Sustainability-related disclosures

M&G Corporate Credit Opportunities ELTIF

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Website disclosure provided in accordance with Article 10 of the Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector. Information on how the environmental and social characteristics have been met can be found in the Annual Report of the Fund. This document summarises the information about this Fund in relation to the Sustainable Finance Disclosure Regulation. It is not marketing material. The information is required by law to help potential investors understand the sustainability related characteristics and/or objectives and risks of this Fund. You are advised to read it in conjunction with other relevant documentation on this Fund so you can make an informed decision about whether to invest.

Summary

The Fund invests across a wide universe of corporate credit including senior and junior syndicated loans, high yield bonds, mid-market direct lending and restructuring debt.

The Fund invests in securities of companies or issuers exhibiting positive ESG risk and opportunity characteristics that meet a minimum threshold based on proprietary ESG score or third party ESG score. The ESG score considers a broad range of environmental, social and governance factors, such as climate, diversity and inclusion, board composition, disclosure, where appropriate. Each investment made by the Sub-Fund meets a minimum score on the Investment Manager's proprietary ESG scoring system or third party ESG score.

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

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

A minimum of 70% of the Fund's NAV are investments aligned to the environmental or social characteristics promoted. This includes a minimum of 20% of NAV in sustainable investments. A minimum of 5% of the NAV is aligned to the environmental objective and a minimum of 5% of the NAV is aligned to the social objective.

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

No sustainable investment objective

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

Before investment and at least annually during the holding period, a check is performed to validate that sustainable investments exclude economic activities that are deemed to cause harm to 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.

Assessment of PAI indicators is performed before each investment to determine suitability for the Fund and at least annually during the holding period to inform areas for engagement with the issuers and determine appropriateness of investment classification as sustainable. Where data is available, quantitative assessment is performed. For remainder of PAIs, qualitative analysis is used to evaluate the impact.

Due diligence performed before investment and 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 Investment Manager will engage with the issuer.

Environmental or social characteristics of the financial product

Positive ESG risk and opportunity characteristics

The Fund invests in securities of companies or issuers exhibiting positive ESG risk and opportunity characteristics that meet a minimum threshold based on proprietary ESG score or third party ESG score. The ESG score considers a broad range of environmental, social and governance factors, such as climate, diversity and inclusion, board composition, disclosure, where appropriate. Each investment made by the Sub-Fund meets a minimum score on the Investment Manager's proprietary ESG scoring system or third party ESG score.

ESG Exclusions

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

Investment strategy

The Fund invests across a wide universe of corporate credit including senior and junior syndicated loans, high yield bonds, mid-market direct lending and restructuring debt.

The Fund makes investments which exhibit positive ESG risk and opportunity characteristics. They are measured through proprietary analysis and/ or with the use of third party ESG information.

Qualitative and quantitative analysis is combined to assess a company's ESG risk management and value-creation abilities. An in-house ESG scoring system is used, leaning on the Sustainability Accounting Standards Board's risk mapping framework and supplemented by the leveraged finance team's investment experience to identify material ESG risks to investigate. Climate-related risks are also assessed and the state of a company's target-setting will be an input to assessment. In addition, the leveraged finance team conducts an engagement program with borrowers and sponsors to attest to their governance models, their environmental and social operating guidelines and where appropriate, to engage on key issues such as climate, diversity and inclusion, single use plastic and lobby for greater disclosure of ESG issues. Specific ESG commentaries are incorporated in all credit papers prior to initial investment and are revisited regularly, including at each six-monthly review of the entire portfolio.

The Fund's non-financial analysis or rating apply to at least:

- 90% of debt securities and other types of instruments (including loans), and money market instruments with an investment grade credit rating; sovereign debt issued by developed countries;
- 75% of debt securities and other types of debt instruments (including loans), and money market instruments with a high yield credit rating; sovereign debt issued by emerging market countries.

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 Fund does not invest in issuers that do not pass good governance test performed as part of initial due diligence. Material governance issues arising from periodic due diligence are considered for engagement with issuers.

Proportion of investments

A minimum of 70% of the Fund's NAV are investments aligned to the environmental or social characteristics promoted. This includes a minimum of 20% of NAV in sustainable investments. A minimum of 5% of the NAV is aligned to the environmental objective and a minimum of 5% of the NAV is 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 30%) of the NAV are other investments not aligned to the environmental or social characteristics.

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 Fund's assets provide direct exposure to investee companies.

Monitoring of environmental or social characteristics

Investment selection follows a structured process that includes systematic consideration of ESG factors. The Investment Manager's Private Credit analysts are responsible for the initial analysis of investments. They verify compliance with Fund's exclusions and assess ESG characteristics using an in-house ESG rating system together with inputs from third party ESG rating providers, where relevant. Specific ESG commentaries are incorporated in the credit papers, which is ratified at the Credit Committee, prior to investment. Fund Managers must ensure that the acquisitions align with the environmental and social characteristics promoted by the Fund.

