

BNY Mellon's Sustainable Outlook

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ABSTRACT

This report investigates BNY Mellon's current sustainability program initiatives. To understand their initiatives, the report examines their sustainability statement. The statement taken from the BNY Mellon website specifically looks into the, "environmentally prudent management of [their] facilities around the world; collaboration with suppliers to improve [their] direct environmental impacts; environmental programs; and education for employees; green investments and socially responsible products offered to clients."

Keywords: Sustainability; Environmental Impacts; Green Investment; Socially Responsibility

INTRODUCTION

BNY Mellon was established in 2007 with the merger of Mellon Financial Corporation and The Bank of New York Company, Inc. Before the merger, The Bank of New York Company, Inc. had been providing services for over 225 years from its birth in 1784, primarily through the efforts of two key individuals: Alexander Hamilton and Andrew Mellon. (BNY Mellon, History). Hamilton's ongoing contribution to BNY Mellon's corporate legacy was the company's constitution, while Mellon invested in the fledgling businesses that helped launch the American Industrial Revolution. Later, Mellon took the position of U.S. Secretary of the Treasury (BNY Mellon, History).

BNY Mellon has many divisions within the company; therefore the company has several different mission statements tailored to the different divisions. The company's overall mission statement states, "Our vision and our values guide us in creating an environment where our clients' expectations and our shared, enduring values drive the decisions and behavior of our entire organization" (Company Statements Slogans). This statement talks about the company's purpose, values, and principles, however the company also has a vision statement. The vision statement provides an image of the future, a follows, "We strive to be the acknowledged global leader and preferred partner in helping our clients succeed in the world's rapidly evolving financial markets" (Company Statements Slogans).

This report investigates BNY Mellon's comprehensive involvement in sustainability initiatives. To rigorously examine BNY Mellon's sustainability commitment, the report reviews the sustainability statement. The statement specifically studies the, "environmentally prudent management of facilities around the world; collaboration with suppliers to improve direct environmental impacts; environmental programs; education for employees; green investments and socially responsible products offered to clients" (BNY Mellon Corporate, 2010). In addition, BNY Mellon also has specific environmental sustainability commitments, such as the building construction/maintenance and the reduction of greenhouse gases, a decrease in the paper usage, a better use of environmental products, and continuous education for employees about sustainability.

GREEN/SUSTAINABLE PROGRAMS

Environmental Sustainable programs (ESP)

BNY Mellon believes that success is achieved only if every employee contributes to the overall corporate goals. Therefore, each employee is responsible for making sustainable decisions in practical applications. When an employee gains knowledge of the corporate procedure, the employee will also gain knowledge of ways to become more sustainable within the company.

Environmental Sustainability

BNY Mellon has also taken a more direct approach to ensuring the company champions sustainability. With its merger in 2007, it has allowed the bank to create a formal program for sustainability, which is managed by the General Services and Corporate Real Estate Department (BNY Mellon Corporation, 2010). In 2008, the company hired an Environmental Sustainability program manager to coordinate the efforts with the Corporate Social Responsibility (CSR) group. The bank has different subject areas which report the program's progress to the CRS committee twice a year.

Suppliers

One major alteration the CSR engendered was the types of suppliers that worked with BNY Mellon. This approach affirms BNY Mellon's ongoing commitment to their CSR statement which states, "In practice, we intend to build relationships with suppliers" (BNY Mellon Corporation, 2010). To gain knowledge and improve the company's working relations with suppliers, the CSR mandated a review of the top 95 suppliers and a sustainability driven survey specific to corporate travel. The approach of evaluating the suppliers was designed in four stages:

- Stage 1* Gather internal information and online diagnostic status for the CSR report,
- Stage 2* Review the suppliers' CSR report and contact them to complete the assessment survey,
- Stage 3* Provide feedback to encourage the suppliers' companies to continue with operations,
- Stage 4* Gather and emphasize long-term integration of the CSR principles into the suppliers' management process (BNY Mellon Corporation, 2010).

