

State of North Carolina Supplemental Retirement Plans Group Trust

Board of Trustees Meeting

BNY Mellon Presenter

Matthew Coburn

Director, Relationship Manager

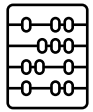


FEBRUARY 23, 2023

Agenda



- BNY Mellon Corporate Update



- Asset Servicing Overview



- 2022 Business Relationship Review



- Protecting SRP's Assets and Data: A Cyber Security Overview

BNY Mellon Corporate Update

BNY MELLON 4Q22

\$44.3 trillion

assets under custody and/or administration¹

\$1.8 trillion

in assets under management²

- BNY Mellon's assets under custody and administration (AUCA) decreased by -5.14% from Q421 to Q422; whereas assets under management decreased by -25% during same period.
- Declines are indicative of the 2022 market; however, disparate rates of decline are indicative of strength and growth!
- BNY Mellon winning business at 3:1 ratio over primary competitors; revenues +15%, expenses -1%.

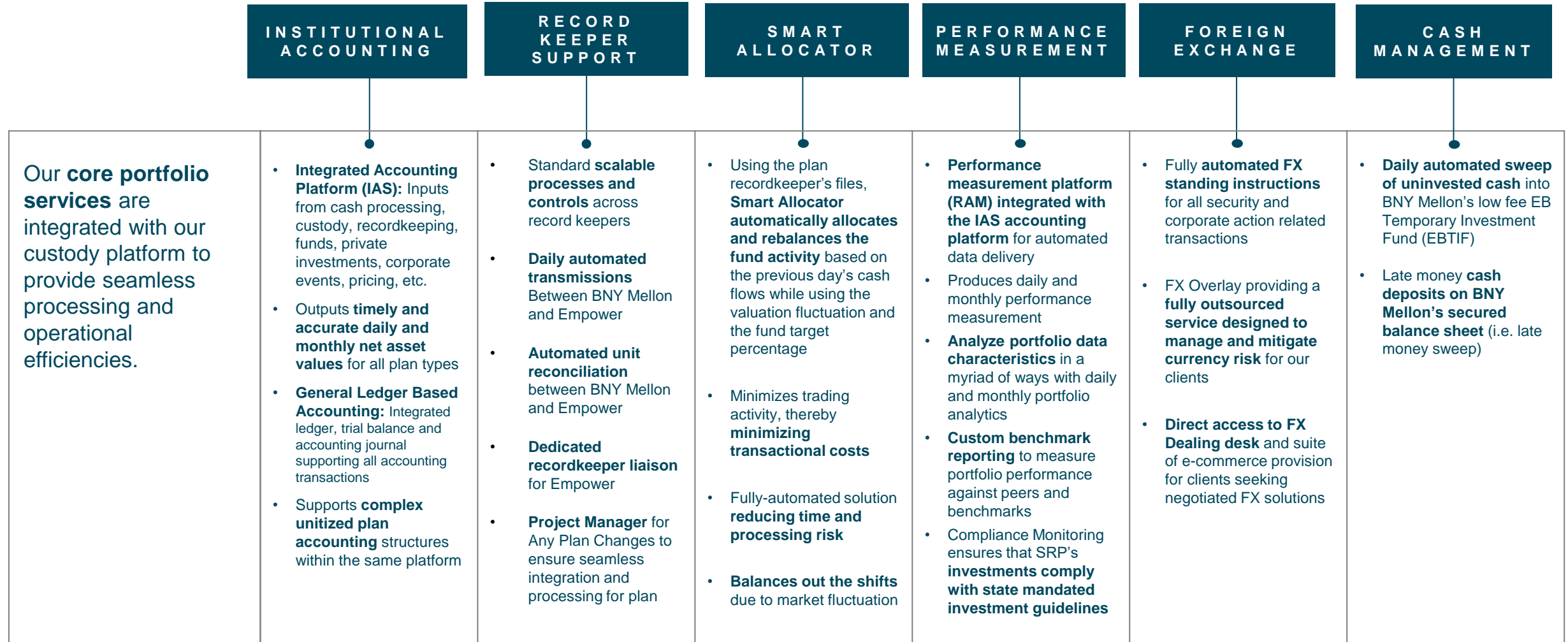
EMPLOYEE GROWTH	CREDIT RATING	STRATEGIC PRIORITIES
Global workforce increased 5.4% since Q421 (50,000+ employees)	Highest credit rating amongst custodian banks	Continued focus on data & digital strategy; investing in best-in-class partners and technology

CREDIT CATEGORY	Moody's	S&P	Fitch	DBRS
Long-term senior debt	A1	A	AA-	AA
Subordinated debt	A2	A-	A	AA (Low)
Preferred stock	Baa1	BBB	BBB+	A
Short-term debt	P-1	A-1	F1+	R-1 (Middle)
Outlook	Stable	Stable	Stable	Stable

A Comprehensive Suite of Global Custody Services...

