

Precontractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, 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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product Name:** Specialist Investment Funds (3) - M&G Illiquid Credit Opportunities Fund VIII  
**Legal Entity Identifier:** 254900KYCWD7VHML583

## Environmental and/or social characteristics

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

☒ Yes

☒ No

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

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective**:

☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 5% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☒ with a social objective

☐ It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

A portion of the Fund, typically 15% and, at a minimum, 5% of Fund's Total Commitments, will be invested in assets demonstrating a positive environmental or social impact once the fund is fully drawn. Impact means assets that make a measurable, positive contribution to the environment or society. Impact assets that the Fund targets align with the following impact themes:

- climate and nature;
- better health;
- social equality.

The Fund will endeavour to align with Net Zero by 2040 through consideration of Principal Adverse Impact indicators related to greenhouse gas emissions and carbon reduction initiatives for investments in corporate debt and energy inefficiency and fossil fuel exposure for investments secured by real estate assets.

The Fund will not hold investments that are assessed to be in breach of commonly accepted standards of behaviour related to human rights, labour rights, environment and anti-corruption.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

### What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

- Weighted Average Carbon Intensity
- Scope 1 Greenhouse Gas Emissions
- Scope 2 Greenhouse Gas Emissions
- %NAV in impact assets
- % Total Commitments in impact assets
- %NAV in investments providing environmental solutions
- %NAV in investments providing circular economy solutions
- %NAV in investments providing better health
- %NAV in investments providing social inclusion

- %NAV in investments aligned to SDG3 - Good Health and Wellbeing
- %NAV in investments aligned to SDG4 - Quality Education
- %NAV in investments aligned to SDG7 - Affordable and Clean Energy
- %NAV in investments aligned to SDG11 - Sustainable Cities and Communities

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Objectives of sustainable investments that the Fund makes are as follows:

- To invest in economic activities that have a positive environmental and/or social impact or provide solutions in a wide range of areas, including environment, circular economy, better health or social inclusion and thus contribute towards this objective. This may include impact assets, as well as, companies which generate revenues that align to these themes.
- To invest in companies that exhibit strong ESG characteristics expressed through a broad range of environmental and social factors. Investment Manager uses a series of proprietary tests based on available data to determine whether an investment makes positive contribution towards environmental or social objectives.

**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.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Before investment and at least annually during the holding period, a check is performed to validate that 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 are considered to establish materiality of the PAI indicator to the potential investment to ascertain that investment does not cause significant harm. Do No Significant Harm test is embedded in initial due diligence and periodic monitoring process.

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

Assessment of PAI indicators is performed before each investment to determine suitability for the Fund and at least annually during the holding period to inform areas for engagement with the issuers and determine appropriateness of investment classification as sustainable. Where data is available, quantitative assessment is performed. For remainder of PAIs, qualitative analysis is used to evaluate the impact.

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

Due diligence performed before investment and at least annually during the holding period includes consideration of alignment with the UN Guiding Principles on Business and Human Rights. If potential investment is assessed to be in breach of the UN Guiding Principles on Business and Human Rights or OECD Guidelines for Multinational Enterprises, it will not be acquired. For existing investments, the Manager will engage with the issuer.

The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



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

- ☒ Yes, at the product level, the Fund considers principal adverse impacts through assessing and monitoring PAI indicators related to greenhouse gas emissions and carbon reduction initiatives for investments in corporate debt and energy inefficiency and fossil fuel exposure for investments secured by real estate assets. Adverse impacts are considered for engagement with the issuers.

### *Corporate mandatory indicators:*

1. Greenhouse gas (GHG) emissions
2. Carbon footprint
3. GHG intensity of investee companies

### *Real estate mandatory indicators:*

17. Exposure to fossil fuels through real estate assets
18. Exposure to energy-inefficient real estate assets

### *Corporate voluntary indicators:*

Investments in companies without carbon emission reduction initiatives

The information on how principal adverse impacts on sustainability factors were taken into account will be available in the Annual Report of the Fund.

- ☐ No



## What investment strategy does this financial product follow?

The Fund will seek to invest in assets with an expected return premium over liquid corporate bond market equivalents. The AIFM will use internal proprietary research to assess the overall credit risk of the assets and any corporate risk involved.

A portion of the portfolio will aim to demonstrate a positive environmental or social impact. It is expected that such assets will be primarily private or illiquid impact assets sourced by the Investment Manager. These sustainable investments may deliver positive social and/or environmental impact in a wide range of areas. Examples of environmental impact include renewable energy, green transportation, green buildings and waste management. Examples of social impact include healthcare, education, social housing and economic inclusion.

ESG factors that are financially material are integrated into the analysis of all investments. The Fund will use carbon data or estimates of carbon data provided by the AIFM to make investment decisions and structure the Fund portfolio.

### ● **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Fund will hold at least 5% of the Total Commitments in investments demonstrating a positive environmental or social impact when the Fund is fully drawn.

The Fund will not hold investments that are assessed to be in breach of commonly accepted standards of behaviour related to human rights, labour rights, environment and anti-corruption.

The investment restrictions applying to thermal coal, as set out in The Investment Manager's Thermal Coal Investment Policy, apply to the Fund and may have an effect on the assets in which the Fund invests. The effect is limited to types of assets that are in scope of the Coal Policy.

### ● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not set a committed minimum rate to reduce the scope of the investments considered prior to the application of the investment strategy.

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

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

## ● What is the policy to assess good governance practices of the investee companies?

Good governance practices of investee companies are assessed prior to making an investment and monitored during the holding period as part of initial and periodic due diligence. Governance factors considered include, but are not limited to: sound management structures, employee relations, remuneration of staff and tax compliance. The Fund does not invest in issuers that do not pass good governance test performed as part of initial due diligence. Material governance issues arising from periodic due diligence are considered for engagement with issuers.



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

## What is the asset allocation planned for this financial product?

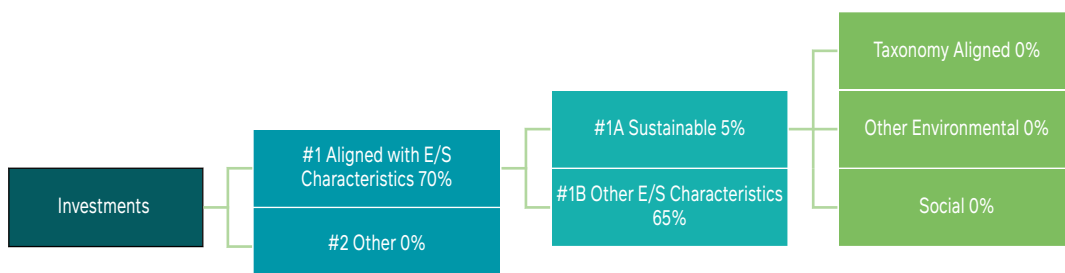
A minimum of 70% of the Fund's Net Asset Value is aligned to the environmental or social characteristics promoted. This includes a minimum of 5% of Net Asset Value in sustainable investments. A minimum of 0% of the Fund's Net Asset Value is aligned to the environmental objective and a minimum of 0% of the Fund's Net Asset Value is aligned to the social objective. Fund's strategy assumes flexibility for the portfolio to have varying proportions of investments targeting environmental and social outcomes over time. A minimum of 0% (and a maximum of 30%) of the Fund's Net Asset Value are other investments not aligned to the environmental or social characteristics.

Commitment to minimum % of sustainable investments applies at the earlier of (i) the Fund being fully drawn and (ii) 3 years since Fund's launch date.

All asset allocations below are expressed as a % of Net Asset Value. They reflect planned asset allocation resulting from the commitments outlined in the paragraph above.

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.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

## ● How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

The Fund does not use derivatives to attain the environmental or social characteristics.



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

The Fund does not currently take into account the EU criteria for environmentally sustainable economic activities as defined in the Taxonomy Regulation. The Fund does not target investment in taxonomy-aligned assets as part of its investment policy and therefore Investment Manager expects that 0% of the Funds' investments will be aligned with the environmental objectives under the Taxonomy Regulation.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**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.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

☐ Yes:

☐ In fossil gas

☐ In nuclear energy

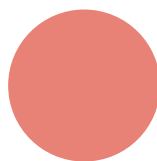
☒ No

<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.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.

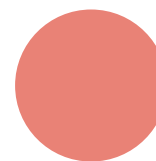
1. Taxonomy-alignment of investments including sovereign bonds\*

■ Taxonomy aligned: Fossil gas (0%)  
 ■ Taxonomy aligned: Nuclear (0%)  
 ■ Taxonomy aligned: (No Fossil gas & Nuclear) (0%)  
**Taxonomy total (0%)**  
 ■ Non Taxonomy aligned (100%)



2. Taxonomy-alignment of investments excluding sovereign bonds\*

■ Taxonomy aligned: Fossil gas (0%)  
 ■ Taxonomy aligned: Nuclear (0%)  
 ■ Taxonomy aligned: (No Fossil gas & Nuclear) (0%)  
**Taxonomy total (0%)**  
 ■ Non Taxonomy aligned (100%)



This graph represents 100% of the total investments.

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

● **What is the minimum share of investments in transitional and enabling activities?**

The Fund does not set a minimum share of investments in transitional and enabling activities.

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

The minimum share of sustainable investments with an environmental objective is 0% of the assets. None of these assets are 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 is the minimum share of socially sustainable investments?**

The minimum share of socially sustainable investments is 0% of the assets.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

Investments included in “#2 Other” consist of cash and cash equivalents, investments held for hedging or liquidity purposes, investments for diversification purposes or investments for which there is insufficient data.

For investments for which there is insufficient data and investments for diversification purposes, minimum safeguards comprise of exclusion of the companies that are assessed to be in breach of the UN Guiding Principles on Business and Human Rights or OECD Guidelines for Multinational Enterprises. For other ancillary assets (i.e. cash, cash equivalents and hedging instruments) no minimum environmental or social safeguards have been put in place.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No reference benchmark has been designated to determine whether this Fund is aligned with the environmental and social characteristics that it promotes.

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
Not applicable.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
Not applicable.
- **How does the designated index differ from a relevant broad market index?**  
Not applicable.
- **Where can the methodology used for the calculation of the designated index be found?**  
Not applicable.



**Where can I find more product specific information online?**

**More product-specific information can be found on the website:**

[www.mandg.com/investments/institutional/en-global/sustainability-related-disclosures](http://www.mandg.com/investments/institutional/en-global/sustainability-related-disclosures)