

# Directors' Remuneration Policy

## Remuneration Policy for Executive Directors

### Key principles of the Remuneration Policy for Executive Directors

The Remuneration Policy, which will take effect from the 24 May 2023 AGM, subject to shareholder approval, has been designed to align with and support our strategic priorities to create long-term sustainable performance, resulting in the creation of shareholder value and positive client outcomes within an inclusive and engaging culture for our colleagues.

In determining this policy the Remuneration Committee (the Committee) has followed a fully-informed and independent decision making process, receiving input from the Company's independent remuneration advisers and ensuring that conflicts of interest were managed by ensuring that no individuals participated in the consideration of decisions impacting their own remuneration. The Committee is wholly made up of independent Non-Executive Directors who do not participate in the Company's incentive plans.

Key principles underpinning the Policy are:

<b>Sustainable, long term success of the Group and robust risk framework</b>	Clear alignment with the long-term interests of the Company through a significant proportion of executive packages being delivered in shares for three to five years and through the shareholding and two-year post-employment shareholding requirement policies.
	Remuneration appropriately balanced between recognising short and long term performance. Financial and non-financial incentive measures that are focused on indicators of sustainable performance that position the company strongly for continued success. A robust and rigorous risk review of remuneration outcomes to ensure that these properly reflect overall company performance from a financial, key stakeholder, conduct and reputational perspective, and within an effective risk management framework and culture.
<b>High performing talent</b>	Clarity of our remuneration packages which are appropriately positioned relative to the scope and complexity of the roles and relevant market benchmarks, and designed to reflect and recognise performance.
<b>Positive, safe and collaborative environment aligned to our purpose, values and culture</b>	Key focus on positive client outcomes and quality of client engagement. Strong alignment with our ambitious diversity targets and objectives to maintain a positive and engaging culture that provides equality of opportunity for all current and prospective employees. Promoting a positive culture in which the 'how' as well as the 'what' is recognised and valued, with a focus on employees and clients and demonstrable alignment between behaviours and remuneration outcomes.
<b>Predictability and alignment with stakeholders</b>	Strong alignment for our executives with the experience of shareholders through the delivery of a significant proportion of remuneration in shares, with vesting and holding periods over 5 years and a robust shareholding requirement policy. Incentive plan measures aligned to client outcomes and long term diversity and sustainability measures that reflect and recognise the company's wider role and impact.
<b>Simple and transparent</b>	Remuneration plans and programmes that are simple to understand and provide clear linkage to performance set in line with business strategy.
<b>Compliant and focused on best practice</b>	Arrangements are fully compliant with all applicable regulatory and legal requirements and reviewed on a continuous basis to align with best practice as this continues to evolve.

## Summary of proposed changes since last policy

The Committee reflected on how the Company had evolved over the past three years and has concluded that the Policy has generally proved well aligned to our strategy and the interests of key stakeholders, with strong alignment with governance and regulatory requirements and our values and culture. Changes have therefore consisted of a relatively small number of amendments, including minor drafting changes to improve clarity, to introduce some modest flexibility and to ensure the Policy allows for continued regulatory compliance; the removal of unnecessary upward discretion and exceptional provisions where these are no longer required; and a review of the shareholding requirement for the Chief Financial Officer in alignment with the above principles and with a view to evolving market practice across our peer group and investor expectations.

We have also reviewed the incentive scorecards for 2023 with a key focus on simplification and alignment to our strategy and purpose. More details on the scorecards is provided in the link to strategy and the 2023 implementation sections of the report on page 140 and 154-156 respectively.

The Committee did consider alternative models for delivering long-term incentives during the review, in the interest of simplification and strategic alignment. It was concluded that the current approach remained effective for aligning our executives to our current business strategy, with stretching financial and strategic objectives. This will be kept under review through the 3-year cycle of the Policy and if our conclusions change we will once again engage with shareholders.

These changes can be summarised as follows:

- Shareholding requirement for the Chief Financial Officer increased from 200% to 250% of salary to provide for more consistent market positioning and appropriate relativity to the Group Chief Executive Officer requirement, which remains at 300%;
- Removal of the legacy benefits provisions that applied to John Foley, the former Chief Executive, as these are no longer required, and the removal of the ability to provide a legacy defined benefit arrangement to executives;
- Removal of the exceptional limit for LTIP awards of up to 400% of salary in the year of hire, as the Committee does not consider this to be a necessary upward discretion given the level of the standard maximum entitlement (250% of salary) and the ability to buy-out forfeited awards for new appointments, where required; and
- Amendments extending the current criteria for applying malus and clawback.

Drafting has also been updated to improve clarity and to provide confirmation of applicable treatment on specific points, including;

- The addition of wording on the discretion that can be exercised by the Committee to apply an adjustment to formulaic outcomes where these are not aligned with shareholder and/or wider stakeholder experience, and confirming that any use of discretion will be disclosable;
- Clarification that buy-out awards will be subject to malus and clawback provisions; and
- Additionally, the Committee is mindful that it may become subject to the “extended” remuneration requirements under the Investment Firm Prudential Regime during the life of this Policy. We have drafted the Policy sufficiently flexibly to ensure compliance with the extended remuneration requirements if and when they apply to us. It is worth noting that there is also discretion to amend the Policy if any further changes are required to maintain compliance with updates to regulation.

## Directors' Remuneration Policy continued

Remuneration element	Strategic alignment and operation	Maximum opportunity	Performance measures
<b>Base salary</b>	<p>Base salaries are appropriately positioned to attract and retain executives with the required skills and experience to deliver our strategic objectives.</p> <p>Base salaries are paid in monthly instalments and are normally reviewed annually with increases normally effective from 1 April each year.</p> <p>In reviewing base salaries, the Remuneration Committee takes into account a number of factors, including but not limited to:</p> <ul style="list-style-type: none"> <li>– Company and individual performance;</li> <li>– the scope/size of the roles and the skills and experience of the Executive Directors;</li> <li>– increases amongst the general workforce and affordability; and</li> <li>– benchmarking information for other firms of a similar size and scope to M&amp;G plc.</li> </ul>	<p>There are no prescribed maximum salary levels, but any increase will normally be below or in line with increases for the general workforce in an ordinary year.</p> <p>The Remuneration Committee will retain the discretion to award increases at a level greater than that applied to the general workforce if the Remuneration Committee deems it appropriate to do so.</p> <p>The Remuneration Committee will consider the impact of increasing base salary on other elements of remuneration to ensure total remuneration remains appropriate.</p>	<p>Both individual and Company performance will be taken into consideration when determining base salary increases.</p>
<b>Benefit</b>	<p>Benefits are provided to ensure our remuneration packages are appropriate to attract and retain executives with the required skills and experience to deliver our strategic objectives.</p> <p>Benefits are provided to Executive Directors at a market competitive level, taking into account benefits offered to other employees within M&amp;G.</p> <p>Benefits currently provided to Executive Directors include but are not limited to:</p> <ul style="list-style-type: none"> <li>– Life assurance;</li> <li>– Disability insurance and Critical Illness insurance;</li> <li>– Private health insurance (including eligibility for his or her spouse or civil partner and dependent children); and</li> <li>– Annual health screening.</li> </ul> <p>The Executive Directors are able to participate in self-funded voluntary benefits and discounted M&amp;G products in line with other employees.</p> <p>Executive Directors are eligible to participate in UK all-employee share plans, which currently comprises HMRC-approved Sharesave and SIP plans, on the same terms as other employees.</p> <p>The Company may cover reasonable legal costs and certain relocation expenses in accordance with the Company's relocation policy.</p>	<p>Cover levels are defined within the terms of each benefit with maximum opportunity dependent on the terms of the insurer and individual circumstances.</p>	<p>There are no performance measures for benefits.</p>
<b>Pension</b>	<p>Pension contributions as a percentage of salary are aligned with the general workforce at a level sufficient to ensure our remuneration packages are appropriate to attract and retain executives with the required skills and experience to deliver our strategic objectives.</p> <p>Executive Directors are eligible for employer contributions in respect of the Company's defined contribution pension scheme which may be received in part or in full in cash.</p> <p>The approach to pension arrangements for the Executive Directors is in line with the wider workforce.</p>	<p>13% of base salary per annum</p>	<p>There are no performance measures for pension contributions.</p>