	GLOBAL NETWORK MANAGEMENT	ACCOUNT SETUP AND MAINTENANCE	SAFEKEEPING AND SETTLEMENT PROCESSING	CASH PROCESSING	CORPORATE EVENTS PROCESSING	PROXY VOTING AND CLASS ACTIONS	TAX SUPPORT
<p>Our core custody services are designed to optimize and streamline your investment process.</p>	<ul style="list-style-type: none"> Comprehensive subcustodian selection criteria Annual due diligence visits with CSDs and subcustodians Quarterly Risk Management Oversight Market intelligence gathering from market infrastructure, sub custodians, regulators and industry groups 	<ul style="list-style-type: none"> Dedicated team focused on your global set-up Monitoring of expiration of market documentation Comprehensive document tracking at all stages Access to SWIFT <i>MyStandards</i>® 	<ul style="list-style-type: none"> Asset Safety throughout the custody chain Automated trade processing and position reconciliations Contractual or actual settlement Proactive fail management resolution and reporting of reason codes 	<ul style="list-style-type: none"> Real-time cash availability and forecasting Cash projections Automated cash sweeps Foreign exchange instruction processing 	<ul style="list-style-type: none"> Contractual income in 48 markets Competitive response deadlines in direct markets for example, the U.S. where we are market leaders Online notification and response Mandatory and voluntary support Proactive client response management 	<ul style="list-style-type: none"> Dedicated expertise for ballot distribution and vote collection Notification of known litigations to clients 	<ul style="list-style-type: none"> Active tax treaty monitoring Automated relief at source Processing of Tax reclaim Automated documentation tracking and renewal system
<p>Services are supported by integrated technology tools to simplify your workflow.</p>	<ul style="list-style-type: none"> Online market profiles and market and service news broadcast dashboard via NEXEN 	<ul style="list-style-type: none"> Online account activation with workflow and dashboards via NEXEN 	<ul style="list-style-type: none"> Full Swift support Online instruction capture, real time reporting and dashboards via NEXEN Position and transaction reporting via our APIs 	<ul style="list-style-type: none"> Full Swift support Online instruction capture, real time reporting and dashboards via NEXEN Position and transaction reporting via our APIs 	<ul style="list-style-type: none"> Full Swift support Online real time notifications and response capture, reminder service and real time reporting via NEXEN Notifications via our APIs 	<ul style="list-style-type: none"> Full Swift support Online class action reporting via NEXEN Access to Broadridge services for Proxy Voting 	<ul style="list-style-type: none"> Full Swift support Online real time tax reclaim reporting via NEXEN Online global tax rates and tax documentation information via NEXEN

... and Core Portfolio Services Designed to Support SRP



2022 Business Relationship Review

Strengthening for the Future

Custody Agreement Amendments

- Contract term alignment w/ existing DST contracts
- Hong Kong Stock Connect opening for China A share investments
- Information security breach protocol enhanced to 24 hours notification time

BNY Mellon News

- Relationship Oversight Change (Garibaldi to Coburn)
- BNYM CEO Todd Gibbons retires; Robin Vince takes helm
- BNYM outsources class actions filing to FRT
- BNYM partners w/ Xceptor for enhanced tax services experience

On-going Initiatives

- Continued Smart Allocator rollout w/ quarterly rebalancing and updates to the custody fee processing
- Participation in implementation of GlobeTax as supplemental tax services provider
- NEXEN / Instruction Capture Training

Cybersecurity & Business Resiliency

Executive Summary

- Protecting the confidentiality, integrity and availability of our clients' information is paramount to our business and our clients—and part of our corporate values.
- As a major financial services firm, BNY Mellon is very aware of recent cyber attacks impacting our industry—from ransomware and distributed denial of service (DDoS) attacks to advanced persistent threats (APTs) and system infiltrations via third-party suppliers.
- BNY Mellon has continuously invested in its information protection and cybersecurity programs for many years, developing its people, processes, and technology.
- Our cybersecurity strategy is fully integrated with our business, employing multiple layers of controls to protect the security of our clients' information and technology assets. Our cybersecurity services model organizes and aligns our program against leading standards such as ISO 27001/2 and the NIST Cybersecurity Framework.

