Sustainability-related disclosures

Luxembourg Specialist Investment Funds (4) - M&G Diversified Private Credit Fund
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Website disclosure provided in accordance with Article 10 of the Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector. Information on how the environmental and social characteristics have been met can be found in the Annual Report of the Fund.

Summary

The Sub-fund invests, on a global basis, in a wide range of credit investments which provide the Sub-fund a contractual coupon income from its portfolio. The Portfolio Manager will use its credit investment processes and research capabilities to identify investment opportunities for the Sub-fund. Such investment opportunities may be obtained by applying a variety of techniques across a potentially wide range of different types of credit investments.

The Sub-fund incorporates consideration of ESG factors into its investment process, aiming to invest in companies with positive ESG risk and opportunity characteristics. The Portfolio Manager's ESG criteria is achieved through proprietary analysis and / or the use of third party ESG information. Qualitative and quantitative analysis is combined to assess a company's ESG risk management and value-creation abilities. To do that, the in-house ESG scorecard may be used, to identify material ESG risks to investigate. For asset types that are not in scope of the ESG scorecard, proprietary analysis against pre-defined criteria is performed to assess ESG credentials of investments.

A portion of the Sub-fund, typically 15% and, at a minimum, 5% of the Net Asset Value, will be allocated to the impact assets that make a measurable, positive contribution to the environment or society. This minimum commitment is applied in line with timeframes specified in the section on asset allocation. The Sub-fund targets impact assets with environmental and social objectives that align with the following themes (Sub-fund's Impact Themes):

- Climate and Nature
- Better Health
- Social Equality

The Sub-fund will not invest in activities that are considered to be harmful to society or the environment. The Sub-fund screens out any issuers that are in breach of international standards and/or are operating in sectors deemed not complying with ESG principles.

A minimum of 70% of the Sub-fund's Net Asset Value are investments aligned to the environmental or social characteristics promoted. This includes a minimum of 25% of the Net Asset Value in sustainable investments. A minimum of 5% of the Sub-fund's Net Asset Value is aligned to the environmental objective and a minimum of 5% of the Sub-fund's Net Asset Value is aligned to the social objective. These minimum commitments are applied in line with timeframes specified in the section on asset allocation.

Investment selection, due diligence, ongoing portfolio monitoring and data collection follow a structured process. The Sub-fund's methodology to assess attainment of promoted environmental and social characteristics includes analysis of Sustainability Indicators, Principal Adverse Impact (PAI) indicators, adherence to the Sub-fund's binding elements, scores on in-house ESG scorecard and/or third party ratings. Engagement with companies is part of the Sub-fund's strategy.

No sustainable investment objective

This Sub-fund promotes environmental or social characteristics but does not have as its objective sustainable investment. The Sub-fund intends to partially invest in sustainable investments as defined by the Sustainable Finance Disclosure Regulation SFDR).

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 society 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. For assets secured by real estate, two mandatory PAI indicators relevant to real estate are analysed instead. Do No Significant Harm test is embedded in the initial due diligence and periodic monitoring process.

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.

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 the 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.

Environmental or social characteristics of the financial product

Positive ESG risk and opportunity characteristics

The Sub-fund invests in securities of companies or issuers exhibiting positive ESG risk and opportunity characteristics that meet a minimum threshold based on proprietary ESG score, third party ESG score or, in some cases, by proprietary analysis. ESG score considers a broad range of environmental, social and governance factors, such as climate, diversity and inclusion, board composition, disclosure, where appropriate. For the asset types that have ESG scores, each investment made by the Sub-fund meets a minimum score on the Portfolio Manager's proprietary ESG rating system or third party ESG rating. For asset types that are not in scope of these ratings, proprietary analysis against pre-defined criteria is performed to identify investments that demonstrate ESG credentials above minimum threshold.

