

4 September 2024

Dear Shareholder

**Important changes to M&G (Lux) Sustainable Optimal Income Bond Fund (the “Fund”),  
a sub-fund of M&G (Lux) Investment Funds 1 (the “Company”)**

**We recommend that you read this letter carefully.**

Defined terms used in this letter have the same meaning as in the Company’s Prospectus, unless otherwise defined hereafter.

I am writing to inform you of changes to the Fund effective from Friday 18 October 2024 (the “**Effective Date**”). We will be:

- Renaming the Fund to the M&G (Lux) responsAbility Sustainable Solutions Bond Fund.
- Recategorising the Fund from article 8 to article 9 under the EU Sustainable Finance Disclosure Regulation (“**SFDR**”).
- Adding a sustainable investment objective and changing the financial objective as follows:
  - financial objective: to provide a higher total return (capital growth plus income) than that of the sustainable global bond market over any five-year period; and
  - sustainable investment objective: to contribute to a sustainable economy by investing in global bonds supporting environmental and/or social goals.
- Increase the minimum amount of sustainable investments that must be held by the Fund from 51% to 80% of its Net Asset Value (“**NAV**”).
- Amending the Investment Policy and Strategy to reflect the changes required to deliver the new Investment Objectives.
- Adding an Investment Adviser, responsAbility Investments AG (“**responsAbility**”), a member of the M&G Group which will assist the Investment Manager in delivering the sustainable investment objective.

The Fund’s EU Sustainable Finance Disclosure Regulation (“**SFDR**”) precontractual annex in the Prospectus and its online Sustainability-Related Disclosures will be updated to reflect all the changes, as well as other related changes such as adding a new set of Sustainability Indicators used to measure attainment of the sustainable investment objective.

continued overleaf

The Fund will seek to deliver its new investment objective through investment primarily in investment grade corporate bonds, denominated in any currency, which correspond to at least one of the following six “Solution Areas”:

- Better health
- Better work and educations
- Social inclusion
- Climate action
- Environmental
- Circular economy.

These bonds will either be

- ‘Use-of-Proceeds’ (“**UoP**”) bonds, which are issued specifically to finance environmental or social projects within the Solution Areas; or
- issued by “Sustainable Solution Providers” – companies that positively contribute to the Solution Areas.

We will also make the following changes:

- A new set of Environmental, Social and Governance (“ESG”) exclusions will apply to the Fund.
- The Fund’s benchmark (which is used to assess the Fund’s performance against its financial objective) will change to Bloomberg Global Corporate Green Social Sustainability Bond Index (EUR-hedged).
- A new set of Sustainability Indicators will be added to the Fund’s precontractual annex to allow investors to assess how the Fund is performing against its sustainable objective. Full details of the Sustainability Indicators can be found in Appendix 2.
- The Annual Management Charge on A, C, CI and LI Share Classes will be reduced – note that this change will become effective on Tuesday 1 October 2024.
- The methodology used to calculate the Funds’ Value at Risk (“**VaR**”) limit will change from ‘absolute’ to ‘relative’.
- The expected average level of leverage will increase.

Finally, in addition to the above, as a result of changes to the Febelfin ‘Towards Sustainability’ label requirements, we will update the Towards Sustainability Quality Standards’ section, which sets out the exclusions and policies requirements related to the Label in the Fund’s ESG Criteria document (which is available on the M&G website).

A comparison of the Fund’s current and updated Prospectus disclosures, which include full details of how the Fund will be managed, can be found in Appendix 1.

### **Why are the changes happening?**

We believe there is existing and rapidly growing demand for corporate bond funds with clear and specific sustainable investment objectives, so called “SFDR article 9 funds”. and that investment grade corporate bonds within the Sustainable Solutions universe can offer attractive investment opportunities to help the Fund deliver its new dual objective in a sustainable manner.

continued

### **Will the changes result in any changes to the Fund's portfolio?**

The changes will require a realignment of the Fund's portfolio prior to the changes becoming effective in order to comply with the new Investment Policy and Investment Strategy. Based on the Fund's holdings as at 31 July 2024, the changes will require a realignment of around 96% of its portfolio. Realignment is expected to begin on 7 October 2024 and be completed by the Effective Date, and all realignment costs will be borne by M&G.

### **Details of the changes**

Full details the Fund's current and updated Prospectus disclosures, including the Investment Objective, Investment Policy and Investment Strategy, can be found in Appendix 1.

- **Changes to the Fund's ESG exclusions**

In addition to the Fund's existing exclusions, the Fund will also apply commercial animal husbandry and alcohol exclusions. Full details on the Fund's ESG exclusions can be found in Appendix 4.

- **Changes related to the reapplication to the Febelfin 'Towards Sustainability' label**

The Fund reapplied to the Label on 30 June 2024. In order to comply with Label requirements, the Fund will apply the Towards Sustainability Quality Standard Criteria.

- **Appointment of responsAbility Investments AG ("responsAbility") as Investment Advisor to the Fund**

responsAbility is a leading impact asset manager, and part of the M&G Group. In its role as Investment Advisor, responsAbility will provide advice on sustainability-related considerations and additional scrutiny as part of the ongoing investment process.

Note that it will not have discretionary investment powers and will therefore not make investment decisions on behalf of the Fund.

The Investment Manager will pay responsAbility out of its investment management fees.

- **Reduction of the Annual Management Charge for the Fund**

This new pricing structure will be implemented from Tuesday 1 October 2024 to align the Fund to its new peer group. Full details on this change can be found in Appendix 3.

- **Change to the VAR limit calculation methodology**

VaR estimates, with a high degree of confidence, the maximum potential loss that is likely to arise under normal market conditions, over a one-month time horizon.

The Fund's VaR is currently calculated using an 'absolute' calculation methodology, which sets the VaR limit to 20% of its NAV. Under the new 'relative' methodology, the VaR limit for the Fund will be set to the maximum of 2 times the value of its representative benchmark's VaR.

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The relative VaR approach will allow the Fund to adjust its risk exposure in line with its investment universe as represented by its benchmark. We believe that this will allow the Fund to better navigate volatile markets and take advantage of investment opportunities, potentially delivering better outcomes for investors.

- **Change to the expected average level of leverage**

The level of leverage of the Fund is a measure of its derivative usage and is calculated as the sum of the total exposure of the derivative instruments held in the portfolio. The Fund's expected average level of leverage under normal market conditions will increase from 200% to 250%. This will align the Fund with other fixed income sub-funds within the Company with a similar investment universe.