Working Conditions

One internal project BNY Mellon implemented dealt with how traveling to work impacted working conditions and productivity on a daily basis. The outcome has created their flexible work arrangement program. BNY Mellon offers some employees the benefit of working from home (personal communication, March 28, 2011). This program is not available to all employees because different positions required employees to be in the office on a daily basis, however, it is promoted as an employee benefit for those whose positions qualify.

PaperWise Program

The bank has several different programs in existence related to the promotion of its sustainable mission. One program's intention is to reduce the amount of paper used by BNY Mellon. This program, called the corporate "PaperWise program," incorporates the company's goal to reduce the paper use by 50% from current levels (personal communication, March 28, 2011). This program has become feasible for BNY Mellon with the increased emphasis placed on sustainability after the merger and with the advancement/application of new technologies.

The environmental improvement products allow customers the option for paperless transactions, specifically the ability to access personal online statements. (BNY Mellon Corporation, 2010). Today, a customer can use the Internet to access almost everything with his/her account. The Online Banking can include transferring money between accounts, checking various statements, and paying bills. The bank also offers paperless receipts for the ATM's transactions (BNY Mellon Corporation, 2010). The company continues to explore the use of technology to reduce the paper usage in an effort to help the environment. BNY Mellon strives for more innovations to support this mission of providing ongoing sustainable products and services easily accessible to both employees and consumers.

Carbon Disclosure

Another project that BNY Mellon participates in is the Carbon Disclosure Project (BNY Mellon Corporation, 2010). This nonaffiliated, not-for-profit organization collects key data for climate change. The Carbon Disclosure project assembles this data to provide the largest database of corporate greenhouse gas emissions and climate change information. BNY Mellon has earned recognition for their participation in this organization, consisting of around 2,500 companies (BNY Mellon Corporation, 2010).

Earth Day

Earth Day (April 22) has been promoted as a day whose celebration improves the world by highlighting awareness of the environment. BNY Mellon, like many other individuals and corporations, also takes part in these festivities. On Earth Day, around 300 employees volunteer time from around the world; more than 1,300 hours are donated, while the employees earn more than \$19,000 towards improving the environment, which is matched by BNY Mellon (BNY Mellon Corporation, 2010). Different activities include restoring trails, parks, gardens, and landscaping. In addition, BNY Mellon provides education on recycling and assisting seniors with different projects in an effort to help the Earth.

BUSINESS PRACTICES

BNY Mellon is involved in different business practices effecting sustainability. These practices can be generalized into different categories, consisting of tracking, managing and disclosing greenhouse gases, improving green power, cultivating employee engagement, and waste management (BNY Mellon Corporation, 2010).

Greenhouse Gases

In an effort to reduce greenhouse gases within the buildings of BNY Mellon, the company participates in the aforementioned Carbon Disclosure Project (CDP). This project publicly discloses carbon emissions for every owned, controlled, and leased facility acquired by BNY Mellon. Since, BNY Mellon has become a part of the CDP, it has encouraged other companies to acknowledge and concentrate on environmental sustainability. Recent results of a BNY Mellon survey have reiterated the corporation's commitment to the improvement of gas emissions. In 2009, BNY Mellon scored 78 out of 100, which was a 32 point improvement from the previous year (BNY Mellon Corporation, 2010). BNY Mellon is now ranked in the CDP Carbon Disclosure Leader Index, which is comprised of the top 50 performing S&P 500 companies. They have also received the listing of CDP's top 5 financial institutions in the S&P 500 index (BNY Mellon Corporation, 2010). In addition, BNY Mellon participates with other companies in selling carbon offsets. These offsets are, "generated by the reduction, avoidance, or sequestration of Greenhouse Gas (GHG) emissions from a specific project" (BNY Mellon Preparing, 2010). There are many different carbon offset projects that help with renewable energy, energy efficiency, waste, and reforestation.

