

# Sustainability-related disclosures

M&G (Lux) Global Listed Infrastructure Fund  
222100K85SU14IF7PW30



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.

## Summary

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.

## 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 and a quarterly review process.

Further information on the Principal Adverse Impact indicators which are taken into account by the Investment Manager can be found in the Annex to the Investment Manager's website disclosures for the Fund.

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 and that it makes investments that are SDG-aligned (as defined below):

The Fund excludes certain potential investments from its investment universe to mitigate potential negative effects on the environment and society and to assist it in delivering more sustainable outcomes ("Exclusionary Approach").

The Fund considers the UN Sustainable Development Goals (SDGs) as part of its investment process and the sustainability themes considered by the Investment Manager are based on the SDGs as a relevant framework to measure contribution to sustainability factors ("SDG-alignment"). At least 70% of the Fund's investments by value will be in investments considered by the Investment Manager to be

related to sustainability themes.

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

## Investment strategy

Sustainability considerations, encompassing ESG factors, are fully integrated into analysis and investment decisions, and play an important role in determining the investment universe and portfolio construction.

The Fund considers the UN Sustainable Development Goals (SDGs) as part of its investment process and the sustainability themes considered by the Investment Manager are based on the SDGs as a relevant framework to measure contribution to sustainability factors ("SDG-alignment").

In doing so, the Investment Manager assesses investee companies as "relating to a sustainability theme" if at least 50% of its revenue is SDG-aligned. For the avoidance of doubt this assessment can include alignment to more than one SDG as part of a broader theme. At least 70% of the Fund's investments by value will be in investments considered by the Investment Manager to be related to sustainability themes.

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

1. The exclusions listed in the Investment Policy are screened out.
2. The Investment Manager then identifies the companies that are considered suitable for further analysis. The Investment Manager analyses these companies from an ESG perspective using a proprietary infrastructure sector-specific quality assessment. This includes an assessment of ESG Factors, alongside other financial and operational characteristics. Following the ESG-related quality assessment, the Investment Manager then quantifies ESG risks for these companies, to determine whether these have been accounted for in a company's valuation.
3. From this narrowed investment universe, the Investment Manager then performs further analysis, including consideration of ESG factors, to identify and take advantage of investment opportunities.

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 51% of the fund will be in Sustainable Investments.

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

The Fund's Positive ESG Outcome is monitored on a post trade basis as a reporting tool to assess whether or not the Fund's investment strategy is delivering the expected outcome. The relevant characteristic is reported on as part of the SFDR reporting.

## Methodologies

There are a variety of methods that can be used depending on the asset class or information type:

- binary pass/fail test e.g. exclusion of sanctioned companies or countries
- meets or exceeds a specific threshold e.g. revenue to contributes to an environmental outcome, or 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

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

## Data sources and processing

Information can be sourced from third party data vendors including companies such as MSCI, Bloomberg or 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 of sustainability reports. Upon receipt, the data is checked by the analysts. To ensure that interpretation of data is consistent, benchmarking exercises are performed where appropriate. Collected ESG data is evaluated via use of a proprietary ESG scorecard, which is populated by the analysts.

Data is processed through a combination of external and internal proprietary systems and digital platform tools which monitor the exposure of the funds both at fund and security level both pre and post trade.

Use of estimated data is limited. However when an estimation is needed proprietary analysis and tools are used. For example, if a portfolio company does not disclose its greenhouse gas emissions, an estimation is made using the Investment Manager's proprietary carbon emission tool which estimates portfolio companies' carbon intensity levels.

## 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.

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 diligence

ESG due diligence is carried out as a part of fundamental investment research. Research analysts assess the Principal Adverse Impact metrics and identify key sustainability risks in order to evaluate and express their materiality for the subject company or investment. Analysts reflect their assessments in either written research or an ESG Scorecard.

Where applicable, the analyst uses the ESG Scorecard to evaluate 15 mandatory and common factors and additional idiosyncratic factors deemed relevant to the subject company's risk profile and business mix. The mandatory factors for evaluation are as follows:

- Climate: Disclosure, Intensity, Footprint, Vulnerability, Intent
- Governance: Ownership & Control, Political Interference & Sovereign Concerns, Strategy and Financial policy, Disclosure and Transparency, Board, Regulation, Compliance and Oversight, Cybersecurity, Corporate culture and controversy
- Social: Modern Slavery, Diversity & Inclusion
- Sector-specific Key Issues determined from the SASB Materiality Map.

In addition to the proprietary assessments described above, investment decision-making may also take account of third party ESG ratings, where available.

Appropriate consideration of ESG factors is a mandatory objective in the due diligence process for analysts and fund managers.

The section above entitled 'Monitoring of environmental or social characteristics' details the controls associated with the components of due diligence listed herein.

## Engagement policies

M&G believes that the long-term success of companies is supported by effective investor stewardship and high standards of corporate governance. We believe that if a company is run well, and sustainably, it is more likely to be successful in the long run. We undertake all investment stewardship engagements and proxy voting with the goal of protecting and enhancing the long-term value of client's assets, with engagement representing an integral part of how we integrate environmental, social and governance (ESG) considerations in our investment process. We are committed to being transparent about how we conduct investment stewardship activities in support of long-term sustainable performance for our clients. The precise nature of the engagement will vary depending on the investments held, but these overarching principles will inform M&G's conduct when engaging with companies, whether through voting equities in general meetings or in our participation in bondholder committees.

## 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.

# Annex

Issuer	PAI	PAI Indicator	PAI Metric
Investee Companies	1a	GHG emissions	Scope 1 GHG emissions
	1b		Scope 2 GHG emissions
	1c		Scope 3 GHG emissions
	1d		Total GHG Emissions
	2	Carbon footprint	Carbon footprint
	3	GHG intensity of investee companies	GHG intensity of investee companies
	4	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector
	5	Share of non-renewable energy consumption and production	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
	6a	Energy consumption intensity per high impact climate sector	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	
	7	Activities negatively affecting biodiversity-sensitive areas	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
	8	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average
	9	Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average
	10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
	11	Lack of process and compliance mechanisms to monitor compliance with UNGC principles and OECD guidelines for multinational enterprises	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.
	12	Unadjusted gender pay gap	Average unadjusted gender pay gap for investee companies

	13	Board gender diversity	Average ratio of female to male board members in investee companies
	14	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons
Sovereigns and Supranationals	15	GHG intensity	GHG intensity of investee countries
	16	Investee countries subject to social violations	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	17	Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport, or manufacture of fossil fuels
	18	Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets
Investee Companies	Optional	Investments in companies without carbon emissions reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement
	Optional	Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy
	Optional	Lack of a human rights policy	Share of investments in entities without a human rights policy
	Optional	Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies EN 22 EN on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption