

Periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

**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.

**Product Name:** M&G Alternatives, SCSp – RAIF – 2021 PE Impact Fund  
**Legal Entity Identifier:** 254900JCJYFCFS5PX18

## Sustainable investment objective

### Did this financial product have a sustainable investment objective?

☒ Yes
 ☐ No

☒ It made **sustainable investments with an environmental objective**: 55.8%

☐ 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 made **sustainable investments with a social objective**: 44.2%

☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a 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 promoted E/S characteristics, but **did not make any sustainable investments**



### To what extent was the sustainable investment objective of this financial product met?

The sustainable investment objective of the Fund is to predominantly make investments into private equity funds and related exposures (including secondary purchases of funds and co-investments) that are focused on achieving positive and measurable social and environmental outcomes that are aligned with a number of the UN Sustainable Development Goals (SDGs) alongside attractive financial returns (collectively, Impact investments).

The 2021 PE Impact Fund is an impact fund which aims to invest at least 70% of its Invested Capital in sustainable investments. As of December 31st 2023, 100% of the Invested Capital was in sustainable investments, which are focused on achieving positive and measurable social and environmental outcomes that are aligned with a number of the UN Sustainable Development Goals (SDGs). This remains consistent with the prior year, 2022.

As of December 31st 2023, all investments held within the Fund pass good governance test and the Fund does not hold any investments that would be assessed to fail its screening of activities harmful to society or the environment.

Thus, the sustainable objective of the Fund is being met.

### Sustainability indicators

measure how the sustainable objectives of this financial product are attained.

### How did the sustainability indicators perform?

Overall, 55.8% of investments held in the Fund were sustainable investments in the environmental category, contributing to various SDGs including: Affordable and Clean Energy, Sustainable Cities and Communities and Responsible Consumption and Production. A further 44.2% of investments held in the Fund were sustainable investments in the social category, contributing to various SDGs including: Good Health and Wellbeing, Quality Education, Peace, Justice and Strong Institutions and Industry, Innovation and Infrastructure.

As an impact fund, measurement of selected sustainability indicators is an important aspect of performance that the Manager monitors. The overarching impact aims have been met and are demonstrated through the key sustainability indicators summarised below.

At the time of commitment, the Fund commits to investments that are rated as B3 or higher (i.e., B3, B4, C2, C3 or C4) according to a proprietary impact framework. As at 31st December 2023, the Fund had made commitments to six underlying funds, 100% of which were assigned a score of B3 or above at the time of commitment which is in line with the Fund's investment strategy. On an annual basis, a review is performed on

all underlying fund investments to assess progress once the underlying funds have begun to deploy capital. The Fund assigns impact scores to underlying investments based on a proprietary impact framework which draws on the Impact Management Project (IMP) ABC classifications and measures the percentage of impact scores reaching B3 or above (i.e., B3, B4, C2, C3 or C4). As at 31st December 2023, 94.5% of the Fund's underlying holdings were assigned a score of B3 or above. Whilst the Fund invests in impactful businesses / projects, a small proportion may not reach the B3 impact score, when assessed by the Investment Manager, however, we view the current levels to be well within the norms for this strategy.

- 100% of the Fund's investments are classed as sustainable, contributing to a range of positive impact outcomes in the overall environmental and social categories that are divided into four subcategories: Environmental Solutions 52.0%, Circular Economy Solutions 3.8%, Better Health 16.6% and Social Inclusion 27.5%.
- The Fund measures the number of people reached including people treated and customers served in target services. The total number of people reached for the period was 21,154,985.
- The Fund also measures the gender diversity of boards and leadership roles within underlying investments. At the end of the period, the average percentage of women on boards was 19.0% and the average percentage of women in leadership roles was 24.8%.
- The Fund measures the percentage of investments where the General Partner sits on the Portfolio Company Board. At the end of the period, 80.9% of investments met this criteria.

As an impact fund, the Fund further focuses on the advancement of six core SDGs. Where applicable, investments in the Fund are classified as having a primary positive impact on these six SDGs. The contribution to the SDGs are outlined, alongside other sustainability indicators, in the table below.

Sustainability indicators are measured as at 31st December 2023 or, where data at that date is not available, it is based on the most recent available data. It is worth noting that in some instances data availability is currently low, which can have a significant impact on the measured performance for certain sustainability indicators. Data availability is expected to improve over time.