Remuneration element	Strategic alignment and operation	Maximum opportunity	Performance measures
<b>Short-Term Incentives (STI)</b>	<p>STI awards are designed to provide clear alignment of objectives and performance with the delivery of our financial and non-financial strategic objectives annually. The deferred share component of STI provides longer-term alignment with the interests of the Company and shareholder value creation.</p> <p>Executive Directors are eligible to participate in an annual STI plan at the discretion of the Committee. Performance measures, targets and weightings are determined annually and may vary to ensure alignment with the Business Plan and strategy.</p> <p>A threshold, target and maximum performance level is set for each measure, with an outcome of 0% for threshold performance or below and 50% of maximum for on-target performance.</p> <p>Performance outcomes may be subject to a discretionary downward risk adjustment taking consideration of an annual report from the Risk Committee, including factors such as an assessment of risk and compliance events and the effectiveness of risk management relative to M&amp;G's risk appetite during the performance period. Any adjustments applied will be explained in the relevant annual remuneration report.</p> <p>50% of any STI payable to an Executive Director will normally be deferred for three years into an award of M&amp;G shares under the Deferred Incentive Plan. The rate of deferral may be adjusted upwards and a post-vesting holding period may be applied to meet remuneration regulatory requirements where required.</p> <p>Dividend equivalents may accrue on deferred share awards, based on dividends paid to shareholders during the vesting period. In line with the plan rules, dividend equivalents may also accrue during any applicable post-vesting holding period. These may accrue either in cash or shares on a reinvestment basis and are subject to the same terms, including vesting date, as the deferred share award.</p> <p>Adjustments may be made to deferred share awards in certain circumstances including rights issues, corporate restructuring and special dividends, if the Remuneration Committee deems it appropriate to do so.</p> <p>Malus and/or clawback provisions apply to both cash and deferred STI awards - see "Malus and Clawback" for further details.</p>	<p>STI awards are subject to an annual limit of 250% of base salary for the Executive Directors.</p>	<p>The scorecard of performance measures will comprise a combination of financial and non-financial measures, with financial measures normally comprising at least 50% of the scorecard.</p> <p>Performance measures and weightings are determined annually to ensure alignment with the Business Plan and strategy.</p> <p>The Remuneration Committee has discretion to adjust formulaic outcomes if they are not considered to be representative of the overall performance of the Company. Any adjustments applied will be explained in the relevant annual remuneration report.</p> <p>Performance targets and ranges will be disclosed with the performance outcomes of STI awards in the annual remuneration report published at the end of the performance period for the STI awards.</p>

## Directors' Remuneration Policy continued

Remuneration element	Strategic alignment and operation	Maximum opportunity	Performance measures
<b>Long-Term Incentive Plan (LTIP)</b>	<p>LTIP awards are designed to provide long term alignment of executive remuneration to sustained business performance relative to long-term strategic objectives and shareholder value creation.</p> <p>Executive Directors are eligible to participate in the LTIP at the discretion of the Committee. Awards are normally granted annually over M&amp;G plc shares.</p> <p>Awards are subject to performance conditions which are measured over a three-year vesting period from 1 January of the year of grant with vesting occurring on the third anniversary of the grant date. Vested awards are subject to an additional holding period of two years.</p> <p>A threshold and maximum performance level is set for each measure, with straight-line interpolation for performance between these levels. At threshold performance, 0% will vest for all metrics with the exception of TSR, for which 25% will vest. There is zero vesting for performance below the threshold. Maximum performance will result in 100% vesting.</p> <p>Performance outcomes may be subject to a discretionary downward risk adjustment taking consideration of a report from the Risk Committee, including factors such as an assessment of risk and compliance events and the effectiveness of risk management relative to M&amp;G's risk appetite during the performance period. Any adjustments applied will be explained in the relevant annual remuneration report.</p> <p>Dividend equivalents may accrue on LTIP awards, based on dividends paid to shareholders during the vesting period. In line with the plan rules, dividend equivalents may also accrue during any applicable post-vesting holding period. These may accrue either in cash or shares on a reinvestment basis and are subject to the same terms, including vesting date, performance conditions and holding period, as the LTIP share award.</p> <p>Adjustments may be made to deferred share awards in certain circumstances including rights issues, corporate restructuring and special dividends, if the Remuneration Committee deems it appropriate to do so.</p> <p>Malus and clawback provisions apply to LTIP awards during the vesting and holding periods - see "Malus and Clawback" for further details.</p>	<p>LTIP awards are subject to a limit of 250% of base salary in respect of any financial year.</p>	<p>The performance conditions may comprise a combination of financial (including TSR) and non-financial measures, with financial measures normally comprising at least 75% of the scorecard. Performance measures and weightings for the grant of new awards are determined annually to ensure alignment with the Business Plan and strategy.</p> <p>The Remuneration Committee has discretion to adjust formulaic outcomes if they are not considered to be representative of the overall performance of the Company. Any adjustments applied will be explained in the relevant annual remuneration report.</p> <p>The Remuneration Committee has discretion to amend or replace performance measures and/or targets where it reasonably considers it appropriate to do so, provided that the amended conditions are not materially less challenging.</p> <p>Performance measures, targets and ranges will be disclosed in the implementation section of the annual remuneration report for the year prior to the grant of LTIP awards.</p>

## Malus and clawback

All STI and LTIPs operated by M&G are subject to malus and clawback provisions in the following circumstances:

Application to STI	– Cash STI – Deferred STI (in shares)	– Clawback for 3 years from the payment date – Malus for the 3-year vesting period
Application to LTIP	– 3-year vesting period – 2-year holding period	– Malus for the 3-year vesting period – Clawback for the 2-year holding period

The circumstances in which the Remuneration Committee may consider the application of malus and/or clawback are defined in the plan rules and can be summarised as follows:

- a material misstatement of published accounts;
- an error in the calculation of performance outcomes or such calculation being based on inaccurate information;
- material risk management failures;
- reasonable evidence of individual misconduct or material error;
- breach of an applicable law, regulation or code of practice and/or failure by the individual to meet standards of fitness and propriety;
- actions or responsibility for conduct leading to significant loss(es) and/or reputational harm to the company or any Group Member;
- material downturn in financial performance; or
- corporate failure.

