

STATEMENT ON THE INTEGRATION OF SUSTAINABILITY RISKS

IN THE INVESTMENT DECISION-MAKING PROCESS February 2026

This document sets out the framework that BNY Mellon Fund Management (Luxembourg) S.A. (the “firm”), applies to ensure that sustainability risk factors are integrated into the investment decision-making process of all relevant products.

Introduction

- BNY Mellon Fund Management (Luxembourg) S.A. is a management company authorised by the Luxembourg supervisory authority. Commission de Surveillance du Secteur Financier pursuant to Chapter 15 of the Luxembourg law of 17 December 2010 on undertakings for collective investment and is also authorised as an alternative investment fund manager pursuant to the Luxembourg law of 12 July 2013 on alternative investment fund managers. In their respective capacity as a management company and as an alternative investment fund manager they qualify as a financial market participant under the sustainable finance disclosure regulation EU 2019/2088 Article 2.
- The Firm believes that sustainability risk factors can have a material impact on the value of companies and securities and should be considered alongside traditional financial metrics to evaluate the investment opportunity set. It has created a framework for the integration of sustainability risks that apply across the investment managers within BNY to whom it delegates assets, whilst affording them the flexibility to adapt the approach in a manner consistent with each manager’s unique approach to investing. This document outlines the key features of the framework for compliance with the Sustainable Finance Disclosure Regulation (SFDR, EU 2019/2088), specifically addressing the Article 3 disclosure on the Firm’s website.
- “Sustainability Risk” is defined in accordance with SFDR Article 2(22) as 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. Interaction with traditional risk categories: Sustainability risks are not a standalone risk type; they typically crystallise through established risk categories and can increase their severity and/or likelihood. For example:
 - **Market Risk:** ESG controversies, transition risks (policy, technology, carbon pricing) or physical climate events can increase volatility, drive valuation repricing, and widen equity/bond spreads.
 - **Credit / Counterparty Risk:** Weaker ESG practices, litigation/regulatory sanctions, and higher transition costs can impair issuers’ cash flows and credit quality, increasing default risk and downgrade risk.
 - **Liquidity Risk:** ESG-related events can trigger outflows, reduce secondary-market liquidity, widen bid–ask spreads, and increase liquidation costs, particularly in stressed markets.
 - **Operational Risk:** Data quality limitations, model risk (including ESG scoring / estimation), reporting processes and controls, and third-party dependencies (including data vendors) can lead to errors or control failures.
 - **Legal / Compliance and Reputational Risk:** Misstatements, greenwashing allegations, or failure to meet product disclosures / claims can result in regulatory findings, legal claims, remediation costs, and reputational damage.
- Please visit the regulatory documents section on the appropriate website page for your country or region for further information on documents relating to ESG and sustainability, including:
 - The Firm’s Remuneration Policy consistent with the integration of sustainability risk.
 - The Firm’s PAI Statement setting out the reasons for not currently considering the principles adverse impacts of investment decisions on sustainability risk factors at an entity level.

STATEMENT ON THE INTEGRATION OF SUSTAINABILITY RISKS IN THE INVESTMENT DECISION-MAKING PROCESS

Sustainability Risk Framework

The Firm recognises that each fund's investment objective, policy, and constraints (as set out in the relevant Prospectus and/or Supplement) come first. Sustainability risks (as defined in SFDR Article 2(22)) are considered as part of the Firm's investment risk framework for all funds and are integrated into investment decision-making and ongoing risk monitoring to the extent that such risks may have a material negative impact on the value of an investment.

Where a fund's Prospectus and/or Supplement specifies particular sustainability risk factors, exclusions, ESG characteristics or sustainability-related constraints, these requirements are incorporated into the investment process and monitored on an ongoing basis.

Where a fund's Prospectus and/or Supplement does not include specific sustainability-related constraints, the investment process will nevertheless include consideration of sustainability risk factors alongside other investment risk factors, to the extent that they represent risks and/or opportunities that may be material to the investment's valuation and the fund's risk / return profile.

