

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

## Product name: BNY Mellon U.S. Municipal Infrastructure Debt Fund

Legal entity identifier: 213800RGF16LW6526386

### Environmental and/or social characteristics

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?

●● <input type="checkbox"/> Yes	●○ <input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : ____%	<input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of - ____% of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> ____%	<input type="checkbox"/> with a social objective
	<input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

The Sub-Fund promotes:

- A minimum environmental and/or social standard that seeks to mitigate or avoid practices that the Investment Manager deems environmentally and/or socially detrimental. Exclusion criteria are used to achieve this minimum standard. For example, issuers that derive a certain percentage of revenue as determined by the Investment Manager from tobacco production, controversial weapons production and thermal coal mining and/or thermal coal power generation are excluded. Issuers will also be excluded where, in the opinion of the Investment Manager, the issuers are deemed to have violated the minimum standards of business practices represented in widely accepted global conventions;
- Positive environmental and/or social investments by aiming to:
  - have a higher exposure to bonds where the proceeds will be exclusively applied to finance or re-finance in part or in full projects with positive environmental ("green") and/or social impacts, but do not meet the definition of SFDR Sustainable Investments as assessed by the Investment Manager (hereafter "Use of Proceeds Bonds"); versus the Blended Benchmark; and
  - Target a carbon intensity level below the level of the Blended Benchmark.

A reference benchmark has not been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The following sustainability indicator will be used to measure whether the Sub-Fund is attaining the environmental and/or social characteristics it promotes:

- **Exclusion Policy:** An assessment of whether the Sub-Fund has successfully and consistently executed its exclusion policy (details of which are set out below).
- **Use of Proceeds Bonds:** An assessment of whether, in the opinion of the Investment Manager, the Sub-Fund has successfully and consistently had a higher exposure to Use of Proceeds Bonds versus the Blended Benchmark. The selection of such bonds is assessed by the Investment Manager by analysing the use of proceeds to determine if they are used to finance or refinance in part or in full projects with positive environmental or social outcomes.
- **Carbon Intensity:** An assessment of whether, in the opinion of the Investment Manager, the Sub-Fund's asset weighted average carbon intensity level has successfully and consistently been lower than the asset weighted average carbon intensity level of the Blended Benchmark. Carbon intensity level is measured at portfolio level, based on tonnes of carbon dioxide emitted per million dollars of revenue and assessed by the Investment Manager using data from a third-party provider.

While the Sub-Fund aims to invest in accordance with the commitments set out above, there can be no guarantee that such results will be achieved or maintained especially during periods of market volatility. Such levels may vary over time and may not be significantly different compared to the Blended Benchmark depending on various factors, including but not limited to, the availability of relevant investments.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable. The Sub-Fund does not commit to investing in SFDR Sustainable Investments and there is no minimum allocation to SFDR Sustainable Investments, however, they may form part of the portfolio, as further described in the Supplement.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable. The Sub-Fund does not commit to investing in SFDR Sustainable Investments and there is no minimum allocation to SFDR Sustainable Investments, however, they may form part of the portfolio, as further described in the Supplement.

**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?*

Not applicable. The Sub-Fund does not commit to investing in SFDR Sustainable Investments and there is no minimum allocation to SFDR Sustainable Investments, however, they may form part of the portfolio, as further described in the Supplement.

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

Not applicable. The Sub-Fund does not commit to investing SFDR Sustainable Investments and there is no minimum allocation to SFDR Sustainable Investments, however, they may form part of the portfolio, as further described in the Supplement.

*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

☒ 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 set out in the Supplement, the Sub-Fund aims to provide a high level of income with the aim of preserving capital at the same time by predominantly investing in a portfolio of municipal bonds. Further details on the Sub-Fund's strategy are set out in the "Investment Strategy" section of the Supplement.

The ESG exclusions' framework, which includes the Investment Manager's proprietary ESG ratings and third-party data, aim to prevent or permit investment in securities based on their ESG-related characteristics.

The investment strategy is implemented in the investment process on a continuous basis by requiring the investments to comply with 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 each of the environmental or social characteristics promoted by this financial product?

