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: Specialist Investment Funds (2) ICAV - M&G Infrastructure & Real Assets Horizons Fund
Legal Entity Identifier: 254900OGL05XRCWP7V68

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 51% 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 aims to deliver positive environmental and/or social outcomes that are closely aligned with the UN Sustainable Development Goals (SDGs) through direct and indirect investments in infrastructure, agriculture-related and natural capital Real Assets aligned to three core themes (Fund's Themes): energy transition, responsible consumption and production, economic & social inclusion.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**
  - %Adjusted GAV in investments providing environmental solutions
  - %Adjusted GAV in investments providing circular economy solutions
  - %Adjusted GAV in investments building or operating renewable energy generation assets
  - %Adjusted GAV in investments providing social inclusion
  - %Adjusted GAV in investments providing better health
  - Water - Aggregate - L Water Saved / Avoided / Treated
  - Carbon - Aggregate - Absolute CO2eT Emissions Saved / Avoided
  - Energy - Aggregate - Renewable energy production
  - Portfolio Impact Score (M&G proprietary dashboard)
  - %Adjusted GAV in investments aligned to SDG2 - No Hunger
  - %Adjusted GAV in investments aligned to SDG6 - Clean Water and Sanitation
  - %Adjusted GAV in investments aligned to SDG7 - Affordable and Clean Energy
  - %Adjusted GAV in investments aligned to SDG9 - Industry, Innovation and Infrastructure
  - %Adjusted GAV in investments aligned to SDG12 - Responsible Consumption and Production
  - %Adjusted GAV in investments aligned to SDG13 - Climate Action
  - %Adjusted GAV in investments aligned to SDG15 - Life on Land

- **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?**
  To invest in economic activities that deliver positive environmental and/or social outcomes that are closely aligned with the UN SDGs (Impact).

  For Fund Investments in Article 8 or 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 that such investment contributes to sustainable objective based on the test performed by the Underlying Fund Manager.

  In cases where Underlying Fund Manager's process 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. It is checked whether sustainable investments that the Fund makes positively contribute to environmental, circular economy or social inclusion solutions and/or demonstrate strong ESG characteristics and thus contribute to this objective.

  If at the time of Fund's commitment to the underlying fund there are no underlying investments, the alignment of the investment strategy of the Underlying Fund Manager to the Fund's objectives of sustainable investments is assessed.

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 the sustainable investments that the financial product partially intends to make, 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 8 or 9 funds where Investment Manager is satisfied that the investment process of the 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.

The EU Taxonomy sets out a "do no 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, 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.

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

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

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

☐ No



What investment strategy does this financial product follow?

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

The investment strategy of the Fund is to invest predominantly as an equity investor (or as an investor in instruments which produce equity-like returns) in Real Assets focused on, or related to, infrastructure, food, agriculture and natural capital. The Fund will seek to predominantly target Real Assets in the aforementioned sectors that can assist it in delivering positive environmental and/or social outcomes. The Fund will gain exposure to these Real Assets by way of primary investments into funds, secondary purchases of funds, co-investments and direct investments.

All Investments are evaluated against M&G Alternatives' Impact and Transition Framework prior to commitment to ensure a clear and consistent social or environmental impact or transition objective can be established across all investments. The M&G Alternatives Impact and Transition 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 each of the environmental or social characteristics promoted by this financial product?**
  Each investment is evaluated against M&G Alternatives' Impact and Transition Framework and assessed for alignment with UN Sustainable Development Goals.

  At the time of the Fund's commitment to an underlying fund, as part of portion of the Fund aligned to promoted environmental and/or social characteristics, the Fund invests in investments that, in line with M&G Alternatives Impact and Transition Framework, are either:
  - rated as B3 or higher (i.e., B3, B4, C2, C3, or C4) based on Impact Management Project (IMP) ABC classifications, or
  - meet transition criteria.

  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 Investment 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 Investment Manager makes a binding commitment to follow a defined process outlined below to avoid investments in Excluded Activities.

  The Investment Manager will undertake to negotiate with the Underling Fund Manager incorporation into a legal agreement or side letter (a) a commitment by the Underling 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 Investment 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 Underling Fund Manager of an underlying fund but the Investment 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 Investment 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 Investment 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 underling 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 Investment Manager will make good faith efforts as a priority to resolve the situation and dispose of the interest in the underlying fund 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. The Fund will not invest in any coal power generation, unless acquired 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 Investment Manager or the general partners and/or managers of the relevant Fund Investments believe will accelerate or facilitate the transition to a lower carbon energy mix in the relevant jurisdiction.
  (ii) 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.
  (iii) 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.
  (iv) 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.

