

CORPORATE SOCIAL RESPONSIBILITY

RISK CULTURE: RISK CULTURE AT

BNY MELLON

James Wiener, Chief Risk Officer

Risk culture is the way we think about risk management outside the formal framework we use to control our company. It's also what defines our character and our integrity as we make decisions. It's effectively our internal compass.

BNY Mellon is really leading the industry in developing our risk culture. We start from a place of being prudent and conservative. Everyone has to own risk management. It can't just be a responsibility of the risk management group. Everybody needs to understand the companies risk appetite statement, and everybody needs to live and embody the companies risk culture.

Strengthening our Risk Culture

So, we have four key principals as we think about how were going to strengthen risk culture. The first is leading by example. An essential part of that is tone from the top; how do we message throughout the organization what the expectations are. The second is organizing around ownership where we want to design our organization so it strengthens our risk management culture.

The third is putting clients first where we want to understand how we can make our clients the center of what we do. And the fourth is the employee lifecycle, where we want to embed risk management culture throughout our employee lifecycle. So, everything from recruiting to onboarding, to training and development, to how we think about compensation incentives, we want to put risk culture at the center of all those things.

Risk Management – And A Company's Success

As a Globally Systemically Important Financial Institution, not only is it important that we have excellent and best in class risk management and risk culture as we think about how we manage our company. We also have a broader responsibility to our clients, to our customers, to the economy, to the global financial system, and even more importantly to the communities that we live and work in.

So, how do we measure success in terms of risk culture? One we want to see employee engagement around the topic continue to improve. The second thing is we want to continue to see better risk decisions which we can measure very directly in our risk outcomes. And third, we



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want to see better behavior, but also self-identification by employees of risk failures and risk issues.

The primary reason that we want to get better and continue to get better at risk management is it's central to how we manage our company. It's central to our success. We've been doing it successfully for 230 years, and we want to continue to get better so we can do it even more successfully in the next 230 years.

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