Independent Limited Assurance Report to the Directors of M&G Plc on Selected Sustainability metrics reported within the Annual Report for the year ending 31 December 2023

Our limited assurance conclusion

Based on the procedures we have performed, as described under "Summary of work performed" and in the "Key Assurance Matters" section below, and the evidence we have obtained, nothing has come to our attention that causes us to believe that the information marked with the symbol A in the sections titled Social Impact and Climate-Related Disclosures in M&G Plc's ("M&G") Annual Report for the year ended 31 December 2023 (the "Report") and summarised below (together, the 'Subject Matter Information'), has not been prepared, in all material respects, in accordance with M&G's Basis of Reporting (the 'Reporting Criteria') set out in the 'What we were we engaged to assure' section below.

What we were engaged to assure

The Subject Matter Information needs to be read and understood together with the Reporting Criteria which M&G's Directors are solely responsible for selecting and applying. The Subject Matter Information and the Reporting Criteria are as set out in the table in Appendix A.

The scope of our work did not extend to information in respect of earlier periods or to any other information included in, or linked from, the Report.

Our work

Professional standards applied

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' and, in respect of the greenhouse gas (GHG) emissions, in accordance with International Standard on Assurance Engagements 3410 'Assurance engagements on greenhouse gas statements', issued by the International Auditing and Assurance Standards Board.

Our independence and quality control

We have complied with the Institute of Chartered Accountants in England and Wales Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code).

We apply International Standard on Quality Management (UK) 1 and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of work performed

We performed a limited assurance engagement. Because the level of assurance obtained in a limited assurance engagement can vary, we give more detail about the procedures performed, so that the intended users of the Subject Matter Information can understand the nature, timing and extent of procedures we performed as context for our conclusion. The procedures performed vary in nature and timing from, and are less in extent than, those for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

In performing our assurance procedures, which were based on our professional judgement, we performed the following:

- considered the suitability in the circumstances of M&G's use of the Reporting Criteria as the basis for preparing the Subject Matter Information including associated reporting boundaries;
- obtained an understanding of M&G's control environment, processes and systems relevant to the preparation of the Subject Matter Information. Our procedures did not include evaluating the suitability of design or operating effectiveness of control activities;
- evaluated the appropriateness of measurement and evaluation methods, reporting policies used and estimates made by M&G. For estimates, we performed a risk assessment and, where deemed appropriate, performed procedures to test the data on which the estimates are based, reperformed the calculation of management's estimate and assessed its reasonableness. We did not separately develop our own estimates against which to evaluate M&G's estimates;
- compared year on year movements and obtained explanations from management for significant differences we identified;
- performed limited substantive testing on a selective basis of the Subject Matter Information. For certain metrics this is aggregated from different sites within M&G. Testing involved:
    - testing the arithmetical accuracy of calculations;
    - agreeing data points to or from source information to check that the underlying subject matter had been accurately evaluated or measured, recorded, collated and reported. For Financed Carbon Emissions metrics, this included performing tests for the different data inputs including Enterprise Value Including Cash (EVIC), revenue, emissions and data quality scores; and
    - reviewing Management's programme code for the calculation of Financed Carbon Emissions metrics and reperforming the calculations independently.
- evaluated the disclosures in, and overall presentation of, the Subject Matter Information, including assessing the completeness and clarity of disclosures on sources, limitations and key judgements taken.

Materiality

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Subject Matter Information is likely to arise. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our procedures in support of our conclusion. We believe that it is important that the intended users of the Subject Matter Information have the information they need to understand the concept and the level of materiality to place our conclusion in context. Based on our professional judgement, we determined materiality for the Subject Matter Information as follows:

Overall materiality	Materiality may differ depending upon the nature of the Subject Matter Information. We apply professional judgement to consider the most appropriate materiality benchmark for each aspect of the Subject Matter Information, having considered how the intended users of the Subject Matter Information may use the information. The benchmark approach for each aspect of the Subject Matter Information is indicated in the table in Appendix A by one of the following letters; [A] This metric is an absolute number. A benchmark materiality of 5% has been applied. [B] This metric measures intensity, which is calculated as a ratio between 2 different numbers. A benchmark of 5% has been applied to both the numerator and denominator used in the calculation. Aggregation risk is also considered by applying a benchmark of 5% to the final calculated metric. [C] This metric is a weighted data quality score. A benchmark materiality of 0.2 decimal places has been applied.

We also agreed to report to the Directors misstatements ('reportable misstatements') identified during our work at a level below overall materiality, as well as misstatements below that lower level that in our view warranted reporting for qualitative reasons. The Directors are responsible for deciding whether adjustments should be made to the Subject Matter Information in respect of those items.

Key assurance matters

Key assurance matters are those areas of our work that in our professional judgement require particular focus and attention, including those which had the greatest effect on the overall assurance strategy, the allocation of resources, and directing the efforts of the engagement team.

We considered the following areas to be key assurance matters and discussed these areas with M&G's management.

Financed Carbon Emissions: completeness of Assets Under Management and Administration (AUMA) data and the associated disclosures	
Nature of the issue	M&G has a complex asset portfolio. The AUMA data used for Financed Carbon Emissions metrics is manually extracted from the accounting system. Management completes a series of procedures including re-formatting and manual adjustments to ensure the completeness of the asset data used for the Financed Carbon Emissions metrics. There is a heightened risk that the extractions and processing of the source data is not performed completely and accurately, and that the resultant metrics are misstated. In addition, 9% of M&G's portfolio of AUMA is externally managed. M&G have made a judgement to exclude all externally managed assets from the calculation of Financed Carbon Emissions metrics and there is a risk that this judgement is not clearly disclosed.
How our work addressed the key assurance matter	In order to address the issue described above we have: ● Considered the appropriateness in the circumstances of M&G's definition of holdings within section 3 of the Reporting Criteria and tested that the calculation of AUMA is consistent with this definition; ● Obtained an understanding of the business processes and systems involved in generating the asset data; ● Obtained and considered management's working papers for deriving the asset data and reconciled this to the AUMA figure disclosed in the Annual Report, including considering the appropriateness of any large or unusual adjustments; and ● Evaluated the appropriateness of the disclosures made in connection with the exclusion of the externally managed assets from Financed Carbon Emissions.
Element(s) of the Subject Matter Information most significantly impacted	All metrics in both the Public Assets and Sovereign Debt asset classes.

