Sustainability-related disclosures

European Specialist Investment Funds - M&G European Credit Investment Fund

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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 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.

The Investment Manager expects at least 70% of the Fund to be aligned to the promoted E/S characteristics. At least 20% of the Fund will be in Sustainable Investments.

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

Sustainable investments that the Fund intends to make do not cause significant harm to any environmental or social sustainable investment objective as they are required to pass a series of tests, including:

1. Whether they represent significant exposure to businesses the Investment Manager considers harmful
2. Principal Adverse Impact indicators considered to render the investment incompatible with sustainable investment (violations of the UN Global Compact Principles or the OECD Guidelines for Multinational Enterprises, social violations by sovereigns such as being subject to sanctions, negative effects on biodiversity sensitive areas)
3. Other Principal Adverse Impact indicators form part of a materiality assessment to understand whether any exposures are compatible with sustainable investment

See the Sustainable Investment Test section for more details.

The Fund's commitments and promotions are monitored, with information on performance reported as part of the SFDR periodic reporting. There are a variety of methodologies that can be used depending on the asset class or chosen promotion or sustainable investment type.

The Investment Manager sources information from a range of third party data vendors. Additionally, data used to attain environmental, social or governance characteristics can be sourced from proprietary research and analysis. Data is processed to check volatility and ensure data quality. Use of estimated data is limited and is also subject to data quality controls. Where limitations in the methodologies and data have been identified, the Investment Manager seeks to mitigate these through its own assessment, governance and oversight.

Due diligence is carried out as a part of fundamental investment research.

Engagement with companies is performed in line with M&G Investments Engagement Policy.

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

Sustainable investments that the Fund intends to make do not cause significant harm to any environmental or social sustainable investment objective as they are required to pass a series of tests, including:

1. Whether they represent significant exposure to businesses the Investment Manager considers harmful
2. Principal Adverse Impact indicators considered to render the investment incompatible with sustainable investment (violations of the UN Global Compact Principles or the OECD Guidelines for Multinational Enterprises, social violations by sovereigns such as being subject to sanctions, negative effects on biodiversity sensitive areas)
3. Other Principal Adverse Impact indicators form part of a materiality assessment to understand whether any exposures are compatible with sustainable investment

The Investment Manager's research process includes consideration of Principal Adverse Impact indicators for all investments where data is available (i.e. not just for sustainable investments), which allows the Investment Manager to make informed investment decisions.

The Fund's consideration of Principal Adverse Impact indicators is used as part of understanding the operating practices of the investments purchased by the Fund.

Investments held by the Fund are then subject to ongoing monitoring.

Further information on the Principal Adverse Impact indicators which are taken into account by the Investment Manager can be found in Annex 1.

All investments purchased by the Fund must pass the Investment Manager's good governance tests, and in addition, sustainable investments must also pass tests to confirm they do no significant harm, as described above. These tests embed a consideration of the OECD Guidelines and UN Guiding Principles.

Environmental or social characteristics of the 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.

Investment strategy

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.

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).

Proportion of investments

The Investment Manager expects at least 70% of the Fund to be aligned to the promoted E/S characteristics. At least 20% of the Fund will be in Sustainable Investments.

The Fund is permitted to use derivatives and collective investment schemes to achieve its promoted environmental or social characteristics. However, typically most of the investments are expected to be held directly.

Monitoring of environmental or social characteristics

The Fund's exclusions are coded and monitored on a pre and post trade basis as investment restrictions to prevent and detect investments that would not be compliant with the stated exclusions.

Monitoring of Fund commitments including the minimum percentage in sustainable investments and environmental or social characteristics is undertaken through systems and digital investment platform tools. These are applicable on an ex-ante, ex-post basis in the investment process. Surveillance occurs on an ongoing basis in the investment platform tools using codified rules to assess compliance with the Fund's binding commitments.

The Investment Manager is able to review, at portfolio level, compliance with binding commitments and Key Sustainability Indicator (KSI) outputs (e.g. Percentage (%) of NAV held in excluded investments).

Incidents are recorded, and resolved through an incident investigation process, and are reported as part of the SFDR periodic reporting.

