M&G Investments

M&G (Lux) Sustainable Multi Asset Growth Fund

Annual Sustainability Report 2024

Contents

Fund overview

This report provides a detailed overview of the sustainability characteristics of the M&G (Lux) Sustainable Multi Asset Growth fund, showcasing our commitment to responsible investing. It highlights the fund's overall alignment with its sustainability objective, notably through the fund's 'Positive Impact' holdings. The key metrics provided in this report demonstrate how each of our Positive Impact holdings continues to deliver meaningful change, contributing to solving some of the planet's key long term challenges.

% of NAV in Positive Impact	Carbon Intensity of the fund (tonnes CO_2/m$ sales)[1]	% of companies with Approved SBTi targets[2]
45.6%	38.3	63.1%

Source: M&G as at 31 December 2024.

[1]Carbon intensity calculation methodology: Weighted average carbon intensity is measured in terms of tonnes of CO_2 per US$ million of sales. It is calculated as the sum of the product of each portfolio holding's weight and that company's individual carbon intensity, where carbon intensity equals the company's carbon emissions divided by its total sales in US$ terms. [2]Science Based Target initiative.

Impact in brief

The fund aims to make positive impacts across six key social and environmental impact areas, each mapped to the UN's Sustainable Development Goals (SDGs).

Our Climate Action holdings generated 116,000GWh of renewable energy and avoided/ reduced 334 million tonnes of CO_2.

Our Environmental Solutions holdings directly avoided more than 115 million tonnes of CO_2 and invested US$495 million in R&D towards environmental solutions and saved, tested, treated or provided 1.1 million megalitres of water.

Our Circular Economy holdings saved 18GWh of energy, saved 53 million trees, saved 6,342 metric tonnes of aluminium, and saved, tested, treated or provided 12 megalitres of water.

Our Better Health holdings invested US$1.3 billion in R&D, made 34,000 medical products, reached 25 million people and provided/tested 206 million data samples.

Our Better Work and Education holdings reached 153,000 people. In addition, we invested in Supranationals/social use of proceed bonds.

Our Social Inclusion holdings reached 45 million people. Supranational bonds held in the fund contributed US$1 billion in developing countries.

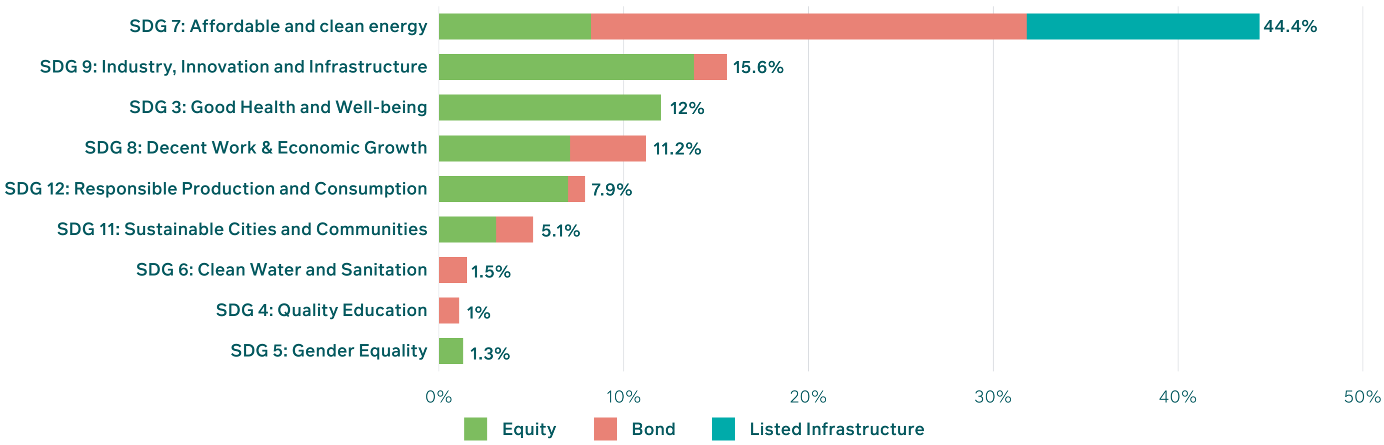
Source: M&G as at 31 December 2024.

These figures are based on the key performance indicators (KPIs) against which we measure individual company impacts. These have been aggregated within each impact area, where companies within the area share similar KPIs. However, it is important to note that the data is largely taken from the latest available company literature, and is therefore backward looking. Furthermore, it relies on whichever methodology each company has used to calculate its impact, which may vary from one to another.