As well as the Fund's Prospectus disclosures, the online Sustainability-Related Disclosures and precontractual annex within the Prospectus, which together include details on ESG exclusions applicable to the Fund and information on our good governance screens, will be updated from the Effective Date. The Disclosures can also be found on our website at [www.mandg.com/country-specific-fund-literature](http://www.mandg.com/country-specific-fund-literature)

**Administration costs associated with the changes**

All administration costs associated with implementing the changes will be borne by M&G.

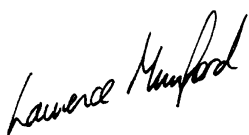
**Making changes to your investment**

You may sell your investment, or switch it to another sub-fund of the Company, free of charge, at any point before or after the changes have taken place subject to our terms and conditions.

**For more information**

If you are in any doubt as to the action to be taken or require further information, please do not hesitate to contact your usual M&G contact or, for operational queries, our Customer Services team by email at [csmandg@caceis.com](mailto:csmandg@caceis.com) or by telephone on +352 2605 9944. We are open from 09:00 to 18:00 CET Monday to Friday. For security and to improve the quality of our service we may record and monitor telephone calls. Please be aware that we are not in a position to give you investment advice. If you are uncertain as to how the changes may affect you, you should consult a financial adviser.

Yours sincerely



Laurence Mumford  
Chair, M&G (Lux) Investment Funds 1

- Enc. Appendix 1: Comparison of current and revised Prospectus disclosures for the Fund  
Appendix 2: Sustainability Indicators used for the measurement of performance against the M&G (Lux) responsibility Sustainable Solutions Bond Fund sustainable investment objective  
Appendix 3: Comparison of current and revised Annual Management Charges for the Fund  
Appendix 4: Comparison of current and revised Sustainability-related Disclosures document

## Appendix 1 – Comparison of current and updated Prospectus wording for the Fund

You may notice that the wording differs from those in the Fund’s Key Information Documents (KID). This is because the Prospectus describes the full scope of the tools available to the Investment Manager and the limitations within which they must operate, whereas the information listed in the KID provides a shorter description. KIDs based on the new investment objective, investment policy and investment strategy will be available on the Fund’s page on the M&G website at [www.mandg.com](http://www.mandg.com)

| Effective until Thursday 17 October 2024  | Effective from Friday 18 October 2024   |
|---|---|
| <b>M&amp;G (Lux) Sustainable Optimal Income Bond Fund</b>   | <b>M&amp;G (Lux) responsAbility Sustainable Solutions Bond Fund</b>   |
| <p><b>Investment Objective</b><br/>The Fund aims to provide a higher total return (capital growth plus income) than that of the sustainable global bond market over any five-year period, based on exposure to optimal income streams in global bond markets, while applying ESG Criteria.</p>  | <p><b>Investment objective</b><br/>The Fund has two aims:</p> <ul style="list-style-type: none"> <li>• <b>Financial objective:</b> to provide a higher total return (capital growth plus income) than that of the sustainable global bond market over any five-year period, and</li> <li>• <b>Sustainable objective:</b> to contribute to a sustainable economy by investing in global bonds supporting environmental and/or social goals.</li> </ul>   |
| <p><b>Investment Policy</b><br/>The Fund invests at least 70% of its Net Asset Value in debt securities, including investment grade bonds, high yield bonds, unrated securities and asset-backed securities. These securities may be issued by governments and their agencies, public authorities, quasi-sovereigns, supranational bodies and companies. Issuers of these securities may be located in any country, including emerging markets, and denominated in any currency.</p> <p>While the Fund’s overall duration will not be negative, the Fund may derive negative duration from individual fixed income markets.</p> <p>The Fund may invest up to a combined maximum of 100% of the Fund’s Net Asset Value in below investment grade and unrated securities. There are no credit quality restrictions with respect to the debt securities in which the Fund may invest.</p> <p>The Fund may invest in Chinese onshore debt securities denominated in CNY traded on the China Interbank Bond Market.</p> <p>The Fund may also hold up to a maximum of 20% of its Net Asset Value in contingent convertible debt securities and up to a maximum of 20% of its Net Asset Value in asset-backed securities.</p> <p>Currency exposures in the Fund are typically in EUR or hedged back to EUR.</p> <p>The Fund invests in securities that meet the ESG Criteria, applying an Exclusionary Approach and a Positive ESG Outcome as described in the precontractual annex to this Fund Supplement.</p> | <p><b>Investment Policy</b><br/>The Fund invests at least 80% of its Net Asset Value in investment grade corporate bonds denominated in any currency. Investment grade includes unrated corporate bonds which are investment grade in the opinion of the Investment Manager.</p> <p>The Fund does not take currency views and aims to hedge any non-Euro assets to EUR.</p> <p>Issuers of these securities may be located in any country, including emerging markets</p> <p>The Fund may invest up to a combined maximum of 20% of the Fund’s Net Asset Value in the following:</p> <ul style="list-style-type: none"> <li>• below investment grade corporate bonds (including unrated corporate bonds which have not been determined to be investment grade by the Investment Manager)</li> <li>• Government bonds and public securities.</li> <li>• Asset-backed securities.</li> <li>• Contingent convertible debt securities (capped at 10% of the Fund’s Net Asset Value).</li> <li>• cash (meaning deposits permitted by article 41(1) of the 2010 Law) and near cash.</li> </ul> <p>Within this combined maximum of 20%, any investment made by the Fund must have, at the time of purchase, a minimum credit rating of B- (or equivalent) from either at least one rating agency or the Investment Manager (“Minimum Credit Rating”).</p> <p>In the event that a debt security’s or an issuer’s credit rating is downgraded, the credit standing will be assessed as soon as possible and appropriate actions for any specific relevant instrument within the Fund may be taken. These actions could include selling the underlying</p> |