Financed Carbon Emissions: limited oversight over the controls and processes in place for third party data sources	
Nature of the issue	M&G manages an investment portfolio which covers a number of asset classes, and reports the Financed Carbon Emissions attributable to these assets. In calculating these emissions, M&G uses data that is collected internally from financial reporting systems and emissions data which is sourced from various third parties. Third-party data is sourced from: - Morgan Stanley Capital Information Inc ('MSCI'); - Bloomberg; - United Nations Framework Convention on Climate Change ('UNFCCC'); - ClimateWatch; - Organisation for Economic Co-operation and Development ('OECD'); and - World Bank. Further detail on these sources has been included within the Reporting Criteria. The data provided by third parties at an individual asset level includes (i) reported, publicly available information, and (ii) information estimated by third parties using proprietary estimation models, which is not publicly available. The nature of the data provided by third-parties means that M&G has limited ability to oversee the validity and accuracy of emissions data used.
How our work addressed the key assurance matter	In order to address the issue described above, we have: ● Obtained an understanding of the third parties used by M&G; ● Reperformed the calculations for Financed Carbon Emissions to confirm that data provided by third parties was accurately applied to M&G's holdings;

	• For a sample of assets held tested the PCAF data quality score attributed by third party providers to independently sourced information; and
	
	In addition, in respect of reported, publicly available information we have:
	• For a sample of assets held, tested the following key inputs to independently sourced information:
	    ○ Reported emissions, and
	    ○ Financial information specifically revenue and Enterprise Value including Cash (EVIC)
	
	In respect of estimated information, in the absence of a detailed understanding of the methodology applied, the procedures we could perform were inherently limited. Please see the 'Challenges of non-financial information' section below.

Element(s) of the Subject Matter Information most significantly impacted	All metrics in both the Public Assets and Sovereign Debt asset classes.

Total Water Consumption and Total Waste Generated: exclusions of certain sites/offices and the associated disclosures	
Nature of the issue	As permitted by the GHG Protocol guidance, M&G applies an operational control approach to its organisational boundary which determines which sites/offices should be included within its reported group. In addition, as per the Reporting Criteria, M&G only reports data for sites/offices where there is actual data in the period or actual prior period data on which to base an estimate for the current period. There are a number of sites/offices that have been excluded from the Total Waste Generated and Total Water Consumption metrics due to unavailability of current and prior period data. There is a risk that this approach is not consistently applied across sites/offices and any exclusions are not clearly disclosed to the users of the Subject Matter Information.
How our work addressed the key assurance matter	In order to address the issue described above we have: • Reconciled the population of sites/offices included within the organisational boundary to all sites/offices and considered the appropriateness of exclusions; • Considered the appropriateness and the consistent application of the Reporting Criteria with respect to data availability and estimation taking into consideration the GHG Protocol guidance; • Evaluated the appropriateness of the disclosures made in connection with the exclusions for Total Waste Generated and Total Water Consumption metrics.
Element(s) of the Subject Matter Information most significantly impacted	• Total Water Consumption (m3) • Total Waste Generated (Tonnes)

Challenges of non-financial information

The absence of a significant body of established practice upon which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities, and over time.

Non-financial information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter and the methods used for measuring or evaluating it. The precision of different measurement techniques may also vary.

In particular, for Financed Carbon Emissions calculations, it is generally acknowledged by stakeholders globally, including regulators, that there are significant limitations in the availability and quality of GHG emissions data from third parties, resulting in reliance on estimated or proxy data. This is particularly relevant for the emissions relating to the Public Assets asset class where 10% of M&G's Financed Carbon Emissions is estimated by third parties, with limited oversight by M&G over the calculation of these data points. These limitations are reflected in the assigned data quality score.

Reporting on Other Information

The other information comprises all of the information in the Report other than the Subject Matter Information and our assurance report. The Directors are responsible for the other information. As explained above, our conclusion does not extend to the other information and, accordingly, we do not express any form of assurance thereon. In connection with our assurance of the Subject Matter Information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the Subject Matter Information or our knowledge obtained during the assurance engagement, or otherwise appears to contain a material misstatement of fact. If we identify an apparent material inconsistency or material misstatement of fact, we are required to perform procedures to conclude whether there is a material misstatement of the Subject Matter Information or a material misstatement of the other information, and to take appropriate actions in the circumstances.

Responsibilities of the Directors

The Directors of M&G are responsible for:

- determining appropriate reporting topics and selecting or establishing suitable criteria for measuring or evaluating the underlying subject matter;
- ensuring that those criteria are relevant and appropriate to M&G and the intended users of the Report;
- the preparation of the Subject Matter Information in accordance with the Reporting Criteria including designing, implementing and maintaining systems, processes and internal controls over the evaluation or measurement of the underlying subject matter to result in Subject Matter Information that is free from material misstatement, whether due to fraud or error;
- documenting and retaining underlying data and records to support the Subject Matter Information;
- producing the Report that provides a balanced reflection of M&G's performance in this area and discloses, with supporting rationale, matters relevant to the intended users of the Report; and
- producing a statement of Directors' responsibility.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of M&G.

Use and distribution of our report

Our report, including our conclusion, has been prepared solely for the Directors of M&G in accordance with the agreement between us dated 21 September 2023 (the "agreement").To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Board of Directors and M&G for our work or our report except where terms are expressly agreed between us in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
London
21 March 2024

Appendix A – Subject Matter Information

Subject Matter Information	***Value***	***Reporting Criteria***
Scope 1 (tCO2e)[A]	595	M&G Environment Basis of Reporting 2023, available at M&G's website https://www.mandg.com/sustainability/external-assurance [1] and presented in Appendix B
Scope 2 (tCO2e) Location-based[A]	3,023	
Scope 2 (tCO2e) Market-based[A]	108	
Scope 1 and scope 2 (tCO2e) Total using market-based emissions[A]	703	
Energy use (MWh)[A]	13,017	
Scope 1 and scope 2 GHG emissions per employee (Tonnes CO2e/FTE)[B]	0.10	
Selected scope 3 (tCO2e) Market-based arising from[A]: ● Waste generated and water consumption [category 1&5]; and ● Business Travel [category 6] ● Downstream Leased Assets [category 13]	7,293	
Global scope 1, 2 and selected scope 3 (tCO2e)[A]	7,996	
Total water consumption (m3)[A]	37,592	
Total waste generated (Tonnes)[A]	280	
Total community investment spend (£)[A]	4.7m	M&G Community Investment Basis of Reporting 2023, available at M&G's website https://www.mandg.com/sustainability/external-assurance [1] and presented in Appendix B
Financed Emissions: Public assets (equities and corporate debt)		
AUMA in-scope for metrics presented (£bn)[A]	178.7	
Financed carbon emissions (FCE) – Scope 1 & 2 (ktCO2e)[A]	15,758	
Data quality score – Scope 1 & 2[C]	2.2	
Carbon footprint – Scope 1 & 2 (tCO2e/£m invested)[B]	101	

[1] The maintenance and integrity of M&G's website is the responsibility of the Directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Subject Matter Information or Reporting Criteria when presented on M&G's website.