Positive impact

Within our positive impact exposure, the fund makes long-term investments in holdings that aim to generate a positive social and/or environmental impact alongside a financial return. The fund aims to make positive impacts across six key social and environmental impact areas, each mapped to the UN's Sustainable Development Goals (SDGs).

Fund SDG breakdown*



Source: M&G, as at 31 December 2024. *Positive impact securities rebased to 100% market value of portfolio.

While we support the UN SDGs, we are not associated with the UN and our funds are not endorsed by the organisation.

‘Triple I’ or III framework

The III framework (encompassing Investment, Intention and Impact) is a practical means of scoring candidate holdings. The framework has been elaborated by us and robustly and consistently applies set criteria and standards for rating the impact and investment case of these companies.

Six impact outcomes

The fund seeks to contribute towards six key social and environmental impact outcomes, each mapped to the UN’s Sustainable Development Goals*, with the aim of creating positive impacts for both people and the planet.

Climate action

Greenhouse gas emissions from energy and industrial processes are contributing to global warming and increasingly common extreme weather events. Without rapid and deep reduction of such emissions, or alternative renewable energy systems, we stand no chance of limiting global warming to well below 2°C and avoiding the worst effects of climate change. Companies in this area will generate or enable products or services that lead to avoided and/or reduced greenhouse gas emissions.

Environmental solutions

Pollution of land, air and water, overuse of water and natural resources (such as forests), as well as other forms of environmental damage, are causing significant harm to natural ecosystems. This in turn negatively impacts their ability to support human well-being and the global economy. Companies in this area help to prevent and reduce damage to the natural environment (land, air and water).

Circular economy

The traditional linear economic model, where natural resources are extracted to make products that are eventually thrown away, is exceeding what the planet can support. This is causing significant harm to our natural environment through unsustainable levels of consumption, habitat destruction and biodiversity loss, as well as significant waste generation. Companies in this area are enabling and implementing a transition to a more circular economy where waste is reduced, reused and/or recycled.

Better health

Global population growth changes, including ageing populations, the prevalence of lifestyle diseases and growing healthcare demands place greater burdens on public and private healthcare systems. Innovation, development and scale improvements are crucial to address this challenge, as is ensuring increased access to those that need healthcare. Companies in this area generate or enable products or services that lead to improved health and well-being and/or access to quality healthcare.

Better work and education

Lack of access to quality work, better working conditions and/or quality education can harm the affected individuals and hampers progress to more equitable societies and sustainable economies. Companies in this area generate or enable products or services that lead to improved access to quality work, better working conditions, and/or quality education for groups or markets that are not well served.

Social inclusion

Poverty and inequality challenges remain across society and are compounded by a lack of equitable access to fundamental services such as technology, housing, financial products and services, social care, transport, or child care. Companies in this area generate or enable products or services that lead to increased social and economic inclusion for under-served and/or under-represented individuals or groups.

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Equities

The fund leverages the work and expertise of our Positive Impact team to identify opportunities in the public equities space. The team undertakes III analysis to create a watch-list of high-quality, sustainable, impactful companies. A security requires above-average results in order to be included in the watch-list, as well as consensus agreement of a company's merits from the entire team. Our Positive Impact team represents a wide range of expertise, and includes fund managers, impact analysts and specialists in various fields.

Green bonds and Supranational

The role of green bonds issued by governments and corporations has grown in the portfolio over the years. They have the potential to offer us attractive financial characteristics, whilst helping us to meet our sustainability/positive impact criteria. Similarly, the role that supranational development banks play is an important one, both within global development and within our portfolio. Supranational bonds enable us to widen our exposure to different types of positive impact investments, as well as providing diversification for the portfolio in terms of duration, maturity and currency exposure. These bonds allow us to finance smaller projects in more challenging geographies without taking on the associated credit risk.

Infrastructure

In addition to investing in equities and fixed income, the fund also invests in listed infrastructure names. These typically operate renewable energy assets and contribute directly to SDG 7: Affordable and clean energy. They are structured as listed investment vehicles and have specialist management teams that are responsible for the growth and operation of the asset base. From an investment perspective, the assets are typically underpinned by long-term contracts and benefit from strong inflation linked cashflow generation as a result.

