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: 2021 PE Impact Fund
Legal Entity Identifier: 254900JCJYFXCFS5PX18

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**: 5%
  - [ ] 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 investment objective of the Fund is to predominantly make investments into private equity funds and related exposures (including secondary purchases of funds and co-investments) that are focused on achieving positive and measurable social and environmental outcomes that are aligned with a number of the UN Sustainable Development Goals (SDGs) alongside attractive financial returns (collectively, Impact investments).

Investments that contribute to sustainable investment objective are made with the intention to generate positive, measurable social or environmental impact alongside a financial return.

No reference benchmark has been designated for the purpose of attaining the sustainable investment objective. The Fund's investments are not in EU taxonomy-aligned environmentally sustainable economic activities.

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?

- Portfolio Impact Score (M&G proprietary)
- % investments providing environmental solutions
- % investments providing circular economy solutions
- % investments providing social inclusion
- % investments providing better health
- Number of people reached including people treated, customers served in target services
- Weighted average % of female board members
- Weighted average % of women in leadership roles
- % investments with General Partner on Portfolio Company Board
- % investments aligned to SDG3 - Good Health and Wellbeing
- % investments aligned to SDG5 - Gender Equality
- % investments aligned to SDG7 - Affordable and Clean Energy
- % investments aligned to SDG9 - Industry, Innovation and Infrastructure
- % investments aligned to SDG11 - Sustainable Cities and Communities
- % investments aligned to SDG12 - Responsible Consumption and Production

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 the Fund's commitment to an underlying fund and at least annually during the holding period, a check is performed to validate that investment should not do significant harm.

For Fund Investments in Article 9 funds where Investment Manager is satisfied that the investment process of the manager of the underlying fund (Underlying Fund Manager) can be relied upon, it is concluded investment should not do significant harm based on the test performed by the Underlying Fund Manager.

In cases where Underlying Fund Manager's processes cannot be relied upon, the fund is not classified under SFDR, for a Co-Investment or a Direct Investment, an assessment of underlying investments is performed. This involves a check 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 Annex I of EU Commission Delegated Regulation 2022/1288, are considered to establish materiality of the PAI indicator to the potential investments and ascertain they do does not cause significant harm.

If at the time of Fund's commitment to an underlying fund there are no underlying investments, the Underlying Fund Manager's approach to determining if underlying investments do not cause significant harm is assessed.

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

Assessment of PAI indicators is performed before Fund's commitment to an underlying fund to determine suitability for the Fund and at least annually during the holding period to inform areas for engagement with the Underlying Fund Manager or investee company and determine appropriateness of investment classification as sustainable. Where Investment Manager performs analysis of underlying investments, qualitative analysis of PAIs is used to evaluate the impact. Fourteen mandatory and four optional indicators from Annex of EU Commission Delegated Regulation 2022/1288 are taken into account.

- **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 is performed before Fund's commitment to an underlying fund and at least annually during the holding period. Due diligence includes consideration of alignment with the UN Guiding Principles on Business and Human Rights. For Fund Investments, attestation is sought from the Underlying Fund Manager to ascertain alignment. If a 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 Fund will engage with the Underlying Fund Manager. As such all investments that the Investment Manager invests in are expected to be aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.



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

[x] Yes, at the product level, the Fund considers principal adverse impacts on sustainability factors through assessing and monitoring fourteen mandatory and four optional PAI indicators from the Annex I of EU Commission Delegated Regulation 2022/1288 to inform investment decision making. PAI indicators are collected from the Underlying Fund Manager on underlying investments for each applicable reference period with use of a systematized process and a best effort basis. Adverse impacts are considered for engagement with Underlying Fund Managers or investee companies, as applicable.

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

[ ] No



What investment strategy does this financial product follow?

The 2021 PE Impact Fund represents a core private equity strategy, which takes direct and indirect exposures to impact investment managers.

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

All Investments are evaluated against M&G Alternatives' Impact Framework prior to commitment to ensure a clear and consistent social or environmental impact objective can be established across all investments. The primary SDGs to be addressed by the Fund Investments will be:

- SDG 3: Good Health and Well-being
- SDG 5: Gender Equality
- SDG 7: Affordable and Clean Energy
- SDG 9: Industry, Innovation and Infrastructure
- SDG 11: Sustainable Cities and Communities
- SDG 12: Responsible Consumption and Production.

