those We Serve, p.21
G4-26	Approach to stakeholder engagement	BNY Mellon CSR Report 2017, Engaging Those We Serve, p.21
G4-27	Topics raised during stakeholder engagements	BNY Mellon CSR Report 2017, Engaging Those We Serve, p.21
G4-28	Reporting Period	BNY Mellon CSR Report 2017, About this Report, p.1
G4-29	Date of most recent report	BNY Mellon CSR Report 2017, About this Report, p.1
G4-30	Reporting Cycle	BNY Mellon CSR Report 2017, About this Report, p.1
G4-31	Report contact	BNY Mellon CSR Report 2017, About this Report, p.1
G4-32	'In accordance' option GRI Index and report assurance	1) BNY Mellon CSR Report 2017, About this Report, p.1 We do not currently seek external assurance over our CSR Report
G4-33	Policy regarding report assurance	We do not currently seek external assurance over our CSR report but we do have limited assurance over our Scope 1, 2 & 3 emissions as indicated in our CDP* Response 2017

* Formerly the Carbon Disclosure Project, www.cdp.net

Category: Standard Disclosures

Aspect: Governance

Indicator	Disclosure	Our Response
G4-34	Governance structure of the organization	BNY Mellon Proxy 2018, Our Corporate Governance Practices, p.18
G4-35	Process for delegating authority for sustainability topics from the board to senior executives and other employees	BNY Mellon CSR Report 2017, CSR Governance, p.19
G4-36	High-level accountability for sustainability topics	BNY Mellon CSR Report 2017, CSR Governance, p.19
G4-37	Processes for consultation between stakeholders and the board on sustainability topics	1) BNY Mellon Proxy 2018, Committees, p.5, Stockholder Proposal, p.76
G4-38	Composition of the board and its committees	BNY Mellon Proxy 2018, Committees, p.5
G4-39	Whether the chair of the board is also an executive officer	BNY Mellon Proxy 2018, Board Leadership Structure, p.21
G4-40	Nomination and selection processes for the board and its committees	BNY Mellon Proxy 2018, Director Qualifications, p.15
G4-41	Board conflicts of interest	BNY Mellon Proxy 2018, Director Qualifications, p.15
G4-42	Board and executives' roles in the organization's mission statements, strategies, policies, and goals related to sustainability impacts	1) BNY Mellon CSR Report 2017, CSR Governance, p.19 2) BNY Mellon Proxy 2018, Committees, p.5
G4-43	Board knowledge of sustainability topics	1) BNY Mellon CSR Report 2017, CSR Governance, p.19 2) BNY Mellon Proxy 2018, Committees, p.5
G4-44	Board performance with respect to governance of sustainability topics	BNY Mellon Proxy 2018, Evaluation of Board and Committee Effectiveness, p.19

Category: Standard Disclosures**Aspect:** Governance

Indicator	Disclosure	Our Response
G4-45	Board role in the identification and management of sustainability impacts, risks, and opportunities	1) BNY Mellon CSR Report 2017, CSR Governance, p.19 2) BNY Mellon Proxy 2018, Committees, p.5
G4-46	Board role in reviewing risk management processes for sustainability topics	1) BNY Mellon Proxy 2018, Committees, p.5 2) Risk Committee Charter
G4-47	Frequency of the board's review of sustainability impacts, risks, and opportunities	1) BNY Mellon CSR Report 2017, CSR Governance, p.19 2) BNY Mellon Proxy 2018, Committees, p.5
G4-48	Highest committee or position that formally reviews and approves the organization's sustainability report	1) BNY Mellon CSR Report 2017, CSR Governance, p.19 2) BNY Mellon Proxy 2018, Committees, p.5
G4-49	Process for communicating critical concerns to the board	BNY Mellon Proxy 2018, Our Corporate Governance Practices, p.18
G4-51	Remuneration policies for the board and senior executives	1) BNY Mellon CSR Report 2017, CSR Governance, p.19 2) BNY Mellon Proxy 2018, Director Compensation, p.31
G4-52	Process for determining remuneration	1) BNY Mellon CSR Report 2017, CSR Governance, p.19 2) BNY Mellon Proxy 2018, Compensation Consultants, p.29
G4-53	Stakeholders' views on remuneration	1) BNY Mellon CSR Report 2017, CSR Governance, p.19 2) BNY Mellon Proxy 2018, Advisory Vote on Compensation, p.34