Measurement and KPIs

The following tables list all of our positive impact investments by impact category, explain the KPIs we have chosen to measure them against, and what KPIs have been reached. Many of these measurements rely on company reporting and hence are backward looking.

Positive impact table KPIs

Impact Area: Climate action

Security Name	Asset class	Primary SDG	KPI Name	KPI Value
EDF	Corporate Green Bond	7	Number of tonnes CO_2 emissions avoided (m)	1.83
ING	Corporate Green Bond	7	Number of tonnes CO_2 emissions avoided (m)	0.19
Societe Generale	Corporate Green Bond	7	Number of tonnes CO_2 emissions avoided (m)	0.49
KBC	Corporate Green Bond	7	Number of tonnes CO_2 emissions avoided (m)	0.26
Swedbank	Corporate Green Bond	7	Number of tonnes CO_2 emissions avoided (m)	0.10
Apple 2025 Bond	Corporate Green Bond	7	Number of tonnes CO_2 emissions avoided (m)	5.65
Apple 2027 Bond	Corporate Green Bond	9	Number of tonnes CO_2 emissions avoided (m)	0.72
EDP Renovaveis	Equity	7	Renewable energy generated (GWh)	36,600
Enphase Energy	Equity	7	Number of tonnes CO_2 emissions avoided (m)	18
Vestas Wind Systems	Equity	7	Number of tonnes CO_2 emissions avoided (m)	239
Johnson Controls	Equity	9	Number of tonnes CO_2 emissions avoided (m)	2.00
Orsted	Equity	7	Renewable energy generated (GWh)	31,135
Germany Green Bond 2030	Government Bond	7	Number of tonnes CO_2 emissions avoided (m)	4.08
Germany Green Bond 2033	Government Bond	7	Number of tonnes CO_2 emissions avoided (m)	4.46
Germany Green Bond 2053	Government Bond	7	Number of tonnes CO_2 emissions avoided (m)	4.46
UK Green Gilt 2053	Government Bond	11	Number of tonnes CO_2 emissions avoided (m)	17.81
UK Green Gilt 2033	Government Bond	11	Number of tonnes CO_2 emissions avoided (m)	23.29
Australia Green Bond 2034	Government Bond	7	Renewable energy generated (GWh)	314
Greencoat UK Wind	Infrastructure	7	Number of tonnes CO_2 emissions avoided (m)	2.20
Octopus Renewables	Infrastructure	7	Number of tonnes CO_2 emissions avoided (m)	0.30
Renewables Infrastructure Group	Infrastructure	7	Number of tonnes CO_2 emissions avoided (m)	2.00
Greencoat Renewables	Infrastructure	7	Number of tonnes CO_2 emissions avoided (m)	1.40
International Bank for Reconstruction and Development Green Bond 2026 (MXN)	Supranational Bond	7	US$ billion invested by Supranationals	0.20

Security Name	Asset class	Primary SDG	KPI Name	KPI Value
European Bank for Reconstruction and Development 2028 (IDR)	Supranational Bond	7	US$ billion invested by Supranationals	0.32
European Investment Bank Green Bond 2033 (USD)	Supranational Bond	7	Number of tonnes CO_2 emissions avoided (m)	5.86
European Investment Bank 2032 (ZAR)	Supranational Bond	7	US$ billion invested by Supranationals	0.61
European Bank for Reconstruction and Development 2027 (TRY)	Supranational Bond	7	US$ billion invested by Supranationals	0.33

Impact Area: Environmental solutions

Security Name	Asset class	Primary SDG	KPI Name	KPI Value
Mercedes Benz	Corporate Green Bond	11	Number of tonnes CO_2 emissions avoided (m)	0.75
Intesa Sanpaolo	Corporate Green Bond	9	Number of tonnes CO_2 emissions avoided (m)	0.25
Unibail-Rodamco-Westfield	Corporate Green Bond	9	Number of tonnes CO_2 emissions avoided (m)	0.002
Vodafone	Corporate Green Bond	7	Number of tonnes CO_2 emissions avoided (m)	0.42
Xylem	Corporate Green Bond	6	# of megalitres of water saved, tested, treated or provided	1,128,000
Ansys	Equity	9	Products and services supporting environmental solutions R&D (US$ million)	495
Autodesk	Equity	9	Products and services supporting environmental solutions R&D (US$ million)	1,370
Schneider Electric	Equity	9	Number of tonnes CO_2 emissions avoided (m)	113
Colombia Green Bond 2031	Government Bond	6	Number of tonnes CO_2 emissions avoided (m)	0.64
International Bank for Reconstruction and Development Green Bond 2026 (BRL)	Supranational Bond	11	US$ billion invested by Supranationals	0.18

