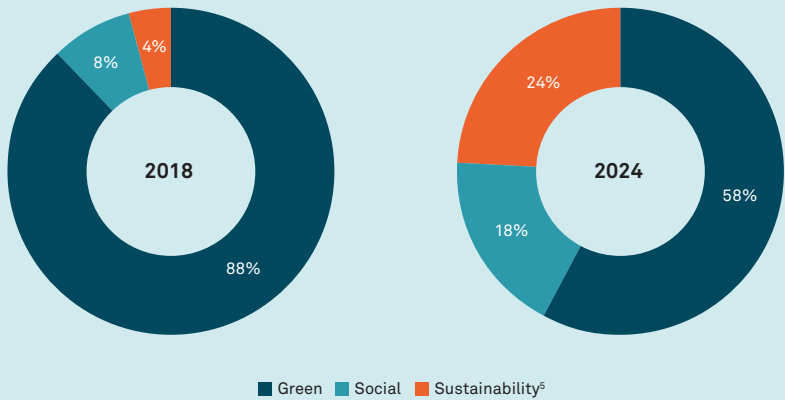


IMPACT INVESTING: 5 MYTHS

myth1 Impact investing means investing only in green bonds

Reality: Green bonds remain the largest component of the 'impact bond' market. But now over 40% of the market also finances social projects. Supporting a positive impact is also possible through conventional bond markets.

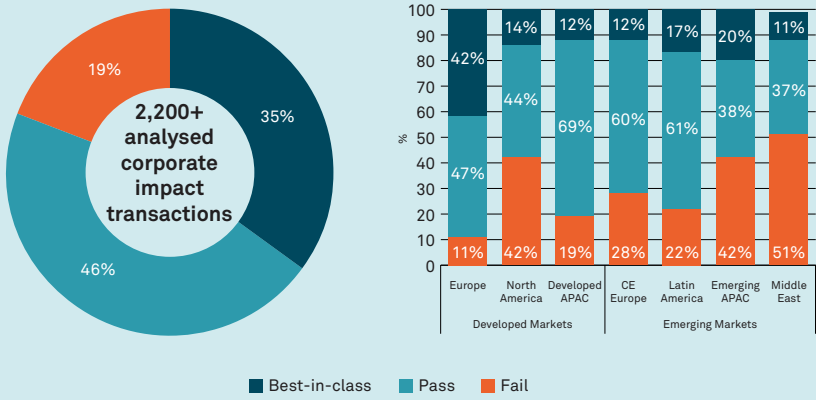
GREEN BONDS USED TO DOMINATE THE IMPACT MARKET – BUT NOW THERE ARE ALTERNATIVES¹



myth2 Investors should trust a bond's impact label

Reality: There are a variety of standards regarding applying a 'green' or 'social' label to a bond. Insight's assessments suggest that a meaningful proportion do not pass its minimum expectations for such labels.