Methodologies

There are a variety of methods that can be used depending on considerations such as asset class chosen promotion or sustainable investment type. For promotions examples of methodologies include:

• binary pass/fail test e.g. exclusion of companies in violation of the United Nations Global Compact principles
• exceeds a specific % threshold in excluded activities e.g. % revenue derived from tobacco production and/or distribution
• aims to have a portfolio performance on one or more stated environmental and/or social characteristics better than a relative and/or absolute measure, e.g. portfolio weighted average carbon intensity lower than benchmark.

For sustainable investment, examples of methodologies include:

• meets or exceeds a specific threshold e.g. more than % of board diversity
• industry certification evidencing sustainability performance e.g. Climate Bond Initiative (CBI) certified bond
• contributes a set % of revenue to a climate, environmental or social cause
• proprietary analysis to form an assessment of the sustainability characteristics e.g. net zero alignment or impact

In the case that particular data points are not available or insufficient, it is expected that the Investment Manager's own proprietary assessment will be sufficient.

As per M&G Investments ESG Integration and Sustainable Investing Policy, the Investment Manager has various sustainability research content to support ESG analysis.

For corporates, the Investment Manager may use a proprietary M&G Investments Corporate ESG Scorecard as a way to present certain types of sustainability research. As it is research, it is available to the fund managers to inform their investment decision making, if they wish, but they are not obliged to use it. There is also no obligation to produce these scorecards for every investment. See a summary of the ESG topics the Corporate ESG Scorecard covers and its methodology in www.mandg.com/proprietary-esg-ratings

For securitised assets, there is a separate ABS ESG Scorecard. See a summary of ESG topics it covers and its methodology in www.mandg.com/proprietary-esg-ratings

Data sources and processing

A range of data sources are utilised to assess environmental, social and governance characteristics. The Investment Manager sources information from a range of third party data vendors such as:

- MSCI
- Bloomberg
- Aladdin Climate
- Net Purpose
- Findox
- ISS

Additionally, data used to attain environmental, social or governance characteristics can be sourced from proprietary research and analysis.

Data received from third party vendors typically comes from reputable and, in some cases, audited sources, such as annual reports or sustainability reports. The Investment Manager's Investment Data Assurance team works to ensure data quality and monitors for changes in data provided from third party vendors. To ensure that interpretation of data is consistent, benchmarking exercises are performed where appropriate.

Data is primarily processed through our Investment Data Systems (IDS) to initially check volatility and then to ensure data quality assurance processes are applied prior to onward distribution to downstream systems. External and internal proprietary systems and digital platform tools monitor individual data quality and exposure at a fund and security level pre and post trade.

Use of estimated data is limited and subject to controls given the investment, regulatory and client requirements with regards to data quality. In some cases, external providers may utilise their own estimation models. In this case, the Investment Manager typically seeks to also ingest and understand data quality scores. Over time, these methodologies have improved so where they have been assessed as reliable, such external estimations can be utilised. Should estimations be required to be calculated by the Investment Manager, proprietary analysis and tools are used.

Relating specifically to Carbon Emissions, given the difficulty obtaining Scope 3 emissions for many sectors, they may not be included in all emissions figures. Carbon Emissions intensity figures will only incorporate Scope 1 and 2 emissions. Data quality scores are considered for all emissions relied on for investment purposes. Consideration of emissions as part of the assessment of Do No Significant Harm also predominantly relies on Scope 1 and 2 emission data given the data limitations. Estimated data may be used for this assessment where reported data is unavailable.

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, 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 Investment Manager will seek to mitigate this risk through its own assessment and take any appropriate remediation as necessary.

Internal methodologies and policies are subject to appropriate governance and oversight, in which limitations are recognised and accepted, with controls applied as appropriate. Exceptions from frameworks are subject to appropriate governance by specialists in the Investment Manager's Stewardship and Sustainability team and/or Governance committees according to the materiality of the departure from policy. Common limitations include: lack of coverage of business involvement screening; lack of key sustainability metrics; divergence of market standards across different geographies.