Impact Area: Circular economy

Security Name	Asset Class	Primary SDG	KPI Name	KPI Value
Boston Properties	Corporate Green Bond	12	Energy saved (GWh)	5.6
Prologis	Corporate Green Bond	12	Energy saved (GWh)	12.9
eBay	Equity	12	Waste handled, avoided or reducsed (m metric tonnes)	0.1
Unifirst	Equity	12	Water use reduction (%)	90
			Chemical use reduction (%)	64
			Energy use reduction (%)	73
Ball Corporation	Equity	12	Aluminium saved (metric tonnes)	6,342
Brambles	Equity	12	Waste handled, avoided or reducsed (m metric tonnes)	1.3
DS Smith	Equity	12	Number of trees saved (million)	53
Republic Services	Equity	11	Waste handled, avoided or reducsed (m metric tonnes)	99

Impact Area: Better health, saving lives

Security Name	Asset Class	Primary SDG	KPI Name	KPI Value
Agilent	Equity	3	Products and services supporting health R&D (US$ million)	0.48
ALK-Abello	Equity	3	Number of people reached (m)	2.4
Becton Dickinson	Equity	3	Units produced, sold or installed (m)	34,000
Fresenius Medical Care	Equity	3	Number of underserved and/or under-represented people reached (m)	0.3
Horiba	Equity	3	Products and services supporting health R&D (US$ million)	145
Novo Nordisk	Equity	3	Number of underserved people reached (m)	5
Quest Diagnostics	Equity	3	Samples or data processed or tested (m)	206
Thermo Fisher Scientific	Equity	3	Products and services supporting health R&D (US$ million)	1,337
UnitedHealth	Equity	3	Number of underserved people reached (m)	18

Impact Area: Better work and education

Security Name	Asset Class	Primary SDG	KPI Name	KPI Value
Amerisafe	Equity	8	Underserved and/or under-represented people reached	153,000
Mexico SDG Bond 2035	Government Bond	4	US$ billion invested in green and/or social projects by sovereigns	1.80

Impact Area: Social inclusion

Security Name	Asset class	Primary SDG	KPI Name	KPI Value
Bank Rakyat Indonesia	Equity	8	Number of people reached in an underserved market and/or of a product designed to cater to underserved individuals or groups (million)	37
Bank of Georgia	Equity	9	Number of people reached in an underserved market and/or of a product designed to cater to underserved individuals or groups (million)	1.7
Bright Horizons	Equity	5	Number of underserved and/or under-represented people reached (m)	1.9
HDFC	Equity	8	Number of people reached in an underserved market and/or of a product designed to cater to underserved individuals or groups (million)	3.9
Katitas	Equity	11	Number of people reached in an underserved market and/or of a product designed to cater to underserved individuals or groups (million)	0.02
Inter-American Development Bank 2044 (USD)	Supranational Bond	8	US$ billion invested by Supranationals	0.5
Inter-American Development Bank 2026 (IDR)	Supranational Bond	8	US$ billion invested by Supranationals	0.15
International Bank for Reconstruction and Development 2028 (INR)	Supranational Bond	8	US$ billion invested by Supranationals	0.6