Malus can be applied to an alternative unvested award to satisfy a clawback event on a vested/released award. The periods that malus and clawback apply may be extended if required to meet regulatory requirements.

### Legacy arrangements

The Committee reserves the right to make any remuneration payments and/or payments for loss of office, including the exercise of any discretions available to it in connection with such payments (notwithstanding that they are not in line with this policy), where the terms of payment:

- came into effect before this policy was approved and implemented (including where such payments are in line with a previously approved policy); and
- were agreed at a time when the individual was not a Director of the Company and, in the opinion of the Committee, the payment is not in consideration for the individual becoming a Director.

Details of any such payments will be set out in the applicable Annual Report on remuneration as they arise.

### Remuneration Committee discretion

The Remuneration Committee retains discretion in the operation and administration of the Directors' Remuneration Policy, noting that no material changes will be made to the advantage of the Executive Directors without obtaining shareholder approval. Any use of discretion and how it was exercised will be disclosed, where relevant, in the Annual report on remuneration.

This includes (but is not limited to) the following:

- the Executives' participation in the Company's incentive plans;
- the timing of awards including grant, vesting and release dates;
- the size of awards and vesting levels within the limits set out in this policy;
- the performance measures and weighting for STI and LTIP awards within the terms set out in this policy;
- the adjustment of formulaic outcomes of incentive awards for risk management issues or where the outcomes are not reflective of overall Company performance or aligned with shareholder and/or wider stakeholder experience;
- the settlement of any share awards in cash in exceptional circumstances;
- the determination of good leaver status and treatment of unvested awards in line with this policy and incentive plan rules;
- the extent to which malus and clawback should apply to any award;
- the adjustment of awards in certain circumstances including rights issue, corporate restructuring, change of control and special dividends;
- the amendment or replacement of performance measures and targets where it reasonably considers it appropriate to do so, provided that the amended conditions are not materially less challenging; and
- to amend the policy to ensure continued compliance with any applicable remuneration regulations.

### Performance measures

Performance measures and targets for the STI and LTIP will include a balance of financial and non-financial measures aligned with the Company's key short and long-term strategic priorities:

- stretching financial targets to deliver growth and create financial flexibility for investment opportunities to build capabilities in high value-added areas and expand our proposition in the UK and internationally. Financial targets are approved by the Board through a rigorous process taking consideration of market conditions, competitor practices and forecasts;
- balancing the interest of policyholders and shareholders;
- creating and maintaining positive experience and outcomes for our clients;
- ensuring alignment with the Company's strategy, purpose and values;
- creating an inclusive and engaging culture that supports the Company's diversity and inclusion objectives to provide equality of opportunity for all who apply for and perform work for the Company;
- adhering to a robust risk management policy and risk appetite limits;
- aligning with the long-term sustainable success of the Company and value creation for shareholders; and
- ensuring alignment with our objectives relating to Environmental, Social and Governance factors.

### Shareholding requirement

Executive Director	Shareholding requirement
Group Chief Executive Officer	300% of base salary
Chief Financial Officer	250% of base salary

The purpose of the shareholding requirement is to align executives with the long-term interests of the Company, clients and shareholders through a requirement to hold shares both during and post-employment.

Executive Directors must normally attain the shareholding requirement and maintain this level of holding within five years of becoming an Executive Director.

In addition to personally owned shares, unvested shares not subject to performance conditions (deferred STI awards and LTIP share awards subject to a holding period) will count towards the requirement on a net-of-tax value basis. Executive Directors must hold vested shares until the requirement is met except in exceptional circumstances with the approval of the Chair.

Shareholding levels will be tested annually following completion of the annual grant and vesting of awards, which will be disclosed in the annual remuneration report.

A post-employment shareholding requirement will be operated for the Executive Directors requiring them to maintain their shareholding requirement or actual shareholding, if lower, at the point of departure in full for two years post-employment (following the same methodology as set out above).

### External appointments

The Executive Directors may take up external directorships and retain the fees for such appointments with the approval of the Board. All external appointments and fees will be disclosed in the annual remuneration report.

### Remuneration regulations

This Policy has been designed to ensure compliance with all remuneration regulations applicable to the Company.

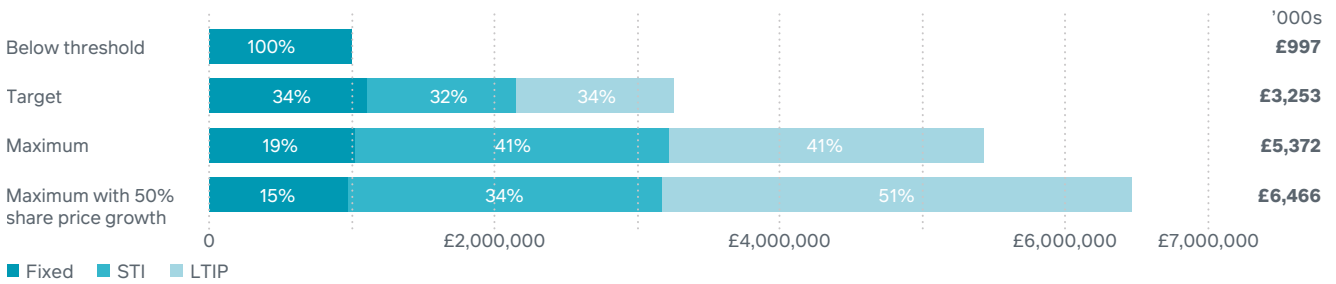
The Remuneration Committee reserves discretion to amend the policy if it is required to do so in order to maintain compliance with any new or amended regulations.

### Scenario charts

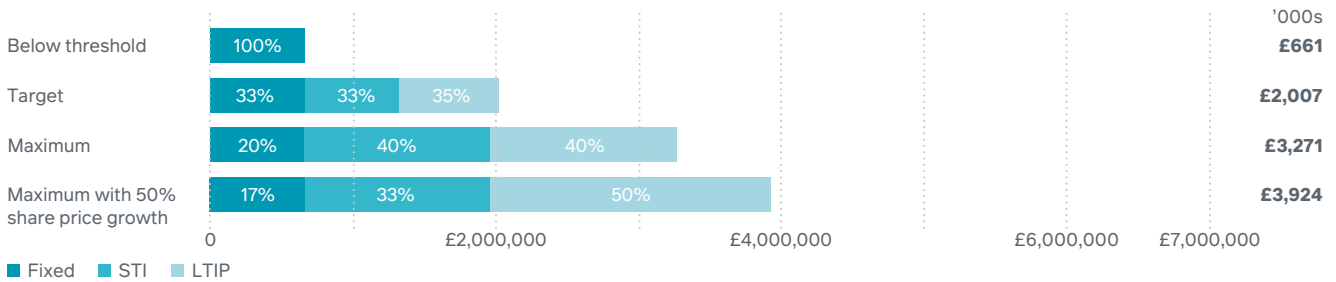
This policy is designed to ensure that executive remuneration is directly aligned with the delivery of key financial and non-financial performance objectives and the creation of shareholder value, achieved in accordance with the Company's policies and values for risk management, conduct, client and culture. The majority of the remuneration packages are in the form of incentive awards with the maximum values only achievable with significant outperformance of business plans and objectives. The LTIP and 50% of the STI award are delivered in shares to maintain close alignment with shareholders. The table to the right illustrates the potential earnings of each Executive Director in four performance scenarios:



### Group Chief Executive Officer



### Chief Financial Officer



The performance scenarios incorporate the following assumptions:

Fixed remuneration	Comprising the 2023 base salary, benefits (based on the annualised 2022 single figure for the Group Chief Executive Officer and Chief Financial Officer) and a 13% pension contribution.
Target remuneration	Fixed remuneration plus the value that would arise from the incentives for achieving on-target performance: STI with a 50% outcome for on-target performance. LTIP with a 53% outcome for on-target performance (financial/non-financial measures with a 50% outcome and TSR with a performance scale mid-point of 62.5%).
Maximum remuneration	Fixed remuneration plus the value that would arise from the incentives for achieving maximum performance.
Maximum remuneration with 50% share price growth	Maximum remuneration increased for the assumption that the shares granted under the LTIP increase in value by 50% from the share price at grant.