Where limitations in the methodologies and data have been identified, the Investment Manager seeks to mitigate these through governance and oversight. Whilst, as with financial data, it is impossible to completely eliminate the risk of impact of an external data vendor error, the Investment Manager does conduct its own reviews and challenges where it believes investments have been misclassified. Where the methodologies and/or data are insufficient post mitigation to evidence that an investment is in compliance with the promoted characteristics, such investment may only be purchased if it is suitable for inclusion as an “Other” investment, and the Investment Manager will continue to consider what further information can be obtained through additional research.

Due to the mitigants described above, such limitations do not affect how the environmental or social characteristics of the Fund are met.

Due diligence

The Fund's investment process includes ESG due diligence, which is carried out as a part of fundamental investment research.

Appropriate consideration of ESG factors is a mandatory objective in the due diligence process for analysts and fund managers. Due diligence includes both screening and quantitative and/or qualitative assessment of ESG risks. The due diligence process leverages the Investment Manager's internal tools, external data and investment-level research.

The sections above entitled 'Methodologies' and 'Monitoring of environmental or social characteristics' provide greater detail on the processes, controls, approaches and tools utilised to support due diligence.

Engagement policies

M&G Investments believes that the long-term success of companies is supported by effective investor stewardship, high standards of corporate governance and transparent engagement policies. M&G believes that if a company is run well, and sustainably, it is more likely to be successful in the long run. M&G undertakes all investment stewardship engagements and proxy voting with the goal of protecting and enhancing the long-term value of clients' assets.

Stewardship activities such as monitoring and engaging with investee companies, as well as voting at shareholder meetings and reporting to clients, are undertaken by the investment teams, research analysts and members of our Stewardship and Sustainability team on an integrated basis.

Engagement involves a number of different types of meetings: investment meetings that are purely financial, financial meetings that include non-financial ESG issues, and thirdly ESG Engagements which have to fulfil the PRI definition of an ESG engagement: namely to seek changes in ESG practices or improve public disclosure.

Examples of ESG issues covered by engagements include: governance, climate change, nature and biodiversity, diversity and inclusion, environmental and social responsibility.

Please refer to the M&G Investments Engagement Policy and M&G Investments Voting Policy for further information.

Designated reference benchmark

No reference benchmark has been designated to determine whether this Fund is aligned with the environmental or 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. This disclosure summarises the Investment Manager's sustainable investment test.

DNSH and good governance

All potential sustainable investments are screened against the Sustainable baseline set out in Annex 2 – ESG Criteria – Exclusions and Restrictions. The Sustainable baseline exclusions represent the measurable, quantitative tests that the Investment Manager uses for DNSH and good governance. It is informed by the PAIs set out in Annex 1. For example, PAI 14 "Exposure to controversial weapons" is covered by Controversial Weapons exclusions test in the Sustainable baseline.

In addition, some PAIs have additional quantitative thresholds for adverse impacts which do not form part of the Sustainable baseline as they are not applied as fund-wide exclusions. This includes, for example, using third-party vendor data to screen for material negative

impacts on biodiversity as a component of DNSH (PAI 7).

PAIs are not covered by quantitative tests

The PAIs set out in Annex 1 cover the areas relevant to the DNSH test but they are not all suitable for quantitative tests whereby a threshold can be set below or above which an investment is always considered to fail DNSH. Therefore these are not suitable for systematic screening.

Instead, these PAIs are assessed by their inclusion in the "global norms" assessment. This allows qualitative consideration of egregious behaviours in relation to the full PAI list in Annex 1 and allows the Investment Manager to generate a list of investments to exclude under that exclusion, including investments considered to be doing significant harm.

Contribution to environmental or social objectives

The remaining potential sustainable investments that pass DNSH and good governance tests are then 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, and an example is provided below to assist investor understanding.

Example of assessing contribution to environmental or social objectives

As an example, contribution to environmental or social objectives can be based on assessment of business activities of the company. Where more than 20% of company revenue is attributable to products and/or services that are mapped as contributing to environmental and/or social objectives the investment is considered to be contributing to an environmental or social objective. This data may be sourced from third parties, or fundamental analysis may also be used to assess revenues of a company where there is no third-party data or where the Investment Manager determined that the third-party data is inaccurate.