Climate focus

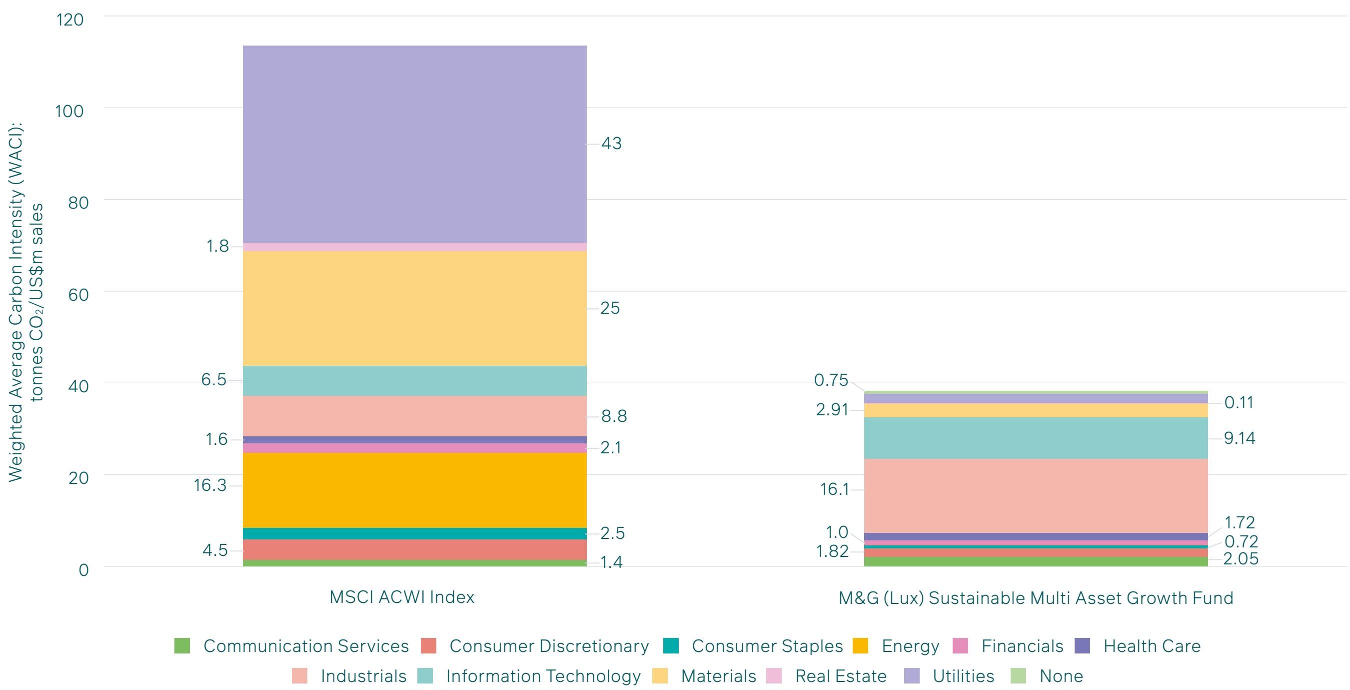
Our sustainable multi asset fund exhibits an overarching focus on climate change mitigation as part of its sustainable investment objectives. The purpose of this climate focus is to assess the long term sustainability of assets, while paying particular attention towards carbon intensity (avoiding and/or reducing greenhouse gases) and climate adaptability, which is crucial to achieving a more sustainable global economy. We will take into consideration sector exclusions, adherence to science-based targets, climate governance engagement and analysis of climate metrics to help determine the extent of mitigation from each investment.

Carbon emissions and intensity

Weighted average carbon intensity declined more than 30% since the last report and stood at 38.3 tonnes CO_2/US$ million sales as of 31 December 2024 (vs an equivalent 113.3 6 tonnes CO_2/US$ million sales for MSCI ACWI). Limited and selective exposure to utilities, materials and energy largely contributed to this.

Similarly to the last report, the industrial sector was the largest source of fund's emissions, contributing 38% to the overall weighted average carbon intensity. Many companies in this sector sit within the Environmental Solutions and Circular Economy impact areas. Of these, waste management company Republic Services has by far the largest carbon footprint. However, our impact analysis suggests that Republic Services net impact was a saving of 4.3 tonnes of CO_2 over the year 2024. Information technology is the next largest contributor to the overall weighted average carbon intensity. However, we believe that the companies in our portfolio have strong climate credentials and that innovation will continue to drive efficiencies in energy production and consumption going forward.

Emissions Intensity (tonnes CO_2/US$ million sales)