WACI – Scope 1 & 2 (tCO2e/£m sales) [B]	187	M&G Environment Basis of Reporting 2023, available at M&G's website https://www.mandg.com/sustainability/external-assurance [1] and presented in Appendix B
Financed Emissions: Sovereign debt		
AUMA in-scope for metrics presented (£bn) [A]	40.1	
Financed sovereign production emissions - Scope 1 (incl. LULUCF) (ktCO2e) [A]	11,123	
Financed sovereign production emissions - Scope 1 (excl. LULUCF) (ktCO2e) [A]	10,705	
Data quality score - Scope 1 [C]	1.9	
Financed sovereign consumption emissions - Scope 1, 2, 3 (incl. LULUCF) (ktCO2e) [A]	10,601	
Financed sovereign consumption emissions - Scope 1,2,3 (excl. LULUCF) (ktCO2e) [A]	10,390	
Data quality score - Scope 2 and 3 [C]	4.0	
Weighted average sovereign production intensity - Scope 1 (incl. LULUCF) (ktCO2e/PPP-adj. GDP (USDm)) [B]	0.2	
Weighted average sovereign production intensity - Scope 1 (excl. LULUCF) (ktCO2e/PPP-adj. GDP (USDm)) [B]	0.2	
Weighted average sovereign consumption intensity - Scope 1, 2, 3 (incl. LULUCF) (tCO2e/Capita) [B]	9.8	
Weighted average sovereign consumption intensity - Scope 1, 2, 3 (excl. LULUCF) (tCO2e/Capita) [B]	10.1	

Environmental metrics

Basis of Reporting

For metrics covering the 2023 reporting year end

1. Background

This document outlines the methodologies and policies used for reporting of environmental metrics published by M&G plc and its subsidiary undertakings (the Group, herein referred to as 'we', 'our', 'us', M&G') for the year ended 31 December 2023. This includes both our operational and financed Greenhouse Gas (GHG) emissions metrics, along with a number of other environmental metrics. It sets out principles, scope of application, data sources and calculation methodology.

Our GHG emissions as a business can be divided into three main categories: scope 1 (direct), scope 2 (indirect), and scope 3 (value chain) emissions, including both upstream and downstream emissions. This document covers reporting on the following operational emissions metrics:

- Scope 1 emissions are our direct emissions from the combustion of fuel, fugitive emissions and company owned vehicles.
- Scope 2 emissions cover our indirect emissions from the purchase of electricity (including company owned cars), heating and cooling.
- Scope 3 emissions include business travel booked through travel management providers (category 6), car travel in colleague owned cars claimed on expenses in the UK (category 6), water consumption (category 1), waste generation where data is available (category 5) and downstream leased assets (category 13).

Other operational metrics we report on are:

- Energy use for electricity and fuel (MWh)
- Water (global where available data) (m3)
- Waste (global where available data) from operational activities (tonnes)
- Energy attribute certificate (EAC) volumes (MWh)
- Tonnes of CO_2 per employee (for scope 1 and 2 market based emissions)

Appendix 1 sets out more detail on each of the operational metrics presented above.

Whilst the metrics listed above cover our operational footprint as a business we also produce emissions metrics for the scope 3 footprint relating to the investments we manage and administer as an asset manager and asset owner (Category 15, termed financed emissions). For clarity, the financed emissions are our scope 3 emissions relating to M&G's downstream value chain, but cover Scope 1, 2 and 3 emissions of our investee companies – reflecting the direct and indirect emissions associated with the companies we invest in. Measuring financed emissions for the assets we manage helps us understand the climate risks associated with our investment activities. More detail on financed emissions metrics is provided in appendix 2.

The methodology and data used to measure and report financed emissions is relatively new and is continuously evolving. We expect industry guidance, market practice, and regulations to develop and consolidate over time. We expect to refine our approach and processes in line with these developments.

Other metrics produced to help us understand the climate risks and opportunities associated with our investment activities include the value and proportion of investments exposed to fossil fuels, aligned with EU green taxonomy, and invested in green bonds.

2. Frameworks and general reporting principles

Our emissions metrics are compiled according to the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard – 2015 revised edition ('GHG Protocol'). The GHG Protocol was co-developed by the World Resources Institute and the World Business Council for Sustainable Development.

In preparing our financed emissions metrics we also consider the Global GHG Accounting and Reporting Standard for the Financial Industry developed by the Partnership for Carbon Accounting Financials Standard (PCAF). PCAF builds on the GHG Protocol Scope 3 accounting rules, providing guidance to assist in the measurement and disclosure of GHG emissions of specific asset classes, resulting from activities in the real economy that are financed through lending and investment portfolios.

In addition to these frameworks we have a set of general reporting principles, applied across all environmental reporting. These seek to ensure that:

- our reporting is relevant and serves the needs of the reports' users;
- consistent methodologies and boundaries are maintained where possible, allowing for meaningful performance tracking over time. This principle is applied where possible, while recognising the backdrop of evolving best practice for certain Scope 3 categories;
- the substance of our disclosures are faithfully represented, presenting a transparent summary of our performance, with any material limitations and exclusions clearly stated so that users can establish confidence in the integrity of our reporting.

3. Reporting Boundary

The reporting boundary for environmental data includes all Group entities under M&G's operational control, as defined by the GHG Protocol. In practice this means that we report, where relevant data is available, for any operation where we have the full authority to introduce and implement policies.

Operational metrics

When applying the concept of operational control to our occupied properties (property where M&G plc personnel are on-site under normal operating conditions) GHG emissions from all owned and leased office facilities over which we have operational control are counted. We also include in our scope 1 and 2 emissions estimated usage for full service gross leased offices (offices where the landlord retains operational control) where we receive metered energy consumption and invoices, and include modelled data based on an intensity metric for offices where no data is currently available e.g. serviced offices. For FY2023 this boundary approach covers emissions generated from all occupied leases, covering 66,799 square meters across 63 offices that were open during the year to 31 December 2023 (including offices that closed throughout the year). To determine the sites where emissions reporting was required, lease information was taken from our central lease database.