Allocation to impact assets

A portion of the Sub-fund, typically 15% and, at a minimum, 5% of the Net Asset Value, will be allocated to the impact assets that make a measurable, positive contribution to the environment or society. This minimum commitment is applied in line with timeframes specified in the section on asset allocation. The Sub-fund targets impact assets with environmental and social objectives that align with the following themes (the Sub-fund's Impact Themes):

- Climate and Nature
- Better Health
- Social Equality

ESG exclusions

The Sub-fund will not invest in activities that are considered to be harmful to the society or the environment. The Sub-fund screens out any issuers that are in breach of international standards and/or are operating in sectors deemed not complying with ESG principles.

Investment strategy

The Sub-fund invests, on a global basis, in a wide range of credit investments which provide the Sub-fund a contractual coupon income from its portfolio. The Portfolio Manager will use its credit investment processes and research capabilities to identify investment opportunities for the Sub-fund. Such investment opportunities may be obtained by applying a variety of techniques across a potentially wide range of different types of credit investments.

The Sub-fund incorporates consideration of ESG factors into its investment process, aiming to invest in companies with positive ESG risk and opportunity characteristics. The Portfolio Manager's ESG criteria is achieved through proprietary analysis and / or the use of third party ESG information. Qualitative and quantitative analysis is combined to assess a company's ESG risk management and value-creation abilities. To do that, in-house ESG scorecard is used, leaning on the Sustainability Accounting Standards Board's risk-mapping framework and supplemented by the analysts' experience, to identify material ESG risks to investigate. For asset types that are not in scope of the ESG scorecard, proprietary analysis against pre-defined criteria is performed to assess ESG credentials of investments.

A portion of the portfolio allocated to impact assets aims to demonstrate a positive environmental or social impact. Before investment, these assets are analysed using M&G's impact assessment process, to ensure alignment with the Sub-fund's Impact Themes.

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.

Proportion of investments

A minimum of 70% of the Sub-fund's Net Asset Value are investments aligned to the environmental or social characteristics promoted. This includes a minimum of 25% of the Net Asset Value in sustainable investments. A minimum of 5% of the Sub-fund's Net Asset Value is aligned to the environmental objective and a minimum of 5% of the Sub-fund's Net Asset Value is aligned to the social objective. The Sub-fund's strategy assumes flexibility for the portfolio to have varying proportions of investments targeting environmental and social outcomes over time. A minimum of 5% of the Sub-fund's Net Asset Value is in impact assets. A minimum of 0% (and a maximum of 30%) of the Sub-fund's Net Asset Value are other investments not aligned to the environmental or social characteristics.

The commitments to minimum allocation to impact assets, sustainable investments and assets aligned with promoted environmental or social characteristics will apply after the first anniversary of the Launch Date of the Sub-fund to allow for the initial ramp up of its portfolio. From the first anniversary of the Launch Date onwards, commitments will be tested before each Subscription Day that falls on the last Business Day of a calendar quarter (March, June, September, December) to allow for the 3-month period to deploy cash inflows received.

None of Sub-fund's investments 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.

Monitoring of environmental or social characteristics

Investment selection follows a structured process that includes systematic consideration of ESG factors. The Portfolio Manager's analysts are responsible for the initial analysis of investments. They verify compliance with the Sub-fund's exclusions and assess ESG characteristics either using an in-house ESG rating system or based on proprietary analysis against pre-defined criteria. Specific ESG commentaries are incorporated in the credit papers, which is ratified at the Credit Committee, prior to investment. Impact investments are subject to an impact assessment against Fund's Impact Framework, which is summarized in the Impact Assessment Paper. Fund Managers must ensure that the acquisitions align with the environmental and social characteristics promoted by the Sub-fund.

For existing investments, progress is monitored against the Sub-fund's promoted environmental and social characteristics with use of an in-house ESG Scorecard, Sustainability Indicators and PAI indicators. At least annually, ESG Scorecard assessment is reviewed to reflect an updated view of ESG factors and assets are checked against the Sub-fund's exclusions. Performance of the Sub-fund in relation to ESG is reviewed during annual reviews of the entire portfolio, which includes assessment of Sustainability Indicators and PAI Indicators to determine if environmental and social characteristics promoted are being attained.

