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: Luxembourg Specialist Investment Funds (4) - Sustainable Private Debt (1) Fund
Legal Entity Identifier: 254900HMOQLK89SN9B06

Sustainable investment objective

Does this financial product have a sustainable investment objective?

- [x] **Yes**
- [ ] **No**

- [x] It will make a minimum of **sustainable investments with an environmental objective**: 40%
  - [ ] in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - [x] in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- [x] It will make a minimum of **sustainable investments with a social objective**: 5%

- [ ] It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments
  - [ ] with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - [ ] with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
  - [ ] with a social objective
- [ ] It promotes E/S characteristics, but **will not make any sustainable investments**

What is the sustainable investment objective of this financial product?

The sustainable objective of the Sub-fund is to invest in sustainable private debt investments.

All investments within the Sub-fund (except for cash, cash equivalents and investments for liquidity purposes) will be Sustainable Investments within the meaning of SFDR, based on the relevant obligor passing the Portfolio Manager's proprietary test which comprises of the relevant obligor (or its group) passing:

- a test of positive contribution to environmental or social objectives, based on pre-defined thresholds;
- a do no significant harm test, based on the analysis of principal adverse impact indicators defined in Annex I of EU Commission Delegated Regulation 2022/1288; and
- a good governance test that includes assessment of sound management structures, employee relations, remuneration of staff and tax compliance.

A portion of the Sub-fund, at a minimum 45%, of the Sub-fund's Sustainable Investments will comprise investments made with the intention to generate positive, measurable social and environmental impact alongside financial return (Impact Investments). This minimum will apply after the third anniversary of the Initial Closing Date of the Sub-fund to allow for the initial ramp up of the portfolio. Impact Investments demonstrate the following characteristics:

- Intentionality. The Sub-fund, must have a clear intent to contribute to positive social and environmental outcomes through the private debt investment and have a pre-defined, targeted, impact outcome for the private debt investment;
- Measurability. Impact key performance indicators must be pre-defined before the private debt investment is made and such indicators must be measured on an ongoing basis to determine whether the targeted impact outcome is being achieved by the private debt investment;
- Materiality. The Impact Investment must deliver targeted outcomes that are significant to the relevant target beneficiaries or environment; and
- Additionality. There must be a change in outcome over and above that which would have been achieved had the Sub-fund not made the Impact Investment.

The Sub-fund's private debt investments which are Impact Investments will be tested against the above characteristics at the time of the acquisition of a particular private debt investment by the Sub-fund.

The Sub-fund will seek to make private debt investments, with a particular focus on the following themes (the Sub-fund's Themes):

- climate and biodiversity;
- technology; and
- responsible production and consumption.

Due to the inherent nature of the Sub-fund's Themes, it is expected that the Sub-fund's investments will also be contributing to a number of the UN Sustainable Development Goals (SDGs) such as:

- SDG7 – Affordable and Clean Energy;
- SDG9 – Industry, Innovation and Infrastructure;
- SDG12 – Responsible Consumption and Production;
- SDG 13 – Climate Action;
- SDG 14 – Life below Water; and
- SDG15 – Life on Land.

The Sub-fund will measure and report its investments' contribution to the SDGs listed above.

The Sub-fund will not invest in activities that are considered to be harmful to the society or the environment. The Portfolio Manager screens out any obligors that are in breach of international standards and / or are operating in sectors deemed not complying with ESG principles. Such activities and screens are described in 'ESG Exclusions' section below.

The Portfolio Manager will seek to invest the Sub-fund in accordance with UN Global Compact Principles. For each of the Sub-fund's private debt investment, the Portfolio Manager will consider whether the investment is aligned to UN Global Compact Principles as part of its due diligence.

