

The Bank of New York Mellon (Frankfurt Branch) 2017 Remuneration Policy Statement

1. Purpose

This remuneration policy statement (“the Policy Statement”) complements and specifies the Global Compensation Philosophy and Principles (“the Global RPS”, which is attached as Annex I to this Policy Statement) of The Bank of New York Mellon Corporation (“the Company”).

The Policy Statement aims at implementing the following remuneration guidelines (“the Guidelines”):

- EU Directive 2013/36/EU (“CRD IV”) amending the Capital Requirements Directive; any other EU directives and regulations that have remuneration guidelines and apply to the Frankfurt branch of the Company
- The EBA guidelines on sound remuneration policies (EBA/GL/2015/22) and technical standards as well as instructions from the national regulatory authority implementing the aforementioned directives; and
- German laws and regulations implementing aforementioned European Directives, or otherwise regulating compensation within German branches of credit institutions incorporated outside the EEA, including the Ordinance on the Supervisory Requirements for Institutions’ Remuneration Systems ‘*Institutsvergütungsverordnung*’ in its most current version which came into effect on August 4, 2017 together with the relevant statutory rules included in the German Banking Act (“German Remuneration Regulation”).

The Policy Statement is governed by the Management Committee of the Frankfurt Branch of the Company, except that the members of the Management Committee cannot influence directly or indirectly any decisions on their compensation or its payout mix.

The Policy Statement also sets out the manner in which existing remuneration plans are contributing to sound and effective risk management.

2. Scope

2.1. Covered entities

The Policy Statement is applicable to the Frankfurt branch of the Company (“the Frankfurt Branch”). The Policy statement does not override or replace any of the existing policies of the Company. However, the Policy Statement will prevail over any policy or practice of the Frankfurt Branch that is in contradiction with this Policy Statement.

2.2. Staff

The Policy Statement is applicable to the remuneration of staff employed by or seconded to the Frankfurt Branch, 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.

2.3. Significance

The Frankfurt Branch does not qualify as a significant institution in terms or for the purpose of the German Remuneration Regulation. Its average balance sheet value during the previous three fiscal years remains below the EUR 15 billion threshold. Also, the national regulator (BaFin) has not determined the Frankfurt Branch to be significant. Consequently, the Frankfurt Branch is not subject to the additional requirements of the German Remuneration Regulation, including deferral and clawback of variable remuneration as well as taking into account the success of the institution or group as a whole and the contribution of the individual employee and its business unit. Furthermore, the Frankfurt branch is exempt from the requirement to identify staff members, who, because of their job role, may have a material impact on the risk profile of the Frankfurt branch or so-called “Material Risk Takers”.

3. Governance

3.1. Supervisory Bodies and their Mission

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.

The HRCC also functions as the ultimate shareholder of the Frankfurt Branch in respect of remuneration matters, notably in respect of the decision to lift the maximum variable remuneration limit for its staff to 200% .which is attached as Annex II 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.

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.

The HRCC, COC and ERGC are the sole supervisory bodies for remuneration decisions with regard to the Frankfurt Branch.

3.2. Avoidance of Conflicts of Interest

At no point can an employee of the Frankfurt Branch participate in a meeting where a compensation plan or policy is decided that will affect his/her own compensation.

The variable compensation plans 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 individual contract obligations, (iii) collective agreements with the Works Council, or as a result of market practice, (iv) any perks and benefits in kind which are awarded as a result of the employment relationship rather than the performance within the job and are based on rules that apply to all staff in the same situation, and, (v) 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 Frankfurt Branch in terms of (i-ii above) 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 Company recognizes the need to attract and retain qualified talent to hold key positions within the Company. To this end, the Company has implemented a grading system that ranks all jobs in a level, depending on the complexity of the job and the level of responsibility.

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 Frankfurt Branch who have accepted to a supervisory board role at another entity of the Company are not remunerated in their capacity as a director.

5. Variable Remuneration

All staff who are employed by or seconded to the Frankfurt Branch are eligible to receive variable remuneration, in application of variable compensation plans in existence in the Frankfurt Branch and/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. The performance management program (PMP) of the Company includes ethics and compliance as well as risk management objectives. An employee's performance is assessed against all objectives, and on a longer term basis.

