BNY Mellon Fund Management (Luxembourg) S.A. ("MFML")

SUMMARY OF THE FIRM'S SUSTAINABILITY RISKS POLICY

March 2025

This document sets out a summary of the policies of BNY Mellon Fund Management (Luxembourg) S.A. (the "Firm"), on the integration of sustainability in the investment decision-making process.

1. Introduction

1.1 The Firm has implemented a Sustainability Risk Framework incorporating its sustainability risk policy (the "Policy"), which sets out the Firm's policies in respect of the integration of sustainability risks in the investment decision-making process, as required by the Sustainable Finance Disclosure Regulation ("SFDR"). This document provides a summary description of the key features of the Policy, for the purposes of disclosure on the Firm's website.

1.2 Under SFDR, "**sustainability risk**" means an environmental, social or governance ("**ESG**") event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment. The Policy, therefore, approaches sustainability risk from the perspective of the risk that ESG events might cause a material negative impact on the **value** of its clients' investments.

1.3 For reference, the Firm maintains other documents relating to ESG and sustainability, including:

- A summary regarding how the Firm's remuneration policy is consistent with the integration of sustainability risk;
- A statement setting out the Firm's reasons for not currently considering the principal adverse impacts of investment decisions on sustainability factors;
- A summary of the Firm's shareholder engagement policy.

2. Sustainability risk management

2.1 While the Firm generally supports the integration of sustainability risks in the investment decision-making process, the Firm delegates all investment decision-making to other BNY Mellon Investment Management subsidiaries (the "**Investment Managers**"). Accordingly, the Firm's policy on sustainability risks is to ensure that:

- it has a clear understanding of the manner in which each of its delegated Investment Managers integrates sustainability risks in their investment decision-making process and how sustainability risk is taken into account when conducting due diligence on investments while recognising that for some strategies sustainability risks may not be relevant and, therefore, may not form part of the investment decision-making process;
- it has documented the assessment of whether sustainability risk is relevant for each strategy or financial product;
- it has assessed the sustainability risks which may be material for each strategy or financial product;

- where relevant, the integration of sustainability risk by the Investment Managers in their decision-making is monitored and tested through the Firm's ongoing risk and compliance monitoring and due diligence programme; and
- where relevant, the approach employed in respect of sustainability risks by the Investment Managers is made available to clients and investors, as appropriate, in accordance with the transparency requirements of the SFDR.

2.2 Each Investment Manager that the Firm delegates to has, where relevant, procedures that allow for sustainability risks to be identified, measured, managed and monitored. The Firm performs an initial review of these procedures and corresponding policies, carries out regular sample checks on the investments and conducts in-depth compliance testing during its annual due diligence inspections at the Investment Managers' premises.

(i) Identification

2.3 The Investment Managers have separately reviewed the sustainability risks which are potentially likely to cause a material negative impact on the value of clients' investments, should those risks occur.

2.4 Environmental sustainability risks – e.g., climate change, carbon emissions, air pollution, water pollution, harm to biodiversity, deforestation, energy inefficiency, poor waste management practices, increased water scarcity, rising sea levels/coastal flooding, and wildfires/bushfires.

2.5 Social sustainability risks – e.g., human rights violations, human trafficking, modern slavery/forced labour, breaches of employee rights/labour rights, child labour, discrimination, restrictions on or abuse of the rights of consumers, restricted access to clean water, to a reliable food supply, and/or to a sanitary living environment, and infringements of rights of local communities/indigenous populations, as measured by reference to the UN Global Compact.

2.6 Governance sustainability risks – e.g. lack of diversity at Board or governing body level, inadequate external or internal audit, infringement or curtailment of rights of (minority) shareholders, bribery and corruption, lack of scrutiny of executive pay, poor safeguards on personal data/IT security (of employees and/or customers), discriminatory employment practices, health and safety concerns for the workforce, poor sustainability practices in the supply chain, workplace harassment, discrimination and bullying, restrictions on rights of collective bargaining or trade unions, inadequate protection for whistleblowers, and non-compliance with minimum wage or (where appropriate) living wage requirements.

(ii) Measurement

2.7 Sustainability risks are broadly measured according to the likelihood of occurrence of such risk, within the typical investment horizon for the Firm's clients and the severity of impact to the value of a client's investments, should the risk occur.

2.8 In doing so, consideration may be given to the "physical" or tangible risks of a sustainability event (for example, the impact of severe climate events leading to business disruption or losses for its investment positions). Consideration may also be given to the "transition" risk, which focuses on the risk to investments as the world moves towards a more sustainable environmental and social model and to the commitment of the issuer in managing exposure to material sustainability risks.

(iii) Management

2.9 The Investment Managers appointed by the Firm manage sustainability risks using various methods including, among others: the use of risk ratings or ESG scoring methodologies; the application of exclusionary screening or best-in-class criteria; use of an ESG thematic and/or impact focus; corporate engagement; ensuring portfolio managers and analysts are provided with information on sustainability risks that can be taken into account in making investment decisions; and/or the incorporation of sustainability risks within the overall risk management processes.

(iv) Monitoring

2.10 Investment Managers use a combination of means to assist in the ongoing monitoring of sustainability risks including, among others, ongoing research, due diligence, analysis and/or reporting. Additionally, the Firm and Investment Managers' risk management function will conduct periodic monitoring of existing client portfolios, to check that positions remain within any specified sustainability risk limits, as appropriate, and take corrective action if those limits are breached. Investment Managers may also use corporate engagement to communicate with issuers on ESG issues, with a view to monitoring ESG outcomes.

3. Status of this document

3.1 This document is provided for information purposes only.

3.2 In the event of any inconsistency between this document and either (i) the Policy, or (ii) the terms of any agreement between the Firm and any of its clients, such other document shall prevail.

No person should take (or refrain from taking) any action as a result of this document. To the maximum extent permitted by law, no liability is accepted by the Firm in respect of this document.