No reference benchmark has been designated for the purpose of attaining the sustainable investment objective

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

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

General - Sustainability and Impact
% of impact investments
%NAV in investments aligned to SDG (split per SDG)
Number of people reached including people treated, customers served in target services
Number of engagements
Financial additionality per investment
Standard ESG Metrics EDCI: GHG emissions - Scope 1, GHG emissions - Scope 2, Renewable energy - % renewable energy usage, Diversity - % women on board, Diversity - % women in C-suite, Work-related accidents – Injuries, Work-related accidents – Fatalities, Work-related accidents - Days lost due to injury
'Do No Significant Harm' assessment
Average Corporate ESG score (proprietary)
Average M&G Impact Score of impact assets

Climate
CO2eT Emissions Avoided
Financed emissions scaled to EVIC
Avoided CO2eTGHG emissions per EVIC times share of Sub-fund's financing in EVIC
%NAV Committed to Net Zero by 2050
%NAV Aligning to Net Zero by 2050
%NAV Aligned to Net Zero by 2050

Note that in addition to the above for individual investments company-specific impact/sustainability metrics are measured on purchase and as part of ongoing monitoring.

The Portfolio Manager will use best efforts to collect and measure the Sustainability Indicators, but this is subject to data availability and not all metrics will be applicable to all companies.

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 sustainable investments 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 the 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 Sub-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 Portfolio Manager will engage with the issuer or, in the event of serious, repeated violations with lack of improvement, consider divestment.

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

☒ Yes, at the product level, the Sub-fund considers principal adverse impacts through assessing and monitoring fourteen mandatory and four optional PAI indicators from the Annex I of EU Commission Delegated Regulation 2022/1288. Adverse impacts are considered for engagement with the issuers. PAI indicators are collected from issuers for each applicable reference period with use of a systematised process and a best effort basis.

Corporate mandatory indicators:
1. Greenhouse gas (GHG) emissions
2. Carbon footprint
3. GHG intensity of investee companies
4. Exposure to companies active in the fossil fuel sector
5. Share of non-renewable energy consumption and production
6. Energy consumption intensity per high impact climate sectors
7. Activities negatively affecting biodiversity-sensitive areas
8. Emissions to water
9. Hazardous waste and radioactive waste ratio
10. Violations of UNGC principles and OECD Guidelines for Multinational Enterprises
11. Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises
12. Unadjusted gender pay gap
13. Board gender diversity
14. Exposure to controversial weapons

Corporate voluntary indicators:
Investments in companies without carbon emission reduction initiatives
Investments in companies without workplace accident prevention policies
Lack of human rights policy
Lack of anti-corruption and anti-bribery policies

The information on how principal adverse impacts on sustainability factors were considered will be available in the annual report of the Sub-fund.

☐ No

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

What investment strategy does this financial product follow?

The Sub-fund invests in a wide range of private credit investments where the obligor, to which the Sub-fund has exposure, has itself (or through its group) a majority of its operations located in, or a majority of its revenues derived from the EEA, the United Kingdom and its crown dependencies, the United States, Canada, Switzerland, Japan, South Korea, Australia or New Zealand. The Portfolio Manager will use its credit investment processes, origination and research capabilities to identify suitable private credit investment opportunities for the Sub-fund.

The Sub-fund incorporates consideration of sustainability into its investment process, aiming to invest in companies that contribute to sustainable economy. Each investment is assessed against positive contribution, do no significant harm and good governance criteria before acquisition. Passing these tests is a pre-requisite to purchase an investment (except for cash, cash equivalents and investments for liquidity purposes). Portfolio Manager has a proprietary methodology to assess sustainability that combines quantitative and qualitative analysis. Methodology is developed by Portfolio Manager's Sustainability & Stewardship function and regularly reviewed to align to market trends and regulatory expectations.

Further, a portion of the portfolio allocated to impact assets aims to demonstrate a positive, measurable environmental or social impact. Before investment, these assets are analysed using M&G's impact assessment process that considers intentionality, measurability, materiality and additionality of impact.

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

  All investments that the Sub-fund makes (except for cash, cash equivalents and investments held for liquidity purposes) will be Sustainable Investments.

  A portion of the Sub-fund, at a minimum 45%, of the Sub-fund's Sustainable Investments will comprise of

Impact Investments. This minimum will apply after the third anniversary of the Initial Closing Date of the Sub-fund to allow for the initial ramp up of the portfolio.

The investment restrictions applying to thermal coal, as set out in Section 5.3 of the General Section entitled “The Portfolio Manager’s Thermal Coal Investment Policy”, apply to the Sub-fund and may have an effect on the assets in which the Sub-fund invests. The effect is limited to the types of assets that are in scope of the Coal Policy.