### Remuneration Policy for new appointments

Remuneration packages for new Executive Directors (including those promoted internally) will be in line with the requirements of this Policy, including maximum incentive levels, and will be determined on the principle of delivering remuneration that is proportionate and not more than what is necessary to recruit and secure talented individuals with the requisite levels of skills and experience, ensuring that the cost to secure the right candidate is appropriate. If required, awards may be granted to replace awards or amounts forfeited by a previous employer (buyout awards). Any buyout awards would be limited to what is considered to be a fair estimate of the value of remuneration forfeited and with equivalent terms (including vesting dates, performance conditions and malus/claw back provisions) to ensure that the cost to secure the right candidate is appropriate. As buyout awards may cover multiple years of awards from a previous employer, the grant value is not subject to the maximum limits described in this policy.

The Company may cover reasonable legal costs and certain relocation expenses in accordance with the Company's relocation policy for new appointments.

The fees and benefits to be paid to a new Non-Executive Director will be determined in accordance with the terms described in the "Remuneration Policy for Non-Executive Directors".

### Service agreements

All Executive Directors have service agreements of an indefinite duration that can be terminated by either party by serving 12 months' notice. Under this policy this is the maximum notice period that may be applied to Executive Directors. The terms of the service agreements are considered to be in line with current best practice for Executive Directors. The service contracts are available for inspection on request from the Company's offices.



## Directors' Remuneration Policy continued

### Loss of Office

In the event of the termination of an Executive Director, the terms of the termination will be determined by reference to the service agreement, this policy, the rules of the relevant incentive plans, relevant regulatory requirements and the signing of a settlement agreement, as detailed in the table below:

Element	Policy
Notice period	<ul style="list-style-type: none"> <li>– 12 months from either party.</li> <li>– The Company may require that all or an element of the notice period be taken as gardening leave.</li> <li>– The Company may elect to pay in lieu of notice for all or a portion of the contractual notice period. In this instance payment would be restricted to salary only and may be delivered monthly to mitigate loss.</li> <li>– Any holiday entitlement will be pro-rated to reflect the proportion of the year employed. Any outstanding holiday entitlement must be used during the notice period.</li> <li>– If an executive is dismissed for cause, there will be no notice period or payment made for loss of office.</li> </ul>
Termination payments	<p>Consistent with other employees, Executive Directors may receive payments to compensate them for the loss of employment rights on termination, subject to entering into a satisfactory settlement agreement. Payments may include a nominal amount for agreeing to non-solicitation and confidentiality clauses, insurance cover for a specified period following the termination date, outplacement services, legal fees or repatriation assistance.</p> <p>In the event of redundancy, a payment may be made in accordance with the Company redundancy policy in effect at that time.</p>
STI awards	<p>A good leaver<sup>i</sup> will be entitled to a pro-rated STI award for the period worked (excluding garden leave) during the year, determined and paid through the normal process and subject to normal terms, including deferral.</p> <p>There is no entitlement to an STI award in the year of termination for a bad leaver.</p>
Treatment of incentive awards	<p>Unvested deferred STI awards for good leavers continue to their normal vesting date. Unvested awards for bad leavers will lapse.</p> <p>Unvested LTIP awards for good leavers will continue to their normal vesting date, pro-rated for the time worked during the performance period. The Remuneration Committee has discretion to waive the pro-ration of LTIP awards, should they deem this to be appropriate. Unvested awards for bad leavers will lapse.</p> <p>Vested LTIP awards subject to a holding period will remain subject to the holding period until the original release date.</p> <p>All awards continue to be subject to their original terms, including malus, clawback and holding periods.</p> <p>The Remuneration Committee has discretion to accelerate the vesting and release of awards for good leavers in exceptional circumstances.</p>
Change of control	<p>In the event of a change of control of the Company, the Remuneration Committee may determine that:</p> <ul style="list-style-type: none"> <li>– STI awards for the year during which the change of control occurred may either continue to be determined on the basis of the whole year or may be pro-rated to the date of the change of control.</li> <li>– Unvested deferred STI awards are exchanged or replaced with equivalent awards over shares in another company, continuing to their normal vesting date, or that the vesting of the awards is accelerated to the date of the change of control.</li> <li>– Unvested LTIP awards are exchanged or replaced with equivalent awards in another company, continuing to their normal vesting date and subject to the same or equivalent performance conditions, or that the vesting of awards is accelerated to the date of the change of control. If the awards are accelerated, they will be subject to pro-ration and an assessment of the extent to which the performance conditions have been achieved. The Remuneration Committee has discretion to waive the pro-ration of LTIP awards if this is deemed appropriate.</li> </ul>

<sup>i</sup> Good leaver applies in the event of death, disability, redundancy and sale of the company/business in which an individual works. Other leavers may be granted good leaver status at the discretion of the Remuneration Committee (which may include retirement).

## Remuneration Policy for Non-Executive Directors

Element	Policy
Fees	<p>Fees take account of the time commitment and responsibilities of the roles and market reference points for comparable FTSE organisations.</p> <p>The Chair receives a base fee which is reviewed annually by the Remuneration Committee.</p> <p>Non-Executive Directors receive a base fee and additional fees for other Board roles such as Chairship or membership of a Committee, acting as the Senior Independent Director or subsidiary Board roles. Fees are reviewed annually by non-conflicted members of the Board.</p>
Benefits	<p>The Chair is eligible to receive private medical insurance.</p> <ul style="list-style-type: none"> <li>– The Chair and Non-Executive Directors are not eligible to participate in the Company's pension or incentive arrangements.</li> <li>– Benefits may be provided in specific circumstances to the Non-Executive Directors that are immaterial in nature and value, up to a maximum value of £1,000.</li> <li>– Reasonable expenses may be reimbursed by the Company. The Company may pay any tax due on reimbursed expenses.</li> </ul>
Recruitment	Fees for a new Non-Executive Director will normally be aligned with the fee structure applicable to other Non-Executive Directors at the time of appointment.
Notice period	<ul style="list-style-type: none"> <li>– Chair: six months by either party without liability for compensation.</li> <li>– Non-Executive Director: six months by either party without liability for compensation.</li> </ul>
Key terms of appointment	The Chair and Non-Executive Directors are subject to annual re-election at the AGM.

