Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: BNY Mellon Smart Cures Innovation Fund

Legal entity identifier: 213800DO7SNROTOSKR14

Sustainable investment objective

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?

☑ **Yes**	☐ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective**: ___%	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___**%** of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☑ It will make a minimum of **sustainable investments with a social objective 80.00%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

What is the sustainable investment objective of this financial product?

The Sub-Fund aims to achieve long-term capital growth and has a sustainable investment objective.

Specifically, the Sub-Fund aims to contribute to a social objective by investing in securities of companies located worldwide that improve the adequacy and efficiency of health systems through innovation in biotechnology and healthcare.

The SFDR Sustainable Investments contribute to the sustainable investment objective by investing in companies that contribute to social objectives by improving the adequacy and efficiency of health systems through innovation in biotechnology and healthcare.

(“Smart Cures Innovation Companies”).

No reference benchmark has been designated for the purpose of attaining the sustainable investment objective.

The SFDR Sustainable Investments do not contribute to any of the environmental objectives set out in Art. 9 of Regulation (EU) 2020/852).

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?

All investments to meet certain thresholds with regards to the percentage of their operating expenditure (OpEx) (i.e., the day-to-day expenses that a company incurs to keep its business running) spent on researching and developing new products and/or services; or in certain instances, the percentage of OpEx spent on capital expenditure (CapEx) (i.e., the expenses a company incurs to create future benefit by investing in long-term fixed assets).

Specifically:

- Clinical Pioneers: to have spent at least 30% of the OpEx on researching and developing new products and/or services over the previous 12 months, as reviewed on a periodic basis

- Supporting Cast: either to have spent at least 15% of OpEx on researching & developing new products and/or services over the previous 12 months, as reviewed on a periodic basis; or
- Supporting Cast companies that do not report research & development as an expense: to have spent at least 5% of OpEx on CapEx, over the previous 12 months, as reviewed on a periodic basis

No more than 5% of Net Asset Value in companies that:

- Are in heavy emitting sectors as defined by the International Energy Agency (IEA); and
- Have a business incompatible with a scenario in which global temperatures rise more than 2 degrees above pre-industrial levels; and
- Do not have an adequate strategy to address emissions / climate change, or a credible transition plan.

In addition, where third party data is not available to assess these criteria or indicates that specific companies meet these criteria, the Investment Manager retains discretion to determine alignment with this sustainability indicator solely on the basis of its qualitative review process.

0% of Net Asset Value in investee companies that have been involved in violations of the UNGC principles.

A weighted average ESG risk rating of 'medium' or better at the portfolio level. Such rating to be determined using third party data.

How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?

The Investment Manager determines that SFDR Sustainable Investments in the Sub-Fund do not significantly harm any environmental or social objectives by assessing each SFDR Sustainable Investment's involvement in areas deemed to be harmful from an environmental or social perspective. Investments that have involvement in activities deemed to be harmful from an environmental or social perspective are excluded from investment. Involvement in such activities is monitored on an ongoing basis. SFDR Sustainable Investments are also assessed against the principal adverse impacts on sustainability factors on a pre-investment basis.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anticorruption and antibribery matters.

How have the indicators for adverse impacts on sustainability factors been taken into account?

All mandatory principal adverse impact indicators [per Table 1 of Annex I] are taken into account where possible when identifying SFDR Sustainable Investments for the Sub-Fund, as well as a subset of voluntary indicators [from Tables 2 and 3 of Annex I]. It should also be noted that while each indicator in Table 1 of Annex I of the Commission Delegated Regulations is considered, it is currently not possible to calculate the carbon footprint of each potential sustainable investment as envisaged in Annex I.

The relevance of voluntary indicators is based on the Investment Manager's view as to the materiality of the indicator to the sector or region.

The following voluntary indicators are taken into account for all investments:

- Investments in companies without carbon emission reduction initiatives
- Lack of a human rights policy
- Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws

Indicators for adverse impacts on sustainability factors are taken into account by using quantitative data and internal qualitative assessment to determine, for each prospective company, whether there are any PAI metrics that are deemed by the Investment Manager to do significant harm. Principal adverse impact metrics are assessed on an ongoing basis to ensure that investments that are classified by the Investment Manager as SFDR Sustainable Investments do no significant harm to any environmental or social objectives. The levels at which PAI metrics are deemed to do significant harm varies depending on, among other factors, asset class, sector, region and country.