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| <p>In addition to the above, the Fund may also invest in UCITS and other UCIs, considered to be consistent with its investment policy. The Fund may invest in cash (meaning deposits permitted by article 41(1) of the 2010 Law) and near cash. Investments in cash and near cash shall not exceed 30% of the Net Asset Value of the Fund unless otherwise permitted by this investment policy.</p> <p>The Fund may receive certain assets as a consequence of corporate actions such as mergers and acquisitions and restructures that are not consistent with its investment policy. The Fund will generally dispose of such assets to the extent possible but may continue to hold up to 10% of its Net Asset Value in such assets where the Investment Manager considers this to be in the best interest of investors.</p> <p>The Fund may use derivatives for investment purposes, efficient portfolio management and hedging. These instruments may include, but are not limited to, spot and forward contracts, exchange traded futures, options, credit default swaps, total return swaps, interest rate swaps.</p> | <p>holdings or retaining the holdings to maturity depending on the specific characteristics of the instrument; in either event, the decision will be based on what is in the best interest of the Shareholders of the Fund. The Fund may hold up to 3% Net Asset Value in investments downgraded below the Minimum Credit Rating. If the 3% limit is exceeded, then any investment below the Minimum Credit Rating that has not been upgraded within a six-month period, will be sold.</p> <p>The Fund invests in investments that meet the ESG Criteria, applying an Exclusionary Approach, in addition to its sustainable investment strategy used in pursuit of the sustainable investment objective, as described in the precontractual annex to this Fund Supplement.</p> <p>The Fund may invest in Chinese onshore debt securities denominated in CNY traded on the China Interbank Bond Market.</p> <p>In addition to the above, the Fund may also invest in UCITS and other UCIs, considered to be consistent with its investment policy.</p> <p>The Fund may receive certain assets as a consequence of corporate actions such as mergers and acquisitions and restructures that are not consistent with its investment policy. The Fund will generally dispose of such assets to the extent possible but may continue to hold up to 10% of its Net Asset Value in such assets where the Investment Manager considers this to be in the best interest of investors.</p> <p>The Fund may use derivatives for investment purposes, efficient portfolio management and hedging. These instruments may include, but are not limited to, spot and forward contracts, exchange traded futures, options, credit default swaps, total return swaps, interest rate swaps.</p> |
| <p><b>Investment Strategy</b></p> <ul style="list-style-type: none"> <li>• <b>Investment Approach</b></li> </ul> <p>The Fund is a flexible bond fund investing across a broad range of debt securities globally, and where the Investment Manager finds value based on exposure to optimal income streams in the global bond markets.</p> <p>The Investment Manager begins with a top-down assessment of the macroeconomic environment, including the likely path of growth, inflation and interest rates. The results of this analysis help inform the Fund’s duration positioning and its allocation to the various bond asset classes.</p> <p>Individual credit selection based on bottom-up analysis of the bond markets by in-house credit analysts complements the Investment Manager’s views.</p> <p><b>Investment Manager’s ESG Classification</b></p> <p>The Fund is categorised as Planet+ / Sustainable.</p>   | <p><b>Investment Strategy</b></p> <ul style="list-style-type: none"> <li>• <b>Investment Approach</b></li> </ul> <p>The Fund is a broad portfolio of global bonds, investing over the long term in companies that seek to deliver solutions to some of the world’s major social and/or environmental challenges and in Use-of-Proceeds bonds, bonds issued specifically to finance environmental or social projects.</p> <p>To be eligible for investment, the Investment Manager only selects global bonds that positively contribute to at least one of six solution areas as explained in the precontractual annex.</p> <p>The Fund is globally diversified by investing in a range of issuers, sectors and geographies. The Investment Manager applies an investment approach which seeks to take advantage of fundamental and relative value opportunities. Investment returns will primarily be driven by individual credit selection. An in-house team of credit analysts assists the Investment Manager in individual credit selection along with the monitoring of issuers held</p>  |

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| <p>The ESG categorisation of the Fund is explained in the section "ESG Glossary" of Appendix 1 of this Prospectus.</p>   | <p>by the Fund. This assessment involves understanding the risks specific to each issuer, which enables the Investment Manager to make a judgement on the value of the bond and whether it is mis-priced.</p> <p><b>Investment Manager's ESG Classification</b></p> <p>The Fund is categorised as Planet+ / Sustainable.</p> <p>The ESG categorisation of the Fund is explained in the section "ESG Glossary" of Appendix 1 of this Prospectus.</p>  |
| <p><b>EU Sustainable Finance Disclosure Regulation</b><br/> <b>The Fund is categorised as an Article 8 fund under SFDR and promotes environmental and/or social characteristics as described in the precontractual annex to this Fund Supplement.</b></p>  | <p><b>EU Sustainable Finance Disclosure Regulation</b><br/> <b>The Fund is categorised as an Article 9 fund under SFDR, and information about its sustainable investment is described in the precontractual annex to this Fund Supplement.</b></p>   |
| <p><b>Benchmark</b><br/> A composite index comprising:</p> <ul style="list-style-type: none"> <li>• 1/3 Bloomberg MSCI Global Agg Treasury ESG BB+ Sustainable SRI Bond Index EUR Hedged</li> <li>• 1/3 Bloomberg MSCI Global Agg Corporate ESG BB+ Sustainable SRI Bond Index EUR Hedged</li> <li>• 1/3 Bloomberg MSCI Global High Yield ESG BB+ Sustainable SRI Bond Index EUR Hedged</li> </ul> <p>The benchmark is a comparator against which the Fund's performance can be measured. The composite index has been chosen as the Fund's benchmark as it best reflects the scope of the Fund's investment policy. The benchmark does not constrain the Fund's portfolio construction.</p> <p>The Fund is actively managed. The Investment Manager has complete freedom in choosing which investments to buy, hold and sell in the Fund. The Fund's holdings may deviate significantly from the benchmark's constituents.</p> <p>The Investment Manager refers to the benchmark when constructing the Fund's portfolio but is not bound by the benchmark rules when selecting investments. Further information on the benchmark can be found on the Bloomberg website.</p> | <p><b>Benchmark</b></p> <p>Bloomberg Global Corporate Green Social Sustainability Bond Index (EUR-hedged)</p> <p>The benchmark is a comparator against which the Fund's performance can be measured. The index has been chosen as the Fund's benchmark as it best reflects the scope of the Fund's financial objective.</p> <p>The Fund is actively managed and within given constraints. The Investment Manager has complete freedom in choosing which investments to buy, hold and sell in the Fund. The Fund's holdings may deviate significantly from the benchmark's constituents, and as a result the Fund's performance may deviate materially from the benchmark.</p> <p>The benchmark is shown in the share class currency.</p> |
| <p><b>Profile of Typical Investor</b></p> <p>The Fund is designed for retail and Institutional Investors seeking to gain a combination of capital growth and income from a portfolio of debt securities and who have sustainability preferences.</p> <p>There is no guarantee that the Fund will achieve its objective. Investors should appreciate that their capital will be at risk and that the value of their investment and any derived income may fall as well as rise.</p> <p>In each case it is expected that all investors will understand and appreciate the risks associated with investing in Shares of the Fund.</p>   | <p><b>Profile of Typical Investor</b></p> <p>The Fund is designed for retail and Institutional Investors who have sustainability preferences and are seeking a combination of capital growth and income from a portfolio that invests in a range of global bonds that support environmental and/or social goals.</p> <p>There is no guarantee that the Fund will achieve its objective. Investors should appreciate that their capital will be at risk and that the value of their investment and any derived income may fall as well as rise.</p> <p>In each case it is expected that all investors will understand and appreciate the risks associated with investing in Shares of the Fund.</p>                                       |