### Remuneration arrangements throughout the Company

The Committee has taken careful consideration of remuneration arrangements for employees across the Company in determining the Remuneration Policy and its implementation, and considers carefully the impact of Board or management decisions on pay on the wider employee population. Formal consultation with employees has not taken place on the development of the Policy, but insight into arrangements and conditions for the wider workforce is achieved through a combination of management and employee feedback and an engagement plan of formal and informal activities.

A Remuneration Policy is in place for establishing standards for the design and operation of remuneration across the Company, which has consistent principles to the Directors' Remuneration Policy. Pension and benefit programmes are in place for all employees. Pension entitlement is aligned with that for the Executive Directors. The majority of benefits are also aligned.

All employees are eligible for STI annually, determined through a combination of Company and personal performance and subject to risk adjustment. LTIP awards are used for senior management roles across the Company. Employees are eligible to participate in all-employee share schemes and discounted products on the same terms as the Executive Directors. The Remuneration Committee will receive information on remuneration across the Company, including average salary increases, the design and outcomes of incentive plans and the Group Chief Executive Officer pay ratio, when determining the implementation of the Remuneration Policy for Executive Directors.

### Consideration of shareholder views

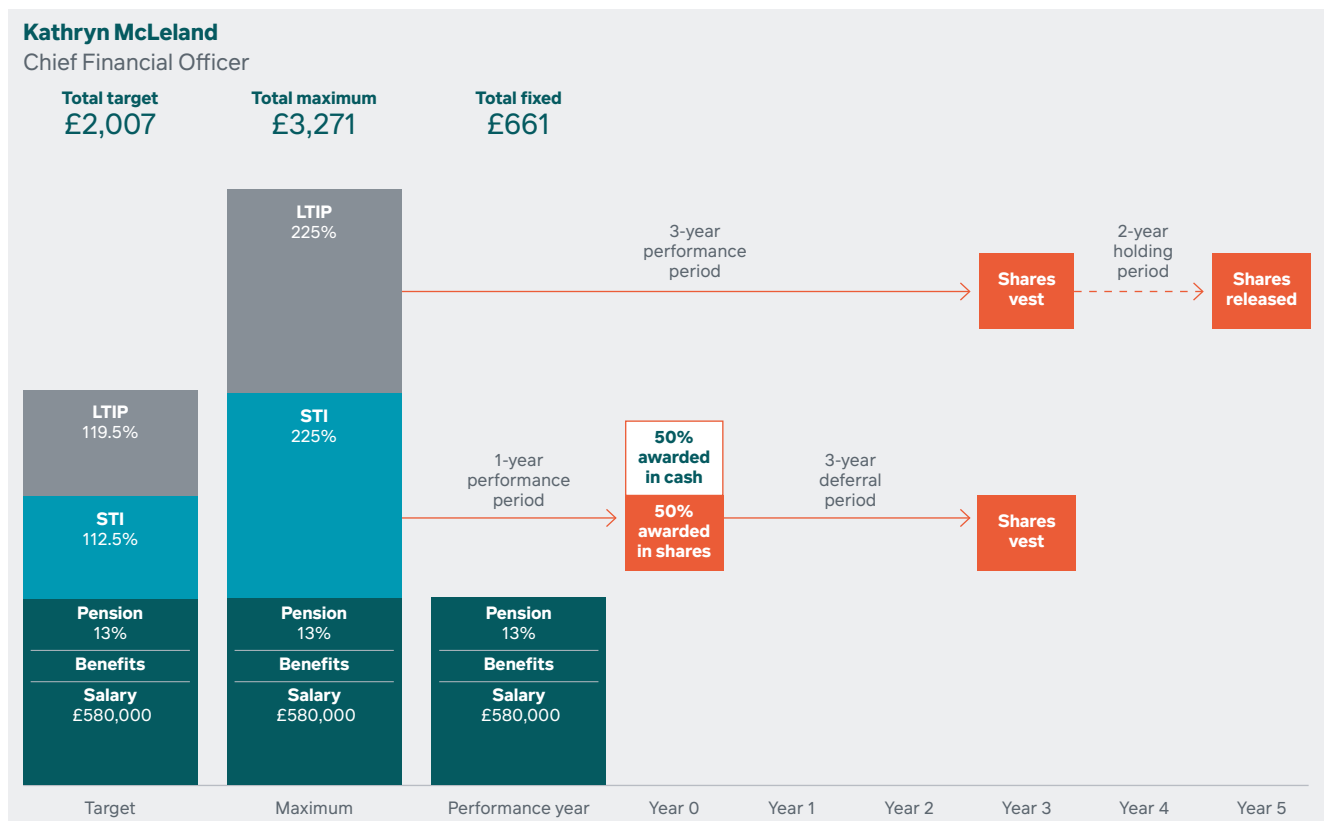
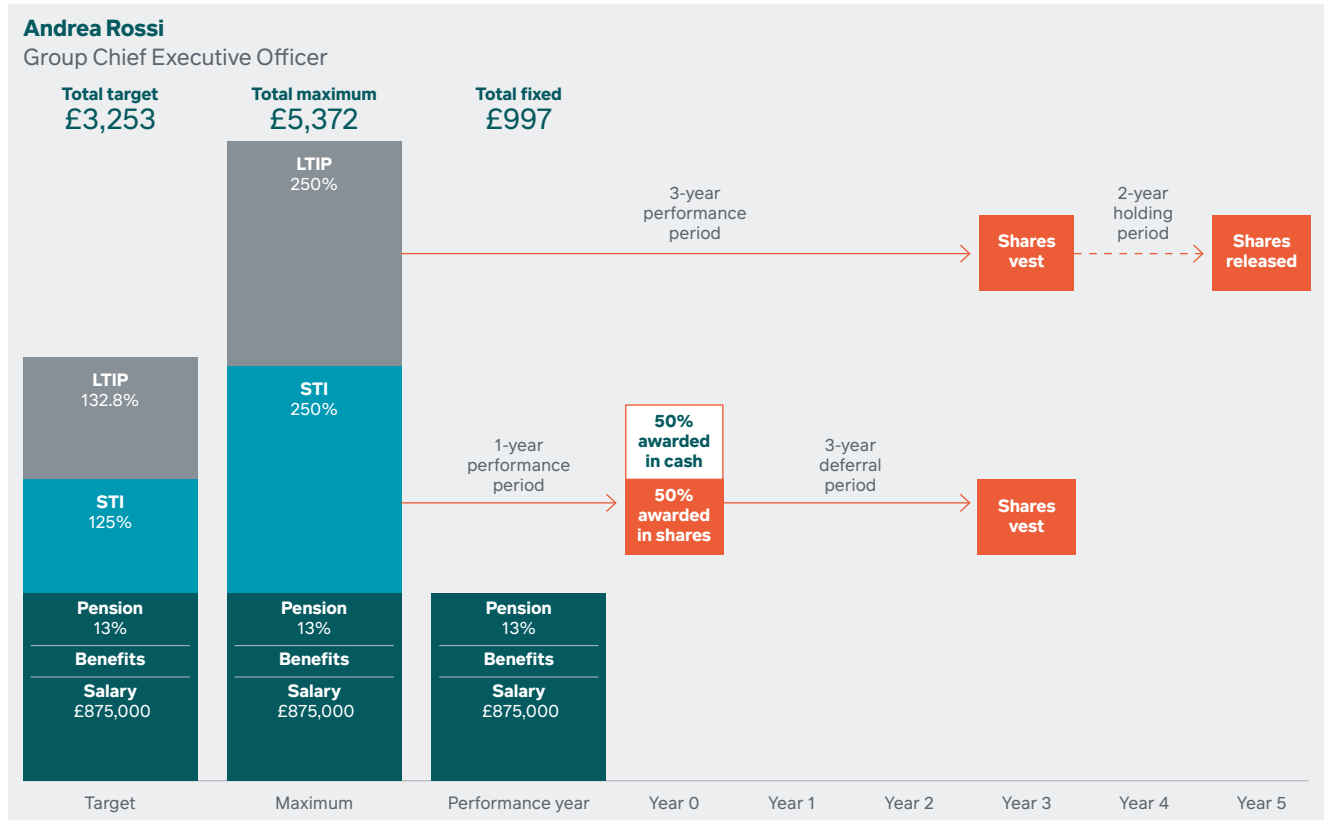
When setting the Remuneration Policy and determining remuneration, best practice guidelines issued by institutional shareholder bodies are taken into account. The Remuneration Committee has engaged with the largest shareholders and institutional shareholder bodies to understand their views on this Remuneration Policy. During this process we engaged with 21 of the Company's most significant investors, representing c.60% of the shareholder base. We received limited feedback on the Policy with shareholders generally comfortable with the terms and proposed amendments. There was general support for our approach to simplification of the incentive scorecards, with a smaller number of more focused measures. In the final proposals we have taken into account feedback received that measures should only be introduced if they can be underpinned with robust, transparent and quantifiable performance criteria. There was particular interest in the approach taken in considering windfall gains on the vesting of the 2020 LTIP, and on the rationale for the extent of the downward adjustment to the formulaic outcome. We believe that shareholders have welcomed the early and transparent engagement on this issue. We have endeavoured to respond to all feedback received and the Committee has been very mindful of this in finalising its decisions.