Category: Standard Disclosures**Aspect:** Ethics & Integrity

Indicator	Disclosure	Our Response
G4-56	Code of conduct	BNY Mellon CSR Report 2017, Our Risk Culture, p.28
G4-57	Helplines or advice lines for employees	BNY Mellon CSR Report 2017, Our Risk Culture, p.28
G4-58	Mechanisms for reporting concerns about unethical or unlawful behavior	BNY Mellon CSR Report 2017, Our Risk Culture, p.28

Category: Economic**Aspect:** Economic Performance

Indicator	Disclosure	Our Response
G4-DMA		1) BNY Mellon Annual Report 2018, Improved Financial Profile, p.iii 2) BNY Mellon CSR Report 2017, Our Approach to CSR, p.8 3) BNY Mellon CSR Report 2017, Community Commitment, p.86 4) BNY Mellon CSR Report 2017, Community Reinvestment Act at BNY Mellon, p.81
G4-EC1	Economic Value	1) BNY Mellon CSR Report 2017, Our Performance, p.22 2) BNY Mellon Annual Report 2018, Improved Financial Profile p.iii 3) BNY Mellon CSR Report 2017, Community Commitment, p.86 4) BNY Mellon CSR Report 2017, Community Reinvestment Act at BNY Mellon, p.81
G4-EC2	Climate Change Risks	See CDP* Response 2017
G4-EC4	Financial assistance from the government	BNY Mellon CSR Report 2017, Financing Wind Energy Projects, p.83

Aspect: Indirect Economic Impacts

Indicator	Disclosure	Our Response
G4-DMA		1) BNY Mellon CSR Report 2017, Project Agent and Public-Private Partnerships, p.76 2) BNY Mellon CSR Report 2017, Giving for Impact, p.87 3) BNY Mellon CSR Report 2017, Community Reinvestment Act at BNY Mellon, p.81 4) BNY Mellon CSR Report 2017, Financing Wind Energy Projects, p.83
G4-EC7	Infrastructure Investments	1) BNY Mellon CSR Report 2017, Project Agent and Public-Private Partnerships, p.76 2) BNY Mellon CSR Report 2017, Giving for Impact, p.87 3) BNY Mellon CSR Report 2017, Community Reinvestment Act at BNY Mellon, p.81 4) BNY Mellon CSR Report 2017, Financing Wind Energy Projects, p.83
G4-EC8	Indirect economic impacts	1) BNY Mellon CSR Report 2017, Project Agent and Public-Private Partnerships, p.76 2) BNY Mellon CSR Report 2017, Community Commitment, p.86 3) BNY Mellon CSR Report 2017, Community Reinvestment Act at BNY Mellon, p.81 4) BNY Mellon CSR Report 2017, Financing Wind Energy Projects, p.83

Aspect: Procurement Practices

Indicator	Disclosure	Our Response
G4-DMA		BNY Mellon CSR Report 2017, Supplier Diversity, p.85