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| This Fund is designed for investors who have an investment time horizon of at least five years.  | This Fund is designed for investors who have an investment time horizon of at least five years.   |
| N/A  | <b>Investment Advisor</b><br>responsAbility Investments AG, a M&G Group company   |
| <b>Calculation of Global Exposure</b><br>Absolute VAR  | <b>Calculation of Global Exposure</b><br><b>Relative VAR</b><br>The global exposure relating to this Fund will be calculated using a relative VaR approach benchmarked against the Bloomberg Global Corporate Green Social Sustainability Bond Index (EUR-hedged).  |
| <b>Leverage</b><br>The Fund's expected average level of leverage under normal market conditions is 200% of the Fund's Net Asset Value when calculated in accordance with the sum of notionals approach.<br>The level of leverage could sometimes be higher under certain circumstances including but not limited to changes in the reference market conditions and the investment strategy | <b>Leverage</b><br>The Fund's expected average level of leverage under normal market conditions is <b>250%</b> of the Fund's Net Asset Value when calculated in accordance with the sum of notionals approach.<br>The level of leverage could sometimes be higher under certain circumstances including but not limited to changes in the reference market conditions and the investment strategy |



## **Appendix 2 – Sustainability Indicators used for the measurement of performance against the M&G (Lux) responsAbility Sustainable Solutions Bond Fund’s sustainable objective**

Indicators have been selected to reflect, and evidence, performance against the sustainable objective. When considered in combination they provide a range of sustainable indicators underpinning the Fund’s alignment with a “Sustainable” categorisation within M&G’s Planet+ range.

The performance of the Fund is monitored and measured across the range of indicators outlined below.

Fund level sustainability indicators:

- Percentage (%) of NAV invested in each of the solution areas\*, with the allocation to each as determined by the Investment Manager using appropriate metrics.
- Percentage (%) of NAV invested in use of proceeds bonds that correspond to the solution areas.
- Percentage (%) of NAV invested in sustainable solution providers.
- Percentage (%) of NAV contributing towards each of the 17 United Nations Sustainable Development Goals (“SDGs”), which include a range of environmental and social objectives.
- Percentage (%) of NAV contributing towards any of the 17 United Nations SDGs in aggregate.

\* The Fund's solution areas are as follows: better health; better work and education; social inclusion; climate action; environmental; and circular economy solutions.

Additional security level sustainability indicators:

The Investment Manager assesses the securities purchased by the Fund for their contribution to the SDGs and the Fund's six solution areas (both of which are reported as Fund level sustainability indicators as shown above) as well as performing further assessment of their contribution to the sustainable investment objective.

**Appendix 3 – Comparison of current and revised Annual Management Charge for  
M&G (Lux) Sustainable Optimal Income Bond Fund/  
M&G (Lux) responsAbility Sustainable Solutions Bond Fund.**

| Share Class            | ISIN number  | M&G (Lux) Sustainable Optimal Income Bond Fund |   | M&G (Lux) responsAbility Sustainable Solutions Bond Fund |  |
|------------------------|--------------|--|---|--|--|
|                        |              | Current Annual Management Charge               | Ongoing Charge for the Fund as at 31 March 2024 | Annual Management Charge effective from 1 October 2024   | Ongoing Charge for the Fund from 18 October 2024 (estimated) |
| CHF A-H Accumulation   | LU2381870794 | 1.25%  | 1.47%   | <b>0.40%</b>   | 0.62%  |
| CHF A-H Distribution   | LU2381870877 | 1.25%  | 1.47%   | <b>0.40%</b>   | 0.62%  |
| CHF C-H Accumulation   | LU2381870950 | 0.75%  | 0.97%   | <b>0.15%</b>   | 0.37%  |
| CHF C-H Distribution   | LU2381871099 | 0.75%  | 0.97%   | <b>0.15%</b>   | 0.37%  |
| CHF CI-H Accumulation  | LU2381871172 | 0.75%  | 0.94%   | <b>0.15%</b>   | 0.34%  |
| Euro A Accumulation    | LU2376951435 | 1.24%  | 1.46%   | <b>0.40%</b>   | 0.62%  |
| Euro A Distribution    | LU2381869275 | 1.25%  | 1.45%   | <b>0.40%</b>   | 0.60%  |
| Euro C Accumulation    | LU2381869358 | 0.75%  | 0.96%   | <b>0.15%</b>   | 0.37%  |
| Euro C Distribution    | LU2381869432 | 0.75%  | 0.96%   | <b>0.15%</b>   | 0.36%  |
| Euro CI Accumulation   | LU2381869515 | 0.75%  | 0.92%   | <b>0.15%</b>   | 0.32%  |
| Euro CI Distribution   | LU2381869606 | 0.75%  | 0.92%   | <b>0.15%</b>   | 0.32%  |
| Euro LI Accumulation   | LU2381869788 | 0.50%  | 0.67%   | <b>0.05%</b>   | 0.22%  |
| USD A-H Accumulation   | LU2381869861 | 1.25%  | 1.48%   | <b>0.40%</b>   | 0.63%  |
| USD A-H Distribution   | LU2381869945 | 1.25%  | 1.48%   | <b>0.40%</b>   | 0.63%  |
| USD A-H M Distribution | LU2381870018 | 1.25%  | 1.48%   | <b>0.40%</b>   | 0.63%  |
| USD C-H Accumulation   | LU2381870109 | 0.75%  | 0.98%   | <b>0.15%</b>   | 0.38%  |
| USD C-H Distribution   | LU2381870281 | 0.75%  | 0.98%   | <b>0.15%</b>   | 0.38%  |
| USD CI-H Accumulation  | LU2381870364 | 0.75%  | 0.94%   | <b>0.15%</b>   | 0.34%  |
| USD CI-H Distribution  | LU2381870448 | 0.75%  | 0.94%   | <b>0.15%</b>   | 0.34%  |
| USD LI-H Accumulation  | LU2381870521 | 0.50%  | 0.69%   | <b>0.05%</b>   | 0.24%  |