The Remuneration Committee will continue to monitor trends and changes in corporate governance to ensure remuneration at M&G plc remains appropriate and continue to engage with shareholders on the effectiveness of the Remuneration Policy.

# Remuneration at a glance



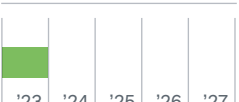
## Overview of the Directors' Remuneration Policy

The following chart shows the operation of the key elements of our Directors' Remuneration Policy. Summary details of the Policy are provided in the next section (all amounts in £'000). The charts detail the remuneration arrangements proposed for our Group Chief Executive Officer, Andrea Rossi, and our Chief Financial Officer, Kathryn McLeland.



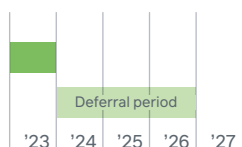
## Summary of the Directors' Remuneration Policy and 2023 implementation

References to the Policy in this section and the detailed implementation section of the report align with the proposed Policy to take effect from the 2023 AGM.

Remuneration element and time horizon	Policy summary	2023 Implementation																
<b>Base Pay</b> 	<p><b>Operation</b></p> <p>Normally reviewed annually with any increases usually taking effect from 1 April each year.</p> <p><b>Opportunity</b></p> <p>There are no prescribed maximum salary levels. The Committee considers a range of internal and external factors to ensure that base salaries are appropriate.</p> <p><b>Performance</b></p> <p>Individual and Company performance will be taken into consideration.</p>	<table border="1"> <thead> <tr> <th></th> <th>Effective 1 April 2023 £</th> <th>Salary on appointment 2022 £</th> <th>% increase</th> </tr> </thead> <tbody> <tr> <td>Andrea Rossi</td> <td>875,000</td> <td>875,000</td> <td>0%</td> </tr> <tr> <td>Kathryn McLeland</td> <td>580,000</td> <td>580,000</td> <td>0%</td> </tr> <tr> <td>Wider workforce 2023 (UK budget)</td> <td></td> <td></td> <td>5% (8% to 3.5% depending on salary, with no increases at senior levels)</td> </tr> </tbody> </table>		Effective 1 April 2023 £	Salary on appointment 2022 £	% increase	Andrea Rossi	875,000	875,000	0%	Kathryn McLeland	580,000	580,000	0%	Wider workforce 2023 (UK budget)			5% (8% to 3.5% depending on salary, with no increases at senior levels)
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<b>Benefits</b> 	<p><b>Operation</b></p> <p>Reviewed periodically against market practice taking consideration of benefits offered to colleagues across the Company.</p> <p><b>Opportunity</b></p> <p>Cover levels are defined within the terms of each benefit with maximum opportunity dependent on the terms of the insurer and individual circumstances.</p> <p><b>Performance</b></p> <p>There are no performance measures that apply to the provision of benefits.</p>	<ul style="list-style-type: none"> <li>– Life, disability and critical illness insurance</li> <li>– Private health insurance (including spouse and dependants) and annual health assessment</li> <li>– Eligibility to participate in the Company Sharesave and Share Incentive Plan (SIP)</li> </ul>																
<b>Pension</b> 	<p><b>Operation</b></p> <p>Defined contribution pension participation or cash in lieu.</p> <p><b>Opportunity</b></p> <p>13% of base salary per annum, aligned with the wider workforce.</p> <p><b>Performance</b></p> <p>There are no performance measures.</p>	<table border="1"> <thead> <tr> <th></th> <th>Contribution 2023</th> <th>Contribution 2022</th> </tr> </thead> <tbody> <tr> <td>Andrea Rossi</td> <td>13%</td> <td>13%</td> </tr> <tr> <td>Kathryn McLeland</td> <td>13%</td> <td>13%</td> </tr> </tbody> </table>		Contribution 2023	Contribution 2022	Andrea Rossi	13%	13%	Kathryn McLeland	13%	13%							
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Remuneration element and time horizon	Policy summary	2023 Implementation
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**Short-term incentives (STI)**



**Operation**

An annual incentive award subject to performance conditions assessed at the end of the calendar year. Performance outcomes are subject to a discretionary downward risk adjustment. 50% of any STI payable will normally be deferred into shares with a three-year vesting period. Malus and/or clawback provisions apply to cash and deferred STI.

**Opportunity**

Up to a maximum of 250% of base salary, subject to performance. Threshold, target and maximum performance levels are established for each award.

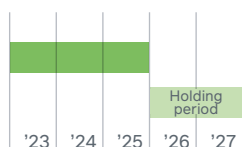
**Performance**

Performance scorecards comprise a combination of financial and non-financial measures aligned to the Company’s strategic objectives and financial goals. Financial measures will normally comprise at least 50% of the scorecard.

Financial measures comprise 60% and non-financial measures 40% of the 2023 STI scorecard. Find out more on page 155. There were no changes to target and maximum STI opportunity as a % of base salary for 2023:

	Target STI % 2023	Maximum STI % 2023
Andrea Rossi	125%	250%
Kathryn McLeland	112.5%	225%

**Long-term incentives (LTIP)**



**Operation**

LTIP awards over M&G plc shares are normally granted annually subject to performance conditions assessed at the end of a three-year performance period. Vested shares are subject to an additional holding period of two years. Performance outcomes may be subject to a discretionary downward risk adjustment. Malus and clawback provisions apply to the award during the vesting and holding periods.