The Sub-Fund shall exclude direct investment in issuers that, in the opinion of the Investment Manager:

- Derive more than 5% of their revenue from the production of tobacco;
- Derive more than 5% of their revenue from unconventional oil and gas extraction unless:
  - the exposure is achieved via a Use of Proceeds Bonds; and/or
  - the Investment Manager believes the issuer has a robust, clearly defined, long-term plan to address its environmental impact;
- Are involved in the production of controversial weapons;
- Derive more than 5% of their revenue from thermal coal mining and/or more than 10% of revenue (or equivalent revenue) from thermal coal power generation, unless:
  - the exposure is achieved via a Use of Proceeds Bonds; and/or
  - the issuer has a clearly defined plan to exit thermal coal mining and/or generation before (i) 2030 in the case of developed market domiciled issuers or (ii) 2040 in the case of emerging market domiciled issuers;
- Derive more than 5% of their revenue from gambling;
- Are deemed to be involved in severe environmental, social or governance controversies (including significant violations of UN Global Compact Principles).

### ● What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

There is no commitment to reduce the scope of the investments by a minimum rate.

### ● What is the policy to assess good governance practices of the investee companies?

Whilst the SFDR references four key areas of good governance (sound management structures, employee relations, remuneration of staff and tax compliance), the Investment Manager considers that a good governance assessment of corporate/corporate-like issuers should cover a broad range of factors in relation to the system by which these issuers undertake their activities. The Investment Manager primarily considers this system through two processes. Firstly, and where relevant data is available, the Investment Manager will assess whether there are any known controversies in relation to an entity's practices which demonstrate a severe violation of established norms thereby indicating a failure of broader governance mechanisms. External data providers will be used to support this assessment with governance oversight from relevant internal groups and corporate/corporate-like entities deemed to fail this assessment will be excluded from investment. Secondly, the Investment Manager will also exclude any corporate/corporate-like issuer which has the lowest overall fund-relevant ESG rating using the Investment Manager's own proprietary rating system.

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

These ratings aim to provide an overall view of the controls and processes that an entity employs to govern its business and the lowest overall ESG rating typically indicates a corporate/corporate-like issuer with an insufficient framework to mitigate key ESG risks and a failure to meet baseline expectations for corporate governance.



## What is the asset allocation planned for this financial product?

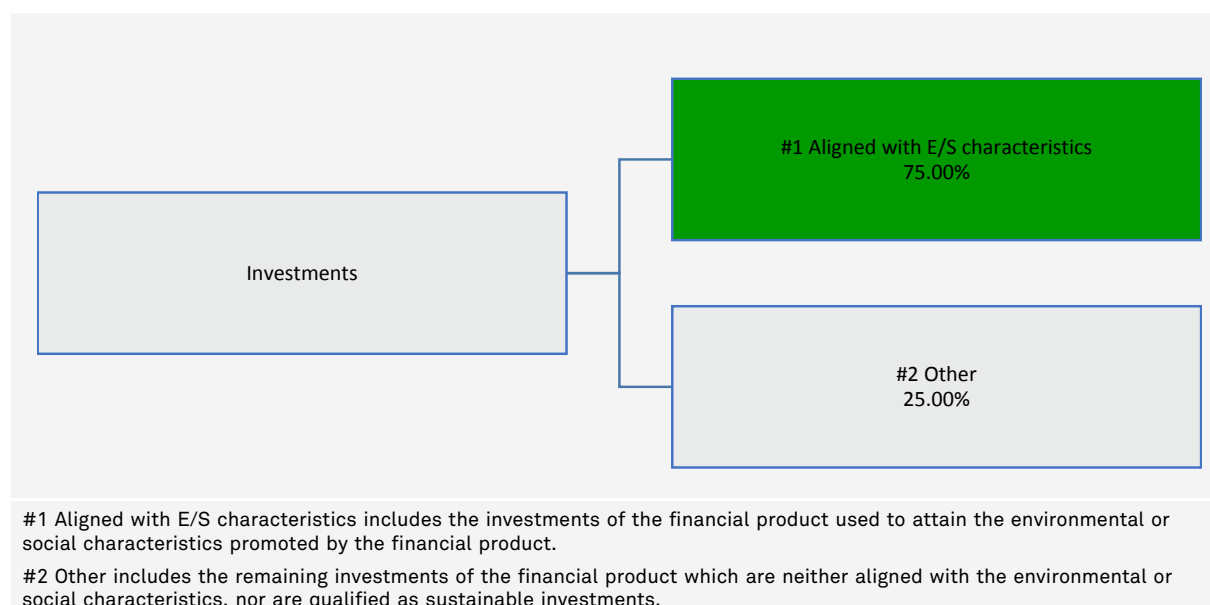
Asset allocation describes the share of investments in specific assets.