CTOC: Cyber Technology Operations Center

About CTOC

Predict. Identify. Resolve.

This is the driving mantra behind BNY Mellon's Cyber, Technology, and Operations Center (CTOC).

The CTOC was built to bring business and technology experts into one room (virtually since the onset of the pandemic) to reduce the time to identify and resolve issues and deliver next-level resiliency using:

- Advanced monitoring
- Rapid response
- Seamless processes
- Relentless client focus

Virtual CTOC: Since the onset of the pandemic, employees have been working remotely. BNYM teams across Technology, Cyber and Operations have been collaborating seamlessly in Virtual CTOC, leveraging the same tools and technology used in CTOC.



Cyber Attackers are Diverse and Use a Wide Range of Tools to Bypass Even the Most Sophisticated Defenses



Cyber Threat Landscape: What's New?

What changes have we seen in the cyber threat landscape over the last year?

Advanced persistent threats or nation state sponsored destructive malware

- These types of attacks have garnered more attention due to the capabilities of the threat actor as well as the time and money that can be spent on a potential target
- This may not be the most likely attack and varies depending on the geopolitical climate

Spear phishing

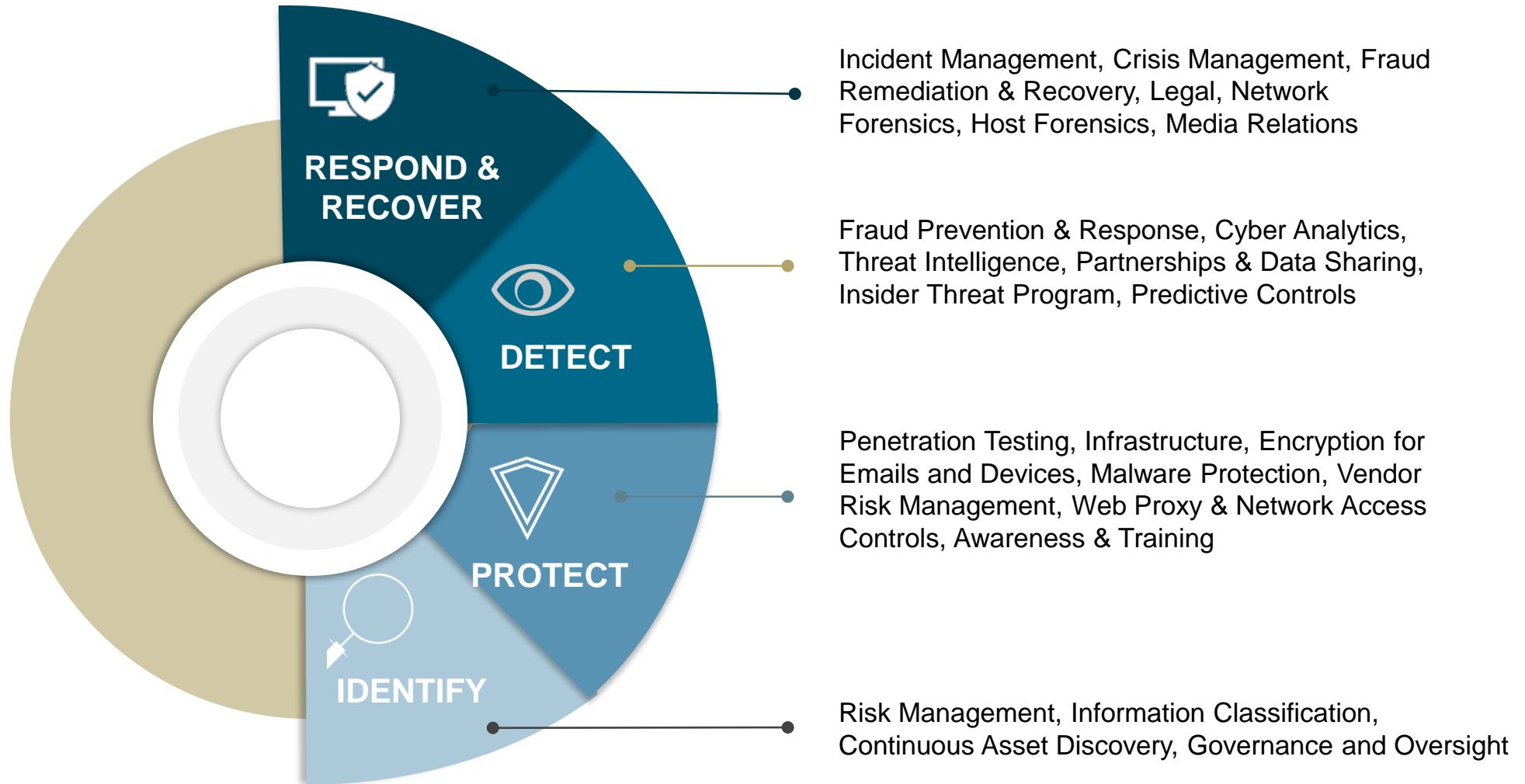
- This remains the most common attack vector and is potentially very damaging to a target