For private debt investments in companies and corporates, the Portfolio Manager, acting on behalf of the Sub-fund, may not make an investment which, at the time of purchasing an asset, is within scope of the following:
- **Global Norms.** Companies assessed to be in violation of the United Nations Global Compact principles on human rights, labour, environment protection and anti-corruption or the OECD’s Guidelines for Multinational Enterprises. This includes but is not limited to any company that is involved in child or forced labour; any company that has demonstrated a systematic denial of human rights; any company whose activities cause severe damage to the environment or that does not comply with environmental regulations.
- **Controversial Weapons.** Companies involved in any activities related to controversial weapons (meaning controversial weapons as referred to in international treaties and conventions, United Nations principles and, where applicable, national legislation). This includes companies involved in the development, production, maintenance or trade of controversial weapons, including but not limited to anti-personnel mines, chemical and biological weapons, depleted uranium ammunitions, nuclear weapons, cluster weapons or incendiary weapons with white phosphorus. A 0% revenue threshold for such companies is applied.
- **Tobacco.** Companies involved in the cultivation or production of tobacco, and companies that derive at least 10% of its revenues from the trade and/or distribution of tobacco and products related to tobacco.
- **Thermal Coal.** Companies that derive 1% or more of their revenues from the exploration, mining, extraction, distribution (including transportation, storage, trade and retail) or refining of thermal coal, including hard coal and lignite, and companies that annually produce more than 20 million metric tons of thermal coal and actively expands exploration-, mining- or refining activities for thermal coal.
- **Carbon-Intensive Power Generation.** Companies that derive more than 5% of its revenues from coal-based production of electricity, companies that have a coal-based electricity production capacity of 10 gigawatts or more and actively expand this capacity, and companies that derive 50% or more of their revenues from electricity generation with a greenhouse gas intensity of more than 100 g CO2 e/kWh.
- **Oil and Gas.** Companies that derive revenues from conventional or unconventional oil and gas exploration, extraction, manufacturing, distribution or refining. A 5% revenue threshold for such companies is applied.
- **Palm Oil.** Companies that derive revenues from the production or distribution of palm oil. A 5% revenue threshold for such companies is applied.
- **Forestry.** Companies that manage forests for timber production with an Forest Stewardship Council certification coverage of less than 75%.
- **Adult Entertainment.** Companies involved in the production and / or distribution of adult entertainment. A 5% revenue threshold for such companies is applied.
- **Gambling.** Companies involved in the provision of gambling-related services. A 5% revenue threshold for such companies is applied.
- **Defence Weapons and Other Weapons.** Companies that derive revenues from the production or sale of weapons systems, components, and/or support systems and services or the manufacture and retail of civilian firearms and ammunition. For the avoidance of doubt, this does not include the provision of generic systems and services that are not weapons-specific. A 5% revenue threshold for such companies is applied.
- **Companies Exclusions List.** Companies listed on an exclusion list maintained by Aegon Investment Management B.V.

Note that the Sub-fund complies with EU Paris-Aligned Benchmark exclusions, which are incorporated in the items listed above in this ‘ESG Exclusions’ section.

Application of PAB exclusions to asset-backed securities
Due to data limitations on asset-backed securities, look-through to underlying assets based on revenues is not feasible. Therefore, sector classification of underlying assets and key counterparty is used as a proxy. Based on this information, assets with exposure to sectors excluded by PAB are not permitted for investment.

After the making of an investment, the Portfolio Manager will continue to monitor the limits listed in this section above but they may be exceeded for reasons beyond the control of the Portfolio Manager. If they are exceeded after making an investment the Portfolio Manager will record such matters and adopt as a priority objective to resolve that situation, but it will not be considered a breach. The Portfolio Manager will be under no obligation to dispose of any private debt investment in the event that limits in respect of that particular investment are infringed after the making of the investment where the Portfolio Manager believes that to do so is in the best interests of the Shareholders but no further investment in that private debt investment will be made while the limits are infringed.

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 Sub-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 and the minimum share of sustainable investments?

Impact Allocation

A portion of the Sub-fund, at a minimum 45%, of the Sub-fund's Sustainable Investments will comprise of Impact Investments. This minimum will apply after the third anniversary of the Initial Closing Date of the Sub-fund to allow for the initial ramp up of the portfolio.