**Opportunity**

Up to a maximum of 250% of base salary, subject to performance. Threshold, target and maximum performance levels are established for each award.

**Performance**

Performance scorecards may comprise a combination of financial and non-financial measures aligned to the Company’s strategic objectives and financial goals. Financial measures (including TSR) will normally comprise a minimum of 75% of the scorecard.

In 2023 financial measures consist of 50% cumulative operating capital generation and 25% relative TSR. Non-financial measures constitute 25% of the 2023 LTIP scorecard and are equally weighted across Gender, Ethnicity and Sustainability targets. Find out more on page 156.

There were no changes to maximum LTIP opportunity as a % of base salary for 2023:

	Maximum LTIP % 2023
Andrea Rossi	250%
Kathryn McLeland	225%

The term ‘LTIP’ refers to awards granted under the M&G Performance Share Plan.

## Shareholding requirements

The Group Chief Executive Officer and Chief Financial Officer must attain a shareholding requirement of 300% and 250% of base salary respectively within five years. Vested shares, after the sale of shares to fund tax liabilities, must be held until the requirement is met (unless there are exceptional circumstances). Unvested shares not subject to performance conditions count towards the requirement on a net-of-tax basis. In addition, shares subject to the shareholding requirement must be held in full for two years post-employment.

The shareholdings for Andrea Rossi and Kathryn McLeland are shown in the table below as at 31 December 2022, and that for John Foley as at 10 October 2022, the date upon which he stepped down from the Board.

Name	Guidelines	Shares as a % of salary
Andrea Rossi	300% of base salary	36.4%
Kathryn McLeland	250% of base salary	55.4%
John Foley	300% of base salary (as at 10 October 2022)	496.4%

## 2022 Performance outcomes

The performance scorecard for the 2022 STI was the same for all Executive Directors. Outcomes are included for John Foley in consideration of his role as Chief Executive up to 10 October 2022.

Taking into account a range of factors, the Committee was satisfied that no adjustments be applied to the formulaic STI outcomes for the Executive Directors.

With respect to the vesting of the 2020 LTIP, the Committee determined that a 10% downward adjustment to the formulaic outcome for the Executive Directors would be appropriate, taking account of the share price at which the award was granted (£1.135). Find out more about the rationale and the methodology applied in reaching this decision on page 143-144.

As Andrea Rossi and Kathryn McLeland commenced employment with the company in 2022, only John Foley, the former Chief Executive, is due to receive shares vesting under the 2020 LTIP.

The component and total outcomes of the scorecards were as follows, including comparison to prior year.

### 2022 STI – % of maximum opportunity

		Financial Measures	Non-Financial Measures	Overall STI Outcome
Andrea Rossi	2022	57.5%	34.6%	50.6%
	2021	n/a	n/a	n/a
Kathryn McLeland	2022	57.5%	34.6%	50.6%
	2021	n/a	n/a	n/a
John Foley	2022	57.5%	34.6%	50.6%
	2021	82.5%	41.4%	70.15%

### 2020 LTIP – % of maximum opportunity

		Cumulative total capital generation	TSR	Overall LTIP outcome
John Foley	2022 (2020 LTIP) – Formulaic outcome	95%	95%	95%
	Discretionary downward adjustment			10%
	Actual % shares vesting			85.5%
		Balanced scorecard of capital, conduct and people measures	TSR	Overall LTIP outcome
John Foley	2021 (2019 LTIP)	100%	36.8%	52.6%

### Remuneration outcomes

The Executive Directors' 2022 single figure earnings are summarised below (with prior year for comparison included for John Foley):

		Fixed Remuneration £'000	STI £'000	LTIP £'000	Total (incl. "Other") £'000
2022	Andrea Rossi	229	255	–	484
2022	Kathryn McLeland	438	438	–	876
2022	John Foley	972	989	4,282	6,243
2021	John Foley	1,325	1,719	1,553	4,597

- Fixed remuneration includes salary, benefits and pension.
- STI includes both the cash and deferred elements of the STI awarded.
- LTIP denotes the estimated vesting proceeds from awards granted in 2020 for the performance period ending 31 December 2022 (and granted in 2019 for the 2021 value, which has been updated to reflect the actual share price at vesting).
- 2022 single figure earnings for the Group Chief Executive Officer and the Chief Financial Officer reflect respective dates of joining the Board (10 October 2022 for Andrea Rossi and 3 May 2022 for Kathryn McLeland).
- John Foley stepped down from the Board and from his role as Chief Executive with effect from 10 October 2022. The single figure reflects earnings in respect of service up until this date. Fixed pay and STI represent values earned for 2022 up until 10 October 2022. The 2020 LTIP shows the value of the proportion of awards vesting with respect to the period 1 January 2020 to 10 October 2022. Further details on the remuneration arrangements for John Foley are outlined in the loss of office section on page 148.
- Additional details of the single figure methodology and incentive plan scorecards can be found in the Annual Report on remuneration from page 141.

### Rationale for measures and link to strategy

During the triennial review of the Policy, the Committee considered alternative models for delivering long-term incentives, in the interest of simplification and strategic alignment. It was concluded that the current approach of a Short-Term Incentive (STI) and Performance-based LTIP remained effective for collectively aligning our executives to delivering our stretching financial targets and strategic transformation and ESG objectives. M&G is still a relatively new company, so a continuation of the plans will enable them to be further embedded with these objectives and our purpose, culture and values.

The incentive scorecards were subject to a comprehensive review in 2021. The primary focus was to ensure that they contained clear and measurable objectives across a broader range of key non-financial priorities. The Committee remains mindful that having an appropriate balance between what performance is delivered and how that performance is delivered is critical for the long-term success of the company and sustainable shareholder value creation, with key aspects of non-financial performance including the effectiveness of risk management, client experience and outcomes, conduct, culture, diversity and sustainability.

We concluded that the overall balance of measures is still appropriate, but became concerned that the number of measures that had evolved over time had resulted in undue complexity, diluting strategically important measures and compromising a simple/transparent link between performance and reward. We therefore focused on a simplification of the scorecards, utilising fewer measures that are considered critical for alignment to our strategy, culture, values and operational priorities, with a strong and consistent emphasis on the interests of our full range of stakeholders:

<b>Clients</b>	Client outcome measures embedded in the STI scorecard
<b>Colleagues</b>	Colleague engagement is an established measure within the STI scorecard and Diversity in our LTIP scorecard
<b>Communities</b>	Sustainability and Diversity measures embedded in the LTIP scorecard
<b>Shareholders</b>	Alignment to the shareholder experience via: <ul style="list-style-type: none"> <li>– The relative TSR component within the LTIP scorecard</li> <li>– Focus on Capital generation which underpins our ability to pay a dividend</li> <li>– Deferral into shares of a significant proportion of annual STI awards with vesting over 3 years</li> <li>– Post-vesting holding and share ownership requirements for our senior executives</li> </ul>

### Performance measures

The 2023 incentive scorecards have fewer measures, with strong alignment to our financial, strategic and operational objectives, purpose and values. All measures have transparent, quantifiable targets and performance ranges. In accordance with the Policy, the performance conditions may comprise a combination of financial and non-financial measures, with financial measures comprising at least 50% for STI and at least 75% (including TSR) for the LTIP.