Changes in operational boundaries linked to acquisitions, divestment activity or lease changes is assessed and the scope of our environmental reporting updated as appropriate. During 2022 M&G plc acquired responsAbility and expanded its portfolio by 7 offices. Effective 1 January 2023, responsAbility is now required to implement M&G's operating procedures (including the adoption of the Environmental Policy) meaning that these offices are in scope of our reporting for the year ended 31 December 2023, in line with our operational control approach.

M&G plc owns and manages investments which are held on its balance sheet in the financial statements over which it does not have operational control but does have control as defined under International Financial Reporting Standards (IFRS) for the purposes of Group financial reporting. These are excluded from the scope of reporting under the operational control approach, however the financed emissions from these assets are included (where data is available) in the metrics reported on our investment portfolios where the assets are managed by an in-scope M&G asset management company, and relevant data is available for the underlying assets.

Investment metrics

Within our Life segment we serve as an asset owner on behalf of the With-Profits Fund[1] policyholders, and our pensions and annuity clients. Our Asset Management segment invests on behalf of individual end investors and large institutional clients (including our asset owner), to meet their required investment objectives.

We currently disclose environmental metrics for M&G plc assets under management and administration (AUMA) that are managed by M&G Investments (the Group's Asset Management business), including those managed on behalf of the Asset Owner, where relevant data can be sourced. Once portfolio, asset class and data coverage is accounted for, our environmental metrics cover 66% of Group AUMA as at 31 December 2023.

Assets placed in funds managed by external (non-M&G) investment managers and corporate assets - constituting approximately 9% of Group AUMA as at 31 December 2023 - are not currently in scope. This includes our assets under advice in the Wealth segment where the client has chosen not to invest in a M&G managed fund. We plan to bring more of these assets into the scope of our environmental reporting in future.

Based on available PCAF guidance and underlying emissions data, we currently report emissions on the following asset classes, where asset level data is available:

- public equities and public corporate debt;
- sovereign debt;
- commercial real estate (managed by M&G Real Estate); and
- assets held within our private infrastructure investment arm, Infracapital.

The following asset classes are not included, reflecting a lack of either climate accounting standards or mature data sources for these types of assets:

- Reinsurance contract assets;
- Loans;
- Derivatives;
- Asset-backed securities;
- Deposits;

[1] The Prudential Assurance Company Limited's fund where policyholders are entitled to a share of the profits of the fund.

- Cash and cash equivalents; and
- Other assets.

These exclusions, coupled with an incomplete data set in the market, result in restricted coverage of financed emissions over our total Group AUMA. We expect the range of asset classes we are able to report on to expand over time as additional industry guidance is published and more data becomes available across all asset classes.

4. Reporting Period

Environmental data is reported for 1st January to 31st December, in line with M&G plc's financial reporting year.

For operational metrics, some utilities data may be received after the cut-off for publication, and therefore the usage for the final period is estimated (based on the approach outlined in our calculation methodology in appendix 1). Data received after the cut-off will be included and restated in subsequent period's reporting, where considered material.

For investment metrics, as investees do not disclose their emissions data in official reporting or through data providers with sufficient regularity to align with M&G's current reporting periods, emissions data often lags behind the reporting period. M&G make use of emissions data from different reporting periods in line with our data hierarchy for financed emissions and we map this to our holdings data for the relevant reporting period - more detail on the data sources for financed emissions can be found in appendix 2.

5. Materiality

In the context of environmental metrics, information is considered material if omitting, misstating or obscuring it could reasonably be expected to influence the decision-making of the primary users of our external reporting. Primary users include, but are not limited to, potential investors, lenders and other creditors. We also acknowledge that our published environmental reporting may be used by wider stakeholders.

Assessing whether information could reasonably be expected to influence the decisions made by primary users requires consideration of both quantitative and qualitative factors in addition to the entity's own circumstances.

6. Restatement approach

Given that calculation of environmental metrics is an evolving area, particularly the calculation of financed emissions, we expect that there may be some need for amendments, updates, or restatements over the next few years. Consideration of amendments of historical data may arise due to:

- Changes to our group structure;
- Improvements in data accuracy and availability (e.g. new data being reported by third party data providers); or
- Changes to our calculation methodologies and models.

In addition to these, while we make every effort to capture all information as accurately as possible, for any data that is subsequently found to be materially in error following publication of the report, we shall disclose the nature of the error and correction in the following year's report. If the correction of the error for prior period is impracticable, we shall explain the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.

Where changes are made to the calculation methodology for our metrics, and the change is considered material, we will restate the comparable information in the following year's report.

Where there are improvements in available data, including new information in relation to estimated amounts disclosed in the prior period, and the new information provides evidence of circumstances that existed in that period, we would restate the comparable information in the following year's report. However, this does not apply where taking latest available data for the prior period would result in the same underlying data being used to calculate both current and prior periods, such that trends in underlying data are maintained where metrics are reported with a consistent time-lag in underlying data (as is the case with financed emissions).

Where we deem that it would be beneficial to users of the reporting, we may still choose to re-present prior year figures or provide additional numerical analysis even where not required by the principles stated above. In determining the need to restate or re-present comparable information, we examine whether the impacts of the changes are material in line with section 4.

A decision tree presenting the approach pictorially has been provided below.