Methodologies

Sustainability Indicators, PAI indicators and adherence to the binding elements of the Sub-fund's investment strategy are used as metrics to measure attainment of environmental or social characteristics promoted by the Sub-fund.

<u>Corporates</u>
The Fund uses a proprietary ESG scorecard to assess ESG credentials of potential and existing investments. ESG scorecard is built based on M&G's proprietary materiality map that reflects which ESG factors are financially material for a typical company within an industry. It covers over 20 ESG factors across Environmental (E), Social (S) and Governance (G) pillars. For each company, factors material to their industry are evaluated as part of completion of the ESG Scorecard.
Material ESG factors are scored on a scale from 0 to 100. A score of 0 represents strongly negative ESG performance (e.g., poor governance, significant environmental harm), while a score of 100 signifies strongly positive performance (e.g., excellent governance, substantial environmental benefits).
Each of the material ESG factors is part of E, S, or G pillar. The aggregation of E factors generates an E pillar score, of S factors an S pillar score and of G factors a G pillar score. The combination of E, S, and G pillar scores generates the overall ESG score. Overall ESG scores is on a scale of 0 to 100. A score of 100 indicates high ESG performance, while a score of 0 reflects significant ESG concerns.

<u>Asset-Backed Securities</u>
The Sub-fund employs an in-house ESG scorecard to assess securitisation transactions using a structured and consistent methodology. This scorecard evaluates three key aspects, or lenses: Transaction Design and Structure, Assets Being Financed, and Counterparty Assessment. Each lens addresses specific ESG risks and opportunities:

- Transaction Design: Focuses on governance risks, including the quality of legal structures, documentation, and protections such as bankruptcy remoteness.

- Assets Being Financed: Examines environmental and social risks related to the financed assets, including their carbon emissions, environmental footprint, and impact on underserved communities.
- Counterparty Assessment: Evaluates the ESG practices of key counterparties, such as originators, or sponsors, considering aspects like diversity, governance standards, and cybersecurity.

Material ESG factors are scored on a scale from 0 to 100. A score of 0 represents strongly negative ESG performance (e.g., poor governance, significant environmental harm), while a score of 100 signifies strongly positive performance (e.g., excellent governance, substantial environmental benefits). Each of the material ESG factors is part of E, S, or G pillar. The aggregation of E factors generates an E pillar score, of S factors an S pillar score and of G factors a G pillar score. The combination of E, S, and G pillar scores generates the overall ESG score. Overall ESG scores is on a scale of 0 to 100. A score of 100 indicates high ESG performance, while a score of 0 reflects significant ESG concerns.

Impact

The Sub-fund's Impact Framework is used to evaluate sustainable investments that are considered impact assets. The Impact Framework sets out impact criteria that need to be met for an asset to qualify as an eligible impact investment for inclusion in the portfolio. The Impact Framework contains 3 thematic areas - climate and nature, better health and social equality. To be considered as an impact asset for inclusion in the Sub-fund, an issuer must source the majority of its revenue from one or more of the 3 impact areas (and sometimes we may look at alternative measures instead, such as capital expenditure or operational expenditure), as well as meeting various other conditions outlined in the Sub-fund's Impact Framework. Crucially, the impact analysis looks to invest in companies or projects that have the intention to address challenges in the three core impact areas by generating a measurable net positive impact. Further, impact metrics are provided by the issuers or derived by M&G from public sources. They are used to monitor if the investments meet its impact objectives.

Data sources and processing

Data Sources

The Sub-fund implements a systematic approach to ESG data collection. ESG data is gathered before each investment and periodically for existing investments to measure the attainment of promoted environmental or social characteristics.

Due to the private nature of most of the Sub-fund's investments, data coverage by third party providers may be limited. Therefore, data is primarily requested directly from the issuers. Where investments are covered by third party providers, e.g. MSCI or FinDox, this data is used in the investment process.

Scope 3 emissions are included in the PAI analysis and the M&G ESG scorecard, but only if reported by the company. The availability of Scope 3 data is often limited due to the complexity of collecting data and resources required for sufficient data quality. This data is used but due to potential low coverage, the WACI KSI focuses only on Scope 1 and 2 emissions.