The 2023 STI scorecard will have:

- 60% financial weighting with measures aligned to profit and capital generation; and
- 40% non-financial weighting with measures aligned to client outcomes, colleagues and risk and controls.

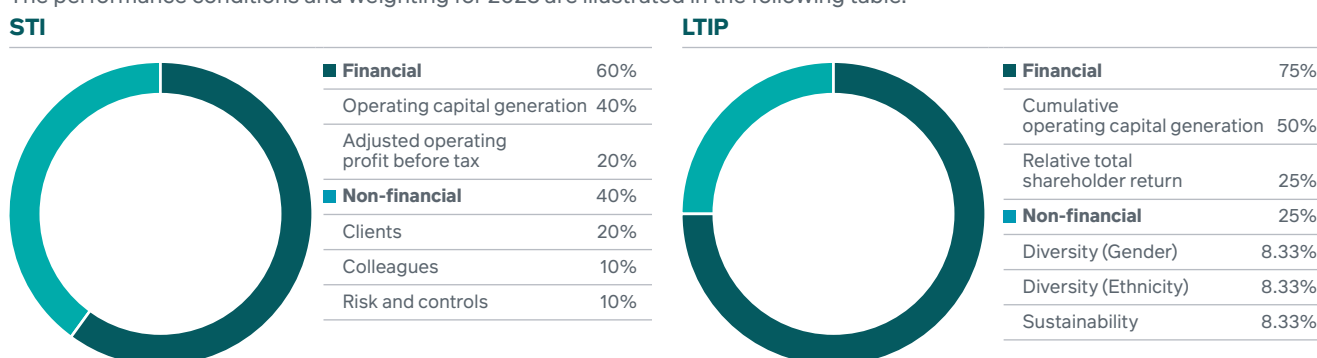
With-Profit expense measures were removed for 2023 in order to rationalise and simplify the scorecard. The Committee was satisfied that there was still an appropriate focus on cost management and that policyholder experience was reflected through a With-Profit Fund investment performance measure.

The 2023 LTIP scorecard will have:

- 75% financial weighting (including TSR) comprising Operating Capital Generation (50%) and TSR ranking within a peer group (25%); and
- 25% non-financial weighting with ESG measures aligned to Diversity and Sustainability.

The Risk & Conduct measure has been removed for 2023 in order to simplify the scorecard and give more emphasis to ESG measures. The Committee has complete discretion to adjust incentive awards for risk and conduct issues at both plan and individual levels, so was satisfied that this did not compromise their ability to reflect such events and issues in award outcomes.

The performance conditions and weighting for 2023 are illustrated in the following table:



## 2023 Financial measures

The financial measures in the scorecards are Key Performance Measures, aligned with the long-term performance of the business, external financial targets and shareholder experience. The Committee determined to keep the profit measure weighted at 20% for the 2023 STI and review the relative weighting of profit and capital in the scorecard in 2024 once the impacts from the adoption of IFRS 17 are embedded in our performance reporting.

### *Operating Capital Generation (short and long term incentive)*

Operating capital generation (defined on page 157) is a key performance measure which demonstrates the longer-term view of the movements in our capital surplus. The Committee concluded to align both the STI and LTIP scorecards to operating capital generation as it provides continuity of target setting, aligns with our external targets and is reflective of performance that is within management's control to deliver.

### *Adjusted operating profit before tax (short-term incentive)*

Adjusted operating profit before tax is the Group's non-GAAP alternative performance measure used to demonstrate the longer-term performance of the Group as it is less affected by short-term market volatility and non-recurring items than IFRS profit before tax. Adjusted operating profit before tax is IFRS profit before tax excluding short-term fluctuations from investment returns, profit/(loss) on disposal of businesses and corporate transactions, restructuring and other costs, and amortisation and impairment of intangible assets acquired in business combinations.

### *Relative total shareholder return (long-term incentive)*

A long-term measure that ensures direct alignment of remuneration outcomes to shareholder experience relative to a peer group. The peer group has been updated from a generic group of FTSE 100 financial services companies (which included companies not closely aligned to M&G, such as banks) to a selection of FTSE 350 sectoral peers selected based on objective criteria in terms of comparable size, business scope and geography. This revised peer group more closely aligns to M&G's core business activities (asset management, wealth management and/or life insurance) and geographic coverage. In addition, extending the peer group to include certain FTSE 350 companies reflects M&G's market cap position towards the lower end of the FTSE 100. The peer group from 2023 is as follows:

– 3i Group – Abrdn – Ashmore – AVIVA – Hargreaves Lansdown – ICG – Jupiter – Just Group – Legal & General – Liontrust  
– Man Group – Ninety One – Phoenix Group – Quilter – Rathbone – Schroders – St James's Place

## 2023 Non-financial measures

Across the short and long-term incentive plans we have non-financial measures aligned to key strategic priorities and the purpose, culture and values of the business. These measures ensure that there is an appropriate balance between what performance has been delivered and how that performance has been delivered.

### Client measures (short-term incentives)

Client measures that are key to the successful execution of our strategy, and understanding and delivering good client outcomes. The following measures are included:

- Retail and Savings clients: (a) a measure aligned to addressing and improving our client net promoter score; and (b) With-Profits Fund investment performance relative to benchmark.
- Investment management clients: (a) investment performance of wholesale funds; and (b) investment performance of institutional funds, relative to benchmarks and objectives.

### Colleague and Risk measures (short-term incentives)

- Colleague measure: aligned to the sustainable engagement index outcome from the colleague engagement survey, aligned with embedding our culture and supporting a safe, respectful and inclusive environment for colleagues.
- Risk and control environment measures: aligned with our commitment to operate within an embedded risk culture and strong risk governance framework.

### ESG measures (long-term incentives)

ESG measures aligned to our strategy and external commitments for diversity and own-emissions reduction. The introduction of an interim net zero asset manager measure is being kept under review by the Committee.

- Diversity (Gender) – target aligned to our external commitment to achieve 40% gender representation by the end of 2025;
- Diversity (Ethnicity) – target aligned to our external commitment to achieve 20% ethnicity representation by the end of 2025;
- Sustainability – an interim target aligned with progressing towards our external commitment to achieve a near term carbon emissions reduction of 46% by 2030.

Find out more about the 2023 scorecard measures in the implementation section of the report from page 154.

### Link to strategy and purpose

The financial Key Performance Measures of adjusted operating profit and operating capital generation are primary indicators of the long-term performance of the business and delivering on our strategic priorities is integral to achieving our financial targets. Total shareholder return aligns with our performance in delivering value to shareholders through improvements in our financial performance and outlook, driven by the execution of our strategic priorities and how we serve our clients. Non-financial measures ensure there is appropriate balance with how we deliver performance and underpin our purpose to better understand and enable our clients, deliver high-value outcomes and act responsibly:

Metric	Strategic priorities			Purpose
	Maintain our financial strength	Simplify our business	Deliver profitable growth	
Operating capital generation	●	●	●	
Adjusted operating profit before tax	●	●	●	
Relative total shareholder return	●	●	●	●
Client measures		●	●	●
Colleague & Risk measures		●		●
ESG measures		●		●

→ [Find out more about our strategy on pages 10-13](#)