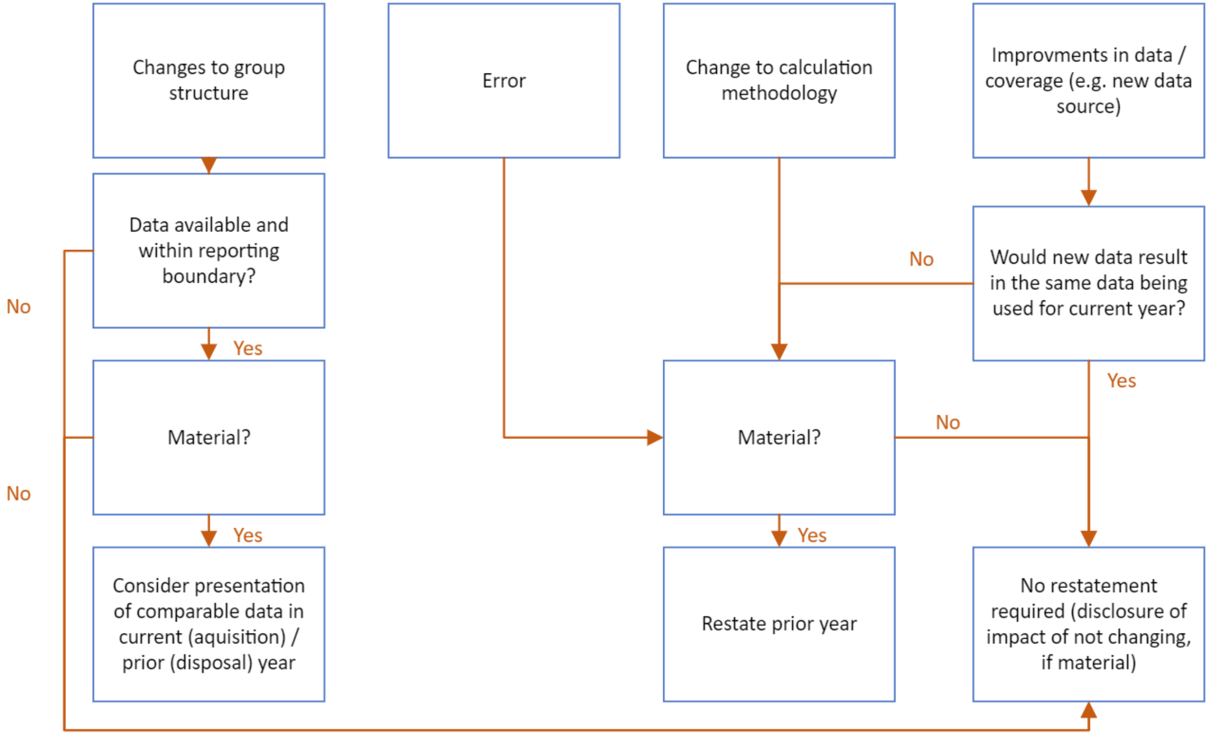

Figure 1 – Decision tree for restatement of financed emissions

Rebaselining

Changes in operational boundaries linked to acquisitions, divestment activity or lease changes will be assessed and the scope of our environmental reporting updated as appropriate. For our operational emissions target, in accordance with our Greenhouse Gas Recalculation Statement, if an acquisition or sale of a business results in a material impact on our baseline, we will restate our baseline as appropriate.

Appendix 1 – Operational metrics

A1.1 - Data

M&G plc uses a third party reporting platform for the calculation of its own energy, water and waste consumption and GHG emissions. Site specific data contributors are responsible for inputting data directly to the reporting platform, which is approved at a Group Level, based on certain criteria. The data is then extracted from the platform for reporting purposes.

A1.2 - Methodology changes from 2022

There are number of updates in 2023 to our methodology for operational metrics, as detailed below:

- If a site usually provides fuel data, but a period during the reporting period is missing (e.g. missing bill etc), then estimation has now been applied by the model (see table below for methodology).
- As of 2023, air travel data from Reed and Mackay - our primary travel management provider - is now available for operations in Australia and India. Previously this data was unavailable, so these emissions were not captured.
- Where air travel data is available from other travel providers, this has also been reported. This includes journeys made by colleagues in our offices in Poland and offices linked to the business acquisition in Switzerland, Thailand, Peru, India, Kenya, France and Georgia.
- Where rail travel data is available from other travel providers, this has also been reported. This includes journeys made by colleagues in our offices in Poland and offices linked to the business acquisition in Switzerland, Thailand, Peru, India, Kenya, France and Georgia.

We have made some additional changes this year, that have resulted in a restatement of prior period results:

- The materials use emissions factor has been removed from scope 3 waste data. Although previously included when measuring our waste output, we consider materials use to be closer aligned to scope 3 supply chain emissions. This change has been reflected in our 2019 baseline figures.
- We have also restated our 2019 baseline figure for total energy consumption (MWh). This now includes energy consumption data for company cars which was previously unavailable.

In addition to these methodology changes, following the acquisition of responsAbility in May 2022, its seven offices met the criteria of our 'operational control' approach during 2023, hence these are now included in our disclosures for 2023. We have also restated our 2019 baseline to account for this change.

A1.3 - Operational emissions guidance adopted

Our 2023 reporting uses the following sources of emission factors to calculate our footprint measured in carbon-dioxide equivalent (CO_2e).

- Scope 1: UK BEIS 2023 GHG Conversion Factors
- Scope 2 location-based: IEA 2023 Edition of the CO_2 Emissions from Fuel Combustion (including CH4 and N20), USA EPA 2023 Conversion Factors
- Scope 2 market-based: European Residual Mixes 2023 - Association of Issuing Bodies, supplier emissions factors for renewable energy use and energy attribute certificates (EACs). IEA 2023 Edition of the CO_2 Emissions from Fuel Combustion (including CH4 and N20), USA EPA 2023 Conversion Factors
- Scope 3: UK BEIS 2023 GHG Conversion Factors.

When reporting market based emissions we have used supplier emissions factors where we have evidenced the consumption of electricity is from green energy tariffs. Residual mix, IEA or EPA factors were used as appropriate where supplier factors were unavailable.

A1.4 - Emissions by floor space and employee

Our emissions are normalised by the floor area of our occupied properties held at 31 December 2023 reporting consumption between 1 January and 31 December. Our office spaces are measured in accordance of local practice, which is useable floor space often referred to as ‘net lettable’ or ‘internal’ area. Following a change in floor area during the reporting year, the square footage is updated within the reporting platform from the date of the change to ensure accurate modelling. For serviced offices where the floor area is unknown, the floor area is estimated based on an industry average of 50 sq. ft. per desk.

We have also reported tonnes of CO_2e per employee (for scope 1 and 2 emissions), this is calculated as a snapshot of in scope full time employees (FTE) on 31 December 2023. Where FTE data is not available we substitute this data with average headcount numbers.

To calculate energy for sites where no data has been provided for the current reporting period or the previous 12 months, an intensity metric for each office (kWh per sq. ft per year) has been calculated using available data from another office within the portfolio that has the next closest floor area. In 2023 this has been required for 12 out of our 63 offices.

A1.5 - Calculation methodology and data sources

<table>
<tr><th>Parameter:</th><th>Scope 1 emissions</th></tr>
<tr><td>Definition</td><td>Scope 1 emissions are our direct emissions from the combustion of fuel, fugitive emissions and company owned vehicles.</td></tr>
<tr><td>Emissions sources</td><td>Fuel combustion – gas
Fuel combustion – oil
Fugitive emissions
Vehicle fleet</td></tr>
<tr><td>KPI</td><td>Total energy consumption (kWh) and Scope 1 emissions (Tonnes CO_2e)</td></tr>
<tr><td>Method</td><td>Fuel combustion – gas, oil
Gas consumption (kWh) obtained from invoices, supplier reports and manual meter reads. The ‘gross’ calorific value is used for carbon conversions when both gross and net are available.

