

A close-up photograph of a sunburst rug. The rug features a circular, woven center on the left side, from which numerous thin, light-colored fibers radiate outwards, creating a sunburst effect. The fibers are densely packed and extend across the entire frame. The overall color palette is warm, ranging from light beige to deep brown.

Creating Value for Clients

We are committed to delivering exceptional service and products that support client interest in sustainability. Key areas of focus include:

- Ensuring client satisfaction
- Expanding socially responsible investments
- Growing the environmental commodities market

Ensuring Client Satisfaction

Client satisfaction is key to growing our company and building our brand. When we deliver great service and value for our clients, it fosters a high level of loyalty and often leads to new business opportunities.

We monitor client satisfaction by conducting annual surveys of clients across our major business areas. We collect feedback from more than 3,000 clients every year and use it to take action on client input about our products and services. Clients' attitudes about our brand can also affect marketplace perceptions. In annual marketplace surveys, we assess our brand strength using ratings from more than 1,400 prospects and clients concerning the awareness and reputation of our brand. Our businesses also participate in a large number of customer satisfaction and performance surveys conducted by trade publications and industry groups.

Client satisfaction levels and brand strength measures are reported to our company's Executive Committee throughout the year as updated data becomes available. The committee assesses progress against goals and then defines appropriate follow-up actions to ensure the best possible client satisfaction and brand strength.

Expanding Socially Responsible Investments

During 2008, in spite of adverse market conditions, we continued to expand our offerings of socially responsible

investment (SRI) options for the market.

Options include:

- The Mellon First Principle Fund, which is a hedge fund of funds comprised of hedge funds that follow socially responsible principles related to avoidance of certain types of business, such as production of weapons of mass destruction and pornographic materials. It meets the needs of many religious organizations and grew to almost \$225 million in assets.
- A similar strategy we launched through Newton in the UK, with heavier environmental emphasis to serve charitable entities in Europe.
- The Dreyfus Global Sustainability Fund, launched in December with \$5 million of seed capital, focuses on the environment, seeking businesses having a positive environmental impact and avoiding those with a negative impact.
- The Dreyfus Third Century Fund, which was among the first SRI funds available in the market, concentrates on companies with a positive impact on society. Due to overall market performance, it declined to \$235 million in assets.

In 2009, we look to further promote these funds in appropriate markets.

Growing the Environmental Commodities Market

In 2008, we founded a Global Environmental Markets business (GEM) unit to provide services to support the growing market for environmental commodities. GEM brings together the expertise and skill set from several products within our corporate trust business. Services include the voluntary

“Together, The Bank of New York Mellon and BP targetneutral recognize the need for transparent and credible registries to support the evolution of the voluntary carbon market. BP targetneutral was among the first retail offset providers to open a registry account with The Bank of New York Mellon.”

— BP TARGETNEUTRAL

carbon unit (VCU) custody service, carbon offset escrow services and custody and trade settlement services.

The VCU custody service was created to become a means of accounting for Voluntary Carbon Standard offset units, and aims to streamline and legitimize the trading process of VCUs. This centralized, electronic accounting system stores VCUs, assigns each a unique serial number for tracking and verification purposes and provides clear parameters for defining account ownership.

The carbon escrow service supports the market for Kyoto Carbon Emissions Credits and allows for the secure transfer of both credit positions and proceeds between the buyer and seller utilizing our services as a trusted third party mediating the transaction.

In 2008, our VCU registry and custody service client base doubled in size and the volumes of credits increased six-fold.

In 2009, we will be launching a new technology platform designed to facilitate trading among buyers and sellers of credits, as well as maintain records of various carbon credits positions. We also plan to expand the types of services offered to include clearing services, such as management of post trading, reporting/monitoring and netting of trades, as well as expanding the list of supported carbon offset instruments.