* Formerly the Carbon Disclosure Project, www.cdp.net

Category: Environmental

Aspect: Energy

Indicator	Disclosure	Our Response
G4-DMA		1) BNY Mellon CSR Report 2017, Our Climate Change Agenda, p. 94 2) See CDP* Response 2017
G4-EN3	Energy consumption (scope 1 and 2)	<p>Total fuel consumption from nonrenewable sources: 132,101 gigajoules (includes natural gas, fuel oil, car gasoline, and jet fuel).</p> <p>While BNY Mellon does not purchase fuel from renewable sources directly, we do purchase carbon offsets and renewable electricity products to offset all of our emissions generated from Scope 1, Scope 2, and Scope 3 business travel.</p> <p>Electricity consumption: 1,122,406 gigajoules (BNY Mellon purchases renewable electricity products to offset our entire electricity use). BNY Mellon does not have any heating or cooling consumption. Steam consumption: 35,720 gigajoules.</p> <p>BNY Mellon does not sell any electricity, heating, cooling, or steam.</p> <p>Total energy consumption: 1,290,226 gigajoules.</p> <p>BNY Mellon follows The Corporate Standard Greenhouse Gas Protocol for calculating emissions and energy use. An Operational Control boundary is used.</p> <p>Conversions for Fuel and Electricity were done with the U.S. Energy Information Administration's Energy Conversion Calculator. Steam was converted from BTU to joules using the factor: 1 BTU=1055.05585 joules as defined by the International Energy Agency's Unit Converter.</p>
G4-EN4	Energy consumption (scope 3)	<p>11,769,240 gigajoules.</p> <p>BNY Mellon follows The Corporate Standard Greenhouse Gas Protocol for calculating emissions and energy use. An Operational Control boundary is used. BNY Mellon considers energy consumed from purchased goods and services, capital goods, fuel-and-energy-related activities, upstream transportation and distribution, business travel, employee commuting, downstream leased assets, and investments relevant to our operations.</p> <p>For more detail on methodologies and assumptions used, please see CDP* response 2017. Conversions for Fuel and Electricity were done with the U.S. Energy Information Administration's Energy Conversion Calculator. Steam was converted from BTU to joules using the factor: 1 BTU=1055.05585 joules as defined by the International Energy Agency's Unit Converter.</p>
G4-EN5	Energy intensity	<p>83.01 gigajoules per million dollars; 0.096 gigajoules per square foot.</p> <p>Denominators: 2017 revenue (15,543 million dollars); 2017 average rentable square feet of real estate portfolio (13,441,824 sq. ft.).</p> <p>Fuel, electricity, and steam are included; BNY Mellon does not consume additional sources of heating or cooling.</p> <p>The ratio uses energy consumed within the organization within BNY Mellon's operational control scope 1 and 2.</p>
G4-EN6	Energy reductions	<p>336,173 gigajoules.</p> <p>Fuel, Electricity, and Steam are included; BNY Mellon does not consume additional sources of heating and cooling.</p> <p>BNY Mellon's base year is 2010 for energy tracking. 2010 was chosen as the base year because this was this first year we were able to effectively measure energy consumption. Energy consumption in 2010 was rebaselined due to increase in accuracy of activity data.</p> <p>BNY Mellon's energy reduction was calculated by subtracting 2017 energy consumption from the base year's energy consumption. This reduction is the result of ongoing real estate portfolio optimization initiatives and specific energy reduction projects.</p> <p>BNY Mellon sets its energy reduction targets in the form of emission reduction targets as these are a surrogate for energy targets. BNY Mellon calculates its total energy consumption in conjunction with calculating its greenhouse gas inventory. Therefore, The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) is the published methodology and standard used in energy and emission calculation.</p>

* Formerly the Carbon Disclosure Project, www.cdp.net

Category: Environmental

Aspect: Water

Indicator	Disclosure	Our Response
G4-DMA		1) BNY Mellon uses water in our office facilities for our cafeterias, cooling and heating needs, restrooms, and irrigation. 2) BNY Mellon CSR Report 2017, Water Conservation and Waste Recycling, p.98
G4-EN8	Water withdrawals by source	BNY Mellon withdraws all of its water from municipal sources. BNY Mellon consumed a total of 115,580,543 gallons of water in 2016 (87,574,613 gallons in the U.S. and 28,005,930 gallons in international locations). This number accounts for 40 of our buildings or 56% of our real estate portfolio, and for about 30,000 employees or 56% of our population. Facility Managers account for all water withdrawn from sources based upon water bills and report to Sustainability team for data collection.
G4-EN9	Water sources affected by withdrawals	BNY Mellon does not have property in designated protected areas, nationally or internationally. Most of BNY Mellon's building portfolio is located in dense urban areas in developed nations, which minimizes impact on the environment resulting from urban/suburban sprawl.
G4-EN10	Water recycled and reused	BNY Mellon does not recycle or reuse water in its office or data centers. The company's water is drawn from municipal sources exclusively.

Aspect: Emissions

Indicator	Disclosure	Our Response
G4-DMA		1) BNY Mellon CSR Report 2017, Our Climate Change Agenda, p. 94 2) See CDP* Response 2017
G4-EN15	GHG emissions (scope 1)	See CDP* Response 2017
G4-EN16	GHG emissions (scope 2)	See CDP* Response 2017
G4-EN17	GHG emissions (scope 3)	See CDP* Response 2017
G4-EN18	GHG emissions intensity	See CDP* Response 2017
G4-EN19	Reduction of GHG emissions	1) CSR Report, How We Maintain Carbon Neutrality, p. 94 2) See CDP* Response 2017