Oil consumption from back-up generators is obtained from manual meter reads and delivery volumes. The ‘gross’ calorific value is used when both gross and net are available.

For sites that do not provide data where fuel is consumed, no estimated or modelled data is generated by the platform. If a site usually provides fuel data, but a period during the reporting period is missing (e.g. missing bill etc), then estimation has been applied by the model. An average substitute is calculated using internal benchmarks at the following levels in order of priority:
Take consumption data from the same time period in the previous year and apply this as the modelled consumption data.
If the location has at least seven months in the preceding 12 months, the value used for the missing month is the average of the reported months across the previous 12 months data. When calculating this data the system evaluates the variance of this average value and if it exceeds 50%, the next level of modelling is used for this location.
If the location does not meet the requirements for either Steps 1 or 2 then this option is used to model the data (Step 3). This option can only be used if the location has at least one actual data entry for the previous 12 months and has area (Sq. ft) data in the system for that month. For each of the last 12 months that has data and area data, a 6 month running average intensity factor is calculated and stored against that month. Then the average of those intensity factors is calculated over the last 12 months and this is multiplied by the location’s area to complete the modelling.
If data is unavailable for more than two consecutive reporting years, the system is unable to model consumption. Where no modelled data is available, the most recent figure available for the equivalent time frame is used.

Fugitive emissions
Refrigerant losses are based on invoices from the provision of top up gases as well as reports from air conditioning engineers and catering equipment engineers. Losses are recorded in kg.</td></tr>
</table>

Parameter:	Scope 1 emissions
	Vehicle fleet Transport is calculated based on distance travelled: ▪ Mileage is provided by an extract from an expense system, which is extracted a month after the quarter end to align with the company Expense Policy. This includes vehicle type and engine size. ▪ Where an expense report is not available, mileage is recorded from the vehicle odometer. Transport is also calculated based on fuel consumed where mileage data is not available: ▪ Litres of fuel consumed is provided by an extract from an expense system. This includes vehicle type and size of engine. ▪ Where we do not receive mileage or fuel data for company cars, estimated distance is based on vehicle contracted annual kilometres.
Source	Invoices, supplier reports, manual meter reads and expense system reports.
Emissions factors	UK BEIS 2023 GHG Conversion Factors

Parameter:	Scope 2 emissions
Definition	Scope 2 emissions cover our indirect emissions from the purchase of electricity, heating and cooling.
Emissions sources	▪ Electricity ▪ Heating and cooling ▪ Vehicles that consume electricity
KPI	▪ Total energy consumption (kWh) and Scope 2 emissions (tonnes CO_2e) – both market and location based
Method	Indirect energy consumption (kWh) obtained from invoices, supplier reports and manual meter reads. Every building in the site list either has actual or estimated electricity consumption. If a site has no electricity consumption data available, then estimation has been applied. An average substitute is calculated using internal benchmarks at the following levels: 1. Take consumption data from the same time period in the previous year and apply this as the modelled consumption data. 2. If the location has at least seven months in the preceding 12 months, the value used for the missing month is the average of the reported months across the previous 12 months data. When calculating this data the system evaluates the variance of this average value and if it exceeds 50%, the next level of modelling is used for this location. 3. If the location does not meet the requirements for either Steps 1 or 2 then this option is used to model the data (Step 3). This option can only be used if the location has at least one actual data entry for the previous 12 months and has area (Sq. ft) data in the system for that month. For each of the last 12 months that has data and area data, a 6 month running average intensity metric is calculated and stored against that month. Then the average of those intensity factors is calculated over the last 12 months and this is multiplied by the location's area to complete the modelling. Estimations and accruals are only applied to the months where the lease is active; however, if there is incomplete lease information the model then assumes a conservative approach i.e. the property is open for the full reporting period. If data is unavailable for more than two consecutive reporting years, the system is unable to model consumption. Where no modelled data is available, in this instance, the most recent figure available for the equivalent time frame is used. Country specific emission factors are used for location based emissions. To comply with the dual reporting requirements of the GHG Protocol, both location and market based factors have been published. For market based emissions residual mix emissions factors and IEA factors are used as geographically appropriate. For market based emissions, where we have a renewable energy tariff in place or where we have purchased renewable energy attribute certificates, market based emissions have been entered manually. Renewable energy certificates can be subject to inherent limitations, including but not limited to the risk of double counting and uncertainty as to whether the third-party energy supplier will purchase and retire enough certificates to cover all of the energy supplied to all of its customers who have purchased the energy through the suppliers' green tariffs in the reporting period, over which M&G has no oversight.

Parameter:	Scope 2 emissions
	Vehicles that consume electricity Transport is calculated based on distance travelled. Mileage of leased electric cars is provided by an extract from the expense system, which to align with the company Expense Policy, is extracted a month after the quarter end. This includes vehicle type and size of engine.
Source	Invoices, supplier reports and manual meter reads (with back-up photos for verification purposes).
Emissions factors	▪ Location-based: IEA 2023 Edition of the CO_2 Emissions from Fuel Combustion (including CH4 and N20), USA EPA 2023 Conversion Factors ▪ Market-based: European Residual Mixes 2023 - Association of Issuing Bodies, supplier emissions factors for renewable energy use and energy attribute certificates (EACs). IEA 2023 Edition of the CO_2 Emissions from Fuel Combustion (including CH4 and N20), USA EPA 2023 Conversion Factors ▪ Supplier emissions factors where we have evidenced the consumption of electricity is from green energy tariffs