Sustainability indicator	Measured performance
As at - 31st December 2022	
Portfolio Impact Score Above B3 (M&G proprietary)	95.2%
% investments providing environmental solutions	45.8%
% investments providing circular economy solutions	6.0%
% investments providing social inclusion	30.0%
% investments providing better health	18.2%
Number of people reached including people treated, customers served in target services	16,654,985
Weighted average % of female board members	18.8%
Weighted average % of women in leadership roles	26.5%
% investments with General Partner on Portfolio Company Board	96.4%
% investments aligned to SDG3 Good Health and Wellbeing	18.1%
% investments aligned to SDG5 Gender Equality	0.0%
% investments aligned to SDG7 Affordable and Clean Energy	26.7%
% investments aligned to SDG9 Industry, Innovation and Infrastructure	11.6%
% investments aligned to SDG11 Sustainable Cities and Communities	1.6%
% investments aligned to SDG12 Responsible Consumption and Production	9.3%

Sustainability indicator	Measured performance
As at - 31st December 2023	
Portfolio Impact Score (M&G proprietary)	95.0%
% investments providing environmental solutions	52.0%
% investments providing circular economy solutions	3.8%
% investments providing social inclusion	27.5%
% investments providing better health	16.6%
Number of people reached including people treated, customers served in target services	21,154,985
Weighted average % of female board members	19.0%
Weighted average % of women in leadership roles	24.8%
% investments with General Partner on Portfolio Company Board	80.9%
% investments aligned to SDG3 - Good Health and Wellbeing	16.6%
% investments aligned to SDG5 - Gender Equality	0.0%
% investments aligned to SDG7 - Affordable and Clean Energy	18.6%
% investments aligned to SDG9 - Industry, Innovation and Infrastructure	14.1%
% investments aligned to SDG11 - Sustainable Cities and Communities	8.4%
% investments aligned to SDG12 - Responsible Consumption and Production	6.3%

● **...and compared to previous periods?**

Similar to 2022, over 100% of the Fund made sustainable investments with environmental or social objectives in the financial year 2023. During both years, 100% of the portfolio companies contributed significantly to solving social or environmental problems, employed good governance, were not involved in business on the exclusion list and reported on its principal adverse impacts (to the extent possible). The percentage of investments aligned with SDG11 (Sustainable Cities and Communities) improved to 8.4% in 2023 compared to 1.6% in 2022. Board representation by GP remained the same year-on-year, however, a fall in the overall percentage can be seen as the invested capital weighting across our GPs has changed as new Fund investments have been reflected.

● **How did the sustainable investments not cause significant harm to any sustainable investment objective?**

Sustainable investments exclude economic activities that are deemed to cause harm to people and/or the environment. Further, fourteen mandatory and four optional Principal Adverse Impact (PAI) indicators from the Annex I of EU Commission Delegated Regulation 2022/1288 were considered to establish materiality of the PAI indicator to the potential investment to ascertain that investment does not cause significant harm.

**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, anti-corruption and anti-bribery matters.

For Fund investments in Article 9 funds where the General Partner's process can be relied upon, it is concluded that the investment does not do significant harm based on the test performed by the General Partner. At the end of the period, 100% of Fund investments had been made into Article 9 funds and so based on the analysis, it has been concluded that sustainable investments held by the Fund do not cause significant harm to any sustainable investment objective. The Fund also uses a proprietary impact framework to assess the impact quality of the assets, a key part of which is doing no harm. However, this does not map perfectly to the PAIs as defined by SFDR. Therefore, impact assessment has been supplemented by requesting PAI data from General Partners. Based on the analysis, it has been concluded that sustainable investments held by the Fund do not cause significant harm to any sustainable investment objective.

● **How were the indicators for adverse impacts on sustainability factors taken into account?**

Investments have been made into Article 9 funds that take into account indicators for adverse impacts on sustainability factors. At 31st December 2023, 100% of invested capital was in Article 9 funds where the General Partner's process can be relied upon to consider adverse impacts on sustainability factors. To supplement this, fourteen mandatory and four optional PAIs were requested from the General Partners. A qualitative assessment of the responses was conducted, where data was available, to confirm that investments do not cause significant harm. Currently, data availability for PAIs is limited. A combination of quantitative and qualitative data was provided by General Partners. Where data is scarce other data sources have been taken into consideration in order to assess adverse impacts on sustainability factors. Such data sources may include quarterly fund reports, annual sustainability or impact reports, General Partner policies and direct communications with General Partners where clarification was needed. As part of this assessment, it was also concluded that there was no exposure to fossil fuels or controversial weapons through underlying fund investments into portfolio companies. A detailed description of the PAIs requested is included below.

The following PAIs were requested, where available, to supplement the General Partner's analysis:

- Fossil fuel exposure and controversial weapons. Analysis of underlying portfolio companies indicated no such exposure within the Fund's sustainable investments.
- Carbon emissions, carbon intensity, carbon reduction initiatives, non-renewable energy production and consumption, biodiversity impacts, emissions to water and hazardous waste. No indications of significant harm noted.
- Compliance with the United Nations Global Compact (UNGC) Principles and OECD Guidelines for Multinational Enterprises. See section below for coverage of this area.
- Policies on human rights, corruption and anti-bribery, workplace accident prevention, unadjusted pay gap, board gender diversity. Where data was available, existence of such policies has been checked, and the content of the policies reviewed. Lack of policy alone, in the absence of other concerns in that area, was not assessed to cause significant harm. This has been combined with analysis of whether there have been any significant issues in these areas that would indicate significant harm. No indications of significant harm noted.