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.

Important awards of variable compensation may 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").

Ratio of Variable to Fixed Remuneration

All staff of the Frankfurt Branch are restricted to a maximum variable remuneration of 200% of fixed remuneration, as approved by the shareholder.

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".

Risk Adjustment of Variable Remuneration - ex ante

Variable Remuneration in terms of incentive compensation is risk adjusted for all current and future risks that the Frankfurt Branch can incur, at both the macro and the individual level.

Risk Adjustment of Variable Remuneration - ex post

The Company may decide to apply forfeiture or malus to unvested deferred awards or clawback to already vested awards. Malus can be applied as long as awards are not vested. Clawback can be applied for a period of three years after payment of cash awards, and for a period of four years after vesting of awards in instruments. Such actions will be considered in the following situations:

- The individual was responsible or took part in practices that resulted in substantial losses for the Company;
- The Frankfurt Branch or the business unit in which an employee works suffers a material downturn in its financial performance; or
- The individual has not complied with the applicable standards of professionalism and trustworthiness.

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.

The guaranteed variable remuneration will be subject to the aforementioned variable to fixed remuneration ratio.

6.2. Buy-out / Sign-on Payments

Where applicable and market practice requires new hires at the Frankfurt Branch may be offered buyout payments to compensate them for any losses in compensation incurred to them as a direct result of resigning from their old employer and/or sign-on payments to entice the employee to sign-on with the Frankfurt Branch.

6.3. Severance

Any contractual provisions on payments for the early termination of the employment contract at the initiative of the employer due to operational reasons will be subject to general standards that are dependent on the seniority of the individual and his/her length of service. For further details it is being referred to the Social Plan agreed with the Works Council dated August 4, 2016, which is being applied analogously also to categories of staff (senior management) not covered by the Works Council. As a general rule no severance pay is provided in cases of dismissal for cause or personal reasons.

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 Frankfurt Branch only provides for pension plans that have standard terms and conditions for all staff in the same situation.

7. Prohibition of Personal Hedging

All staff of the Frankfurt Branch 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 the Frankfurt Branch 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 Frankfurt Branch 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 Frankfurt Branch.

In addition, the Frankfurt Branch will report on the implementation of this policy statement in the frequency and format required by the regulatory authority or as provided in the German Remuneration Regulation. The annually required remuneration report will reference to this Policy Statement and be published on the homepage of the Frankfurt Branch (<https://www.bnymellon.com/de/de/index.jsp#ir/the-bank-of-new-york-mellon-filiale-frankfurt-am-main--informationen-und-publikationen>).

9. Ownership and administrative information

Administrative Information

Procedure Owner:	The Management Committee of BNYM Frankfurt Branch
Procedure Contact:	Reinhard Heilmaier
Approval Authority:	EMEA Remuneration Governance Committee BNYM Frankfurt Branch Management Committee
Applicable to:	All staff of the Frankfurt Branch
Effective date:	
Review cycle:	12 months
Date reviewed:	
Next review date:	2018
Appendices:	<ul style="list-style-type: none"> I. The Company's Compensation Philosophy and Principles II. HRCC decision to lift the maximum variable remuneration limit to 200%

Revision History

Revision date	Description of Revision	Final Approval By
	Initial version	Frankfurt Branch Management Committee

COMPENSATION PHILOSOPHY AND PRINCIPLES

The company's compensation philosophy is to offer a total compensation opportunity that supports our values: Client focus, Integrity, Teamwork and Excellence. We pay for performance, both at the individual and corporate level. We value individual and team contributions and reward based on how both contribute to business results. As we operate businesses in various markets and geographies around the globe, the company's overall compensation program is flexible to enable the company to attract and retain the talent needed for each area as well as to respond to the environment in which we operate.

Our total compensation program has a global framework that allows differentiation by business — it is not a one-size-fits-all approach. Our program is competitive and consistent with market practices in our various businesses.

