BNY MELLON

The Bank of New York Mellon SA/NV
Remuneration Policy Statement
As of November 3, 2015

1. Purpose

This remuneration policy statement (“the Policy Statement”) sets out the remuneration principles that are applied at The Bank of New York Mellon SA/NV(“the Bank”) in order to contribute to sound and effective risk management. It complements and specifies the Global Compensation Philosophy and Principles (“the Global RPS”, which is attached as Annex 1 to this policy statement) of The Bank of New York Mellon Corporation, Inc. (“the Company”), which is applicable at the Company, including all its subsidiaries.

The Policy Statement aims at implementing the remuneration guidelines contained in :

- EU Directive 2010/76/EU (“CRDIII”) and EU Directive 2013/36/EU (“CRD IV”) amending the Capital Requirements Directive,; any other EU directives and regulations that have remuneration guidelines and that apply to the Bank;
- CEBS guidelines on Remuneration Policies and Practices of 10 December 2010 in execution of CRD III, EBA guidelines and technical standards as well as instructions from the national regulatory authority implementing the aforementioned directives; and
- Belgian laws and regulations implementing aforementioned European Directives, or otherwise regulating compensation within credit institutions incorporated in Belgium.

The Policy Statement is governed by the Board of Directors of The Bank of New York Mellon SA/NV(“the Board”).The Board can delegate the mission to review the Policy Statement and its application to the Remuneration Committee of the Board.

2. Scope

2.1. Covered entities

The Policy Statement is applicable to the Bank including its branches located in other countries, as well as any subsidiaries, to the extent that its application is not in contradiction with the laws and regulations of the jurisdiction under which the subsidiary is incorporated. Together they are referred to as “the Covered Entities”.
The Policy Statement does not override or replace any of the existing policies of the Company that are applicable to the Bank. However, the Policy Statement will prevail over any policy or practice of the Company that is in contradiction with the above mentioned Guidelines.

2.2. Staff

The Policy Statement is applicable to the remuneration of staff employed by or seconded to the Covered Entities, unless it is established that a staff member, by his/her function and responsibilities, must be governed by the laws and regulations of another EEA Member State.

Specific remuneration rules may apply to board and staff members, who, because of their function, may have a material impact on the risk profile of the Covered Entities (collectively referred to as "Material Risk Takers").

The method through which the Bank determines Material Risk Takers is set out in Annex 2 to this policy statement (the "MRT Definition").

3. Governance

3.1. Supervisory Bodies and their Mission.

The Board.

The Board of the Bank is the body ultimately responsible for the remuneration policy and its implementation in the Bank. It reviews the compensation plans and awards on recommendation of the Remuneration Committee, which is composed exclusively of non-executive directors of the Board. Where remuneration awards and proposals are discussed of executive board members, this will take place in a special session of the non-executive board members only.

Any decision about the granting of Company equity (under the form of restricted stock units ("RSU's"), stock or options) is subject to the approval of the Human Resources and Compensation Committee of the Company.

The HRCC will exercise with the Board full authority over the individual awards of Material Risk Takers who are also "Covered Employees" of the Company, as required by the Federal Reserve Board.

Remuneration Committee of the Bank

The Remuneration Committee of the Bank supervises the implementation of the Company's compensation plans within the Bank, including but not limited to the individual award decisions, their alignment with the Bank's risk profile and their compliance with all applicable remuneration guidelines. The Remuneration Committee will report to the Board of the Bank as well as to the Compensation Oversight Committee of the Company. The Terms of Reference of the Remuneration Committee are attached as Annex 3 to this Policy Statement.

Compensation Oversight Committee of the Company (COC)

The members of the COC are members of the Company's management and include the Company's Chief Human Resources Officer, the Chief Risk Officer, the Chief Financial Officer and the Risk Management and Compliance Chief Administrative Officer. The COC's primary responsibilities include reviewing and approving any significant changes to compensation plans and to advise the HRCC on any compensation risk-related issues.

The COC is responsible for reviewing each incentive compensation plan annually. COC approval is also required in connection with any amendment to or termination of any incentive compensation plan.

