

FINANCIAL & ESG FACTORS
INTEGRATION TO HELP FORM
SOUND INVESTMENT DECISIONS



“We believe the integration of ESG into our fundamental credit process makes us better investors and supports our mission of protecting our clients’ future financial wellbeing. In our view, issuers that are environmentally aware, socially responsible, and well governed are better positioned to manage risks and capitalize on opportunities.”

JOHN TOBIN

CHIEF INVESTMENT OFFICER

Transparency around environmental, social and governance (ESG) considerations for fixed income investments, including money market funds, has increasingly become an investor imperative. We believe such considerations can and should influence an investment manager’s view of the credit and risk profile of portfolio holdings.

ESG considerations are central to how we think about the global economy and, more specifically, how we evaluate the future performance of the companies in which we invest. We define ESG integration as the explicit inclusion of ESG factors in investment analysis and, ultimately, decisions.

Dreyfus Cash Investment Strategies (Dreyfus) incorporates ESG research developed by one or more of its affiliates, as well as ESG data provided by third parties and issuers of portfolio securities, into its fundamental credit research process where appropriate and as applicable. Our process identifies and assesses material factors—both ESG and traditional financial considerations—to reach an investment decision. However, Dreyfus may not consider ESG ratings or other ESG data or analysis in connection with every investment decision and may determine that other attributes of an investment outweigh ESG considerations when making an investment decision.

UNPACKING ESG

- Environmental factors include a company’s efficient use of natural resources, mitigation of climate risks or leveraging of innovative energy solutions.
- Social factors examine how a company manages its relationship with key stakeholders such as employees, suppliers, customers, and the communities where it operates or the societal value of the products it offers.
- Governance factors focus on a company’s leadership, executive pay, audits, internal controls and shareholder rights.

A COMPREHENSIVE PROCESS

Our bespoke process includes ESG research focusing on ESG factors material to the credit and risk profile of an issuer. This research takes environmental, social or governance factors into account with a proportionate materiality relative to the company's industry, risk exposures and level of transparency.



ENVIRONMENTAL

- Biodiversity & Land Use
- Carbon Emissions
- Carbon Financing & Exposure
- Pollution & Waste
- Product Footprint
- Raw Material Sourcing
- Water Management

SOCIAL

- Controversial Sourcing
- Customer Relations
- Financial Security
- Health & Demographic Risk
- Health & Safety
- Human Capital
- Labor Management
- Privacy & Data Security
- Quality & Safety
- Responsible Investment
- Supply Chain

GOVERNANCE

- Accounting
- Anti-competitive Practices
- Board
- Business Ethics
- Conflict
- Corruption & Instability
- Financial System Instability
- Ownership
- Pay
- Policy & Lobbying
- Tax Transparency

Dreyfus credit analysts utilize these ESG inputs, where available, along with external data sources provided by issuers, rating agencies and third-party research, as part of their fundamental credit analysis. This information is weighed to help determine if ESG factors have a positive, neutral or negative impact on the issuer's risk profile. Our analysts provide a recommendation based on material factors¹ – both ESG and traditional financial factors – that is incorporated into Dreyfus' minimal credit risk framework to assess the overall risk profile of an issuer. The outcome informs our view on issuers and related maturity tenors, which is utilized by our money market investment team to manage the Dreyfus money market portfolios.

This process is governed by our Dreyfus ESG Committee, whose primary purpose is to provide oversight of the internal controls and governance standards relating to the integration of environmental, social and governance factors into the fundamental credit risk process of its investment strategies.

We believe the integration of ESG into our fundamental credit process makes us better investors and supports our mission of protecting our clients' future financial wellbeing.² As stewards of sound investment management practices, we are steadfast in our commitment to enrich our investment processes to deliver products that meet and exceed the expectations of our clients.



CONTACT US

For questions, please call your Dreyfus Cash Solutions Sales Representative, or 1-800-346-3621.

ENDNOTES

¹ESG factors may not be determinative with respect to a given credit analysis or investment decision. Accordingly, a fund may invest in securities of a company/issuer with a negative ESG profile, and a fund may divest or not invest in a company/issuer with a positive ESG profile. In light of the fact that ESG data often lacks standardization, consistency and transparency, such data including ESG ratings for certain issuers/companies may not be available, complete or accurate.

²There is no guarantee that any strategy which considers ESG factors will be successful.

DISCLOSURE

Investors should consider the investment objectives, risks, charges, and expenses of a money market fund carefully before investing. To obtain a prospectus, or summary prospectus, if available, that contains this and other information about the fund visit www.dreyfus.com. Investors should read the prospectus carefully before investing.

Retail Prime and Tax-Exempt/Municipal Money Market Funds: You could lose money by investing in a money market fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. The fund may impose a fee upon the sale of your shares or may temporarily suspend your ability to sell shares if the fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time. **Government/Treasury Money Market Funds:** You could lose money by investing in a money market fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time. Although the fund's board has no current intention to impose a fee upon the sale of shares or temporarily suspend redemptions if the fund's liquidity falls below certain levels, the board reserves the ability to do so after providing at least 60 days prior written notice to shareholders. **Institutional Prime and Tax-Exempt Money Market Funds:** You could lose money by investing in a money market fund. Because the share price of the fund will fluctuate, when you sell your shares they may be worth more or less than what you originally paid for them. The fund may impose a fee upon the sale of your shares or may temporarily suspend your ability to sell shares if the fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

Environmental, Social and Governance (ESG) investing 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.

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