The M&G Alternatives Impact Framework utilises the Impact Management Project (IMP) ABC classifications, and draws from industry guidelines such as the United Nations Development Programme (UNDP) standards for Private Equity. It outlines a multi-step process in identifying, screening and reviewing investment opportunities.

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

  Each investment is evaluated against M&G Alternatives' Impact Framework and assessed for alignment with UN Sustainable Development Goals.

  At the time of the Fund's commitment to an underlying fund, the Fund may only invest into investments that are rated as B3 or higher (i.e., B3, B4, C2, C3, or C4) according to the M&G Alternatives Impact Framework, which is based on Impact Management Project (IMP) ABC classifications.

  For Co-Investments and Direct Investments, the Fund will not invest in investments which, at the time of acquisition, have exposure to Excluded Activities.

  The Portfolio Manager will use reasonable endeavours to ensure that the Fund will not invest, including through the Fund's investment in underlying funds, in Portfolio Investments with exposure to Excluded Activities. The Portfolio Manager makes a binding commitment to follow a defined process outlined below to avoid investments in Excluded Activities.

  The Portfolio Manager will undertake to negotiate with the manager of an underlying fund (the "Underlying Fund Manager") incorporation into a legal agreement or side letter (a) a commitment by the Underlying Fund Manager of the underlying fund in which the Fund invests that the underlying fund will not invest in investments with exposure to Excluded Activities, or (b) the ability to abstain or be excused from investments with exposure to Excluded Activities.

  Where the Portfolio Manager (i) does not succeed in negotiating a legal agreement or side letter addressing (a) or (b) above, or (ii) enters into a legal agreement or side letter with the Underlying Fund Manager of an underlying fund but the Portfolio Manager determines, in its discretion, that there is a material difference between the provisions of the legal agreement or side letter and the investment restriction prohibiting the Fund from investing in Excluded Activities (for example the omission of one of the economic activities comprising the definition of Excluded Activities), the matter will be escalated to the investment committee of the Portfolio Manager for analysis of the investment strategy of the underlying fund and to determine if the underlying fund is a suitable investment for the Fund. If the results of the Portfolio Manager's investment committee analysis do not support the conclusion that, as at the time of acquisition of the interest in the underlying fund, the underlying fund is unlikely to invest in investments with exposure to Excluded Activities, investment in the underlying fund will not be made.

  In the event, after the investment by the Fund in an underlying fund, the underlying fund invests in an investment with exposures to an Excluded Activity or a Co-Investment or a Direct Investment falls under scope of Excluded Activity post investment, the Portfolio Manager will make good faith efforts as a priority to resolve the situation and dispose of the interest in the underlying fund or a company but shall not be obliged to dispose of the assets where it believes that it is not in the best interests of the Shareholders.

  Excluded Activities include:
  (i) any extraction of coal, oil-sands or Arctic oil and gas.
  (ii) any coal power generation, unless acquired as part of a broader portfolio with a clearly defined plan in place to divest or decommission the coal plant within a near-term timeframe. The Fund will only invest in fossil fuel (ex-coal) investments which the Portfolio Manager or managers of the relevant underlying funds believe will

accelerate or facilitate the transition to a lower carbon energy mix in the relevant jurisdiction;
(iii) companies that are involved in the production, sale or trade of controversial weapons. Controversial weapons include cluster munitions, anti-personnel landmines, biological weapons, chemical weapons, nuclear weapons outside of the non-proliferation treaty, incendiary weapons, blinding laser weapons and non-detectable fragments;
(iv) companies deriving revenues from the manufacturing of weapons or tailor-made components thereof. Weapons are defined as products or basic components of products that have been 'designed to injure/kill' and are used exclusively for military purposes. Tailor-made components are components that are developed primarily in order to be integrated into a weapon system;
(v) companies that are involved in the production, sale or trade of tobacco. This restriction shall not include the sale or trade at a retail level, provided that such sale or trade is an incidental or minor activity;
(vi) companies that are involved in the production, sale or trade of adult entertainment. This restriction shall not include the sale or trade at a retail level, provided that such sale or trade is an incidental or minor activity;
(vii) companies that are involved in the provision of gambling services as a primary part of their business.