While the Firm supports the integration of sustainability risks in the investment decision-making process, for the products in scope of this document, investment decision-making is fully delegated to the relevant BNY group entity appointed as Investment Manager (the "Investment Manager") in accordance with the applicable delegation arrangements and fund documentation. Accordingly, the primary responsibility for integrating sustainability risks (as defined under SFDR) into portfolio management activities including: security selection, portfolio construction, and ongoing portfolio monitoring, rests with the Investment Manager, consistent with the fund's investment objective, strategy and any sustainability-related constraints set out in the Prospectus/Supplement. Notwithstanding this delegation, the Firm retains responsibility for non-delegated oversight and governance activities, including (as applicable): (i) initial and ongoing due diligence of the Investment Manager's approach to sustainability risk integration; (ii) review of relevant sustainability risk policies, processes and controls; (iii) ongoing monitoring and challenge through periodic reporting and oversight forums; (iv) escalation where sustainability risk issues, controversies or breaches are identified; and (v) ensuring that product-level disclosures and guidelines appropriately reflect the fund's approach. This delegation and oversight model is designed to maintain the Investment Manager's autonomy in investment approach while ensuring appropriate risk oversight and governance, including in respect of sustainability risks.

To this end the Firm has adopted a broad framework for the

integration of sustainability risk factors into the investment decision making process that applies to all Investment Managers including the definition of a sustainable investment that Investment Managers must adhere to when selecting companies and securities for sustainable investment portfolios, whilst documenting the Investment Managers' specific implementation.

The Firm adopts the following framework to ensure that each manager is appropriately incorporating sustainability risk into its decision making:

- **Documentation of Sustainability Risk Factors in the Product Design:** In its product governance, the Firm ensures 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 while recognising that for some strategies sustainability risks may not be relevant and, therefore, may not form part of the investment decision-making process;
- **Due Diligence:** The Firm undertakes ongoing due diligence on each Investment Managers' decision-making process to ensure that where relevant to the product sustainability risk is taken into consideration.
- **Sustainability Risk Oversight:** Whilst each Investment Manager has their own risk oversight in place, independent monitoring and testing at a portfolio level is undertaken by the Firm through the Firm's Investment Management Oversight Committee (IMOC) alongside a periodic risk and compliance monitoring programme.
- **Periodic Manager Enhanced Due Diligence:** The Firm also undertakes periodic deep dive due diligence on each Investment Manager which includes the integration of sustainability risk factors into decision making.
- **Limited Relevance and Exceptional Non-Materiality Scenarios:** While sustainability risks are generally relevant, there may be limited and well-substantiated circumstances where sustainability risks are assessed as not material to a given product or a specific sleeve of the portfolio. Any such conclusion must be treated as an exception, supported by evidence, and approved in accordance with the governance process.

Examples of scenarios where sustainability risks may be assessed as of limited relevance and/or not material include:

1. **Cash and Cash-Equivalents / Short-Dated Exposures:** Holdings limited to cash, sight deposits, and very short-dated, high-quality money market instruments where the investment

STATEMENT ON THE INTEGRATION OF SUSTAINABILITY RISKS IN THE INVESTMENT DECISION-MAKING PROCESS

horizon is extremely short and issuer / asset selection constraints materially reduce exposure to sustainability risk drivers (subject to counterparty / issuer ESG screening where available).

- 2. Fully Hedged Exposures with Minimal Residual Risk:** Strategies where market and credit exposures are fully and continuously hedged and residual basis / roll risks are demonstrably immaterial over the investment horizon (noting that counterparty and operational channels may still remain relevant).
- 3. Index or Reference Exposures with Constrained Discretion:** Passive or rules-based exposures where the Investment Manager has no practical discretion over issuer selection, and sustainability risk is therefore primarily addressed through disclosure, tracking-error constraints, and engagement / escalation routes (where applicable), rather than security selection.
- 4. Non-Corporate / Non-Issuer Specific Instruments:** Limited exposures where sustainability risks are not meaningfully linked to issuer fundamentals (e.g., certain exchange-traded derivatives referencing broad market indices), recognising that sustainability risks may still transmit via market regime shifts, volatility, liquidity, margining, and counterparty risks.
- 5. Transitory Operational Holdings:** Temporary holdings arising from corporate actions, subscriptions / redemptions management, or settlement mechanics, where exposure is de minimis and time limited.

