

ESG Exclusion List

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M&G Investments ESG Exclusion List

1. Introduction

Purpose & Application

- 1.1 The M&G Investments ESG Exclusion List (hereafter “the Exclusion List”) contains the entire set of ESG (environment, social, governance) house exclusions applicable to all assets managed by M&G Investments entities.
- 1.2 The Exclusion List should be read in conjunction with M&G Investments’ ESG Investment Policy.

2. M&G Investments ESG House Exclusions

Cluster munitions and anti-personnel landmines

- 2.1 In response to the ‘Convention on Cluster Munitions’ and the ‘Anti-Personnel Mine Ban Convention’ M&G does not invest in securities issued by companies directly involved in the manufacture, development or trade of these munitions.
- 2.2 M&G uses information provided by a third-party responsible investment services provider to identify companies flagged for involvement in the production of such munitions¹.
- 2.3 Asset class-specific considerations include:
 - i. For fixed income, equity and multi-asset funds and mandates, this exclusion applies to all active and passive funds and mandates and covers all equity and fixed income investments directly made in an issuer (or in the case of real estate, where M&G has direct control of an asset). However, there may be investments in externally managed funds or financial instruments (such as collectives and ETFs) where there is limited transparency to M&G. In such cases, we will make external fund managers aware of our exclusions and endeavour to avoid exposure to excluded companies. In these circumstances, though, we cannot guarantee full compliance, as the underlying fund managers will have responsibility.
 - ii. In the context of real estate investments (equity and debt), M&G will not acquire or lend against any buildings where companies subject to exclusion are already in occupation. For equity real estate holdings only: where M&G has control over lettings, we will not make any new lettings to companies subject to exclusion². If companies are identified for exclusion, we cannot apply exclusions retrospectively, but will apply to future lettings.

¹ Exclusions apply to all investee companies in the same group where the parent company has a majority holding in the relevant company.

² We apply exclusions as far as we are able within the context of national and local regulations regarding landlord and tenant relations. For example, in the UK, the Landlord and Tenant Act requires landlords to grant new leases on expiry and restricts our ability to prevent leases being reassigned to companies subject to exclusion.