(v) 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; or companies that are involved in the provision of gambling services as a primary part of their business.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**
  The Fund does not set a committed minimum rate to reduce the scope of the investments considered prior to the application of the investment strategy.

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.

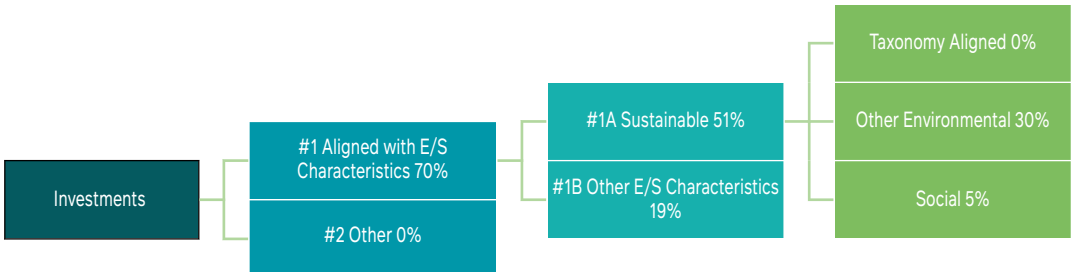
Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

A minimum of 70% of the Fund's Adjusted Gross Asset Value is invested in investments aligned to the environmental or social characteristics promoted. This includes a minimum of 51% of the Fund's Adjusted Gross Asset Value in Sustainable Investments. A minimum of 30% of the Fund's Adjusted Gross Asset Value is aligned to environmental objectives and a minimum of 5% of the Fund's Adjusted Gross Asset Value is aligned to social objectives. The 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 30%) of the Fund's Adjusted Gross Asset Value is invested in other investments not aligned to the environmental or social characteristics.

All asset allocations below are expressed as a % of Fund's Adjusted Gross Asset Value. They 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 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?**
  The Fund does not use derivatives to attain the environmental or social characteristics.

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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

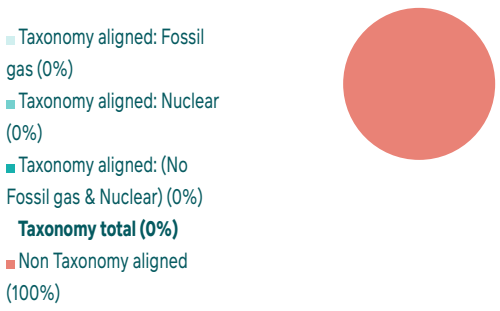
[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas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

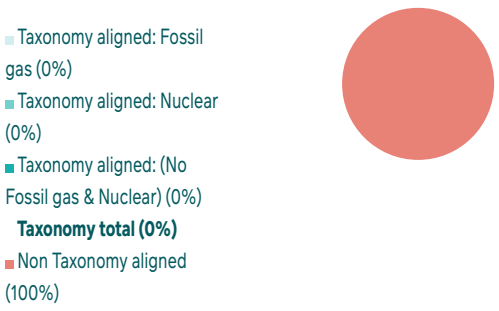
Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

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 sustainable investments with an environmental objective 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 30% of the Fund's Adjusted Gross Asset Value. None of these assets 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 socially sustainable investments?

The minimum share of socially sustainable investments is 5% of the Fund's Adjusted Gross Asset Value.

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

Investments included in "#2 Other" consist of cash and cash equivalents, investments held for hedging or liquidity purposes, investments for diversification purposes or investments for which there is insufficient data.

For investments for which there is insufficient data and investments for diversification purposes, minimum safeguards comprise of exclusion of the companies that are assessed to be in breach of the UN Guiding Principles on Business and Human Rights or OECD Guidelines for Multinational Enterprises. These investments cannot be in Excluded Activities where the data is available. For other ancillary assets (i.e. cash, cash equivalents and hedging instruments) no minimum environmental or social safeguards have been put in place.

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 benchmark has been designated to determine whether this Fund is aligned with the environmental and social characteristics that it promotes.

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/investments/institutional/en-global/sustainability-related-disclosures

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