

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



Sustainability indicators

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

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for

Product Name: M&G (Lux) Investment Funds 1 - M&G (Lux) Global Macro Bond Fund
Legal Entity Identifier: 549300OHGMRPCONPD471

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

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

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

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

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

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

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

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

with a social objective

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

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

The Fund promotes the use of an Exclusionary Approach (as defined below):

The Fund excludes certain potential investments from its investment universe to mitigate potential negative effects on the environment and society. For securitised investments such as asset-backed securities (ABS), this also includes assessing them against the Investment Manager's proprietary scoring methodology ("Exclusionary Approach"). Accordingly, the Investment Manager is promoting environmental and/or social characteristics by excluding certain investments that are considered to be detrimental to ESG Factors.

No reference benchmark has been designated for the purpose of attaining the Fund's promoted environmental and/or social characteristics.

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

The sustainability indicators selected to demonstrate the attainment of the promoted environmental and/or social characteristics are:

- Exclusionary approach: Percentage (%) of NAV held in excluded investments
- Exclusionary approach: Percentage (%) of ABS below the Investment Manager's threshold for alignment

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

The Fund does not target investment in sustainable investments.

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

The Fund does not target investment in sustainable investments.

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

The Fund does not target investment in sustainable investments.

human rights, anticorruption and antibribery matters.

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

The Fund does not target investment in sustainable investments.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

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

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



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

- Yes, the Investment Manager's research process includes consideration of Principal Adverse Impact indicators for all investments where data is available, which allows the Investment Manager to make informed investment decisions, as explained above.

Further information on the Principal Adverse Impact indicators which are taken into account by the Investment Manager can be found in the Annex to the Investment Manager's website disclosures for the Fund. Information on how the principal adverse impacts were taken into account will be provided in the Fund's annual report.

- No



What investment strategy does this financial product follow?

Consideration of ESG Factors is fully integrated into analysis and investment decisions.

In order to identify securities for purchase, the Investment Manager reduces the potential investment universe as follows:

1. The exclusions listed in the ESG Criteria are screened out.
2. From this narrowed investment universe, the Investment Manager performs further analysis, including consideration of ESG factors, to identify and take advantage of investment opportunities.

The Fund's ESG Criteria apply to at least:

- 90% of debt securities, money market instruments with an investment grade credit rating; sovereign debt issued by developed countries; and equities issued by large capitalisation companies in developed countries;
- 75% of debt securities and money market instruments with a high yield credit rating; sovereign debt issued by emerging market countries; equities issued by large capitalisation companies in emerging market countries; and equities issued by small and mid-capitalisation companies in any country.

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

The following elements are binding, as part of the Investment Manager's strategy for this Fund:

- The Fund's exclusions; and
- The amount of the Fund aligned to the promoted environmental and/or social characteristics, as set out in the section "What is the asset allocation planned for this financial product?".

Where it is in the best interests of investors, the Fund may temporarily deviate from one or more of these elements, for example if the Investment Manager considers it prudent to hold high levels of cash in response to market conditions.

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

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

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

0%

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

The Investment Manager operates a data driven quantitative good governance test used to consider investments into companies. M&G excludes investments in securities that are considered as failing the Investment Manager's good governance test. When assessing good governance practice the Investment Manager will, as a minimum, have regard to matters it sees relevant to the four identified pillars of good governance (sound management structures, employee relations, remuneration of staff and tax compliance).



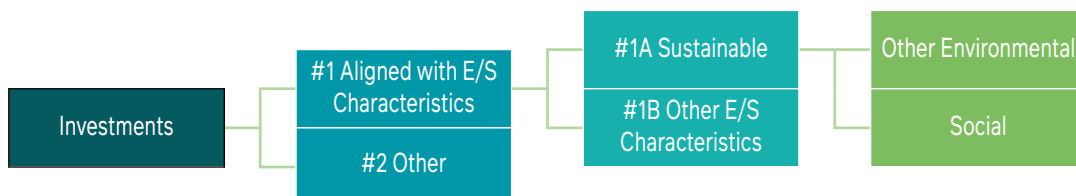
What is the asset allocation planned for this financial product?

The Investment Manager expects at least 70% of the Fund to be aligned to the promoted E/S characteristics.

Asset allocation describes the share of investments in specific assets.

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



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

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

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

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

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

Derivatives may be considered aligned with the promoted environmental and/or social characteristics on the following basis:

Exclusions:

1. Where a derivative represents exposure to a single name it must be a permitted investment for the Fund.
2. Where a derivative represents exposure to a diversified financial index, it must deliver an evidencable alignment to the promoted characteristics.

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

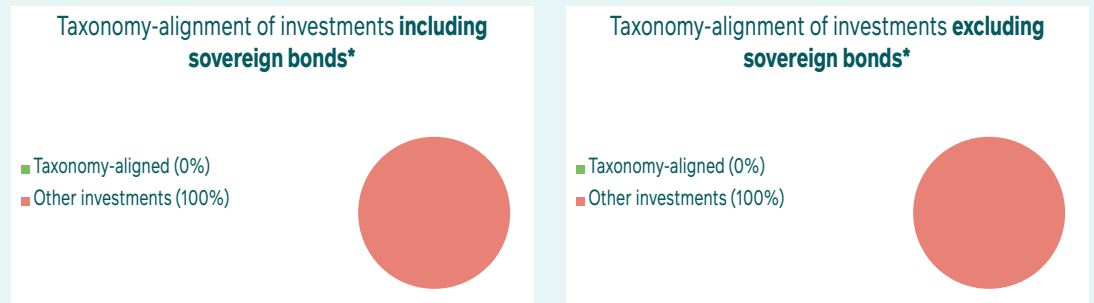
Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



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

0%

The two graphs below show in green 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.



* 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?**

0%

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?

0%



What is the minimum share of socially sustainable investments?

0%



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

The Fund may hold cash, near cash and money market funds, FX, interest rate derivatives and similar derivatives (which may include certain technical trades such as government bond futures used for duration trades) as “Other” investments, for any purpose permitted by the Fund’s investment policy. No minimum environmental or social safeguards are applied.

Derivatives used to take investment exposure to diversified financial indices (excluding technical trades), and funds (i.e. UCITS and other UCIs) may be held for any reason permitted by the Fund’s investment policy and will be subject to such minimum environmental or social safeguard tests as the Investment Manager considers appropriate, for example a minimum weighted ESG score test.

The Fund may also hold as Other investments those investments where insufficient data exists to determine the investments’ alignment with the promoted characteristics.

It is also possible that the Fund may hold investments that are not in line with the promoted characteristics, e.g. as a result of a merger or other corporate action, or as a result of the characteristics of a previously acquired investment changing. Where this happens, the Fund will generally seek to dispose of them in the best interests of investors, but may not always be able to do so immediately.



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

No

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

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



Where can I find more product specific information online?

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

www.mandg.com/country-specific-fund-literature