**Appendix 4 – comparison of the current and revised Sustainability-related Disclosures document for  
M&G (Lux) Sustainable Optimal Income Bond Fund (to be renamed  
M&G (Lux) responsAbility Sustainable Solutions Bond Fund).**

| Effective until Thursday 17 October 2024  | Effective from Friday 18 October 2024  |
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| <b>M&amp;G (Lux) Sustainable Optimal Income Bond Fund</b>   | <b>M&amp;G (Lux) responsAbility Sustainable Solutions Bond Fund</b>  |
| <p><b>Summary [Art 25]</b><br/>This document summarises the information about this Fund in relation to the Sustainable Finance Disclosure Regulation. It is not marketing material. The information is required by law to help potential investors understand the sustainability related characteristics and/or objectives and risks of this Fund. You are advised to read it in conjunction with other relevant documentation on this Fund so you can make an informed decision about whether to invest.</p>   | <p><b>Summary [Art 38]</b><br/>This document summarises the information about this Fund in relation to the Sustainable Finance Disclosure Regulation. It is not marketing material. The information is required by law to help potential investors understand the sustainability related characteristics and/or objectives and risks of this Fund. You are advised to read it in conjunction with other relevant documentation on this Fund so you can make an informed decision about whether to invest.</p>  |
| <p><b>No Sustainable Investment Objective [Art 26]</b><br/>This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment. 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:<br/>1. Whether they represent significant exposure to businesses the Investment Manager considers harmful.<br/>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)<br/>3. Other Principal Adverse Impact indicators form part of a materiality assessment to understand whether any exposures are compatible with sustainable investment.<br/>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.<br/>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.<br/>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</p> | <p><b>No Significant Harm to the Sustainable Investment Objective [Art 39]</b><br/>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:<br/>1. Whether they represent significant exposure to businesses the Investment Manager considers harmful.<br/>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).<br/>3. Other Principal Adverse Impact indicators form part of a materiality assessment to understand whether any exposures are compatible with sustainable investment.<br/>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.<br/>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.<br/>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. All investments purchased by the Fund must</p> |

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| <p>Investment Manager can be found in the Annex to the Investment Manager's website disclosures for the Fund.</p> <p>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.</p>   | <p>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.</p> |
| <p>N/A</p>   | <p><b>Sustainable investment objective of the financial product [Art 40]</b></p> <p>To contribute to a sustainable economy by investing in global bonds supporting environmental and/or social goals.</p>   |
| <p><b>Environmental or social characteristics of the financial product [Art 27]</b></p> <p>The Fund promotes the use of an Exclusionary Approach and a strategy to achieve a Positive ESG Outcome (as defined below):</p> <p>The Fund excludes certain potential investments from its investment universe to mitigate potential negative effects on the environment and society and to assist it in delivering more sustainable outcomes. For securitised investments such as asset-backed securities (ABS), this also includes assessing them against the Investment Manager's proprietary scoring methodology ("Exclusionary Approach"). Accordingly, the Investment Manager is promoting environmental and/or social characteristics by excluding certain investments that are considered to do significant harm to environmental and/or social objectives.</p> <p>The Fund typically has a higher weighted average ESG rating and lower weighted average carbon intensity than an index used as a proxy for its investment universe ("Positive ESG Outcome"). 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.</p> <p>In constructing a portfolio which favours investments with better ESG characteristics, the Investment Manager may nonetheless invest in investments across the full spectrum of ESG ratings remaining within the narrowed universe. At an individual security level, the Investment Manager favours investments with better ESG characteristics where this is not detrimental to the pursuit of the financial investment objective.</p> <p>No reference benchmark has been designated for the purpose of attaining the Fund's promoted environmental and/or social characteristics</p> | <p>N/A</p>  |
| <p><b>Investment Strategy [Art 28]</b></p> <p>Sustainability considerations, encompassing ESG factors, are fully integrated into analysis and investment decisions, and play an important</p>  | <p><b>Investment Strategy [Art 41]</b></p> <p>To be eligible for investment, the Investment Manager only selects global bonds in the Investment Manager's opinion positively contribute to at least one of six solution areas:</p>  |

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| <p>role in determining the investment universe and portfolio construction.</p> <p>In order to identify securities for purchase, the Investment Manager reduces the potential investment universe as follows:</p> <ol style="list-style-type: none"> <li>1. The exclusions listed in the ESG Criteria are screened out.</li> <li>2. The Investment Manager then assesses the ESG credentials of the remaining issuers. Based upon a combination of external ESG ratings and the Investment Manager's assessment, lower scoring issuers classified as ESG laggards are excluded.</li> <li>3. From this narrowed investment universe, the Investment Manager performs further analysis, including consideration of ESG factors, to identify and take advantage of investment opportunities. The Investment Manager favours issuers with better ESG characteristics where this is not detrimental to the pursuit of the financial investment objective. This process typically results in a portfolio with better ESG characteristics. In constructing a portfolio which favours investments with better ESG characteristics, the Investment Manager may nonetheless invest in investments across the full spectrum of ESG ratings remaining within the narrowed universe.</li> </ol> <p>The Investment Manager operates a data driven quantitative good governance test used to consider investments into companies. M&amp;G excludes investments in securities that are considered as failing the Investment Manager's good governance test. 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).</p> | <ul style="list-style-type: none"> <li>• better health solutions</li> <li>• better work and education solutions</li> <li>• social inclusion solutions</li> <li>• climate action solutions</li> <li>• environmental solutions</li> <li>• circular economy solutions</li> </ul> <p>Such bonds will either be issued by companies that positively contribute to these solution areas ("sustainable solution providers") or will be use of proceeds bonds* issued specifically to finance environmental or social projects that correspond to the solution areas.</p> <p>* use of proceeds bonds are bonds where the monies raised can only be used for a stated purpose.</p> <p>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.</p>                        |
| <p><b>Proportion of Investments [Art 29]</b></p> <p>The Investment Manager expects at least 70% of the fund to be aligned to the promoted E/S characteristics. At least 51% of the fund will be in Sustainable Investments.</p>  | <p><b>Proportion of Investments [Art 42]</b></p> <p>The Investment Manager expects at least 80% of the Fund to be invested in sustainable investments, in pursuit of the sustainable investment objective. The Fund is not required to favour any specific type of sustainable investment, and may invest in assets supporting any environmental and/or social goal. The Fund will invest at least 5% in sustainable investments with a social objective and at least 5% in sustainable investments with an environmental objective that are not aligned to the EU Taxonomy. Subject to those minima, the Fund may flexibly allocate between the different types of sustainable investments based on availability and attractiveness of investment opportunities, whilst keeping the aggregate allocation to sustainable investments with environmental and/or social objectives to a minimum of 80%.</p> <p>The Fund is permitted to use derivatives and collective investment schemes to attain its sustainable</p> |