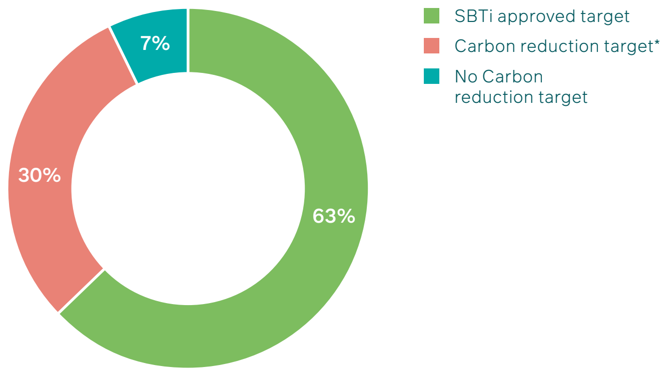


Source: M&G, Aladdin, 31 December 2024

Carbon reduction targets

As part of the climate focus of the fund, we aim to assess our holdings not only relative to their current carbon emissions and intensity but also on the basis of their climate transparency, governance and ambition as represented by carbon reduction targets. As of the 31 December 2024, 63% of our corporate holdings (excluding supranational and listed infrastructure holdings) had an SBTi aligned approved target, a significant increase from 12 months prior, when the number stood at 52%. This was achieved thanks to companies like Alk-Abello moving from having a 'committed' to 'approved' SBTi target during the period. Currently, only 7% of our corporate holdings lack a carbon emission target (similar to last year) and 30% have some form of climate target, including Samsung which had no target previously.

Carbon emissions

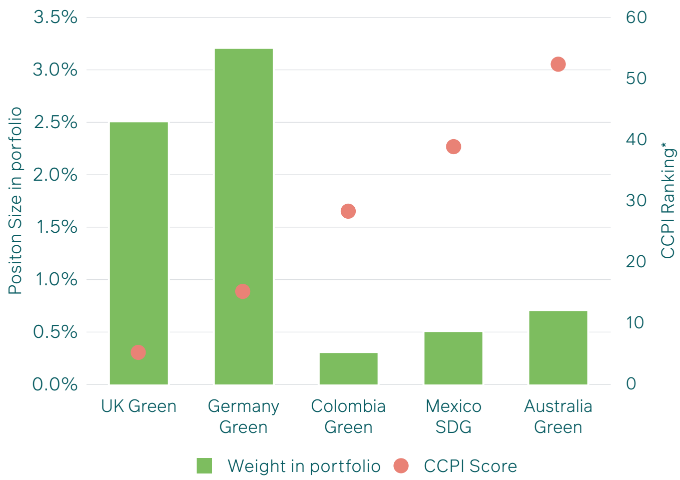


Source: M&G, Aladdin, 31 December 2024. *Includes committed SBTi targets

Government bonds climate assessment

To assess a sovereign's climate credentials, the fund relies on the Climate Change Performance Index, a global index that tracks countries progress on climate mitigation. Countries are assessed, scored and ranked annually based on their progress on GHG emissions reduction, deployment of renewable energy, energy use and climate policy. The chart on the right provides an overview of the fund's sovereign holdings with their respective rank on the CCPI Index. In addition to the CCPI assessment, all government bonds are issued under a green or sustainable use of proceeds framework.

Government bonds under green or sustainable proceeds framework



Source: M&G, Climate Change Performance Index. 31 December 2024

*Climate Change Performance Index. The lower the number, the higher ranked a country is on the CCPI Index.

Engagement

Voting stats

The fund has been an active participant during the course of 2024. The data below provides a summary of our voting activity. We have cast votes in favour of shareholder resolutions for gender pay gap disclosure and employee representation on company boards. We have also voted against management or abstained on such things as remuneration and choice of auditors.

93
Number of votable meetings

How did we vote?

1,161
Number of items voted on

90 (7.8%)
Votes against management

88 (7.6%)
Votes against a proposal

Where did we vote?

34
Meetings in the USA

22
Meetings in Europe

14
Meetings in the UK

23
Meetings in the rest of the world

Strategic engagement examples

An example of recent engagement was with Brambles, a global leader in reusable pallets, crates and containers. We are currently engaging with the company on two topics: improving the quantification of emissions avoided through its products and services and clarifying the actual metrics used to determine their remuneration awards. This engagement is currently ongoing at the time of writing.

Given the potential negative biodiversity impacts of offshore wind, we have engaged with Ørsted to ensure it was advancing its approach to biodiversity, and that a biodiversity metric was included in executive remuneration. The company has been working on the issue for several years. It has engaged a biodiversity consultancy, and is leaning against existing biodiversity frameworks, particularly those from central Europe and the UK. The company said it was gathering feedback from NGOs, academia and others, with the aim to implement a framework in 2025, and a first set of metrics by the end of 2025.

In 2024, we also engaged with Bright Horizons, a leading provider of child care, to encourage the company to link their executive remuneration to the positive social outcomes the company was achieving. The company has assured us that this is currently being discussed within the remuneration committee, and we have offered to help give input into these discussions. We also engaged with the company to encourage them to set climate targets. We were pleased that the company published Scope 1&2 emissions during its latest sustainability reporting.

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