Sustainability Allocation

All investments (except for cash, cash equivalents and investments held for liquidity purposes) will be Sustainable Investments, which means that a minimum of 90% of Sub-fund's Net Asset Value will be in Sustainable Investments. A minimum of 40% of the Sub-fund's Net Asset Value will be aligned to the environmental objective and a minimum of 5% of the Sub-fund's Net Asset Value is aligned to the social objective.

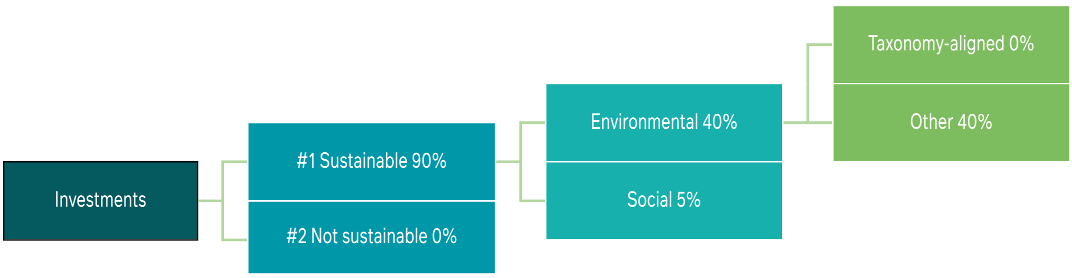
A minimum of 0% (and a maximum of 10%) of the Sub-fund's Net Asset Value are other investments not aligned to the sustainable investment objective, which are comprised of cash, cash equivalents and investments held for liquidity purposes.

The commitments to minimum allocation to impact assets and sustainable investments outlined above will apply after the third anniversary of the Initial Closing Date of the Sub-fund to allow for the initial ramp up of its portfolio.

All asset allocations below are expressed as a % of Sub-fund's Net Asset Value. They reflect planned asset allocation resulting from the commitments outlined above.

None of Fund's investments 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.

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 Sustainable covers sustainable investments with environmental or social objectives.
#2 Not sustainable includes investments which do not qualify as sustainable investments.

- **How does the use of derivatives attain the sustainable investment objective?**
  The Sub-fund does not use derivatives to attain the sustainable investment objective.

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

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

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?**

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

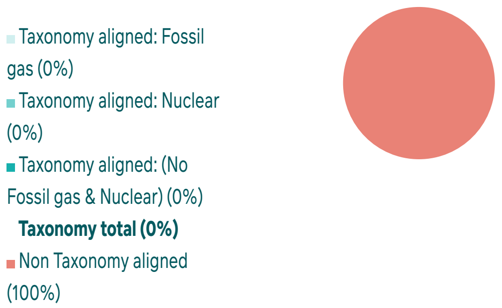
[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas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

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

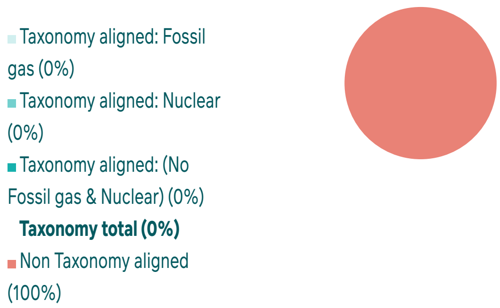
Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

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***



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



This graph represents % 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 Sub-fund does not set a minimum share of investments in transitional and enabling activities.

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

What is the minimum share of 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 40% of Net Asset Value. None of these assets are expected to be aligned to EU Taxonomy because the Sub-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 sustainable investments with a social objective?

The minimum share of Sustainable Investments with a social objective is 5% of Net Asset Value.

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

"Not Sustainable" includes cash, cash equivalents and investments held for liquidity purposes. Due to their nature, for these assets no minimum environmental or social safeguards have been put in place.

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

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 does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?**
  Not applicable.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**
  Not applicable.

- **How does the designated index differ from a relevant broad market index?**
  Not applicable.

- **Where can the methodology used for the calculation of the designated index be found?**
  Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:
www.mandg.com/investments/institutional/en-global/sustainability-related-disclosures