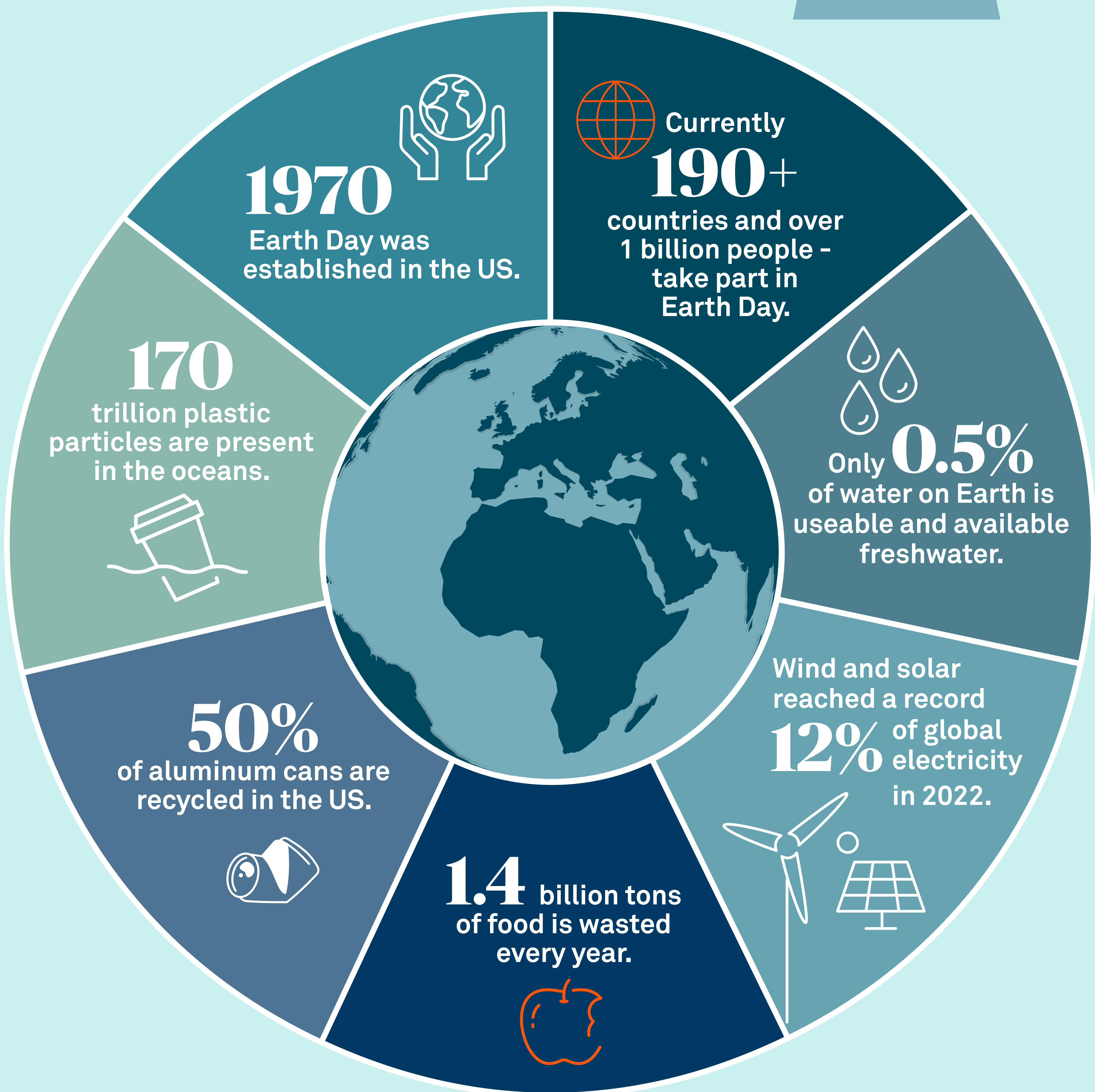


Championing the planet

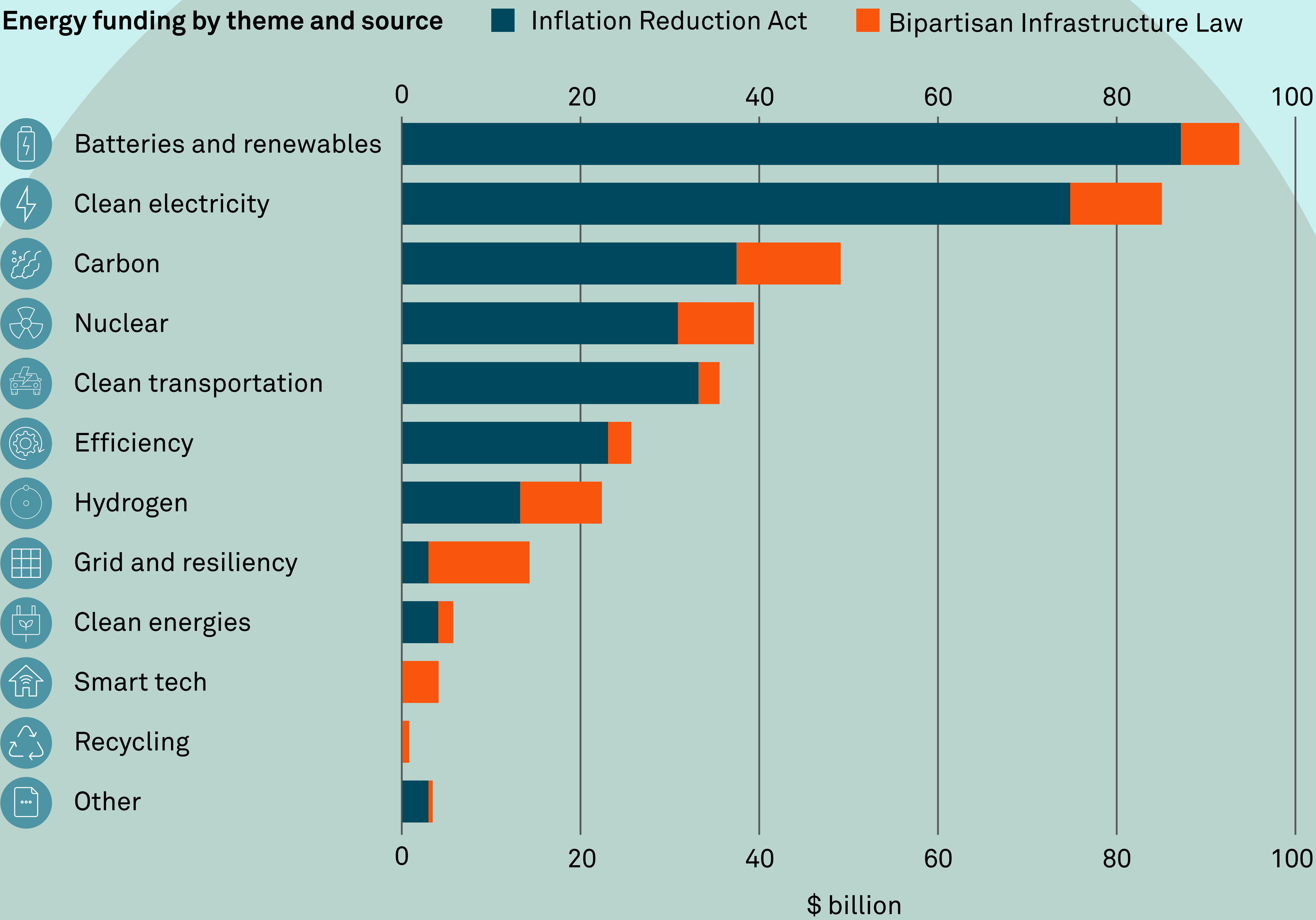


Sources: United States Environmental Protection Agency (EPA). December 2022; World Economic Forum (WEF) January 2023; World Earth Day website January 2023; Guardian newspaper, March 2023; Earthday.org. March 2023; NRDC – Single use plastics 101, January 2020. Ember. Global Electricity Review 2023. April 2023. United States Environmental Protection Agency. Advancing Sustainable Materials Management: 2018 Fact Sheet. December 2020.

Future impact?

Inflation Reduction Act of 2022: US\$500bn in spending and tax breaks – the single largest investment in climate and energy in American history.

ENERGY FUNDING FOR THE BIPARTISAN INFRASTRUCTURE LAW AND THE INFLATION REDUCTION ACT SPANS MAJOR FUNDING THEMES, TOTALING US\$370bn.



Note: This exhibit reflects analysis of the appropriation figures contained in the Inflation Reduction Act, as well as those reported by the Congressional Budget Office and Joint Committee on Taxation. This analysis may differ from other analyses due to differences in methodology. Source: Inflation Reduction Act of 2022, H.R. 5376, 117th Cong. (2021-22); Infrastructure Investment and Jobs Act, H.R. 3684, 117th Cong. (2021-22)

Source: McKinsey & Company. The Inflation Reduction Act: Here's what's in it. October 2022.

Earth Day 2023 – Making strides since 1970

It’s important to identify opportunities while mitigating risks associated with the transition to a more sustainable planet. With this year’s Earth Day theme being, “Invest in our planet,” it is a timely reminder of the international policy supporting green investments. To be effective stewards of client assets, we believe portfolios should be managed aligned to real economy transition pathways, which rely on mobilizing capital at scale to the regions and sectors which need it most.