Parameter:	Scope 3 emissions (selected categories)
Definition	▪ Scope 3 emissions include business travel (rail and air) booked through travel management providers (category 6), car travel in colleague owned cars claimed on expenses in the UK (category 6), water consumption (category 1), waste generation where data is available (category 5) and downstream leased assets (category 13).
Emissions sources	▪ Waste generated ▪ Water consumption ▪ Business Travel ▪ Electricity consumption (sublet floors) ▪ Fuel combustion – gas (sublet floors)
KPI	▪ Selected scope 3 emissions (tonnes CO_2e) ▪ Total water consumption (m^3) ▪ Total waste produced (tonnes) ▪ Total waste diverted from landfill (tonnes and %) – excluded from the assurance process ▪ Total waste recycled (tonnes and %) – excluded from the assurance process ▪ Energy consumption (Mwh)
Method	**Waste generated** Waste data is provided by waste management companies, property managers and waste transfer notes. At sites where the waste is not weighed, the reported weight is based on the assumed weight per uplift, provided by the waste contractor and/or office contact. Waste figures within the UK are inclusive of feminine hygiene waste, where available. Final waste treatments are based on BEIS classifications and due to availability, UK BEIS 2023 GHG Conversion Factors for all sites. In 2023 we reported waste data for 16 (2022: 12) out of 63 sites, due to data availability. We only report recycling figures for sites where we have at least general waste, recycling (mixed or separated) and confidential waste data. **Water consumption** The total quantity of water consumed is obtained from invoices, supplier and site meter readings and recorded in cubic metres or kilolitres (reported as metres cubed). The number of properties providing water data has risen from 24 in 2022 to 30 in 2023, the remainder of our sites have not been reported on due to data availability. If a site usually provides water data, but a period during the reporting period is missing (e.g. missing bill etc), then estimation has been applied by the model. An average substitute is calculated using internal benchmarks at the following levels: 1. Take consumption data from the same time period in the previous year and apply that as the modelled consumption data. 2. If the location has at least seven months in the preceding 12 months, the value used for the missing month is the average of the reported months across the previous 12 months data. When calculating this data the system evaluates the variance of this average value and if it exceeds 50%, the next level of modelling is used for this location.

Parameter:	Scope 3 emissions (selected categories)
	3. If the location does not meet the requirements for Steps 1 or 2 then this option is used. This only applies if the location has at least one actual data entry for the previous 12 months and has area (Sq. ft) data in the system for that month. For each of the last 12 months that has data and area data, a 6-month running average intensity factor is calculated and stored against that month. Then the average of those intensity factors is calculated over the last 12 months, and this is multiplied by the location's area to complete the modelling. **Air Travel** Travel reports are provided by our UK travel management provider, and other local travel management providers. Where available distances are reported in km and converted to CO_2e using the BEIS 2023 emission factors including BEIS Well to Tank for air travel and radiative forcing uplift. Where distances are not available, the system will use the airport codes to determine distances required for the calculation. No assumptions or estimations have been made for travel booked by individuals and claimed via the expense system. **Other Business Travel – Rail and grey fleet** Where available, rail travel is provided in reports from travel management providers. No assumptions or estimations have been made for travel booked by individuals and reimbursed by the company. Grey fleet mileage is provided by an extract from the expense system, which to align with the company Expense Policy, is extracted a month after the quarter end. This includes vehicle type and size of engine. Average car is assumed for vehicle type and fuel is marked as unknown due to these details not currently being provided. **Downstream leased assets** Data for electricity and fuel consumption is collected for sublet floors in our London office and reported as a scope 3 emission. Calculations are consistent with scope 1 gas and scope 2 electricity data reporting. **Hotels** Reports are provided by our UK travel management provider and cover hotels booked through their system. Hotel emissions are currently excluded from the scope of reporting.
Source	Waste management company and building manager reports, waste transfer notes, invoices, supplier and site meter readings, expense system reports, travel booker reporting.
Emissions Factors	UK BEIS 2023 GHG Conversion Factors.

Appendix 2 – Financed emissions

Our climate-related metrics are informed by the metric categories recommended by the Taskforce Climate Financial Disclosures (TCFD), Carbon Disclosure Project (CDP) and the FCA's Transition Plan Taskforce (TPT).

The financed emission metrics we report against can be broadly classified as:

- Financed Carbon Emissions (FCE) - the absolute emissions associated with our investment portfolio where there is available reported data or estimates.
- Carbon Intensity ("Carbon Footprint") - the Financed Carbon Emissions per million pounds invested (tCO_2/£m), aiding comparison with peers and used to assess progress against our asset manager and asset owner interim targets.
- Weighted Average Carbon Intensity (WACI) - provides a single metric summing the individual emissions intensities (by £m of investee sales) of companies in a portfolio based on their weightings, indicating our portfolio exposure to carbon-intensive issuers. This metric is produced for our public asset portfolios only.

Other backwards looking metrics we report on, covering our public equities and corporate fixed income portfolios, are:

- Fossil fuel exposure – A measurement of investments held with revenue derived from the entire fossil fuel value chain (from extraction all the way to the final end usage of oil, gas, and coal) included in the portfolio. This includes any refining and/or transportation along this value chain.
- EU Taxonomy aligned – A measurement of the exposure of a portfolio to the EU Green Taxonomy 'environmentally sustainable' economic activities.
- Green bonds – A measurement of the exposure of a portfolio to Climate Bonds Initiative (CBI) aligned or CBI certified green bonds.

The fossil fuel and EU Taxonomy metrics prorate the investment in a company by the percentage of their revenues that are exposed/aligned. Where this is a CBI aligned or CBI certified green bond, the use of proceeds are assumed to be all for green activities and therefore the full value of the bond is included in the Green bonds total.

A2.1 - Data

The third-party data used to calculate our financed emissions can come from a variety of sources. As carbon calculation methodologies and datasets continue to evolve, the industry recognises the limitations faced by financial institutions to obtain and disclose investment-specific emissions data, including dependence on third-party data providers whose data availability, coverage and methodologies vary significantly.

The frameworks that M&G report against provide flexibility in disclosure; allowing for estimations, assumptions and use of proxies to overcome the limitations in data availability, coverage and time lag. However, regulators and standard setters expect financial institutions to be transparent in these efforts; by disclosing data quality assessments and remediation efforts to improve data quality.

Alongside the reporting of emissions data, we disclose relevant contextual information to support how carbon metrics should be interpreted and their associated limitations.

Data sources for public assets

A data hierarchy has been developed to be used for carbon emissions data for listed equities, corporate fixed income, and single named corporates for private. The approach prioritises actual reported emissions ahead of estimated emissions and selects most recent data available, with Morgan Stanley Capital International (MSCI) preferred over Bloomberg (BBG) data where both give reported or both give estimated data. Where data gaps remain after 3rd party vendors have been exhausted, internal data sources and analytics tools may be considered.