By implementing our compensation philosophy and principles, we align the interests of our employees and shareholders by incentivizing actions that contribute to superior financial performance and long-term shareholder value and by ensuring that our incentive compensation arrangements do not encourage our employees to take unnecessary and excessive risks that threaten the value of the company.

Our compensation philosophy and principles demonstrate compliance with the intent behind the Financial Stability Forum's April 2009 Principles for Sound Compensation Practices and current regional regulatory requirements.

Our compensation structure is comprised of an appropriate mix of salary and variable compensation that is paid over time. We aim to ensure that:

- Both salary and variable compensation are consistent with business and market practice.
- Base salary is sufficient to provide for a fully flexible variable compensation program.
- Variable compensation is in the form of annual and/or long-term incentives, where appropriate.

The criteria for determining variable compensation reflect individual, business and corporate performance, as applicable, and are determined on the basis of financial and non-financial factors, both currently and over a longer period of time. Variable compensation is appropriately balanced and does not encourage excessive risk-taking. In general, we do not use multi-year guaranteed bonuses. In certain circumstances, and subject to applicable law, individuals will be asked to repay or forfeit variable compensation received.

- Variable compensation reflects compliance with the company's core values, including adherence to risk control and compliance with the company's policies and procedures.
- Variable compensation is also adjusted, where appropriate, for risk and the use of capital.
- For more senior-level employees, a portion of variable compensation will be deferred, under ordinary circumstances for a period of at least three years (albeit stock options may be deferred ratably for alternative periods), and will be subject to the performance of either (or both) the company or the respective business and be subject to clawback under appropriate circumstances.

Our compensation programs are subject to strong and effective corporate governance.

- Ultimate responsibility for the design and oversight of executive compensation rests solely with independent members of our board of directors.
- Key control functions, including the risk function, have input on the setting of compensation policy for businesses; and in turn compensation programs for key control functions are to be set

independently of the businesses they oversee and be based primarily on the control function's objectives.

- Compensation policies and practices are open and transparent to applicable stakeholders.
- Compensation programs are designed to comply with applicable laws and regulations.

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Information Classification: Internal

The Bank of New York Mellon Corporation
Human Resources and Compensation Committee
January 27, 2014
Agenda Item #3b

**Resolutions Concerning Increasing the European CRD-IV Bonus Cap
for Identified Staff**

WHEREAS, this Human Resources and Compensation Committee (the “Committee”) of The Bank of New York Mellon Corporation has general oversight responsibility for the employee compensation programs and policies of the Corporation;

WHEREAS, the European Capital Requirements Directive (CRD-IV) limits the amount of annual variable remuneration earned in 2014 and thereafter the Corporation or its subsidiaries may pay to Identified Staff and to Code Staff (as defined by the relevant regulatory requirements that implement CRD-IV) (collectively “Identified Staff”) to 100% of fixed remuneration (“CRD-IV Bonus Cap”); provided so long as the direct shareholder of each subsidiary for whom the affected Identified Staff provides services approves in advance, the limit may (subject to applicable local laws and regulatory requirements) be increased to 200% of fixed remuneration (the “Increased CRD-IV Bonus Cap”).
NOW THEREFORE, BE IT

RESOLVED, that the Committee hereby authorizes the Corporation establish an Increased CRD-IV Bonus Cap for any Identified Staff to whom the CRD-IV Bonus Cap may apply and who is employed by any direct or indirect subsidiary of the Corporation, and be it further

RESOLVED, that the Committee hereby further authorizes and directs the parent corporation of any Identified Staff employed any indirect subsidiary of the Corporation to establish an Increased CRD-IV Bonus Cap for any Identified Staff to whom the CRD-IV Bonus Cap may also apply if such action is otherwise required by applicable law.

RESOLVED, that the Chief Executive Officer, Chief Human Resources Officer and/or the Global Head of Compensation and Benefits be, and hereby each such officer is, authorized in the name and on behalf of the Corporation, to execute (which execution may be by facsimile signature) and deliver any and all agreements, instruments and other documents and to take any and all such additional actions as any such person may deem necessary, appropriate or desirable to effectuate the purposes of the foregoing resolution.

Information Classification: Internal