* Formerly the Carbon Disclosure Project, www.cdp.net

Category: Environmental

Aspect: Effluents & Waste

Indicator	Disclosure	Our Response
G4-DMA		<p>BNY Mellon is committed to diverting more than 80 percent of our office waste from landfills and upholding our technology groups' no-landfills policy. Our ISO certifications, LEED-rated buildings and sustainable operations program show we are invested in these priorities in our major locations.</p> <p>To reach our goal, we expanded our binless desk-side and central-collection programs and reinforced them with employee education and engagement. We collaborate with our technology groups to recycle electronics and work with suppliers to find products made of recyclable material that can be reused to manufacture new products.</p>
G4-EN23	Waste by type and disposal method	<p>Waste Weight:</p> <ul style="list-style-type: none"> • Recycling = 7,082,779 pounds • Composting = 12,960 pounds • Incineration (mass burn) = 858,753 pounds • Landfill = 2,998,316 TOTAL (perishable = 1,498,138 pounds; office landfill waste = 952,418 pounds) <p>Recycling:</p> <ul style="list-style-type: none"> • 3,088 printers recycled in 2017 • 35,682 technology devices reused or recycled in 2017 • 37 million pages were eliminated or deleted in 2017 <p>Notes:</p> <ul style="list-style-type: none"> • Waste was disposed of by the waste haulage contractor • Waste data is provided to facility manager regarding frequency of pickup, quantity of pickup, and fate of waste.
G4-EN24	Significant spills	There were no spills that occurred at BNY Mellon in 2017

Aspect: Compliance

Indicator	Disclosure	Our Response
G4-DMA		No environmental fines or sanctions were imposed on BNY Mellon in 2017
G4-EN29	Environmental fines and sanctions	No environmental fines or sanctions were imposed on BNY Mellon in 2017

Aspect: Transport

Indicator	Disclosure	Our Response
G4-DMA		See CDP* Response 2017
G4-EN30	Environmental impacts from product distribution and employee travel	See CDP* Response 2017

* Formerly the Carbon Disclosure Project, www.cdp.net

Category: Social – Labor Practices and Decent Work**Aspect:** Employment

Indicator	Disclosure	Our Response
G4-DMA		1) BNY Mellon CSR Report 2017, Operational Reliability, p.36 2) BNY Mellon CSR Report 2017, Supply Chain Responsibility, p.84 3) BNY Mellon Supplier Code of Conduct
G4-LA1	Number and rate of new employee hires and turnover	1) BNY Mellon CSR Report 2017, Employee Engagement, p.51 2) BNY Mellon CSR Report 2017, Diversity And Inclusion In Action, p.62
G4-LA2	Benefits provided to full-time employees	In the U.S., benefit programs include: health and dental insurance, retirement plans, life and disability insurance, holiday and vacation time, family medical and parental leave and commuter benefits; voluntary benefits such as long-term care insurance, pet insurance, homeowners insurance and legal services; and paid time off to volunteer.

Aspect: Training and Education

Indicator	Disclosure	Our Response
G4-DMA		BNY Mellon CSR Report 2017, Leadership And Development, p.46
G4-LA9	Average hours of training for employees	BNY Mellon CSR Report 2017, Leadership And Development, p.46
G4-LA10	Programs for skills management and lifelong learning	BNY Mellon CSR Report 2017, Leadership And Development, p.46
G4-LA11	Employees receiving performance and career development reviews	BNY Mellon CSR Report 2017, Leadership And Development, p.46

Aspect: Diversity and Equal Opportunity

Indicator	Disclosure	Our Response
G4-DMA		1) BNY Mellon CSR Report 2017, Diversity and Inclusion, p.56 2) BNY Mellon Employee Code of Conduct 3) BNY Mellon Sexual and Other Discriminatory Harassment Policy 4) BNY Mellon EEO/AA Policy
G4-LA12	Composition of governance bodies and employees	BNY Mellon CSR Report 2017, Diversity And Inclusion In Action, p.62

Aspect: Equal Remuneration for Women & Men

Indicator	Disclosure	Our Response
G4-DMA		BNY Mellon Gender Pay Gap Report 2017
G4-LA13	Ratio of basic salary and remuneration of women to men	BNY Mellon Gender Pay Gap Report 2017