Human Resources and Compensation Committee of the Company (HRCC)
The HRCC of the Company oversees the compensation plans, policies and programs in which the executive officers of the Company participate and the other incentive, retirement, welfare and equity plans in which all employees of the Company participate.

The HRCC is generally responsible for overseeing the Company's employee compensation and benefit policies and programs.

The HRCC, whose members are non-executive board members, acts on behalf of the Board of the Company on remuneration matters as provided by the charter of the HRCC.

EMEA Remuneration Governance Committee (ERGC)
The ERGC is a regional governance committee that reviews the compensation plans and their implementation in the different businesses and entities of the Company in Europe, the Middle East and Africa (EMEA) (including, but not limited to, the EU Member States), in order to ensure their compliance with the laws and regulations on remuneration issued by the relevant states and regulatory authorities.

The ERGC will also have oversight of the functioning and decisions of the Remuneration Committees of subsidiaries and branches of The Bank of New York Mellon, incorporated in the EMEA region (including in any of the EU Member States), with the exclusion of individual award decisions.

3.2. Avoidance of Conflicts of Interest.

When the Board discusses proposals about a member's own fixed or variable remuneration, that member will step of out the Board meeting.
The variable compensation plans of the Company, applicable in the Bank, are designed in function of the characteristics of the different businesses or business partner service. No member of a control function, such as Risk, Compliance, Legal, Internal Audit, Finance, Human Resources, is compensated in function of the results of the business he/she serves or controls.

4. Fixed Remuneration.

Fixed remuneration is composed of (i) salary, (ii) any additional amounts and allowances paid as a result of contractual obligations, collective agreements applicable in the sector of industry competent for the Covered Entities, or as a result of market practice, and (iii) any perks and benefits in kind which are awarded as a result of the job rather than the performance within the job, including but not limited to, (i) premiums and amounts paid only once per year but based on rules that apply to all staff in the same situation, such as vacation pay and thirteenth month, (ii) contributions into systems that aim to cover for the risks of retirement, death in service, disability etc.

The fixed remuneration of an employee of the Covered Entities is determined by the job performed, its level of complexity and responsibility, and the remuneration paid in the market for that type of job. It is set, for all staff, at a rate to be at all times sufficient to provide for full flexibility in the variable remuneration, including a zero variable remuneration.

The Bank recognizes the need to attract and retain qualified talent to hold key positions within the Bank, especially positions that qualify the staff as Material Risk Takers.
To this end, the Bank has implemented a grading system adopted by the Company, that ranks all jobs in a level, depending on the complexity of the job and the level of responsibility. Specifically for the Material Risk Taker functions, the fixed compensation of these staff members will be complemented by fixed allowances, whose amount will correlate with the potential risk impact of the function on the Bank. These allowances will not be influenced by the performance of the individual in the function.
The fixed remuneration of each job holder is regularly compared to the fixed remuneration bracket generally paid in the local market for that level of job.

All parts of someone's total compensation whose quantity is totally independent from corporate, business or individual performance are considered elements of fixed remuneration.

Employees of the Company or one of its subsidiaries who have accepted to be a Non-executive Director of the Bank or one of its subsidiaries, or another entity of the Company are not remunerated in their capacity as a director.
Independent non-executive directors of the Bank receive fixed remuneration only. That remuneration takes into account the work required for the participation to the board and any board committees.

5. Variable Remuneration.

All staff, including Material Risk Takers employed by or seconded to the Covered Entities are eligible to receive variable remuneration , in application of variable compensation plans in existence in the Bank or in the Company.

Variable compensation plans are designed to reward performance at both the corporate, business line (if the individual belongs to a business line) and individual level.

All variable compensation plans are approved by the COC before their application. All material changes to variable compensation plans must also be approved by the COC. The COC ensures, at the Company level, that no variable compensation plan encourages risk taking at a level not acceptable for the risk profile of the Company.

The Board and the Remuneration Committee ensures that no variable compensation plan encourages risk taking at a level not acceptable for the risk profile of the Bank.

Awards under variable compensation plans will be subject to deferral of a certain part of the award, depending on the level of the individual and the height of the award("Corporate Deferral Rules"). If the recipient is a Material Risk Taker in receipt of variable remuneration for a total of EUR 75,000 or more, the Corporate Deferral Rules are superceded by the payout and deferral requirements set out by the provisions mentioned under section 1 of this Policy Statement ("Regulatory Deferral Rules"). These requirements are represented in table 1 below.