PAI Data Availability

The Investment Manager is dependent upon information and data from third party data providers in order to be able to consider principal adverse impacts on sustainability factors. The availability and quality of such data impacts the extent to which each such PAI can be taken into account. In particular, the lack or incomplete reporting of metrics by some issuers means that there is currently only limited data on some adverse indicators. As such for some of the mandatory PAIs listed above, data coverage may be very low. The Investment Manager's analysis of adverse indicators relies on this third-party information and data, and where such information is not available or is incomplete, the Investment Manager's analysis of adverse indicators is necessarily limited. The Investment Manager does not currently make assumptions where data coverage is low. This means that for some mandatory PAIs no analysis of the DNSH test will be possible in respect of investments classified by the Investment Manager as SFDR Sustainable Investments. As the data availability improves over time, it is expected that PAIs can be applied to a greater portion of the Investment Manager's investable universe. This will allow for enhanced insight into the adverse impacts caused by issuers

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

The OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights (the "Responsible Business Practices") collectively cover a very broad range of areas of responsible business, encompassing everything from labour rights to consumer protection to support for internationally recognised human rights within a company's or issuer's sphere of influence. SFDR Sustainable Investments are considered aligned with the Responsible Business Practices unless the companies invested in do not pass screens provided by third parties which either directly cover one or more of the Responsible Business Practices or are considered appropriate proxies for one or more of the Responsible Business Practices; and the companies invested in pass the Investment Manager's own qualitative review process which takes into account the Responsible Business Practices.

In addition, where the companies invested in do not pass the relevant screens provided by third parties, the Investment Manager retains discretion to establish alignment with the Responsible Business Practices solely on the basis of its qualitative review process.

The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☑ Yes, The Sub-Fund considers principal adverse impacts on sustainability factors. The Investment Manager uses a combination of externally and internally sourced data and research to identify issuers that are involved in areas of material harm from an environmental or social perspective. The Investment Manager considers all mandatory PAIs as well as a selection of voluntary PAIs.

Where required, information on principal adverse impacts on sustainability factors will be made available in the annual report.

☐ No

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As further set out in the Supplement the Sub-Fund is an actively managed equity portfolio that aims to achieve long-term capital growth and contribute to social objectives by investing in securities of companies that improve the adequacy and efficiency of health systems through innovation in biotechnology and healthcare ("Smart Cures Innovation Companies"), which constitute SFDR Sustainable Investments and meet the Investment Manager's binding environmental, social and governance ("ESG") and sustainability criteria. The Sub-Fund's investment universe is therefore limited to issuers that the Investment Manager deems to meet the ESG and sustainability criteria: when determining whether an issuer engages in sustainable business practices and meets the Investment Manager's ESG and sustainability criteria, the Investment Manager considers whether the issuer (i) engages in such practices in an economic sense (e.g. the durability of the issuer's strategy, operations and finances), and ii) takes appropriate account of the economic, political, governance and regulatory environment in which the issuer operates, which includes assessment of an issuer's environmental, social and/or governance practices. All of the Sub-Fund's investments, other than those intended for specific purposes such as hedging and liquidity, will meet the definition of SFDR Sustainable Investments. ESG considerations are integrated into the investment decision making process of the Sub-Fund. The Sub-Fund also adopts criteria to identify and avoid areas of harmful activity from an environmental or social perspective.

Identifying the Investment Universe In identifying and selecting companies for inclusion in the portfolio the Investment Manager is primarily looking for “clinical pioneers” or “supporting cast” companies.

– Clinical pioneers attempt to demonstrate clinical proof-of-concept of a therapy that adds or modifies a person’s genetic content for the purpose of treating a particular disease. These companies take different approaches, including gene therapy, gene editing and gene modulation.
– Supporting cast companies include contract manufacturing and/or research organisations that have special expertise in the genetic therapies space. This also includes companies that create diagnostic tools for genome sequencing as well as specialised supply companies that benefit from the growth of advancements and pipeline build in the genetic therapies field.

Further detail on the investment strategy of the Sub-Fund can be found in the section “Investment Strategy” of the Supplement.

The investment strategy is implemented in the investment process on a continuous basis by requiring the investments to comply the binding elements described below both at time of purchase and on an ongoing basis.

- **What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

  The Sub-Fund shall

  – invest at least 80% of its Net Asset Value in SFDR Sustainable Investments
  – exclude issuers that produce tobacco products
  – exclude issuers that derive more than 10% of turnover from the sale of tobacco
  – exclude issuers that generate revenues from the production of controversial weapons
  – exclude issuers in breach of the Principles of the UN Global Compact (which includes principles relating to human rights, labour, environment and anti-corruption)
  – invest at least 90% of the Net Asset Value of the Sub-Fund net of the Sub-Fund’s exposure to cash and liquid near cash assets, money market funds, and currency related FDI and FDI used for hedging purposes (the “Non-ESG Assets”)) in companies that meet the Investment Manager’s ESG and sustainability criteria at time of purchase and on an ongoing basis.
  – invest at least 80% of its Net Asset Value in companies that contribute to social objectives by improving the adequacy and efficiency of health systems through innovation in biotechnology and healthcare (“Smart Cures Innovation Companies”)

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- **What is the policy to assess good governance practices of the investee companies?**