Category: Social – Human Rights

Aspect: Investment

Indicator	Disclosure	Our Response
G4-DMA		1) BNY Mellon CSR Report 2017, Human Rights Protection, p.85 and Human Rights, p.90 2) BNY Mellon Human Rights Statement 3) BNY Mellon Supplier Code of Conduct 4) BNY Mellon Modern Slavery Act
G4-HR1	Investment agreements and contracts that include human rights clauses or underwent screening	We have a Human Rights policy and due diligence process with robust governance, including oversight by our CSR Committee of the Board and Executive Committee. In 2016, we created and published a Modern Slavery Act statement which provides details around our risk mitigation process for our operations and supply chain. This statement was ratified by the CSR Committee of the Board of Directors and progress is assessed and will be published annually. In 2017, we strengthened our vendor risk management by updating the Supplier Code of Conduct and added a vendor assessment/attestation to ensure that expectations around human rights issues are clear.
G4-HR2	Employee training on human rights	In order to respond to the UK Modern Slavery Act, we have conducted due diligence in partnership with our legal counsel, procurement team, Human Resources and our Corporate Social Responsibility Committee of the Board of Directors has signed our statement and disclosure. We will report annually on our policies, training, due diligence processes and the effectiveness of our measures to combat modern slavery and trafficking. These efforts build on our Supplier Code of Conduct and Master Agreement templates, which include human rights provisions for all potential new suppliers.

Aspect: Non-Discrimination

Indicator	Disclosure	Our Response
G4-DMA		1) BNY Mellon CSR Report 2017, Human Rights Protection, p.85 and Human Rights, p.90 2) BNY Mellon Employee Code of Conduct 3) BNY Mellon Sexual and Other Discriminatory Harassment Policy 4) BNY Mellon EEO/AA Policy

Aspect: Assessment

Indicator	Disclosure	Our Response
G4-DMA		1) BNY Mellon CSR Report 2017, Human Rights Protection, p.85 and Human Rights, p.90 2) BNY Mellon Human Rights Statement 3) BNY Mellon Supplier Code of Conduct 4) BNY Mellon Modern Slavery Act
G4-HR9	Operations that have been subject to human rights assessments	1) BNY Mellon CSR Report 2017, Human Rights Protection, p.85 and Human Rights, p.90 2) BNY Mellon Human Rights Statement 3) BNY Mellon Supplier Code of Conduct 4) BNY Mellon Modern Slavery Act

Category: Social – Society**Aspect:** Local Communities

Indicator	Disclosure	Our Response
G4-DMA		BNY Mellon CSR Report 2017, Community Commitment, p.86
G4-S01	Local community engagement, impact assessments and development programs	1) BNY Mellon CSR Report 2017, Community Commitment, p.86 2) BNY Mellon CSR Report 2017, Community Reinvestment Act at BNY Mellon, p.81
FS13	Access points in low-populated or economically disadvantaged areas by type	N/A as BNY Mellon does not have retail banking operations
FS14	Initiatives to improve access to financial services for disadvantaged people	N/A as BNY Mellon does not have retail banking operations

Aspect: Anti-corruption

Indicator	Disclosure	Our Response
G4-DMA		BNY Mellon CSR Report 2017, Zero Tolerance for Bribery and Corruption, p.30
G4-S03	Risks related to corruption	1) BNY Mellon CSR Report 2017, Our Risk Culture, p.28 2) BNY Mellon Employee Code of Conduct
G4-S04	Communications and training on anti-corruption	1) BNY Mellon CSR Report 2017, Our Risk Culture, p.28 2) In addition to the Code training mentioned in the CSR report, the company delivers Anti-Corruption training through a new hire module, an all-employee bi-annual refresher course and targeted training for high risk employees. A robust communications program includes regular messaging from the Chief Risk Officer that outlines expectations regarding our overall risk and compliance program, reinforces desired behaviors and highlights success stories as well as covers information related to key regulatory changes.
G4-S05	Confirmed incidents of corruption	BNY Mellon Annual Report 2017, Legal Proceedings, p.199

Aspect: Public Policy

Indicator	Disclosure	Our Response
G4-DMA		BNY Mellon CSR Report 2017, Advocacy and Political Engagement, p.42
G4-S06	Political Contributions	BNY Mellon CSR Report 2017, Political Contributions, p.43

Aspect: Anti-competitive Behavior

Indicator	Disclosure	Our Response
G4-DMA		BNY Mellon CSR Report 2017, Our Risk Culture, p.28
G4-S07	Anti-competitive behavior	BNY Mellon Annual Report 2017, Legal Proceedings, p.199