ESG Criteria

Certain potential investments are excluded from the investment universe to mitigate potential negative effects on the environment and society. This is achieved by applying the "Planet+ Baseline" set out in Annex 2.

ESG Criteria – Approach to Exclusions

The exclusions are intended to assist the Investment Manager in mitigating the harm that the Fund can do on the environment or society. There may be occasions where systematic application of the exclusions does not achieve that outcome with sufficient precision. In such circumstances, the Investment Manager can decide to apply one of the following approaches:

1. The Investment Manager may disagree with data or opinions provided by third parties, and decide to categorise an investment differently. For example, data provided from data vendors can be stale and the Investment Manager may have access to more accurate information from researching the relevant company.
2. The Investment Manager may deem that, in exceptional circumstances, revenues arise from excluded activities the company is no longer undertaking (e.g. if the relevant business has been sold), from one-off payments or from extraordinary income streams that are not expected to persist or which arise by operation of law or regulation. In such cases, the Investment Manager would consider why the revenues were being received, their significance and how long exposure is expected to continue to inform its decision on whether to invest or to remain invested.
3. The Investment Manager may take a different view on a specific investment type from its general opinion of the company (or issuer). For example, the Investment Manager may determine it would not buy shares in a power company because of its heavy reliance on coal-fired power plants, but might consider investing in a green bond issued by the same company, where use of the proceeds from that green bond are restricted to specific activities such as building a solar power plant.

Where the Investment Manager is managing a product it has categorised as ESG Enhanced, Sustainable, or Impact, it will consider a set of "Principal Adverse Impact indicators" as part of its investment management and these will inform decisions like those listed above. Where the Investment Manager is granting an exception for a sustainable investment, it will also consider whether the relevant investment is

compatible with the principle of “do no significant harm”. Where a product has applied for an ESG label, such as the Towards Sustainability label provided by Febelfin, any requirements of such label shall also inform the decisions above.

Annex 1- PAI Table

Issuer	PAI Indicator	PAI	PAI Metric
Corporate	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
		6b	Energy consumption in GWh per million Euro of revenue of investee companies, per high impact climate sector - NACE B
		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
Sovereigns and Supranationals	GHG intensity	15	GHG intensity of investee countries
	Investee countries subject to social violations	16	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law
Real Estate	Exposure to fossil fuels through real estate assets	17	Share of investments in real estate assets involved in the extraction, storage, transport, or manufacture of fossil fuels
	Exposure to energy-inefficient real estate assets	18	Share of investments in energy-inefficient real estate assets
Corporate	Investments in companies without carbon emissions reduction initiatives	Optional	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	Optional	Share of investments in investee companies without a workplace accident prevention policy
	Lack of a human rights policy	Optional	Share of investments in entities without a human rights policy
	Lack of anti-corruption and anti-bribery policies	Optional	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 Criteria – Exclusions and Restrictions

Norms-based exclusions

Norms Exclusion Criteria	Planet+ baseline	Sustainable baseline
Good Governance Any investment that is assessed to be in breach of the Investment Manager's good governance tests.	Yes	Yes
UNGC Any company that is assessed to be in breach of the United Nations Global Compact principles on human rights, labour, environment protection and anti-corruption.	Yes	Yes

Sector-based and/or values-based exclusions

Environmental Exclusion Criteria	Planet+ baseline	Sustainable baseline
The M&G Investments Thermal Coal Investment Policy is applied; a copy may be found on our website.	Yes	Yes

Fossil fuels exclusions test Exclusion Criteria	Planet+ baseline	Sustainable baseline
Thermal Coal Extraction In addition, companies that derive revenues from the extraction of thermal coal are excluded. Where such additional exclusion applies, revenues are tested against the threshold set out for the relevant baseline.	N/A	A 5% combined threshold for fossil fuel revenues from these sources applies. This revenue threshold is applied as part of a systematic process operated by the Investment Manager. A company which exceeds this revenue threshold may be permitted for investment where it has been assessed by the Investment Manager and determined not to cause significant environmental or social harm*.
Conventional Oil and Gas Extraction Companies that derive revenues from the conventional extraction of oil and gas are excluded. Where such exclusion applies, revenues are tested against the threshold set out for the relevant baseline.	N/A	
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. Where such exclusion applies, revenues are tested against the threshold set out for the relevant baseline.	10%	
Carbon-Intensive Power Generation Companies that derive revenues from the following activities are excluded: • coal-fired power generation. • oil or gas-fired power generation. Where such exclusion applies, revenues are tested against the threshold set out for the relevant baseline.	N/A	