Material Risk Takers who are Executive Board Members of the Bank will have 60% of their variable remuneration deferred; all other Material Risk Takers will have 40% of their variable remuneration deferred.

Table 1

40% deferral

Plan Year Incentive Award		February Year 0 Grant	February Year 1	February Year 2	February Year 3
100% of total variable compensation	40% deferred	20% deferred equity	6.7% vests	6.7% vests	6.6% vests
		20% deferred cash	6.7% vests	6.7% vests	6.6% vests
	60% upfront	30% retained equity	30% available		
		30% cash			

60% deferral

Plan Year Incentive		February Year 0 Grant	February Year 1	February Year 2	February Year 3
100% of total variable compensation	60% deferred	30% deferred equity	10% vests	10% vests	10% vests
		30% deferred cash	10% vests	10% vests	10% vests
	40% upfront	20% retained equity	20% available		
		20% cash			

Award

Of the upfront portion, 50% will be delivered in cash and 50% in fully vested shares, subject to a 1 year sell restriction. The deferred portion will be delivered 50% as cash, delivered pro-rata over a period of 3 years, and 50% in equity (RSUs and/or options), vesting pro-rata over a period of 3 years.

Maximum Leverage Ratios

With effect from performance year 2014, the total variable remuneration for each individual Material Risk Taker of the Bank will not exceed the higher of (i) EUR 50,000 (and 100% of total fixed remuneration) or (ii) 50% of his/her total fixed remuneration, in application of article 1 of Annex II of the Belgian Banking Law of 25 April 2014.

Instruments for Variable Remuneration

The portion of variable remuneration granted under the form of equity or equivalent instruments, will be granted under the form of RSU's representing the value of one share of Common Stock of the Company ("BK Stock"). Upon vesting, the RSU's are converted into real BK Stock. BK Stock value is listed on the New York Stock Exchange under ticker "BK".

BK stock adequately represents the credit value of the Company and its subsidiaries, including the Bank. As the Company is the sole shareholder of the Bank, common stock of the Bank or other instruments representing Tier 1 Equity of the Bank do not have equivalent value measurement and liquidity management facilities as BK Stock.

Risk Adjustment of Variable Remuneration Ex Ante

Variable Remuneration is risk adjusted for all current and future risks that the Bank can incur, at both the macro and the individual level.

At the level of the bonus pool, the CFO will present to the Board each quarter the changes in financial reserves set aside for variable compensation for the entire staff. This must enable the Board to check if the amounts set aside are reasonable, in line with the financial results of the Bank, the risks taken and expected, and to ensure that the capital ratio of the Bank is not at risk.

At the level of the individual awards, the awards for Material Risk Takers are, prior to grant, reviewed by the Remuneration Committee in light of any risk elements that have come to light as a result of input from the Risk Committee, the Performance Management Evaluation, or the quantified results of the Risk Culture Summary Scorecard ("RCSS") process. The RCSS provides a systematic, detailed and documented process for assessing MRT's risk performance.

Metrics are developed depending on the legal entity and business unit of the MRT and these are grouped into five Risk Factor categories. The metrics include compliance

exceptions, operating losses, economic capital allocations, high – level assessments, key risk indicators, credit/market limit excesses, and audit findings.
The Risk Factor categories are Compliance, Reputation, Operational Risk, Risk Exposures, and Audit.
MRT's receive a rating per risk factor, of "pass", "4"(below expectations), or "5"(unsatisfactory).
Any total of 4 or higher will be submitted by the Incentive Compensation Review Committee to the Remuneration Committee. A total RCSS score of 4 or worse (up to a maximum of 25, i.e. in case of a score 5 on each Risk Factor) implies a negative risk adjustment to be applied to the individual MRT's variable compensation. This can apply to the prospective award of the current performance year, and can also give rise, in circumstances described below, to forfeiture or clawback on awards for past performance years.

The Remuneration Committee will report the result of its review and any recommendations with regard to the proposed award to the Board. The Board may wish to discuss and review the awards in light of the Rem Co recommendations.