Category: Social – Society

Aspect: Compliance

Indicator	Disclosure	Our Response
G4-DMA		BNY Mellon CSR Report 2017, Risk Management and Reliability, p.24
G4-S08	Fines for noncompliance with laws	BNY Mellon Annual Report 2017, Legal Proceedings, p.199

Category: Social – Product Responsibility

Aspect: Customer Privacy

Indicator	Disclosure	Our Response
G4-DMA		1) BNY Mellon CSR Report 2017, Risk Management and Reliability, p.24 2) Privacy at BNY Mellon
G4-PR8	Complaints regarding breaches of customer privacy and losses of customer data	BNY Mellon Annual Report 2017, Legal Proceedings, p.199

Aspect: Compliance

Indicator	Disclosure	Our Response
G4-DMA		BNY Mellon CSR Report 2017, Our Risk Culture, p.28
G4-PR9	Fines for noncompliance with laws and regulations concerning products and services	BNY Mellon Annual Report 2017, Legal Proceedings, p.199

Category: Financial Sector Supplement

Aspect: Product Portfolio

Indicator	Disclosure	Our Response
G4-DMA		<p>1) BNY Mellon CSR Report 2017, Social Investing, p.64</p> <p>Environmental and social components are included within responsible investment policies across several boutiques. See the following boutique policy statements:</p> <p>2) Newton</p> <p>3) Insight:</p> <ul style="list-style-type: none"> • Statement 1 • Statement 2 • Statement 3 <p>4) Standish</p> <p>5) Mellon Capital Management</p> <p>6) Siguler Guff</p> <p>7) Walter Scott</p>
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	N/A we do not track our business lines in this way
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	BNY Mellon CSR Report 2017, Social Investing, p.64
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	BNY Mellon CSR Report 2017, Social Investing, p.64

Aspect: Audit

Indicator	Disclosure	Our Response
G4-DMA		<p>1) BNY Mellon Proxy 2018, Oversight of Risk, p.24</p> <p>2) BNY Mellon CSR Report 2017, Reliability and Accuracy, p.37</p>
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	BNY Mellon CSR Report 2017, Reliability and Accuracy, p.37

Category: Financial Sector Supplement

Aspect: Active Ownership

Indicator	Disclosure	Our Response
G4-DMA		1) BNY Mellon CSR Report 2017, Proxy Voting and Issuer Engagement, p.71 2) BNY Mellon Proxy 2018, Stockholder Proposal, p.76
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	1) BNY Mellon CSR Report 2017, Proxy Voting and Issuer Engagement, p.71 2) BNY Mellon Proxy 2018, Stockholder Proposal, p.76
FS11	Percentage of assets subject to positive and negative environmental or social screening	1) BNY Mellon CSR Report 2017, Investment Management, p.67 2) There are no strategies which are purely positive screens without also including negative screens – Total Negative Screen is 71.4 billion AUM – Positive and negative screens combined is the same number as in the CSR report: \$77.2 billion

U.S. WORKFORCE DEMOGRAPHICS – EEO-1

Job Category	Non-Hispanic or Latino							Overall total
	Hispanic or Latino	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or more races	
	Male							
Executive/SR Officials and Managers	0	8	0	0	0	0	0	8
First/Mid Officials and Managers	124	3,032	141	1	427	4	21	3,750
Professionals	265	4,722	310	8	1,252	5	66	6,628
Technicians	6	54	5	0	2	0	1	68
Sales Workers	4	94	4	0	1	0	0	103
Administrative Support	386	3,265	679	10	491	5	102	4,938
Craft Workers	0	0	0	0	0	0	0	0
Operatives	0	0	0	0	0	0	0	0
Laborers and Helpers	0	0	0	0	0	0	0	0
Service Workers	2	1	0	0	0	0	0	3
Total	787	11,176	1,139	19	2,173	14	190	15,498
Previous Report Total	778	11,360	1,189	20	2,042	13	169	15,571
	Female							
Executive/SR Officials and Managers	0	3	0	0	0	0	0	3
First/Mid Officials and Managers	99	1,503	174	2	225	3	19	2,025
Professionals	231	2,806	380	3	801	6	33	4,260
Technicians	1	44	4	0	2	0	0	51
Sales Workers	1	35	2	0	4	0	0	42
Administrative Support	618	3,477	1,494	8	750	12	89	6,448
Craft Workers	0	0	0	0	0	0	0	0
Operatives	0	0	1	0	0	0	0	1
Laborers and Helpers	0	0	0	0	0	0	0	0
Service Workers	0	0	0	0	0	0	0	0
Total	950	7,868	2,055	13	1,782	21	141	12,830
Previous Report Total	981	8,346	2,155	12	1,758	17	138	13,407
Male and Female Combined Totals								
Total	1,737	19,044	3,194	32	3,955	35	331	28,328
Previous Report Total	1,759	19,706	3,344	32	3,800	30	307	28,978