NOT ALL IMPACT BONDS MEET INSIGHT'S EXPECTATIONS²

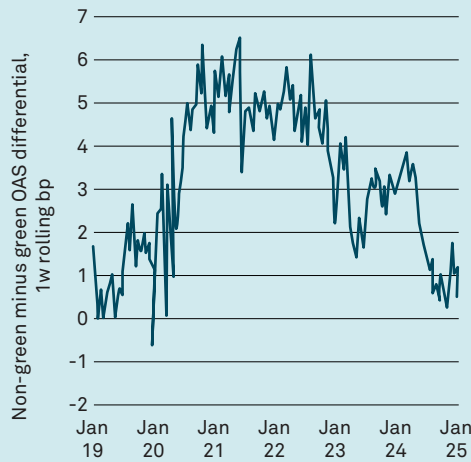


myth4 Investors must give up spread to have an impact

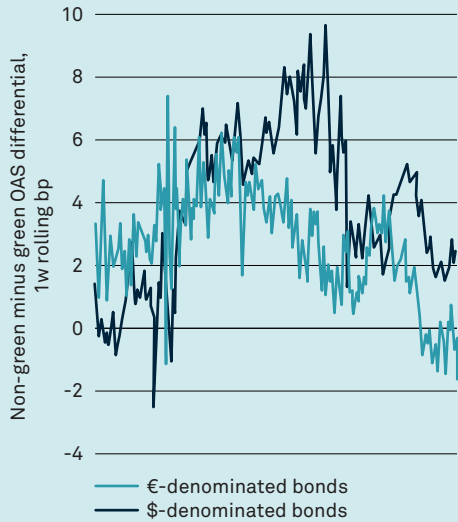
Reality: As impact bond supply has grown, the 'greenium' – the additional cost observed of investing in impact bonds relative to equivalent conventional debt – has decreased to a low level across the wider market.

THE GREENIUM FOR MANY ISSUERS HAS REDUCED TO MINIMUM LEVELS³

Average greenium of corp. issuers and currencies



Average greenium of USD and EUR bonds

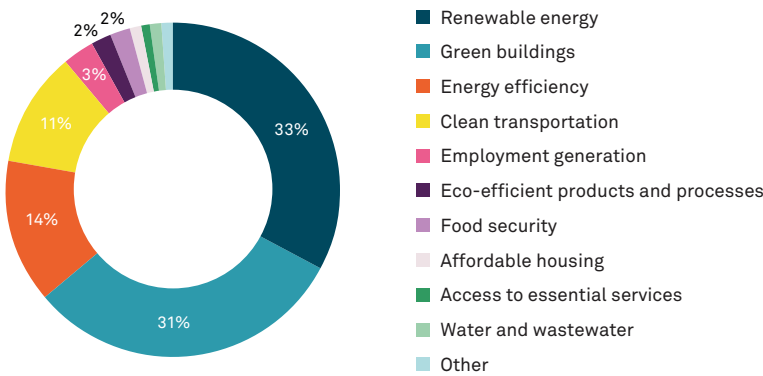


myth5 Impact performance can't be measured alongside financial performance

Reality: Issuers understand that investors expect clear, transparent reporting on the performance of their investments with impact objectives. Metrics regarding environmental and social projects are now widely available.

METRICS AND INDICATORS REGARDING IMPACT ARE WIDELY AVAILABLE, ENABLING REPORTING ON IMPACT OUTCOMES IN PORTFOLIOS⁴

Illustrative impact projects for green, social and sustainable bonds in an investment portfolio, by exposure %



myth3 The opportunity set for impact is limited

Reality: Growth in issuance has been substantial worldwide, with bonds supporting a growing range of projects and instruments. Investors can choose from bonds with increasingly explicit and specific goals.

EXAMPLES OF GREEN BOND PROJECTS

- Renewable energy and energy efficiency
- Pollution prevention and control
- Clean transportation
- Sustainable water and waste-water management
- Green buildings

EXAMPLES OF SOCIAL BOND PROJECTS

- Affordable basic infrastructure
- Access to essential services
- Affordable housing
- Employment generation
- Food security and sustainable food systems

“Contrary to some investors’ assumptions, the impact bond market is large, liquid and provides a very attractive range of investment opportunities – whether your goal is to generate financial returns, to support a positive environmental or social impact, or both.”

Fabien Collado, Responsible Investment – Senior Portfolio Manager, Insight Investment



1 Source: Bloomberg and Insight Investment as at 31 December 2024.

2 Source: Insight as at 31 December 2024. Insight's ratings from impact bonds analysed since 2017. Totals may not add up to 100% due to rounding.

3 Source: Barclays Research as at 31 December 2024. Based on a universe of name-, currency-, seniority- and tenor-matched pairs of green and non-green bonds.

4 Source: For illustrative purposes only.

5 A sustainability bond is a bond that specifies its proceeds will be used to finance activities which have a positive environmental and social impact.

IMPORTANT INFORMATION

For Professional Clients and, in Switzerland, for Qualified Investors only.

Any views and opinions are those of the investment manager, unless otherwise noted and is not investment advice.

This is not investment research or a research recommendation for regulatory purposes.

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