Green Power

BNY Mellon is becoming a leader in green power. Green power is generated when electricity is obtained from various sources such as wind, solar, geothermal, biogas, and low impact hydro-electric generation with a net zero increase in carbon dioxide (BNY Mellon Corporation, 2010). In 2009, BNY Mellon became a member of the EPA's "Green Power Leaders Club." Members of this club have gone above the minimum green power requirements set by EPA. This integration of sustainable power is displayed throughout the company where there is pervasive use of alternative energy in nearly half of the offices in Europe, Middle East, and Africa. In addition, the office complex in Everett, Massachusetts, now houses a 76-kilowatt solar powered system for generating electric power, one of the largest alternative energy systems in the Boston area (BNY Mellon Corporation, 2010). To compare the alternative energy being used in the business to a standardized metric, the generated power is enough to cover 29% of BNY Mellon's overall electric cost from 2009 (BNY Mellon Corporation, 2010). This would be the same as removing the carbon dioxide emissions from almost 13,000 passenger cars per year.

Employee Engagement

There are three main goals BNY Mellon has in order to develop a sustainable workplace (BNY Mellon Corporation, 2010):

1. To build employee awareness of the company's initiatives,
2. To increase the opportunities for employee participation,
3. To promote the company's commitment to environmental sustainability externally.

The company has shown the results of following these guidelines with different successful projects. As discussed earlier, Earth Day has been a great opportunity to showcase BNY Mellon's environmental appreciation and desire to volunteer to help the environment. On BNY Mellon's 225th anniversary, more than 250 employees from India had planted 225 new trees (BNY Mellon Corporation, 2010). The company fulfills the third goal of the sustainable workplace by encouraging membership to different external organizations. The employees at BNY Mellon volunteer to help these organizations, such as EPA's Green power Partnership, U.S. Green Building Council, The Green Grid, Sustainability Roundtable and Carbon Disclosure Projects (BNY Mellon Corporation, 2010).

Waste Management

The final business practice being discussed is waste management. This is another category that has shown recent improvements, because the company's waste management has recently decreased from 447 pounds of trash per person in 2008 to 382 pounds per person in 2009 (BNY Mellon Corporation, 2010). The waste management is the responsibility of the individual employees of the company and, consequently, there has been an increase in employee programs and awareness.

Each region and office of BNY Mellon has different waste results, as different ideas have decreased the waste that an office produces in different areas. The awareness programs have had a great effect in the Pittsburgh region. The recycling of products in this region has increased from 13% to 49% from 2008-2009; in addition, other areas have succeeded with the substitution of certain items (BNY Mellon Corporation, 2010). In the London and Manchester offices in the UK there was a location-wide distribution of reusable water bottles, causing plastic cup usage to decrease by 30%. Not only did this decrease the waste, but it lowered the emissions, the production costs of the cups, and the supplies of cups in the offices (BNY Mellon Corporation, 2010). This technique was adopted by many of the offices in Europe, Middle East and Africa. A third example occurred when a regional London branch began replacing the traditional office paper with low-carbon paper. Although this does not sound like a big change, the statistics suggest otherwise. The change of paper is not only 6% lighter but it saves 18% wood use, 14% water, 23% energy, and 6% consumer waste (BNY Mellon Corporation, 2010).

An overall company program to support BNY Mellon's sustainable mission has been to "go paperless." Mentioned previously in the report, BNY Mellon is attempting to work towards a paperless company. The goal of paperless business transactions is accomplished by offering online services to investors for account information, as well as trade confirmations and statements. The service was launched in June 2009 and by the end of the year, BNY Mellon had already saved \$1 million (BNY Mellon Corporation, 2010). Another program launched in an attempt to go paperless is the Ever-Green Program, a service designed for clients to offer account management consultations online. In addition, the Ever-Green Program will offer an e-Kit, or an interactive and personalized annual meeting resource, as well as documents on demand, virtual inventory of investment plan materials, its Notice and Access compliant, and Web based proxy solution (BNY Mellon Corporation, 2010). The company is attempting to offer as many online resources as it can so customers will not have to go to the physical branch locations or receive any paper statements.