**Our exclusion set in consideration of PAI 4 (Exposure to companies active in the fossil fuel sector) aims to avoid the harm that would arise from material carbon emissions caused by such activities. We consider it is appropriate to take into consideration whether the relevant company has a positive measurable effect on carbon emissions. If this is determined to substantially outweigh the harm we are seeking to prevent by restricting revenues from this activity, we may consider such an investment to pass DNSH. We would consider why the revenues were being received, their materiality and whether they were likely to continue or grow. For example, a renewable energy producer may have a minor revenue stream from legacy fossil fuel power generation that is not expected to persist, have a transition plan away from that activity and no expansion plans for fossil fuel power generation, while the vast majority of its activities are focused on generating renewable energy and the fund manager may then determine the positive climate change mitigation effect of the renewable power generation far outweighs the contribution to climate change associated with the minor fossil fuels revenue stream. For the avoidance of doubt, we do not consider other positive contributions that are unrelated to the harm to be a basis for such treatment.*

Social Exclusion Criteria	Planet+ baseline	Sustainable baseline
Adult Entertainment Companies that derive revenues from producing, directing or publishing adult entertainment materials are excluded. Where such exclusion applies, revenues are tested against the threshold set out for the relevant baseline.	10%	5%
Gambling Companies that derive revenues from the provision of gambling-related services are excluded. Where such exclusion applies, revenues are tested against the threshold set out for the relevant baseline.	10%	5%
Tobacco Companies that derive revenues from activities related to the tobacco industry are excluded. Where such exclusion applies, revenues are tested against the threshold set out for the relevant baseline. These test for the manufacture of tobacco products (P), their wholesale distribution (W) and for any involvement in aggregate (including retail distribution) (T).	P 5% T 10%	P+W 5% T 10%
Controversial Weapons 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, non-detectable fragment weapons are excluded. Companies involved in controversial weapons are excluded which is achieved through application of the M&G Investments Controversial Weapons Policy, a copy may be found on our website. Where such exclusion applies, revenues are tested against the threshold set out for the relevant baseline.	0%	0%
Defence and Other Weapons Companies that derive revenues from the production or sale of weapons systems, components, and support systems and services, or the manufacture and retail of civilian firearms and ammunition are excluded. For the avoidance of doubt, this does not include the provision of generic systems and services that are not weapons-specific. Where such exclusion applies, revenues are tested against the threshold set out for the relevant baseline.	N/A	5%

Investment-specific exclusions

ABS Exclusion Criteria	Planet+ baseline	Sustainable baseline
Sector tests Sector classification is checked against the relevant baseline as set out above under "Sector and/or value based exclusions", rather than using a revenue threshold:		
Key Counterparty	No sector exposure permitted	No sector exposure permitted
Underlying assets	Max 10% combined exposure to the above sectors	Max 10% combined exposure to the above sectors
Minimum ESG Score A proprietary ABS ESG Scorecard is used to assess whether assets have sufficient ESG characteristics. Securities scoring below a cut-off threshold are excluded.	Below threshold excluded	Below threshold excluded

Government Bonds Exclusion Criteria	Planet+ baseline	Sustainable baseline
Social tests The relevant Government is assessed for factors indicating its social progress. Lower scoring governments are excluded.	Applies	For sustainable investments, "DNSH" standard applies. For remaining investments, Planet+ baseline exclusions apply
Environmental tests Governments that pass the social tests are subject to further tests to assess their environmental credentials.	N/A	For sustainable investments, "DNSH" standard applies. For remaining investments, Planet+ baseline exclusions apply