DDoS (Distributed Denial of Service)

- While these attacks have become less common, the proliferation of Internet of Things (IOT) devices and the myriad of tools available to execute DDoS have renewed focus on this type of attack

BNY Mellon Approach to Cybersecurity

Our framework has allowed us to establish a multi-layered control infrastructure and a service-based model with built-in redundancy and checks.



Threat Intelligence Sources

Source	Description	Focus
FS-ISAC	Daily threat summaries, individual partner organization reports, indicators of compromise	Global – Financial Sector
US Government	Finished intelligence assessments, analysis on APT actors of concern, ability to request further information on current and future threats or campaigns	Domestic Threats and APT Activity
Paid Threat Intelligence Vendors	Tailored priority intelligence requirements on key threats affecting BNY Mellon and the US FSS, daily threat reports, and detailed analytic studies on topics of direct impact	Global Targeted to BNY Mellon Requirements
Security Researchers	Open source provided threat studies of broad applicability and interest to the US FSS	Global – All Sectors
Open Source Data and Social Media	Current information and data on active incidents, emerging campaigns, and ideologically motivated hacktivist or cyber criminal actions	Global – All Sectors

Participation in Industry Forums

- Financial Industry Shared Assessments Program (FISAP)
- Financial Services Information Sharing and Analysis Center (FS-ISAC)
- Financial Services Sector Coordination Council (FSSCC)
- Financial Services Information Exchange (FSIE)
- Internet Security Alliance (ISA)
- Infragard
- Information Security Systems Association (ISSA)
- Information Systems Audit and Control Association (ISACA)
- Information Security Forum (ISF)
- Multi-State Information Sharing and Analysis Center (MS-ISAC)
- New York Electronic Crimes Task Force (ECTF)
- Security Industry and Financial Markets Association (SIFMA) Cyber Security Workshop
- BITS (Technology arm of the Financial Services Roundtable)

ISO 27001 Certification

BNY Mellon has achieved ISO 27001 Certification of its Information Security Management System Framework, including but not limited to:

- Antivirus Management
- Asset Management
- Backup & Restoration Management
- Capacity Management
- Change Management
- Compliance
- Cryptography
- Data Centers
- Desktop Security
- HR Security
- Incident / Problem Management
- Information Security Continuity
- Information Security Policies
- Information Systems Audit Controls
- Logging & Monitoring
- Network Devices
- Organization of Information Security
- Patch Management
- Physical Security
- Remote Access Management
- Supplier Management
- Transport and Storage of Media
- User Access Management
- Vulnerability Management



Business Continuity

Our business continuity program establishes plans to promptly and effectively respond to and recover from business disruptions, facilitate service continuity, and continuously improve our resiliency.



Planning

- **Business Impact Analyses** identify and prioritize business services and processes based on disruption impact.
- Our **plans** establish how each business unit and supporting technologies will respond to and recover from disruption events.



Recovery Solutions

- Our recovery solutions help mitigate the impacts stemming from business disruptions.
- Using an **all-hazards planning approach**, solutions respond to any combination of workforce, technology, facility & supplier loss.
- The solutions include **alternate sites, remote work, and cross-regional recovery.**



Training

- All BNY Mellon employees complete **annual business continuity training** including online courses, presentations, and facilitated tabletop simulations.
- Employees with business continuity responsibilities are regularly educated to be able to react, respond and recover in line with our plans and protocols.



Testing

- We test our recovery strategies on a regular basis to confirm they are viable and sustainable.
- **Tests include recovery of facilities, applications, business services, focus on notifications and call-trees, and enterprise-wide exercises.**
- We leverage the test results to improve the business resilience.

Consider Everything



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