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

Methodologies

Sustainability Indicators, PAI indicators and adherence to the binding elements of the Fund are used as metrics to measure attainment of environmental or social characteristics promoted by the Fund.

The Fund uses a proprietary ESG scorecard to assess ESG credentials of potential and existing investments. See a summary of the ESG topics it covers and its methodology here: https://www.mandg.com/proprietary-esg-ratings.

The fund uses MSCI ESG Risk Ratings where there is no proprietary ESG score available. These are external ratings systems that evaluate company's management of and exposure to financially relevant ESG risks and opportunities. MSCI ratings range from CCC to AAA, with ratings below BB (i.e. B, CCC) indicating laggards.

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 promoted environmental or social characteristics.

M&G has access to external ESG data providers which supply data to inform ESG research performed by the analysts. Leveraged finance team utilises third party ESG data providers to source ESG data required to meet Sustainable Finance Disclosure Regulation requirements. Where loans are covered by third party providers, e.g. MSCI, this data is used in the screening process. Due to the private nature of some investments, data coverage by third party providers may be limited. It is initially sourced from the third party provider and supplemented by data requested directly from issuers.

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 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 checks of the data, considering factors such as whether datapoints are in line with their broader understanding of the company, reliability of the data sources etc. To ensure that interpretation of the data is consistent, benchmarking exercises are performed where appropriate. Collected ESG data is evaluated via use of a proprietary ESG scorecard.

Estimated Data

Use of estimated data is limited. If a portfolio company 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 to the mitigants described above, such limitations do not affect how the environmental or social characteristics of the Fund are met.

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. For corporates, it is typically performed with use of a standard checklist that covers checks against excluded activities and evaluation of PAIs, as well as, an proprietary ESG scorecard. Analysis can also be based on third party ESG ratings, where available. Additionally, ESG considerations in credit analysis focus on material ESG risks that the issuer is exposed to and are incorporated into the credit paper. Controls associated with the components of due diligence listed above are outlined in the 'Monitoring of environmental or social characteristics' section above.

Engagement policies

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

Designated reference benchmark

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

Sustainable Investments

Sustainable investment test

A sustainable investment is an investment in an economic activity that contributes to an environmental or social objective provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices. This can be summarised as three requirements (i) contribute to environmental or social objective; (ii) do no significant harm or "DNSH" and (iii) good governance. Firms such as the Investment Manager are required to devise their own method for identifying which investments they should treat as sustainable investments.

The potential sustainable investments that pass the DNSH and good governance tests and are tested for whether they contribute to environmental and/or social objectives. This testing includes a combination of quantitative and qualitative tests based on available data, as

well as the application of judgment and opinion by the Investment Manager. These tests may vary over time in response to the market environment and evolving practice. This is a complex topic that varies between investment management firms.

Additional Information

List of PAI indicators that the 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

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

The AIFM, or its delegate, acting on behalf of the Fund, may not make an investment in any company or corporate which, at the time of purchasing an asset, is within scope of the following:

Exclusion Criteria	Threshold
Global Norms Companies assessed to be in violation of the United Nations Global Compact (UNGC) or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. Companies assessed to be in violation mean companies that are found to be in severe, repeated and/or systemic breach of these rules.	Breach
Controversial Weapons Companies assessed to be involved in anti-personnel mines, cluster munitions,chemical and biological weapons, nuclear weapons outside the non-proliferation treaty, depleted uranium and white phosphorous munitions, blinding laser, non-detectable fragment weapons. A 0% revenue threshold for such companies is applied.	0%
Thermal Coal Companies that engage in activities excluded under the Investment Manager's Thermal Coal Policy. This includes public companies that are in scope of the policy, as well as, privately held companies that engage in such activities.	As per policy
Unconventional Oil and Gas extraction Companies that derive revenues from the unconventional extraction of oil and gas (defined as oil sands and Arctic drilling) are excluded. A 10% revenue threshold for such companies is applied.	10%
Adult Entertainment Companies involved in the production and / or distribution of adult entertainment. A 10% revenue threshold for such companies is applied.	10%
Gambling Companies involved in the provision of gambling-related services. A 10% revenue threshold for such companies is applied.	10%
Tobacco Companies involved in the production and / or distribution of tobacco. A 5% revenue threshold for producers and a 10% revenue threshold for distributors (wholesale and retail) is applied.	5% P / 10% D

After the purchase of an investment, the Investment Manager will continue to monitor the limits listed above but they may be exceeded for reasons beyond the control of the Manager. If they are exceeded after purchase the Manager will record such matters and adopt as a priority objective to resolve that situation, but it will not be considered a breach. The Investment Manager shall be under no obligation to dispose of the assets in the event that limits are infringed after the acquisition of an asset and may disregard them where it believes that to do so is in the best interests of the Shareholders but no further acquisitions of such asset will be made while the limits are infringed.

The investment restrictions applying to thermal coal, as set out in The Investment Manager's Thermal Coal Investment Policy, apply to the Fund and may have an effect on the assets in which the Fund invests.

M&G Investments

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