Analysis of PAIs did not indicate any instances of significant harm within sustainable investments.

In instances where we feel there may be a risk of harm relating to a principle adverse impact, we have discussed this with the manager to understand the planned mitigation and remediation actions. The underlying investment will then be monitored on a periodic basis to understand the progress and determine the need for further engagement with the General Partner. As reporting of PAI data is currently low, we continue to engage with GPs on the reporting of PAIs and other information relevant to sustainability factors.

● **Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

All sustainable investments held in the Fund have been analysed to identify assets that are in breach of the UN Guiding Principles on Business and Human Rights or OECD Guidelines for Multinational Enterprises. For Fund investments in Article 9 funds where the General Partner's process can be relied upon, it is concluded that the investment does not do significant harm based on the test performed by the General Partner. This has been

supplemented by asking General Partners whether there have been any breaches over the period. No breaches have been noted as part of this analysis.



### How did this financial product consider principal adverse impacts on sustainability factors?

The Fund has made primary commitments to six Article 9 funds that take into account adverse impact indicators. To supplement the General Partner analysis, fourteen mandatory and four optional PAIs were requested from General Partners and where data was available this was considered for all sustainable investments held by the Fund. Outcomes of that analysis and details on how it was performed are outlined in the section above that describes the Do No Significant Harm test.



### What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: to 31st December 2023

Largest investments	Sector	% Assets	Country
Investment 1	Consumer Services; Industrials; Infrastructure; Technology	35.38%	Pan-Europe
Investment 2	Consumer Discretionary Products; Food; Internet Media & Services; Technology	17.10%	Global
Investment 3	Biotechnology & Pharmaceuticals; Consumer Goods Retails; Industrials; Technology; Utilities	15.90%	Pan-Europe
Investment 4	Alternative Energy; Chemicals; Consumer Discretionary Products; Consumer Services; Industrials; Technology; Utilities	13.16%	Pan-Europe
Investment 5	Consumer Services; Technology	10.09%	Southern Europe
Investment 6	Health Care Providers; Industrials; Technology	8.36%	Global



### What was the proportion of sustainability-related investments?

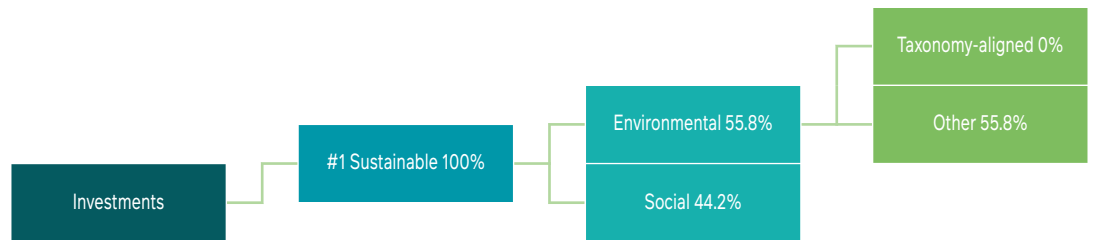
**Asset allocation** describes the share of investments in specific assets.

#### • What was the asset allocation?

As at 31st December 2023, 100% of Total Invested Capital of the Fund (all invested capital since Fund's inception) was in sustainable investments, which is above minimum commitment to sustainable investments of 70%. These are investments that fall into two broad categories of environmental (55.8%) and social (44.2%) objectives. These allocations meet the commitments of a minimum of 5% of Total Invested Capital to be aligned to the environmental objective and a minimum of 5% of Total Invested Capital to be aligned to the social objective.

Since the methodology for assessment of alignment of investments with EU Taxonomy has not been developed yet, none of the environmentally sustainable assets are classified as EU Taxonomy aligned.

0% of the Fund is comprised of non-sustainable investments



**#1 Sustainable** covers sustainable investments with environmental or social objectives.

**#2 Not sustainable** includes investments which do not qualify as sustainable investments.

### ● In which economic sectors were the investments made?

The Fund did not take into account the EU criteria for environmentally sustainable economic activities as defined in the Taxonomy Regulation. The Fund did not target investment in taxonomy-aligned assets as part of its investment policy and therefore recorded that 0% of the Fund's investments were aligned with the environmental objectives under the Taxonomy Regulation during the reference period.