SUSTAINABLE BUILDINGS

Energy Use

BNY Mellon has taken a proactive stance on improving the sustainability of the organization's infrastructure. BNY Mellon is not a manufacturing corporation; consequently the greatest impact on the environment is the physical BNY Mellon locations. Since the buildings consume large amounts of electricity, the company tries to take a balanced approach in reducing energy use and the examination of new sources for alternative energy.

Recently in 2010, BNY Mellon received an award accentuating the organization's efforts regarding the use of alternative sources for energy usage or the 2010 Green Power Leadership Award from the U.S. Environmental Protection Agency (EPA) (BNY Mellon Corporation, 2010). This award recognizes the leading green power purchasers in the green power market. A company that receives this award purchases its green power through a

utility green-pricing program, a competitive green marketer, or a renewable energy certificate (REC) supplier (BNY Mellon Corporation, 2010).

BNY Mellon had purchased enough green power to offset 75% of the organization's electricity use in the United States. BNY Mellon purchases its energy from NextEra Energy Resources and Pepco Energy Services in the United States. These companies obtain the energy by use of wind and solar power without producing carbon dioxide or other harmful particulate emissions (BNY Mellon Corporation, 2010). BNY Mellon currently ranks 17 on the EPA's National Top 50 ranking.

Design

Another way that BNY Mellon helps the environment through its infrastructure is in its building design. With its focus on its buildings, BNY Mellon has received 11 ENERGY STAR awards (BNY Mellon Corporation, 2010). An ENERGY STAR program, evaluates a building's energy consumption in electrical, heating and cooling and air distribution systems. ENERGY STAR buildings use approximately 40% less energy than typical buildings and release 35% less carbon dioxide. As of 2009, BNY Mellon had 61% of the square feet in its owned or controlled buildings ENERGY STAR awarded. This contains 12,000 of their 42,200 employees (BNY Mellon Corporation, 2010).

An example of the type of components in an ENERGY STAR building can be seen in the BNY Mellon Center located in Pittsburgh, PA. This 54-story office tower received an ENERGY STAR award for its energy performance (BNY Mellon Corporation, 2010). The building has automated lighting and sensor controls to reduce energy consumption by sensing whether a room is occupied and lighting accordingly. Also, the tower has an efficient pumping system for regulating climate control; it is a customized, technology-driven thermo system for the building and preventative maintenance programs.

LEED Programs

To evaluate a building's effect on the environment, the U.S. Green Building Council has established the LEED certification program. The *Leadership in Energy and Environmental Design* (LEED) is a "rating strategy for designing and constructing green, energy-efficient, and high-performance buildings and commercial interiors" (BNY Mellon Corporation, 2010). BNY Mellon has nine programs that have been LEED certified, of which five programs were awarded LEED commercial interior certification (one gold, one silver, and three pending assignments). The other four buildings fall into the LEED certification category for existing infrastructure, of which one building is rated gold, while the other three are still pending assignment (BNY Mellon Corporation, 2010).

To demonstrate the characteristics that embody LEED certification, the BNY Mellon Center floors 30 and 31 will be employed as an industry example. This building had received a gold rating for these interior renovated floors (BNY Mellon Corporation, 2010). The floor consists of paint, carpet, and furniture composed of low-volatility, organic compounds. These compounds can vaporize and enter the atmosphere. This floor also employs an automated lighting control feature that reduces energy consumption by responding to the amount of sunlight entering the building. In addition, there is also a water/energy reduction strategy that mandates a 40% reduction in water consumption, as well as a 30% reduction in energy. Finally, the floors have energy consumption monitoring equipment that validates the energy savings for the improvements of the floor (BNY Mellon Corporation, 2010).

COMPETITION

BNY Mellon has many competitors that are developing and proceeding with sustainable action proposals. In this report, there will be a focus on two major competitors, *Bank of America* and *Wells Fargo and Company*.

Bank of America and Wells Fargo and Company are similar in nature to BNY Mellon. Each organization has programs that integrate the elimination of paper with everyday activities and all use different sources of renewable energy within the company. Each company has its own way of helping the community, as well as additional methods to further the organization's sustainable ambitions. The contrasts, however, become apparent between the approaches each company adopts in order to accomplish its goals within the same categories.