Risk Adjustment of Variable Remuneration Ex Post

The Board may decide to apply forfeiture to unvested deferred awards or clawback to already vested awards. Such actions will be considered in the following situations:

a) The individual was responsible or took part in practices that resulted in substantial losses for the Bank;

b) The Bank or the business unit in which an employee works suffers a material downturn in its financial performance; or

c) The individual has not complied with the applicable standards of professionalism and trustworthiness; or

d) The individual has participated in a special mechanism with the purpose or consequence to facilitate tax fraud by third parties.

6. Other payments.

6.1. Guaranteed Variable Remuneration.

Guaranteed variable remuneration is offered on an exceptional basis only, and is limited to the first year of employment. For Material Risk Takers, guaranteed variable remuneration needs to be approved by the Remuneration Committee.

Where applicable, the guaranteed variable remuneration will be subject to the same deferrals as the variable remuneration of Material Risk Takers in the same situation.

6.2. Employment Protection.

Any contractual provisions on payments for the early termination of the employment contract at the initiative of the employer will be subject to general standards that are dependent on the seniority of the individual and his/her length of service. Any commitments from the Covered Entities that exceed these standards will be subject to the condition of satisfactory performance.

6.3. Discretionary Pensions.

Under discretionary pensions are understood any benefits or grants that are related to an individual's retirement, and which are not granted to all staff under the same terms and conditions.

The Covered Entities only provide for pension plans that have standard terms and conditions for all staff in the same situation.

Any discretionary pension awards, including the choice to defer portions of otherwise awarded variable compensation, would be subject to the approval of the EMEA Pensions Governance Committee. In such cases, the awards will be in shares or equivalent instruments and subject to a five years retention obligation.

7. Prohibition of Personal Hedging.

All staff of BNYM SA/NV are subject to the provisions of the Company's Personal Securities Trading Policy , which prohibits margin calls or short selling of Company stock.

All staff of BNYM SA/NV, including Material Risk Takers must accept the terms and conditions attached to an award made under the Company's Long Term Incentive Plan, or under the Cash Deferral Plan.

These terms and conditions prevent any sales of options or restricted stock units before the vesting date, plus any applicable holding period.

This effectively prevents all Staff members from hedging the position that is the result of the composition of their variable remuneration.

8. Disclosure and Communication.

8.1. Internal Communication.

This Policy Statement will be available to all staff of the Covered Entities to whom it applies through the Company's internal website.

The Company will also maintain the availability of the performance measurement system and the applicable variable compensation plan through its internal website.

8.2. Reporting to the Regulatory Authority.

The Policy will be appended to the Internal Governance Memorandum of the Bank .

In addition, the Bank will report on the implementation of this policy statement in the frequency and format required by the regulatory authority or as provided in the Guidelines.

9. Ownership and administrative information

Administrative Information

Procedure Owner:	The Board of Directors of BNYM SA/NV
Procedure Contact:	e-mail: marc.buyst@bnymellon.com
Approval Authority:	BNYM SA/NV Board of Directors
Applicable to:	All BNYM SA/NV Staff Staff seconded to BNYM SA/NV and exercising a capacity of Identified Staff member
Effective date:	1st January 2011
Review cycle:	12 months
Date reviewed:	4November 2014
Next review date:	October 2015
Appendices:	I. The Company's Compensation Philosophy and Principles II. Identified Staff Definition III. Terms of Reference of BNYM SA/NV Remuneration Committee

Revision History

Revision date	Description of Revision	Final Approval By
01 January 2011	Initial version – replaces the 2010 BNYM SA/NV Remuneration Policy in order to implement CRDIII Remuneration principles and implementing laws and regulations.	BNYM SA/NV Board of Directors
26 July 2012	2012 BNYM SA/NV Remuneration Policy Statement taking into account comments received from the NBB in their letter of 18 June 2012.	BNYM SA/NV Board of Directors
23 July 2013	No change	
4 November 2014	Review in application of CRD IV, guidelines in application thereof, and Belgian Banking Law of April 25, 2014.	BNYM SA/NV Board of Directors

3 November 2015	Addition of the list of situations leading to ex-post risk adjustment	BNYM SA/NV Board of Directors