In addition to the Excluded Activities listed above, the Fund also applies EU Paris-Aligned Benchmark (PAB) exclusions defined in Article 12(1)(a)-(g) of Commission Delegated Regulation (EU) 2020/1818. The exclusions listed below apply as additional elements of the Fund's Excluded Activities and include the following:
(a) companies involved in any activities related to controversial weapons.[1]
(b) companies involved in the cultivation and production of tobacco.
(c) companies assessed to be violation of the United Nations Global Compact principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.[2]
(d) companies that derive 1% or more of their revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite.
(e) companies that derive 10% or more of their revenues from the exploration, extraction, distribution or refining of oil fuels.
(f) companies that derive 50% or more of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels.
(g) companies that derive 50% or more of their revenues from electricity generation with a GHG intensity of more than 100g CO2e/kWh.[3]

[1]Controversial weapons mean controversial weapons as referred to in international treaties and conventions, United Nations principles and, where applicable, national legislation. These include companies 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 and non-detectable fragment weapons.
[2]Companies 'assessed to be in violation' mean companies that are found to be in severe, repeated and/or systemic breach of the United Nations Global Compact (UNGC) principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.
[3]Due to data limitations, screening for GHG intensity directly may not be practical, therefore the Manager may monitor revenues from the sources of power generation that are known to have GHG intensity exceeding 100g CO2e/kWh (typically power generation from combustion, e.g. fossil fuels) as a proxy. Where for a particular company it can be evidenced that emissions are below 100g CO2e/kWh it is allowed as an investment even if it falls under one of monitored sources of power generation.

In case of overlap between the Excluded Activities and the PAB exclusions, the stricter threshold will apply.

To apply PAB exclusions, the Portfolio Manager seeks to obtain confirmation of ongoing compliance from the Underlying Fund Manager. If confirmation of ongoing compliance cannot be obtained, the Portfolio Manager seeks confirmation of compliance of current portfolio holdings with exclusions, re-confirms this as part of periodic due diligence for existing holdings, and incorporates assessment against PAB exclusions as part of the analysis of any new investments that the underlying fund makes.

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 are assessed before Fund's commitment to an underlying fund or before making Co-investment or a Direct Investment and monitored during the holding period. For Fund Investments, assessment covers governance policies that the Underlying Fund Manager implements for its investments and reporting from the Underlying Fund Manager on governance issues within underlying investee companies. For Co-Investments and Direct Investments, governance factors of investee company are assessed. Governance factors considered include, but are not limited to: sound management structures, employee relations, remuneration of staff and tax compliance. The Fund does not invest when good governance test performed as part of initial due diligence is not passed. Material governance issues arising from periodic due diligence are considered for engagement with the Underlying Fund Manager.

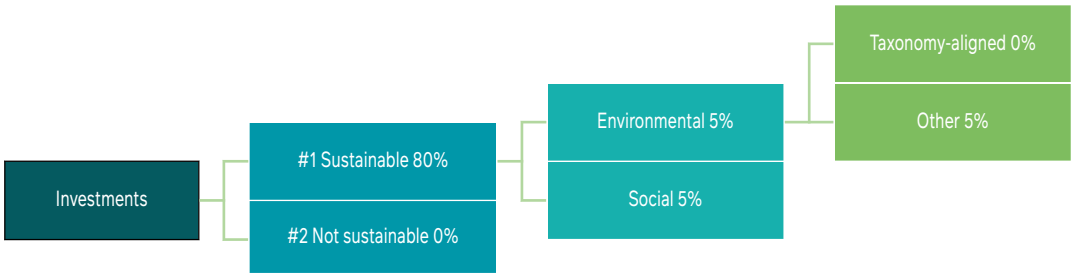
Asset allocation describes the share of investments in specific assets.

What is the asset allocation and the minimum share of sustainable investments?

A minimum of 80% of the Fund's investments are sustainable investments. A minimum of 5% of the Fund's investments are aligned to the environmental objective and a minimum of 5% of the Fund's investments are aligned to the social objective. Fund's strategy assumes flexibility for the portfolio to have varying proportions of investments targeting environmental and social outcomes over time. A minimum of 0% (and a maximum of 20%) of the Fund's investments are other investments not aligned to the environmental or social characteristics.

Minimum commitments are expressed as a % of Fund's total invested capital. Total invested capital is calculated as a sum of all invested capital since Fund's inception. Asset allocations below reflect planned asset allocation resulting from the commitments outlined in the paragraph above.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



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

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

- **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 100% of the total investments.

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

- **What is the minimum share of investments in transitional and enabling activities?**
  The Fund does not set a minimum share of investments in transitional and enabling activities.

are 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 5% of Fund's investments. None of these 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.

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 Fund's investments.

What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?
"Not Sustainable" investments consist of cash and cash equivalents and investments held for hedging or liquidity purposes. For such 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

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