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|  | investment objective. However, typically most of the sustainable investments are expected to be held directly   |
| <p><b>Monitoring of environmental or social characteristics [Art 30]</b></p> <p>The Fund's exclusions are coded and monitored on a pre and post trade basis as investment restrictions to prevent and detect investments that would not be compliant with the stated exclusions. Incidents are recorded, and resolved through an incident investigation process, and are reported as part of the SFDR reporting.</p> <p>The Fund's Positive ESG Outcome is monitored on a post trade basis as a reporting tool to assess whether or not the Fund's investment strategy is delivering the expected outcome. The relevant characteristic is reported on as part of the SFDR reporting.</p>   | <p><b>Monitoring of Sustainable Investment Objective [Art 43]</b></p> <p>Monitoring of the sustainable investment objective is undertaken through systems and digital investment platform tools. These are applicable on an ex-ante, ex-post basis in the investment process. Surveillance occurs on an ongoing basis in the investment platform tools using codified rules to assess compliance with the requirement to invest in sustainable investments in pursuit of the sustainable investment objective. The Investment Manager undertakes quarterly reviews at portfolio level inclusive of binding commitments and Key Sustainability Indicator (KSI) outputs.</p>  |
| <p><b>Methodologies [Art 31]</b></p> <p>There are a variety of methods that can be used depending on the asset class or information type:</p> <ul style="list-style-type: none"> <li>• binary pass/fail test e.g. exclusion of sanctioned companies or countries</li> <li>• meets or exceeds a specific threshold e.g. revenue to contributes to an environmental outcome, or more than % of board diversity</li> <li>• industry certification evidencing sustainability performance e.g. Climate Bond Initiative (CBI) certified bond</li> <li>• contributes a set % of revenue to a climate, environmental or social cause</li> <li>• proprietary analysis to form an assessment of the sustainability characteristics e.g. net zero alignment</li> </ul> <p>In the case that particular data points are not available or insufficient, it is expected that the Investment Manager's own assessment will be sufficient.</p>  | <p><b>Methodologies [Art 44]</b></p> <p>Key Sustainability and Principal Adverse Indicators alongside binding elements of the Fund are used to demonstrate attainment of sustainable investment objective of the Fund. Regarding the underlying metrics, there are a variety of methods used subject to the asset class, instrument or information type:</p> <ul style="list-style-type: none"> <li>• binary pass/fail test e.g. exclusion of sanctioned companies, countries or industries</li> <li>• meets or exceeds a specific threshold e.g. revenue that contributes to an environmental outcome, or more than a % of board diversity</li> <li>• industry recognised third party certification evidencing sustainability performance e.g. CBI certified Climate bond</li> <li>• proprietary analysis to form an assessment of the sustainability characteristics e.g. net zero alignment or impact</li> </ul>                         |
| <p><b>Data sources and processing [Art 32]</b></p> <p>Information can be sourced from third party data vendors including companies such as MSCI, Bloomberg or sourced from proprietary research and analysis. Data received from third party vendors typically comes from reputable and, in some cases, audited sources, such as annual reports of sustainability reports. Upon receipt, the data is checked by the analysts. To ensure that interpretation of data is consistent, benchmarking exercises are performed where appropriate. Collected ESG data is evaluated via use of a proprietary ESG scorecard, which is populated by the analysts. Data is processed through a combination of external and internal proprietary systems and digital platform tools which monitor the exposure of the funds both at fund and security level both pre and post trade. Use of estimated data is limited. However when an estimation is needed proprietary analysis and tools are used. For example, if a portfolio company does not disclose its greenhouse gas emissions, an estimation is</p> | <p><b>Data sources and processing [Art 45]</b></p> <p>The data sources used to monitor the indicators which align to the sustainable investment objective of the Fund are both sourced from third party data vendors such as MSCI or Bloomberg or sourced from proprietary research and analysis. Data received from third party vendors typically comes from reputable and, in some cases, audited sources, such as annual reports or sustainability reports. Basic data quality metrics are tested using appropriate technological tools. More domain-specific checks are carried out by sustainability subject matter experts within the front office. To ensure that interpretation of data is consistent, benchmarking exercises are performed where appropriate. External ESG data is supplemented through the application of a proprietary ESG scorecard, with independent calibration reviews to drive consistency of approach.</p> |

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| <p>made using the Investment Manager’s proprietary carbon emission tool which estimates portfolio companies’ carbon intensity levels.</p>   | <p>Data are processed in a combination of external and internal systems and digital platform tools. Definitions and calculation logic are applied to transform raw attributes into metrics which are used for disclosures and to apply investment restrictions. Using these metrics, fund exposures are monitored at both portfolio and security level, ex ante and ex post.</p> <p>Use of estimated data is limited and relates primarily to carbon emissions when reported data is unavailable. Where estimated data points are ingested or employed, appropriate data quality checks are to ensure that metrics can be used with due care in the investment process.</p> <p>The Investment Manager develops proprietary tools where appropriate, including models to estimate carbon emissions for companies which do not report. Such proprietary estimates are not used in regulated disclosures.</p>  |
| <p><b>Limitations to methodologies and data [Art 33]</b></p> <p>ESG information from third party data providers and/or obtained directly from the issuers may be incomplete, inaccurate, stale or unavailable. As a result, there is a risk that the Fund may incorrectly assess an issuer. This in turn can result in the incorrect inclusion or exclusion of a company in the portfolio of the Fund. Incomplete, inaccurate or unavailable ESG data may also act as a methodological limitation to a non-financial investment strategy (such as the application of ESG risk and opportunity characteristics). Where identified, the Investment Manager will seek to mitigate this risk through its own assessment and take any appropriate remediation as necessary.</p> <p>Where limitations in the methodologies and data have been identified, the Investment Manager seeks to mitigate these through governance and oversight. Whilst, as with financial data, it is impossible to completely eliminate the risk of impact of an external data vendor error, the Investment Manager does conduct its own reviews and challenges where it believes investments have been misclassified. Where the methodologies and/or data are insufficient post mitigation to evidence that an investment is in compliance with the promoted characteristics, such investment may only be purchased if it is suitable for inclusion as an “Other” investment, and the Investment Manager will continue to consider what further information can be obtained through additional research.</p> | <p><b>Limitations to methodologies and data [Art 46]</b></p> <p>As mentioned above, sustainable investment objectives are monitored through indicators which are often based on data. ESG information from third party data providers and/or obtained directly from the issuers may be incomplete, inaccurate, stale or unavailable. As a result, there is a risk that the Fund may incorrectly assess an issuer or information that is an input into an indicator. This in turn can result in the incorrect inclusion or exclusion of a company in the portfolio or incorrect outcome for an indicator in the Fund.</p> <p>Incomplete, inaccurate or unavailable ESG data may also act as a methodological limitation to a non-financial investment strategy (such as the application of ESG risk and opportunity characteristics). Where identified, the Investment Manager will seek to mitigate this risk through its own assessment. In the case that particular data points are not available, it is expected that the Investment Manager's own assessment will be sufficient to ensure that the attainment of sustainable investment objective is not materially affected.</p> <p>Internal methodologies and policies are subject to appropriate governance and oversight, in which limitations are recognised and accepted, with controls applied as appropriate. Exceptions from frameworks are subject to appropriate governance by specialists in the Investment Manager's Stewardship and Sustainability team and/or Governance committees such as the ESG Governance Meeting according to the materiality of the departure from policy. Common limitations include: lack of coverage of business involvement screening; lack of key sustainability metrics; divergence of market standards across different geographies.</p> |

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|  | <p>Where limitations in the methodologies and data have been identified, the Investment Manager seeks to mitigate these through governance and oversight. Whilst, as with financial data, it is impossible to completely eliminate the risk of impact of an external data vendor error, the Investment Manager does conduct its own reviews and challenges where it believes investments have been misclassified. Where the methodologies and/or data are insufficient post mitigation to establish that an investment is a sustainable investment in pursuit of the sustainable investment objective, such investment may not be purchased.</p>  |
| <p><b>Due Diligence [Art 34]</b><br/> ESG due diligence is carried out as a part of fundamental investment research. Research analysts assess the Principal Adverse Impact metrics and identify key sustainability risks in order to evaluate and express their materiality for the subject company or investment. Analysts reflect their assessments in either written research or an ESG Scorecard. Where applicable, the analyst uses the ESG Scorecard to evaluate 15 mandatory and common factors and additional idiosyncratic factors deemed relevant to the subject company’s risk profile and business mix. The mandatory factors for evaluation are as follows:</p> <ul style="list-style-type: none"> <li>• Climate: Disclosure, Intensity, Footprint, Vulnerability, Intent</li> <li>• Governance: Ownership &amp; Control, Political Interference &amp; Sovereign Concerns, Strategy and Financial policy, Disclosure and Transparency, Board, Regulation, Compliance and Oversight, Cybersecurity, Corporate culture and controversy</li> <li>• Social: Modern Slavery, Diversity &amp; Inclusion</li> <li>• Sector-specific Key Issues determined from the SASB Materiality Map.</li> </ul> <p>In addition to the proprietary assessments described above, investment decision-making may also take account of third party ESG ratings, where available. Appropriate consideration of ESG factors is a mandatory objective in the due diligence process for analysts and fund managers. The section above entitled ‘Monitoring of environmental or social characteristics’ details the controls associated with the components of due diligence listed herein.</p> | <p><b>Due Diligence [Art 47]</b><br/> ESG due diligence is carried out as a part of fundamental investment research. Research analysts assess the Principal Adverse Impact metrics and identify key sustainability risks in order to evaluate and express their materiality for the subject company or investment. Analysts reflect their assessments in either written research or an ESG Scorecard. Where applicable, the analyst uses the ESG Scorecard to evaluate 15 mandatory and common factors and additional idiosyncratic factors deemed relevant to the subject company’s risk profile and business mix. The mandatory factors for evaluation are as follows:</p> <ul style="list-style-type: none"> <li>• Climate: Disclosure, Intensity, Footprint, Vulnerability, Intent</li> <li>• Governance: Ownership &amp; Control, Political Interference &amp; Sovereign Concerns, Strategy and Financial policy, Disclosure and Transparency, Board, Regulation, Compliance and Oversight, Cybersecurity, Corporate culture and controversy</li> <li>• Social: Modern Slavery, Diversity &amp; Inclusion</li> <li>• Sector-specific Key Issues determined from the SASB Materiality Map.</li> </ul> <p>In addition to the proprietary assessments described above, investment decision-making may also take account of third party ESG ratings, where available. Appropriate consideration of ESG factors is a mandatory objective in the due diligence process for analysts and fund managers. The section above entitled ‘Monitoring of sustainable investment objective’ details the controls associated with the components of due diligence listed herein.</p> |
| <p><b>Engagement Policies [Art 35]</b><br/> M&amp;G believes that the long-term success of companies is supported by effective investor stewardship and high standards of corporate governance. We believe that if a company is run well, and sustainably, it is more likely to be successful in the long run. We undertake all investment stewardship engagements and proxy voting with the goal of protecting and enhancing the long-term value of client’s assets, with engagement representing an</p>  | <p><b>Engagement Policies [Art 48]</b><br/> M&amp;G believes that the long-term success of companies is supported by effective investor stewardship and high standards of corporate governance. We believe that if a company is run well, and sustainably, it is more likely to be successful in the long run. We undertake all investment stewardship engagements and proxy voting with the goal of protecting and enhancing the long-term value of client’s assets, with engagement representing an</p>   |