Economic sector	% Assets
Technology	38.77%
Industrials	15.11%
Consumer Services	13.48%
Infrastructure	7.24%
Health Care Providers	6.18%
Consumer Discretionary Products	5.61%
Food	3.05%
Internet Media & Services	2.67%
Consumer Goods Retails	2.20%
Chemicals	2.12%
Utilities	1.59%
Alternative Energy	1.10%
Biotechnology & Pharmaceuticals	0.89%



### To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Fund did not take into account the EU criteria for environmentally sustainable economic activities as defined in the Taxonomy Regulation. The Fund did not target investment in taxonomy-aligned assets as part of its investment policy and therefore recorded that 0% of the Fund's investments were aligned with the environmental objectives under the Taxonomy Regulation during the reference period.

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

**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.

### ● Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?

☐ Yes:

☐ In fossil gas

☐ In nuclear energy

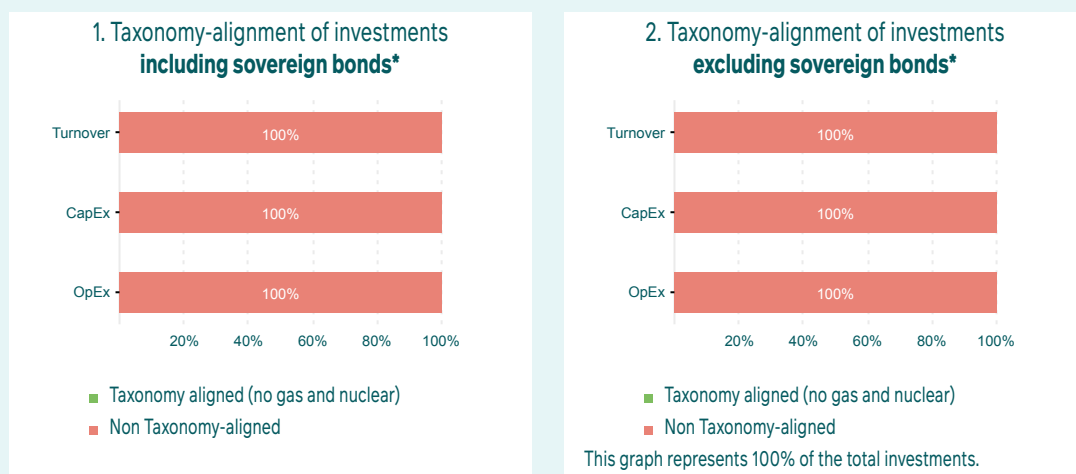
☒ No

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

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

The graphs below show the percentage of investments that were 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

### • What was the share of investments made in transitional and enabling activities?

The Fund did not set a minimum share of investments in transitional and enabling activities and has not recorded any such activities in the reference period. Therefore, 0% of the Fund's investments were in transitional and enabling activities.

### • How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

In 2022, and similar to 2023, the Fund did not take into account the EU criteria for environmentally sustainable economic activities as defined in the Taxonomy Regulation. The Fund did not target investment in taxonomy-aligned assets as part of its investment policy and therefore recorded that 0% of the Fund's investments were aligned with the environmental objectives under the Taxonomy Regulation during the reference period.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



### What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?

55.8% of Total Invested Capital as at 31st December 2023. This is above the minimum commitment of 5% of sustainable investments with an environmental objective not aligned with the EU Taxonomy. None of these investments were expected to be aligned to EU Taxonomy because the Fund does not currently take into account the EU criteria for environmentally sustainable economic activities as defined in the Taxonomy regulation.



### What was the share of socially sustainable investments?

44.2% of Total Invested Capital as at 31st December 2023. This is above the minimum commitment of 5% of sustainable investments with a social objective.



### What investments were included under "not sustainable", what was their purpose and were there any minimum environmental or social safeguards?

"Not Sustainable" investments consist of cash and cash equivalents and investments held for hedging or liquidity purposes. For such assets no minimum environmental or social safeguards have been put in place.





### **What actions have been taken to attain the sustainable investment objective during the reference period?**

During the reference period a total of €50,100,655 was invested through primary commitments to Article 9 funds. The Fund did not make any secondary commitments or co-investments during the reference period.

The Fund has continued dialogue with General Partners on topics including the pipeline of future deals that will further the sustainable objective of the Fund, ongoing impact management and measurement, as well as holding conversations on application of the 'Do No Significant Harm' principle. Five portfolio companies out of a total of thirty-nine are currently on the watch list for differing reasons. We continue to monitor and engage with our GPs as necessary following our annual impact review of the portfolio.



### **How did this financial product perform compared to the reference sustainable benchmark?**

Not applicable. No reference benchmark has been designated for the purpose of attaining the sustainable investment objective.

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.

- **How did the reference benchmark differ from a broad market index?**  
Not applicable.
- **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?**  
Not applicable.
- **How did this financial product perform compared with the reference benchmark?**  
Not applicable.
- **How did this financial product perform compared with the broad market index?**  
Not applicable.