Data Quality and Processing

Data received from third party vendors and the issuers typically comes from reputable and, in some cases, audited sources, such as annual reports or sustainability reports. Upon receipt, the analysts perform reasonableness check of the data, considering factors such as whether datapoint is in line with their broader understanding of the transaction, reliability of the data source etc. Collected ESG data is evaluated via use of a proprietary ESG scorecard.

Estimated Data

Estimated data is utilised where actual data is not available. Impact and other metrics may sometimes need to be estimated using the best available data from the issuer or public sources.

If an issuer does not disclose its greenhouse gas emissions, a third party estimate may be used.

Limitations to methodologies and data

ESG information from third party data providers and/or obtained directly from the issuers may be incomplete, inaccurate, stale or unavailable. As a result, there is a risk that the Sub-fund may incorrectly assess an issuer. This in turn can result in the incorrect inclusion or exclusion of a company in the portfolio of the Sub-fund. Incomplete or inaccurate or unavailable ESG data may also act as a methodological limitation to a non-financial investment strategy (such as the application of ESG risk and opportunity characteristics). Where identified, the

Portfolio Manager will seek to mitigate this risk through its own assessment.

The varied quality of ESG information is a known issue in private markets where data coverage lags that of public markets. A significant part of our ESG Engagement activities on the private side are around encouraging improved disclosure (ideally public and verified by third parties) to help mitigate this risk. Analysts factor in an investee's levels of openness and disclosure into their ESG analysis as we believe broad disclosure is an important part of good governance. This ultimately feeds into our Sustainable Investment assessment. We are also encouraged by upcoming EU regulation such as the Corporate Sustainability Reporting Directive, which we hope will improve disclosure by private investees.

Due diligence

ESG due diligence is carried out before each investment and periodically for existing investments. Appropriate consideration of ESG factors is a mandatory objective in the due diligence process for analysts and fund managers.

<u>Corporates</u>
For corporates, it is typically performed with use of a standard checklist that covers checks against excluded activities and evaluation of PAIs, as well as, an proprietary ESG scorecard. Proprietary ESG scorecard includes ESG considerations such as:

- Environmental: GHG emissions, air emissions & quality, energy management, water & wastewater management, waste & hazardous materials management, ecological & biodiversity impacts, physical risk, materials sourcing
- Social: occupational health & safety, human rights & community relations, labour practices and human capital, supply chain management, data security & privacy, product governance & safety, customer welfare, access & affordability
- Governance: board quality and effectiveness, ownership, remuneration, accounting & transparency, risk management and business continuity, business ethics and transparency, competitive behaviour.

Only factors material to the relevant industry are assessed for a particular company. Please, note that the list of factors above is indicative and is subject to change as regulatory expectations and market practices evolve.

Analysis can also be based on third party ESG ratings, where available. Additionally, ESG considerations in credit analysis focus on material ESG risks that the issuer is exposed to and are incorporated into the credit paper.

<u>Asset-Backed Securities</u>
For securitised assets, it is typically performed with use of a standard checklist that covers checks against excluded activities and evaluation of PAIs, as well as, an in-house ABS ESG scorecard. ABS ESG scorecard includes ESG considerations such as:

- Transaction: Structural Features, Documentation/Legal Risks, Counterparty Risks
- Assets: Disclosure on Assets, Environmental Data, Environmental Footprint, Access & Affordability
- Counterparty: Sponsor/Originator Environmental Intents and Targets, Ownership & Control, Employee Engagement, Diversity & Inclusion, Management of the Legal & Regulatory Environment, Data Protection & Security
- Key Material Bespoke issues selected by the analyst as relevant to the transaction, counterparty or asset. Examples of such issues include Energy Management, Product Quality & Safety, Business Resilience.

<u>Real Estate</u>
For investments in loans related to real estate proprietary analysis against pre-defined criteria is performed by analysts. It is primarily based on analysis of energy efficiency data.