We estimate investment of around US\$100 trillion is needed to ‘green’ the world’s capital stock but clear signals from the Inflation Reduction Act in the US and Net Zero Industry Act in Europe are helping to deliver steps towards those goals. Subsidies to support the electrification of the energy system, build out of renewables, green hydrogen and carbon capture and storage (CCS) are helping identify new investment opportunities across multiple sectors.

Coordination globally is needed to ensure the most efficient scaling and location of green supply chains; to remove barriers to innovation for new technologies; to ensure better pricing of externalities such as carbon and methane; and to protect against any unintended consequences from fragmented policy action.

Kristina Church, head of responsible strategy, BNY Mellon

Disclosures

All investments involve risk, including the possible loss of principal. Certain investments involve greater or unique risks that should be considered along with the objectives, fees, and expenses before investing.

The natural resources sector can be affected by events occurring in nature, inflation, and domestic and international policies. Interest rates, commodity prices, economic, tax, and energy developments, and government regulations may affect the resources sector and the share prices of the companies in the sector.

Impact investing and/or environmental, social, and governance (ESG) managers may take into consideration factors beyond traditional financial information to select securities, which could result in relative investment performance deviating from other strategies or broad market benchmarks, depending on whether such sectors or investments are in or out of favor in the market. Further, ESG strategies may rely on certain values-based criteria to eliminate exposures found in similar strategies or broad market benchmarks, which could also result relative investment performance deviating.

Recent market risks include pandemic risks related to COVID-19. The effects of COVID-19 have contributed to increased volatility in global markets and will likely affect certain countries, companies, industries and market sectors more dramatically than others.

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