VERIFICATION STATEMENT GREENHOUSE GAS EMISSIONS

Bureau Veritas North America, Inc. (BVNA) was engaged to conduct an independent verification at a limited assurance level of the greenhouse gas (GHG) emissions, purchased renewable energy certificates, and GHG Offsets reported by BNY Mellon for the calendar year (CY) 2017. This Verification Statement applies to the related information included within the scope of work described below.

The determination of the GHG emissions is the sole responsibility of BNY Mellon. BVNA's sole responsibility was to provide independent verification on the accuracy of the GHG emissions reported, and on the underlying systems and processes used to collect, analyze, and review the information.

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

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

Emissions data verified:

Electricity Consumption Megawatt Hours (MWH) for CY 2017	
Electricity Consumption MWH	311,793
Purchased Renewable Energy Certificates (RECs), Guarantees of Origin (GOs) and other renewable electricity instruments in MWH applied to Scope 2 Emissions from Purchased Electricity	332,818
BNY Mellon Entity-Wide GHG Emissions for CY 2017	
Scope 1 Emissions Metric Tonnes (mt) of CO ₂ equivalent (CO _{2e})	8,265
Scope 2 Emissions – Location Based mt CO _{2e}	146,657
Scope 2 Emissions – Market Based mt CO _{2e} (purchased steam emissions)	2,248
Scope 3 Emissions – Category 6 Business Travel CO _{2e}	17,944
Total Scope 1 + Scope 2 Market Based + Scope 3 Business Travel CO_{2e}	28,457
GHG Emission Offsets and Net Emissions for CY 2017	
Purchased GHG Emission Offsets mt CO _{2e}	38,000
Net Emissions CO_{2e} (Scope 1 + Scope 2 Market Based + Scope 3) - Purchased GHG Emission Offsets	0

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Data and information supporting the Scope 1 and Scope 2 GHG emissions, RECs, GOs, other renewable electricity instruments and GHG Offsets assertion were in most cases historical in nature and in some cases estimated.

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

Period covered by GHG emissions verification:

- Calendar Year 2017 – January 1 to December 31, 2017

GHG Reporting Protocols against which verification was conducted:

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

GHG Verification Protocols used to conduct the verification:

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

Level of Assurance and Qualifications:

- Limited
- Materiality Threshold $\pm 5\%$
- Qualifications: None

GHG Verification Methodology:

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

Assurance Opinion:

Based on the process and procedures conducted, there is no evidence that the GHG emissions assertion shown above:

- is not materially correct;
- is not a fair representation of the GHG emissions data and information; and
- has not been prepared in accordance with the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard.



BNY Mellon
April 24, 2018

Page 3

It is our opinion that BNY Mellon has established appropriate systems for the collection, aggregation, and analysis of quantitative data for determination of GHG emissions, and systems for tracking purchased RECs, GOs, other renewable electricity instruments and GHG Offsets for the stated period and boundaries.

Statement of independence, impartiality and competence

The Bureau Veritas Group is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with over 180 years history in providing independent assurance services.

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

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

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

Attestation:

Mary E. Armstrong-Friberg, Lead Verifier
Senior Project Manager
Bureau Veritas North America, Inc.
Santa Ana, California

David Reilly, Technical Reviewer
Senior Project Manager
Bureau Veritas North America, Inc.
Santa Ana, California

April 24, 2018

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

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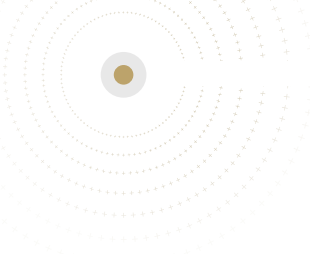
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