

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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



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

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.

Product Name: M&G (Lux) Global Sustain Paris Aligned Fund
Legal Entity Identifier: 549300IT00LV3HDN7Z63

Sustainable investment objective

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective: 80%**

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

It will make a minimum of **sustainable investments with a social 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

with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**

What is the sustainable investment objective of this financial product?

To invest in companies that contribute towards the Paris Agreement climate change goal.

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

Fund level sustainability indicators:

- Percentage (%) of NAV committed to Science-Based Targets (SBTs)
- Percentage (%) of NAV with ratified Science-Based Targets
- Percentage (%) of NAV participating in Task Force on Climate-Related Financial Disclosures (TCFD) reporting
- Total renewable energy produced (megawatt hours)
- The weighted average carbon intensity (WACI) of the Fund relative to the WACI for the investment universe

Security level sustainability indicators:

- Avoided carbon emissions – for companies that provide direct solutions to the climate challenge via their products and services

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

Sustainable investments that the Fund intends to make do not cause significant harm to any environmental or social sustainable investment objective as they are required to pass a series of tests, including:

1. Whether they represent significant exposure to businesses the Investment Manager considers harmful.
2. Principal Adverse Impact indicators considered to render the investment incompatible with sustainable investment (violations of the UN Global Compact Principles or the OECD Guidelines for Multinational Enterprises, social violations by sovereigns such as being subject to sanctions, negative effects on biodiversity sensitive areas).
3. Other Principal Adverse Impact indicators form part of a materiality assessment to understand whether any exposures are compatible with sustainable investment.

- **How have the indicators for adverse impacts on sustainability factors been taken into account?**
The Investment Manager's research process includes consideration of Principal Adverse Impact indicators for all investments where data is available (i.e. not just for sustainable investments), which allows the Investment Manager to make informed investment decisions.

The Fund's consideration of Principal Adverse Impact indicators is used as part of understanding the operating practices of the investments purchased by the Fund.

Investments held by the Fund are then subject to ongoing monitoring and a quarterly review process.

Further information on the Principal Adverse Impact indicators which are taken into account by the Investment Manager can be found in the Annex to the Investment Manager's website disclosures for the Fund.

- **How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**
All investments purchased by the Fund must pass the Investment Manager's good governance tests, and in addition, sustainable investments must also pass tests to confirm they do no significant harm, as described above. These tests embed a consideration of the OECD Guidelines and UN Guiding Principles.



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

- X** Yes, for sustainable investments, principal adverse impacts are a key part of assessing such investments do not do significant harm as explained above. For other investments the Investment Manager's research process includes consideration of Principal Adverse Impact indicators for all investments where data is available, which allows the Investment Manager to make informed investment decisions, as explained above.

Further information on the Principal Adverse Impact indicators which are taken into account by the Investment Manager can be found in the Annex to the Investment Manager's website disclosures for the Fund. Information on how the principal adverse impacts were taken into account will be provided in the Fund's annual report.

- No



What investment strategy does this financial product follow?

The Fund invests in Low Carbon Intensity Companies and Reducing Carbon Intensity Companies.

Low Carbon Intensity Companies have a carbon intensity lower than 50% of the weighted average carbon intensity of the Fund's investment universe, and an ongoing commitment to decarbonisation.

Reducing Carbon Intensity Companies have science based targets aligned with the Paris Agreement or have committed to have them in place within a defined time period, and an ongoing commitment to decarbonisation.

The Fund also considers non-mandatory factors such as whether companies are providing solutions to the climate change challenge.

The Fund will typically have a weighted average carbon intensity of less than half of its investment universe ("Positive ESG Outcome").

Sustainability considerations, encompassing ESG factors, are fully integrated into analysis and investment decisions, and play an important role in determining the investment universe and portfolio construction.

In order to identify securities for purchase, the Investment Manager reduces the potential investment universe as follows:

1. The exclusions listed in the ESG Criteria are screened out.
2. The Investment Manager then assesses the sustainability credentials of the remaining companies. Potential investments are identified by reference to their carbon intensity and whether they provide solutions to the climate change challenge. The Investment Manager analyses these companies using internal and external research, combining qualitative and quantitative methods with an assessment of ESG Factors to build a watchlist of companies assessed to have sustainable business models.
3. The Investment Manager then performs further analysis to consider the valuation of these companies and the appropriate time to purchase in consideration of the Fund's financial objective. The Investment Manager favours issuers with lower carbon intensity where this is not detrimental to the pursuit of the investment objective. This process typically results in a portfolio with lower carbon intensity than less than half of its investment universe. In constructing a portfolio which favours investments with lower carbon intensity, the Investment Manager may nonetheless invest in investments across the full spectrum of carbon intensity. The Fund's calculation methodology does not include those securities that do not have carbon intensity data respectively, or cash, near cash, some derivatives and some collective investment schemes.

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

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

The following elements are binding, as part of the Investment Manager's strategy for this Fund:

- The Fund's exclusions;
- The Fund's asset allocation, as set out in the section "What is the asset allocation planned for this financial product?"; and
- Minimum levels of sustainable investments, as set out in the section "What is the asset allocation planned for this financial product?". Please note that the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is non-binding where the reason for holding less than such minimum is because Taxonomy-aligned investments are held instead (as all such investments are sustainable investments with environmental objectives).

Where it is in the best interests of investors, the Fund may temporarily deviate from one or more of these elements, for example if the Investment Manager considers it prudent to hold high levels of cash in response to market conditions.

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?**

The Investment Manager operates data driven quantitative good governance tests used to consider investments into companies. The Investment Manager excludes investments in securities that are considered as failing the Investment Manager's good governance tests. When assessing good governance practice the Investment Manager will, as a minimum, have regard to matters it sees relevant to the four identified pillars of good governance (sound management structures, employee relations, remuneration of staff and tax compliance).



Asset allocation describes the share of investments in specific assets.

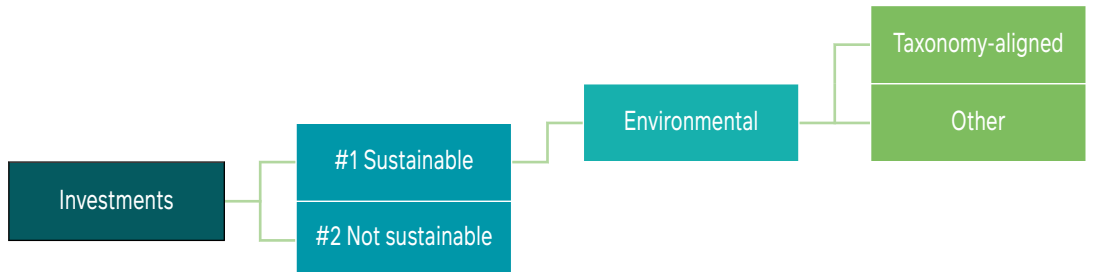
What is the asset allocation and the minimum share of sustainable investments?

The Investment Manager expects at least 80% of the Fund to be invested in environmental sustainable investments, in pursuit of the environmental sustainable investment objective.

The Fund is not required to favour any specific type of environmental sustainable investment.

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, eg for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.



#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?**

Derivatives are not used to attain the sustainable investment objective.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

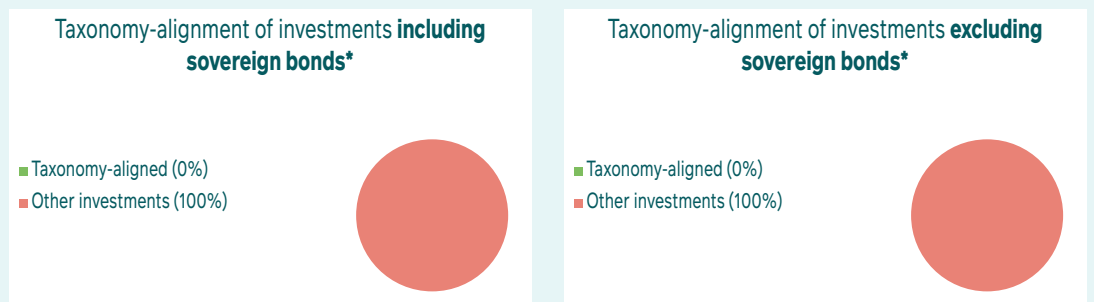


To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Whilst the minimum mandatory allocation to Taxonomy-aligned sustainable investments is 0%, the Fund is permitted to allocate to such investments, which would form part of its overall allocation to sustainable investments with environmental objectives.

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.

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.



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

 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 investments in transitional and enabling activities?**
0%



- **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**
80%



- **What is the minimum share of sustainable investments with a social objective?**
0%



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

The Fund may hold cash, near cash and money market funds, and derivatives as “Other” investments, for hedging purposes or in connection with cash held for ancillary liquidity. No minimum environmental or social safeguards are applied, other than as stated below.

Where derivatives are used to take investment exposure to diversified financial indices, these will be subject to such minimum environmental or social safeguard tests as the Investment Manager considers appropriate, for example a minimum weighted ESG score test.

It is also possible that the Fund may hold investments that are not in line with the sustainable investment objective, e.g. as a result of a merger or other corporate action, or as a result of the characteristics of a previously acquired investment changing. Where this happens, the Fund will generally seek to dispose of them in the best interests of investors, but may not always be able to do so immediately.



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

No

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

- **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.mandg.com/country-specific-fund-literature