Bank of America

Bank of America's sustainable mission is forwarded through its infrastructure, energy, and associate, with approximately 10 million square feet of buildings under LEED certification (Bank of America, 2010). For these buildings, the company uses different sources of energy such as solar, wind, biomass, and biofuel. With each of these sources of energy, Bank of America has partnered with different companies in projects promoting the use of renewable energy. An example of this partnership is with Wal-Mart and Sam's Club where Bank of America financed a \$23.9 million project to help these companies move towards a commitment of 100% renewable energy (Bank of America, 2010).

Bank of America has introduced programs to associates to support the transition to integrated sustainable business practices. The new corporate policy is called "Make an Impact Program," which encourages people to reduce carbon emissions. This is accomplished by providing educational workshops, activities, and resources on Bank of America's website, including a carbon calculator (Bank of America, 2010). This allows the associates to set personal goals and track progress. Another incentive the bank provides to its associates is the "Hybrid Vehicle Reimbursement Program." This program encourages associates to purchase a hybrid vehicle, which releases lower exhaust emissions into the atmosphere and receives better fuel efficiency than a traditional vehicle. They do this by offering a \$3,000 incentive to any associate who purchases a hybrid (Bank of America, 2010).

Wells Fargo and Company

As another sustainability conscientious competitor in BNY Mellon's industry, Wells Fargo and Company serves as a metric for initiative comparison. Wells Fargo and Company's sustainability program is composed of a three-fold strategy incorporating infrastructure, grant programs, and energy consumption. Although this is not a comprehensive list of the bank's sustainable initiatives, the three-fold strategy has the largest impact when employed as a metric of comparison for BNY Mellon and Bank of America.

Similar to BNY Mellon, Wells Fargo and Company has a percentage of infrastructure with ENERGY STAR awarded buildings and LEED certifications. Specifically, the company has 14 ENERGY STAR awarded buildings that are typically 30% more energy-efficient (Wells Fargo and Company, 2010). In addition, the buildings that have received this award are rated 75% or better, which implies that they inhabit the first quartile of performance in the program. Wells Fargo and Company also has 50% of its locations following LEED certification guidelines. Although, not all of these buildings are LEED certified, the locations continue to work towards achieving certification in the future (Wells Fargo and Company, 2010).

Other initiatives that Wells Fargo and Company supports are grant programs offered at both a local and national level. Nationally, the bank gives \$200,000 in grants and has volunteers that contribute to the company GRID Alternatives. This company installs solar electronic systems for low-income families (Wells Fargo and Company, 2010). Wells Fargo and Company donated \$15,000 to Old Westbury Gardens in Nassau County, New York (Wells Fargo and Company, 2010).

Wells Fargo and Company has set a goal for its U.S. based greenhouse emissions to be reduced 20% below 2008 levels by the year 2018 (Wells Fargo and Company, 2010). The company has started to strive towards this goal by reducing its greenhouse gas emissions in 2009 by 7%. The company has improved its energy use by installing solar pilot systems at 10 retail banks, which is expected to generate 330,000 kilowatt hours of renewable energy per year. In addition, the company has avoided 30,000 metric tons of CO₂ by using new types of technologies (Wells Fargo and Company, 2010).

CONCLUSION

BNY Mellon has committed itself to a sustainable mission through its employees, procedures, buildings, and suppliers. BNY Mellon continues to advance towards achieving a more sustainable company. It believes that although it would be ideal to invest heavily in sustainability initiatives, it is necessary to maintain its perspective and its obligations to stockholders. Therefore, there are items that BNY Mellon's competition provides that BNY Mellon may not participate in. This is just another realistic aspect of the business world as organizations' try to

allocate finite resources to reap maximum potential benefits. As a leader in the industry, BNY Mellon will continue to expand its sustainability program in an effort to preserve market dominance and derive maximum strategic advantage.

AUTHOR INFORMATION

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