In all cases above, “limited relevance” does not mean “no relevance.” At a minimum, the Firm will consider whether sustainability risks could manifest through (i) counterparty risk, (ii) liquidity / market dislocation risk, (iii) operational and data risks, and (iv) legal / reputational risks linked to disclosures and product claims.

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.

Identification of Sustainability Risk Factors

The Firm ensures that each Investment Manager delegate has, where relevant, procedures that allow for the sustainability risk factors for each investment to be identified, measured, managed, and monitored.

Identification

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.

These ESG risks are assigned across the following key areas:

- **Environmental Sustainability Risks** – which may include but are not restricted to 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.
- **Social Sustainability Risks** – which may include but is not restricted to 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.
- **Governance Sustainability Risks** – which may include but is not restricted to Board or governing body level diversity, 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.

Where relevant to the strategy, these sustainability risk factors will be taken into consideration in the investment decision and where engagement is a feature of the strategy the Investment Manager may manage the risk through dialogue with a company.

Measurement

- The measurement of sustainability risk factors will depend upon the asset class and client time horizon. Each Investment Manager has adopted a unique approach to measuring and recording sustainability risk factors in the investment they select which is overseen by a dedicated responsible investment team of analysts.

STATEMENT ON THE INTEGRATION OF SUSTAINABILITY RISKS IN THE INVESTMENT DECISION-MAKING PROCESS

- The process starts by screening securities and portfolios on their contribution to sustainable activities often using a tool developed by each Investment Manager. Consideration may be given to the material risks identified through qualitative and quantitative analysis generated by the respective responsible investment research teams across environmental, social and governance risks as they apply to each investment in their respective universe. This leads to a rating or scoring of each potential investment. This ensures that the sustainability risk factors are aligned with a product's sustainability objectives.
- This document aims to provide a high-level overview of how our investment management groups commonly approach the consideration of sustainability factors and sustainable investing. As noted, each investment group has its own investment style and asset class(es), such that the broad overview statements set out here could be more nuanced, different, or simply not relevant for a particular investment group. The extent and form of integration of sustainability factors (including the assessment of sustainability risks as defined under SFDR) into a given product or service will depend on the applicable investment guidelines and product documentation (e.g., Prospectus/Supplement and, where applicable, the investment management agreement). While sustainability risks are assessed and considered within the investment and risk oversight process, not all products have sustainability-related objectives, characteristics, or binding constraints. Investors should refer to the detailed sustainability-related disclosures set out in the literature for that product or service and to the published sustainability-related policies of the investment group involved. You can find an overview of each of the Investment Managers and their sustainability perspectives here and for more details please visit their websites.

Management

- The Investment Managers manage sustainability risk factors by incorporating consideration of the output from a sustainability risk screen, where appropriate, in the selection of securities for each product portfolio. The scope of the screening will depend upon the investment guidelines agreed in the Prospectus. They may also manage sustainability risk factors through direct engagement with an investee company.

Monitoring

- The Investment Managers use a combination of means to assist in the ongoing monitoring of sustainability risks including, among others, monitoring tools and dashboards as well as ongoing research, due diligence, analysis on investee securities.

Status of this Document

- This document is provided for information purposes only. In the event of any inconsistency between this document and either the Framework or the terms of any agreements between the Firm and any of its clients, such other document shall prevail. No person should take (or refrain from taking) any action because of this document. To the maximum extent permitted by law, no liability is accepted by the Firm in respect of this document.
- This document is reviewed at least annually, and additionally on an ad hoc basis where required, including following (i) material changes to the applicable regulatory or supervisory framework (including, for example, SFDR and related RTS, UCITS / AIFMD requirements, and relevant guidance), (ii) material changes to the Firm's sustainability-related policies, procedures, governance, delegation arrangements or oversight model, and/or (iii) any other event or finding that indicates the document may no longer be accurate or complete. Updates are subject to the Firm's internal governance and approval process.

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