

M&G enhances the ESG characteristics of multiple equity funds as they transition to SFDR Article 8

- *M&G to enhance Environmental, Social and Governance (ESG) characteristics of ten Equity Funds*
- *The latest changes will result in over 60% of asset under management in the SICAV being classified Article 8 or 9 under the Sustainable Finance Disclosure Regulation (SFDR)*

London, 12/09/2022 (updated version on 29/11/2022) – M&G today announces its plan to enhance the ESG characteristics of 10 Funds in the firm’s Equity range, as part of its wider commitment to evolve strategies towards ESG, sustainable or impact outcomes. Once these changes take effect, 9 of the strategies will be recategorised as Article 8 under SFDR.

The 9 Funds transitioning to Article 8* will follow a positive ESG tilt approach, delivering investors a weighted average ESG rating that is higher than that of the Fund’s benchmark or equivalent to at least MSCI A rating¹. The changes will also introduce a set of ESG exclusions based on specific norm-based, sector-based and/or values-based exclusions, restricting the Funds’ ability to invest in companies involved in tobacco, adult entertainment, gambling, controversial weapons or Arctic drilling & oil sands extraction in addition to their existing restrictions on investing in thermal coal². These restrictions also include companies that are assessed to be in breach of the United Nations Global Compact principles. All the Funds’ financial objectives will remain the same, and their benchmarks will be unchanged.

Finally, the ESG characteristics of the SFDR Article 8 M&G (Lux) Global Themes Fund will be enhanced further from 10 November 2022, with a positive ESG tilt and amended exclusions criteria.

Fabiana Fedeli, Chief Investment Officer, Equities and Multi Asset at M&G, says: “As stewards of our clients’ money, we believe that long-term investment returns are underpinned by good governance and sustainable business models. The changes we are announcing today will further promote social, governance and environmental factors into our investment decision making processes, while considering the sustainability preferences voiced by our clients.”

¹ MSCI ESG ratings are based on the identification of the ESG risks that are most material to a Global Industry Classification Standard sub-industry or sector; they range from AAA (best) to CCC (worst). More information on MSCI ESG ratings can be found at www.msci.com

² Subject to maximum thresholds for revenue derived from some of these activities. The existing restrictions on investing in thermal coal are set out in M&G’s Thermal Coal Policy.

³ Update on 29/11/2022: the M&G (Lux) Global Dividend Fund’s effective date of changes has been moved from 7 April 2023 to 22 December 2022.

Micaela Forelli, Managing Director Europe at M&G, adds: “These changes evidence the commitment we made to expand our range of ESG, sustainable and impact orientated funds for investors, in addition to providing our clients with greater clarity on the ESG outcomes we seek to deliver. Once these changes come into effect, over 60% of our total wholesale SICAV assets under management will be classified Article 8 or 9 under SFDR.”

*Changes will apply to the following 9 funds:

Effective from 10 November 2022		
M&G (Lux) Asian Fund	M&G (Lux) Global Convertibles Fund	M&G (Lux) Global Emerging Markets Fund
M&G (Lux) Japan Fund	M&G (Lux) Japan Smaller Companies Fund	M&G (Lux) North American Dividend Fund
M&G (Lux) North American Value Fund		
Effective 22 December 2022		
M&G (Lux) European Strategic Value Fund		
M&G (Lux) Global Dividend Fund ³		

Many of the funds will require a level of portfolio realignment ahead of these changes coming into effect. Further information on this and full details of the Funds’ updated ESG exclusions criteria, will be made available to investors through a separate ‘ESG Criteria’ document published on the M&G website from their respective Effective Date - or refer to the investor notification letter.

ESG information from third-party data providers may be incomplete, inaccurate or unavailable. There is a risk that the investment manager may incorrectly assess a security or issuer, resulting in the incorrect inclusion or exclusion of a security in the portfolio of the fund.

The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective and you may get back less than you originally invested. The views expressed in this document should not be taken as a recommendation, advice or forecast. Please note, investing in this fund means acquiring units or shares in a fund, and not in a given underlying asset such as a building or shares of a company, as these are only the underlying assets owned by the fund.

-ENDS-

If you require any further information, please contact:

M&G Corporate Affairs

Notes to Editors

As part of its commitment to evolve strategies towards ESG, sustainable or impact outcomes, M&G has been transitioning several strategies to Article 8 or 9 SFDR within its Fund range, such as:

- Alignment of the €14bn Lux Optimal Income Fund to SFDR Article 8
- Addition of new sustainable objectives to the M&G (Lux) Sustainable Allocation Fund to align it to SFDR Article 9.

About M&G Investments

M&G Investments is part of M&G plc, a savings and investment business which was formed in 2017 through the merger of Prudential plc's UK and Europe savings and insurance operation and M&G, its wholly owned international investment manager. M&G plc listed as an independent company on the London Stock Exchange in October 2019 and has over €405 billion of assets under management (as at 30 June 2022). M&G plc has customers in the UK, Europe, the Americas and Asia, including individual savers and investors, life insurance policy holders and pension scheme members.

For nearly nine decades M&G Investments has been helping its customers to prosper by putting investments to work, which in turn creates jobs, homes and vital infrastructure in the real economy. Its investment solutions span equities, fixed income, multi asset, cash, private debt, infrastructure and real estate.

M&G recognises the importance of responsible investing and is a signatory to the United Nations Principles for Responsible Investment (UNPRI) and is a member of the Climate Bonds Initiative Partners Programme.

M&G plc has committed to achieve net zero carbon emissions on its total book of assets under management and administration by 2050 and committed to reduce operational carbon emissions as a corporate entity to net zero by 2030.

For more information, please visit: <https://global.mandg.com/>

To find out more on the financial terms used in this press release, please go to the **glossary**.

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