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| <p>integral part of how we integrate environmental, social and governance (ESG) considerations in our investment process. We are committed to being transparent about how we conduct investment stewardship activities in support of long-term sustainable performance for our clients. The precise nature of the engagement will vary depending on the investments held, but these overarching principles will inform M&amp;G's conduct when engaging with companies, whether through voting equities in general meetings or in our participation in bondholder committees.</p>                     | <p>integral part of how we integrate environmental, social and governance (ESG) considerations in our investment process. We are committed to being transparent about how we conduct investment stewardship activities in support of long-term sustainable performance for our clients. The precise nature of the engagement will vary depending on the investments held, but these overarching principles will inform M&amp;G's conduct when engaging with companies, whether through voting equities in general meetings or in our participation in bondholder committees.</p> |
| <p><b>Designated reference benchmark [Art 36]</b></p> <p>No reference benchmark has been designated to determine whether this Fund is aligned with the environmental or social characteristics that it promotes.</p>   | <p><b>Attainment of the Sustainable Investment objective [Art 49]</b></p> <p>No reference benchmark has been designated for the purpose of attaining the sustainable investment objective.</p>   |
| <p><b>ESG Criteria – Exclusions and Restrictions</b></p> <p>Certain potential investments are excluded from the investment universe to mitigate potential negative effects on the environment and society and to assist in delivering more sustainable outcomes.</p>   | <p><b>ESG Criteria – Exclusions and Restrictions</b></p> <p>Certain potential investments are excluded from the investment universe to mitigate potential negative effects on the environment and society and to assist in delivering more sustainable outcomes.</p>   |
| <p><b>ESG Criteria – Bespoke Exclusions and Restrictions</b></p> <p>The Fund typically has a higher weighted average ESG rating and lower weighted average carbon intensity than the investment universe of the global bond market as represented by the composite index comprising 1/3 Bloomberg Global Aggregate Corporate Index EUR Hedged, 1/3 Bloomberg Global High Yield Index EUR Hedged and 1/3 Bloomberg Global Treasury Index EUR Hedged. This composite index is only used as comparator when measuring the Fund's weighted average ESG rating and weighted average carbon intensity.</p> | <p><b>ESG Criteria – Bespoke Exclusions and Restrictions</b></p> <p>In addition, the Fund excludes</p> <ul style="list-style-type: none"> <li>- companies that derive more than 5% of their revenue from the production of alcohol for consumption and 10% for distributors.</li> <li>- companies involved in commercial animal husbandry for the purpose of food production.</li> </ul>   |
| <p><b>ESG Criteria - Label addition</b></p> <p>This product has the Towards Sustainability label and therefore also applies the Towards Sustainability Quality Standard Criteria in addition to the Sustainable Baseline.</p>  | <p><b>ESG Criteria - Label addition</b></p> <p>Prior to its change of investment strategy, the Fund had the Towards Sustainability Label. Given the changes to the Fund, a reapplication is required and as at the date of this document is still in process. Accordingly the Fund also applies the Towards Sustainability Quality Standard Criteria.</p>  |
| <p><b>ESG Criteria – Approach to exclusions</b></p> <p>The exclusions are intended to provide a guide to investors on the Investment Manager's approach to excluding certain investments considered to be incompatible with the way in which the relevant funds are managed. There may from time to time be differences in how these exclusions are implemented in practice, but at all times the Investment Manager will be bound by its obligation to act in the best interests of investors. Examples include:</p>  | <p><b>ESG Criteria – Approach to exclusions</b></p> <p>The exclusions are intended to provide a guide to investors on the Investment Manager's approach to excluding certain investments considered to be incompatible with the way in which the relevant funds are managed. There may from time to time be differences in how these exclusions are implemented in practice, but at all times the Investment Manager will be bound by its obligation to act in the best interests of investors. Examples include:</p>  |

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| <p>1. The Investment Manager may disagree with data or opinions provided by third parties, and decide to categorise an investment differently.</p> <p>2. The Investment Manager may operate a small tolerance around the stated thresholds. For example, a very small (de minimis) exposure may be disregarded against a 0% threshold.</p> <p>3. Where the Investment Manager considers the company (or issuer) has a credible transition plan to address the excluded activity, this may mean the Investment Manager permits investment. For example, where the Investment Manager determines a power company is transitioning away from its reliance on coal-fired power plants in a credible manner.</p> <p>4. The Investment Manager may take a different view on a specific investment type from its general opinion of the company (or issuer). For example, the Investment Manager may determine it would not buy shares in a power company because of its heavy reliance on coal-fired power plants, but might consider investing in a green bond issued by the same company, where use of the proceeds from that green bond are restricted to specific activities such as building a solar power plant.</p> <p>Where the Investment Manager is managing a product it has categorised as ESG Enhanced, Sustainable, or Impact, it will consider a set of “Principal Adverse Impact indicators” as part of its investment management and these will inform decisions like those listed above. Where the Investment Manager is granting an exception for a sustainable investment, it will also consider whether the relevant investment is compatible with the principle of “do no significant harm”. Where a product has applied for an ESG label, such as the Towards Sustainability label provided by Febelfin, any requirements of such label shall also inform the decisions above.</p> | <p>1. The Investment Manager may disagree with data or opinions provided by third parties, and decide to categorise an investment differently.</p> <p>2. The Investment Manager may operate a small tolerance around the stated thresholds. For example, a very small (de minimis) exposure may be disregarded against a 0% threshold.</p> <p>3. Where the Investment Manager considers the company (or issuer) has a credible transition plan to address the excluded activity, this may mean the Investment Manager permits investment. For example, where the Investment Manager determines a power company is transitioning away from its reliance on coal-fired power plants in a credible manner.</p> <p>4. The Investment Manager may take a different view on a specific investment type from its general opinion of the company (or issuer). For example, the Investment Manager may determine it would not buy shares in a power company because of its heavy reliance on coal-fired power plants, but might consider investing in a green bond issued by the same company, where use of the proceeds from that green bond are restricted to specific activities such as building a solar power plant.</p> <p>Where the Investment Manager is managing a product it has categorised as ESG Enhanced, Sustainable, or Impact, it will consider a set of “Principal Adverse Impact indicators” as part of its investment management and these will inform decisions like those listed above. Where the Investment Manager is granting an exception for a sustainable investment, it will also consider whether the relevant investment is compatible with the principle of “do no significant harm”. Where a product has applied for an ESG label, such as the Towards Sustainability label provided by Febelfin, any requirements of such label shall also inform the decisions above.</p> |
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