<u>Impact</u>
Impact assessment is performed for all impact assets and includes consideration of:

- Baseline eligibility criteria, covering exclusion of issuers that are in breach of international standards and/or are operating in sectors deemed not complying with ESG principles.
- Thematic eligibility criteria, covering alignment with the Sub-fund's 3 impact themes.

Controls associated with the components of due diligence listed above are outlined in the 'Monitoring of environmental or social characteristics' section above.

Engagement policies

Where applicable, as an active fund manager, M&G engages with companies to add value to the investment process, to increase our understanding, or provide feedback to a company. Engagements are focused on achieving real world outcomes. M&G focuses on the underlying substance of engagement, delivery of engagement objectives and the relevance for the investment decision when assessing the quality and effectiveness of an engagement. If this is an ESG engagement, the aim is to influence company behavior or disclosure. For further information on engagement policies, please refer to the M&G Investments Engagement Policy available on the M&G website.

Overall, many transactions in private debt markets are either bilateral or club deals involving a small number of lenders. This means that individual private debt investors can be very important providers of capital to private debt borrowers, which creates an opportunity for highly effective engagement. The direct contractual nature of a private loan creates more frequent contact and often fosters a closer relationship between the lender and the borrower than is the case between, say, public bondholder and issuer. However, the nature of engagements can vary between different kinds of private credit asset classes.

As a private lender, the Sub-fund takes advantage of being private side in a transaction to:

- Develop close dialogue with companies to ensure that the expected impact is achieved over the life of the investment.
- Work with companies to ensure that the required changes (e.g. useful impact metrics) are actioned.

Designated reference benchmark

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

Sustainable Investments

Sustainable investment test

A sustainable investment is 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. This can be summarised as three requirements (i) contribute to environmental or social objective; (ii) do no significant harm or "DNSH" and (iii) good governance. Firms such as the Investment Manager are required to devise their own method for identifying which investments they should treat as sustainable investments.

The potential sustainable investments that pass the first phase of DNSH and good governance tests are tested for whether they contribute to environmental and/or social objectives. This testing includes a combination of quantitative and qualitative tests based on available data, as well as the application of judgment and opinion by the Investment Manager. These tests may vary over time in response to the market environment and evolving practice. This is a complex topic that varies between investment management firms.

Additional Information

List of PAI indicators that the Sub-fund considers at the product level is provided in Annex 1.
List of ESG exclusions that the Sub-fund applies is provided in Annex 2.

ESG Criteria

ESG Criteria – Approach to Exclusions

Annex 1. Principal Adverse Impact indicators

PAI indicators that the Sub-fund considers at the product level are shown in the table below.

Issuer	PAI	PAI Indicator	PAI Metric
Corporate Mandatory	GHG emissions	1a	Scope 1 GHG emissions
		1b	Scope 2 GHG emissions
		1c	Scope 3 GHG emissions
		1d	Total GHG Emissions
	Carbon footprint	2	Carbon footprint
	GHG intensity of investee companies	3	GHG intensity of investee companies
	Exposure to companies active in the fossil fuel sector	4	Share of investments in companies active in the fossil fuel sector
	Share of non-renewable energy consumption and production	5	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage
	Energy consumption intensity per high impact climate sector	6a	Energy consumption in GWh per million Euro of revenue of investee companies, per high impact climate sector - NACE A
		6c	Energy consumption in GWh per million Euro of revenue of investee companies, per high impact climate sector - NACE C
		6d	Energy consumption in GWh per million Euro of revenue of investee companies, per high impact climate sector - NACE D
		6e	Energy consumption in GWh per million Euro of revenue of investee companies, per high impact climate sector - NACE E
		6f	Energy consumption in GWh per million Euro of revenue of investee companies, per high impact climate sector - NACE F
		6g	Energy consumption in GWh per million Euro of revenue of investee companies, per high impact climate sector - NACE G
		6h	Energy consumption in GWh per million Euro of revenue of investee companies, per high impact climate sector - NACE H
		6l	Energy consumption in GWh per million Euro of revenue of investee companies, per high impact climate sector - NACE L
	Activities negatively affecting biodiversity-sensitive areas	7	Share of investments in investee companies with sites/ operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas
	Emissions to water	8	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average
	Hazardous waste ratio	9	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average
	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	10	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
	Lack of process and compliance mechanisms to monitor compliance with UNGC principles and OECD guidelines for multinational enterprises	11	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance / complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for multinational enterprises.
	Unadjusted gender pay gap	12	Average unadjusted gender pay gap for investee companies