A minimum of 75% of Net Asset Value will be invested to meet the environmental or social characteristics promoted by the Sub-Fund in accordance with the binding elements of the investment strategy.

The asset allocation diagram below is intended to illustrate the typical asset allocation of this Sub-Fund. In addition, the asset allocation diagram does not include any allocation to SFDR Sustainable Investments as the Sub-Fund does not commit to investing in SFDR Sustainable Investments and there is no minimum allocation to SFDR Sustainable Investments, however, they may form part of the portfolio, as further described in the Supplement.

The Sub-Fund promotes environmental or social characteristics based on exclusionary approach. As a consequence, the figure in #1 below represents that the portfolio has excluded certain types of investments as further detailed in 'What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?' above and therefore the portfolio is aligned with the environmental or social characteristics promoted by the Sub-Fund solely through the absence of those investments.

In addition, the Sub-Fund seeks to promote positive environmental and/or social investments by aiming to have a higher exposure to Use of Proceeds Bonds versus the Blended Benchmark and aiming to target a carbon intensity below the level of the Blended Benchmark. Where the Sub-Fund invests in accordance with such targets, the figures in #1 will also represent that the portfolio is aligned with the environmental or social characteristics promoted by the Sub-Fund through the presence of those investments.



### ● How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Derivatives are not used to attain the environmental and social characteristics promoted by the Sub-Fund.

However, the Sub-Fund may use derivatives for investment purposes. Such derivatives will be expected to provide exposure to underlying assets which will be constituents of broad-based market indices and the Investment Manager will not look through to the underlying constituents of such indices for the purpose of applying the binding elements described above.



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

Not applicable. The Sub-Fund does not commit to investing in SFDR Sustainable Investments including those with an environmental objective aligned with the EU Taxonomy, however, they may form part of the portfolio.

### ● Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

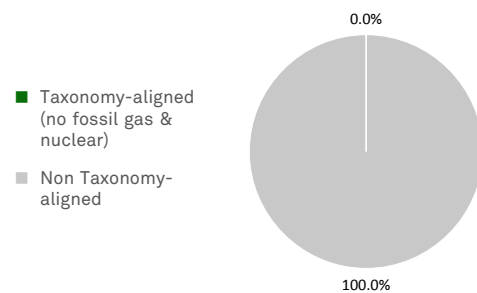
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

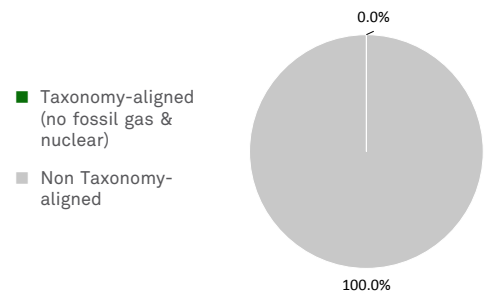
☒ No

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

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

Transitional activities: 0.00%

Enabling activities: 0.00%

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.

**Enabling activities** directly enable other activities to make a substantial 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.

<sup>1</sup> 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.



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

Not applicable. The Sub-Fund does not commit to holding SFDR Sustainable Investments, however, they may form part of the portfolio, as further described in the Supplement.



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



### What is the minimum share of socially sustainable investments?

Not applicable. The Sub-Fund does not commit to holding SFDR Sustainable Investments, however, they may form part of the portfolio, as further described in the Supplement.



### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Investments included under “#2 Other” are:

- Liquid and near-cash assets including cash, that are used for ancillary liquidity purposes
- Collective Investment Schemes (CIS) that are used for liquidity purposes
- Derivatives (FDI) that are used for investment and hedging purposes.

No minimum environment or social safeguards are considered for these investments.



### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.

- How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?

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](http://www.bnymellonim.com)

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.