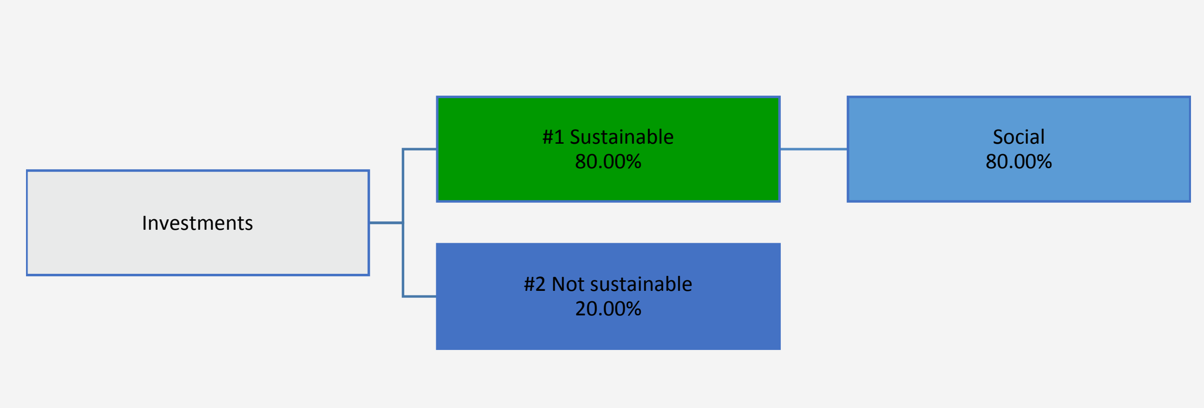
  Good governance of the investee companies is assessed by reference to a number of external and internal data sources that provide information a company's approach to corporate governance, including their management structures, employee relations, remuneration of staff and tax compliance.

  Additionally, the Investment Manager excludes from investment any company that breaches one or more principles of the UN Global Compact.

What is the asset allocation and the minimum share of sustainable investments?

Asset allocation describes the share of investments in specific assets.

The asset allocation diagram is intended to illustrate the planned asset allocation of this Sub-Fund and to reflect the minimum investments referred to elsewhere in this annex. The Sub-Fund is committed to investing a minimum of 80% of NAV in SFDR Sustainable Investments with a social objective.



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

How does the use of derivatives attain the sustainable investment objective?

The Sub-Fund cannot not use derivatives (FDI) for investment purposes, consequently, FDI are not used to attain the sustainable investment objective.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

There is no minimum extent to which SFDR Sustainable Investments with an environmental objective held by the Sub-Fund are aligned with the EU Taxonomy.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy [1]?

☐ Yes:

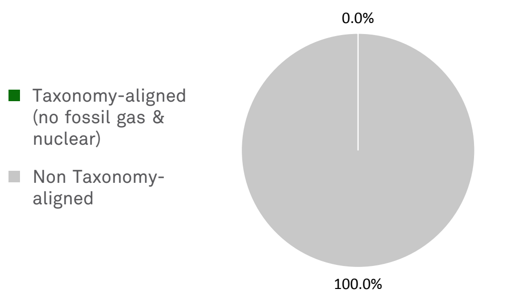
☐ In fossil gas ☐ In nuclear energy

☑ No

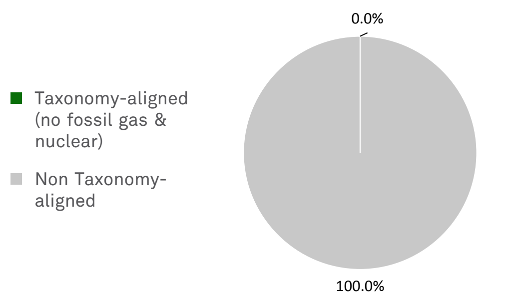
Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

1. Taxonomy-alignment of investments including sovereign bonds*



2. Taxonomy-alignment of investments excluding sovereign bonds*



This graph represents 100% of the total investments

** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

Enabling activities directly enable other activities to make a substantial

What is the minimum share of investments in transitional and enabling activities?

Transitional activities: 0.00%

Enabling activities: 0.00%

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

There is no minimum share of SFDR Sustainable Investments with an environmental objective that are not aligned with the EU Taxonomy.

are environmentally sustainable investments that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What is the minimum share of sustainable investments with a social objective?

The minimum share of SFDR Sustainable Investments with a social objective is 80% of the Net Asset Value of the Sub-Fund.

What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?

The Sub-Fund invests a maximum of 20% of Net Asset Value in category #2 Not sustainable which is comprised of primarily liquidity and hedging instruments, which may include (but not be limited to) cash, cash equivalents, currency positions, currency related FDI and FDI used for hedging purposes, and investment which are no longer classified as SFDR Sustainable Investments but have yet to be sold. There are no minimum environmental or social safeguards associated with these investments. The proportion and use of liquidity and hedging instruments does not affect the delivery of the sustainable investment objective on a continuous basis as these types of instruments are considered neutral by the Investment Manager and do not present sustainability risks or opportunities. Any allocation to investments which are no longer classified as SFDR Sustainable Investments but have yet to be sold does not affect the delivery of the sustainable investment objective on a continuous basis as the Sub-Fund will continue to meet its minimum commitment to sustainable investments and such investments will be held as 'Other' for a limited period only.

Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.

- **How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?**

  Not applicable

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**
  Not applicable
- **How does the designated index differ from a relevant broad market index?**
  Not applicable
- **Where can the methodology used for the calculation of the designated index be found?**
  Not applicable

Where can I find more product specific information online?

More product-specific information can be found on the website: www.bnymellonim.com