# Sustainability-related disclosures

## Luxembourg Specialist Investment Funds (4) - Sustainable Private Debt (1) Fund 254900HMOQLK89SN9B06

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 the overall sustainability-related impact of the Fund can be found in the Annual Report of the Fund.

## Summary


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.

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

Investment selection, due diligence, ongoing portfolio monitoring and data collection follow a structured process. Fund's methodology to assess attainment of sustainable investment objective includes analysis of Sustainability Indicators, Principal Adverse Impact (PAI) indicators, adherence to the Fund's binding elements and application of the Impact Framework to impact assets.

## No significant harm to the 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.

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.

## Sustainable investment objective of the 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), including but not limited to:
- SDG7 – Affordable and Clean Energy;
- SDG9 – Industry, Innovation and Infrastructure;
- SDG12 – Responsible Consumption and Production;
- SDG13 – Climate Action;
- SDG14 – 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.

## Investment strategy

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.

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

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 20%) 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.

Typically, all of the Sub-fund's assets provide direct exposure to investee companies.

## Monitoring of sustainable investment objective

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 investments against the sustainability objective based on proprietary analysis using pre-defined criteria. Fund Managers must ensure that the acquisitions align with the sustainable investment objective of the Sub-fund.

For existing investments, progress is monitored against Fund's sustainable investment objective with Sustainability Indicators, PAI Indicators and impact metrics. Performance of the Fund in relation to sustainability and impact is reviewed at least annually, which includes assessment of Sustainability Indicators and PAI indicators to determine if sustainable investment objective is being attained. Fund exclusions are monitored on an ongoing basis. At least annually, the assessment of activities of companies against exclusions is refreshed.

## Methodologies

Sustainability indicators, PAI indicators, and adherence to the binding elements of the Sub-fund's investment strategy are used as metrics to measure the attainment of the sustainable investment objective of the Sub-fund.

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. To be considered as an impact asset for inclusion in the Sub-fund, an issuer must source the material portion of its revenue (in some cases alternative measures such as capital expenditure or operating expenditure can be used) from one or more of the impact areas, 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 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 the sustainable investment objective of the Sub-fund.

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, FinDox, those data are 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 company, reliability of the data source etc.

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 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 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 AIFM will seek to mitigate this risk through its own assessment and use of its internal tools. The Portfolio Manager also undertakes an active engagement programme with issuers to improve data collection.

## 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.

An impact assessment is performed for all Impact Assets and includes consideration of:
- 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.

Consideration of contribution to the Sub-fund's themes and UN Sustainable Development Goals (SDGs) is also part of the impact process.

ESG considerations in credit analysis focus on material ESG risks that the issuer is exposed to and are incorporated into the credit paper.

Controls associated with the components of due diligence listed above are outlined in the 'Monitoring of sustainable investment objective' 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 behaviour or disclosure. Where there is an impact engagement, the aim is to influence company behaviour to achieve its impact objective. . For further information on engagement policies, please refer to the M&G Investments Engagement Policy available on the M&G website.

The Private Credit team conducts an engagement program with borrowers and sponsors to attest to their governance models, their environmental and social operating guidelines and to address key relevant issues such as climate, biodiversity, diversity and inclusion and to lobby for greater disclosure. Engagements are planned in accordance with the Principles for Responsible Investment (PRI) definition, meaning purposeful dialogue with an objective. They will also have an investment outcome expressed. This activity is undertaken jointly by fund managers and analysts and in consultation with M&G's Sustainability & Stewardship team. All formal engagement notes include ESG objectives, engagement key takeaways, outcomes as well as envisaged next steps are recorded.

## Attainment of sustainable investment objective

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

## 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 by three requirements that are all required to be met:
(i) contribute to environmental or social objective;
(ii) (ii) do no significant harm or "DNSH" and
(iii) (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.

## Additional Information

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

# Annex 1. Principal Adverse Impact indicators

PAI indicators that the 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 |
| 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

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:

| Exclusion Criteria | Threshold |
|---|---|
| Global Norms<br>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. | Breach |
| Controversial Weapons<br>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. | 0% |
| Tobacco<br>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. | 10% |
| Thermal Coal<br>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. | 1% / 20Mt |
| Carbon-Intensive Power Generation<br>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 | 5% |
| Oil and Gas<br>Companies that derive revenues from conventional or unconventional oil and gas exploration, extraction, distribution or refining. A 5% revenue threshold for such companies is applied. | 5% |
| Palm Oil<br>Companies that derive revenues from the production or distribution of palm oil. A 5% revenue threshold for such companies is applied. | 5% |
| Forestry<br>Companies that manage forests for timber production with an Forest Stewardship Council certification coverage of less than 75%. | Pass/Fail |
| Adult Entertainment<br>Companies involved in the production and / or distribution of adult entertainment. A 5% revenue threshold for such companies is applied. | 5% |
| Gambling<br>Companies involved in the provision of gambling-related services. A 5% revenue threshold for such companies is applied. | 5% |
| Defence and Other Weapons<br>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% |
| Companies Exclusions List<br>Companies listed on an exclusion list maintained by Aegon Investment Management B.V. | |

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.