



## Exceeding Client Expectations

Our commitment to client satisfaction is a driving force behind everything we do. It is evident through the way we interact with clients — we take the time to get to know each client’s specific needs and provide optimal solutions. Delivering exceptional service is an integral part of our culture — indeed, Client Focus is one of our core Values.

### **Committed to Client Satisfaction**

One way we monitor client satisfaction is by conducting annual surveys of the services we provide and marketplace perceptions of our brand. We collect feedback from more than 3,000 clients every year and use it to help our various business lines take action on client input and concerns. The opinions from 1,000 U.S. and international respondents help us gauge how well our brand strengths are perceived in the marketplace. Our businesses also participate in a large number of customer satisfaction and performance surveys conducted by trade publications and industry groups.

Every quarter, the status of client satisfaction and brand strength measures is reported to our company’s Executive Committee, which consists of our 19 most senior executive officers. The committee assesses progress against goals and then defines appropriate follow-up actions to ensure the best possible client satisfaction.

## Socially Responsible Investments

BNY Mellon Asset Management has participated in socially responsible investing for more than a decade.

In connection with institutional clients, we have developed a number of screened index strategies (approximately \$600 million in assets under management) that reflect various social restrictions. For example, Dreyfus has developed the Third Century Fund, and EACM Advisors has developed a socially responsive hedge fund of funds that, among other restrictions, avoids or severely limits holdings in a variety of industries, such as those that sell weapons of mass destruction or promote the use of harmful products to consumers.

Scheduled for introduction in 2008 are retail and institutional strategies that promote alternative energy

sources and other environmentally sound production methods. As requested by individual clients, we often screen for various social issues (fair labor practices, health-related issues, etc.). We expect this to continue and become a more important part of our asset management business going forward.

As a fiduciary, we follow our clients' general guidance and believe that we can do well for them financially with respect to client assets by doing well socially. As more and more investors demand this consideration, we are well positioned to respond.

### Expanding the Carbon Market

There is an emerging market for trading of carbon offsets as companies begin to pursue offsets as part of their climate strategies.

These offsets provide an important incentive for companies to reduce emissions and improve efficiency, and we are pleased to be in a position to help facilitate these efforts.

In 2006, Global Corporate Trust created the first Voluntary Carbon Offset Registry and Custody platform to support the trading and settlement of Carbon Offset credits using the Voluntary Carbon Standard. The platform allows participants to deposit offset credits in a trusted registry and track their positions and trading activity via a consistent and efficient book entry system.

Voluntary Carbon Units (VCUs): to qualify as an offset, the carbon dioxide reductions achieved by a project need to be additional to what would have happened in the absence of the



**Ronald O'Hanley**  
President and CEO  
BNY Mellon Asset Management

“Socially responsible investing is not just the right thing to do — there’s a growing demand on the part of investors who want their holdings to reflect their social values.”

project. These reductions are then verified and certified by a third party to create a Unit, or Credit. VCUs are usually measured as one metric ton of carbon dioxide-equivalent (CO<sub>2</sub>e) and have a monetary value. This unit can be bought, sold or retired, once verified and certified by a third-party verification agent.

The Carbon Offset Registry and Custody platform's book entry system records positions and trades electronically without the need for additional transfer paperwork between counterparties. This approach allows participants to record their carbon offsets via a transparent system that can be verified and confirmed by third parties.

During 2007, the registry was joined by a number of large multinational companies wishing to track their credit retirement activities as part of their larger carbon offset efforts.

In 2008, we plan to further support the expansion and maturation of this important market through the addition of new carbon verification standards.

**Karen Peetz**  
Chief Executive Officer  
Global Corporate Trust



“We are proud to lend our considerable expertise in securities processing to this fast-developing marketplace. By providing a reliable platform for Voluntary Carbon Unit trading, we hope to do our part to stimulate a viable, worldwide market for managing voluntary CO<sub>2</sub> emission offsets.”