	Board gender diversity	13	Average ratio of female to male board members in investee companies
	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons	14	Share of investments in investee companies involved in the manufacture or selling of controversial weapons
Real Estate Mandatory	Exposure to fossil fuels through real estate assets	17	Share of investments in real estate assets involved in the extraction, storage, transport, or manufacture of fossil fuels
	Exposure to energy-inefficient real estate assets	18	Share of investments in energy-inefficient real estate assets
Corporate Optional	Investments in companies without carbon emissions reduction initiatives	Opt	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement
	Investments in companies without workplace accident prevention policies	Opt	Share of investments in investee companies without a workplace accident prevention policy
	Lack of a human rights policy	Opt	Share of investments in entities without a human rights policy
	Lack of anti-corruption and anti-bribery policies	Opt	Share of investments in entities without policies EN 22 EN on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption

Annex 2. ESG Exclusions

The Sub-fund will not invest in activities that are considered to be harmful to society or the environment. The Sub-fund screens out any issuers that are in breach of international standards and/or are operating in sectors deemed not complying with ESG principles. To achieve this the Sub-fund applies ESG exclusions outlined below.

The Portfolio Manager or its delegate, acting on behalf of the Sub-fund, may not make an investment in any issuer which, at the time of purchasing an asset, is within scope of the following:

Exclusion Criteria	Threshold
Global Norms Companies assessed to be in breach of the United Nations Global Compact principles on human rights, labour, environment protection and anti-corruption.	Breach
Controversial Weapons Companies assessed to be involved in anti-personnel mines, cluster munitions,chemical and biological weapons, nuclear weapons outside the non-proliferation treaty, depleted uranium and white phosphorous munitions, blinding laser, non-detectable fragment weapons. A 0% revenue threshold for such companies is applied.	0%
Fossil Fuels Companies involved in exploration, mining, extraction, distribution (including transportation, storage, trade and retail) or refining of thermal coal, conventional and unconventional oil and gas and companies involved in fossil fuel power generation. A combined revenue threshold of 5% for such companies is applied.	5%
Adult Entertainment Companies involved in the production and / or distribution of adult entertainment. A 5% revenue threshold for such companies is applied.	5%
Gambling Companies involved in the provision of gambling-related services. A 5% revenue threshold for such companies is applied.	5%
Tobacco Companies involved in the production and / or distribution of tobacco. A 5% revenue threshold for such companies is applied.	5%
Defence 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.	5%
Predatory lending Companies whose primary business activity is payday lending and/or coercive loan origination. A 5% revenue threshold for such companies is applied.	5%
Cannabis Companies or corporations which earned any revenue from producing or selling cannabis for non-medical or recreational purposes, which shall include production and sale of end products containing cannabis for the same purposes . A 5% revenue threshold for such companies is applied. Any revenue derived from medical cannabis must be explicitly permissible under applicable legislation.	5%
Alcohol Companies involved in the production and/or distribution of alcohol for consumption. A 5% revenue threshold for producers and a 10% revenue threshold for distributors (wholesale and retail) is applied.	5% P / 10% D

After the purchase 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 purchase 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 shall be under no obligation to dispose of the investments in the event that limits in respect of a particular investment are infringed after the acquisition of the investment where it believes that to do so is in the best interests of the Shareholders but no further acquisitions of such investment will be made while the limits are infringed.

The investment restrictions applying to thermal coal, as set out in 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 Portfolio Manager's Thermal Coal Investment Policy.

M&G Investments