Data sources for sovereign debt

Sovereign bond emissions are reported utilising the following sources as recommended by the PCAF guidance:

- Scope 1 emissions (both including and excluding land use, land-use change, and forestry (LULUCF)): United Nations Framework Convention on Climate Change (UNFCCC) and Climatewatch, with verified reported emissions from UNFCCC being prioritised.
- Scope 2 emissions: OECD
- Scope 3 emissions OECD
- Exported emissions: OECD
- GDP (Purchasing Power Parity adjusted) and population: World Bank

It is common for there to be long delays in availability of carbon emissions data for sovereign states in the general market. For investments where the most recent data available relates to the year 2020, a year we consider to be significantly impacted by global lockdowns, we have taken a judgement to revert to data from 2019. This is to avoid artificially understating our sovereign emission metrics where sovereign emissions may have been temporarily lower over the period impacted by the COVID pandemic.

Data sources for other backwards looking metrics

Exposure to green bonds and EU Taxonomy aligned investments across our public asset portfolios is measured using input data from MSCI's EU Taxonomy Alignment % and Refinitiv's ESG Bond type flags.

Exposure to fossil fuel investments across our public asset portfolios is measured using input data from MSCI.

Data sources for private assets

The data sources used to measure emissions for investee companies within our Infracapital portfolios include actual data provided directly by each of the investee companies as part of Infracapital's ESG monitoring process. ESG-related data is collected through quarterly and annual ESG questionnaires, supplemented by a more comprehensive set of Key Performance Indicators to measure impact and ESG performance of operations. All data collected, where available, is based on actual reported data from the investee companies with limitations outlined below. Use of estimated data is limited. If a portfolio company does not disclose ESG-related data, i.e. in the case of greenhouse gas emissions, proxy data may be used to provide an estimation in the medium-term whilst appropriate reporting practices are implemented.

For commercial real estate emissions are calculated at the asset level by a third party consultant, Evora, the equivalent hierarchy of options are: 1) actual emissions; 2) estimated emissions based on floor area, and; 3) estimated emissions based on numbers of buildings.

Data Quality Scores

From 2023, we are reporting data quality scores for the financed emission metrics for listed equity, public fixed income and sovereign debt asset classes. Data quality scores denote a weighted score of the quality of emissions data used as defined by PCAF.

The PCAF Data Quality Score ranges from '1' – highest quality to '5' – lowest quality and is a means to disclose the integrity and level of estimation within the metric reported. General descriptions of the data quality scores for listed equity, corporate bonds and sovereign debt are detailed in the PCAF Global GHG Standard in tables 5-3 and 5-26, linked **here**.

For our public equities and corporate bonds portfolios we source data quality score inputs from third party data providers, alongside emissions data. This means we are reliant on the judgement applied by each provider in assigning PCAF data quality scores to each asset. For sovereign debt, scores are determined internally, using PCAF data quality scores as a guide. This requires M&G to apply a level of judgement based on aligning third party methodologies with PCAF guidance, particularly when assigning scores of 3 for physical activity based emissions data.

A2.2 - Methodology changes from 2022

Public Assets (Data Hierarchy)

In 2023 we changed our data hierarchy for the provision of third party emissions data for public equity and corporate debt to include Bloomberg as a secondary source with a view to increasing coverage. Further details on our data hierarchy are set out in section A2.1.

Public Assets (Green Bonds)

We have also made a refinement in the year to our methodology for the emissions data used for green bonds, to base this on the estimated emissions of the project funded by the bond rather than the emissions of the issuers, where the data is available.

Sovereign Bonds (Production and Consumption Metrics)

In 2023 we reviewed the data vendors available to ascertain the optimal approach to selection of Scope 1 sovereign emissions data. Through this review we identified the UNFCCC as a source of verified reported emissions. We have added UNFCCC as a data source in addition to our previous data source for Scope 1 sovereign debt emissions data, Climate Watch. We have introduced a data hierarchy for 2023 that includes both vendors, but prioritises UNFCCC data over Climate Watch.

Additionally financed sovereign consumption emissions are now reported excluding exported emissions. Previously no adjustment was made for exported emissions. There has also been a change in the indicator used to identify imported emission credits which are included in the overall calculation.

Sovereign Bonds (Attribution Factor)

The calculation of sovereign emissions relies on the determination of an attribution factor, using data on the sovereign's gross domestic product (GDP) adjusted for the purchasing power parity (PPP) rates in international $ (Int'l $). Previously this was converted using the World Bank's PPP conversion factor for the UK and used along with the investment holding in GBP to determine the attribution factor. We have updated our methodology to determine the attribution factor using PPP-adjusted GDP Int'l $s the denominator and exposure to sovereign bond (USD) as the numerator, per PCAF guidance. This change contributed to the 2022 restatement, alongside those listed above.

We have restated the 2022 metrics previously presented as a result of these methodology changes.

A2.2 - Calculation methodology, data sources and limitations

<table>
<tr><th colspan="4">Public assets (equities and corporate fixed income)</th></tr>
<tr><th>Metric</th><th>Data</th><th>Calculation</th><th>Limitations</th></tr>
<tr>
<td>Financed Carbon Emissions
(Scope 1 & 2, Scope 3)

(tCO_2e)</td>
<td rowspan="2">Company emissions data and enterprise value including cash: Sourced from external data providers. The single hierarchy of investment and emissions data is set out in section A2.1

Outstanding amount of investment and portfolio value: Internally generated data</td>
<td rowspan="2">Per PCAF methodology, financed carbon emissions (FCE) are calculated as:

$$\sum_i (Attribution\ factor_i \text{ x Company } emissions_i)$$
The attribution factor for listed companies (equities and bonds) is:

$$Attribution\ factor_i = \frac{Outstanding\ amount_i}{Enterprise\ Value\ Including\ Cash_i}$$
(with i=borrower or investee companies).

Carbon footprint is a way for normalising total financed carbon emissions per £1 million invested:

$$\frac{\sum_n^i (Financed\ carbon\ emissions)}{Current\ portfolio\ value\ (£M)}$$
Note: Scope of portfolio value is limited to public assets (equities and corporate fixed income) for which all data necessary for the calculation of financed emissions and carbon footprint is available.</td>
<td rowspan="2">

Financed carbon emissions is not generally used to compare portfolios: Financed carbon emissions is an absolute metric limiting comparability across portfolios
Impact on EVIC due to market volatility: Emissions metrics are influenced by changes in financial factors such as company EVICs, which are separate to real world emissions changes
Double counting of emissions when aggregating to portfolio level: For instance, every sector's Scope 2 emissions are already accounted for in the Scope 1 emissions of the utilities sector. This issue is amplified for Scope 3. This results to potential double-counting that becomes particularly problematic when trying to aggregate backward looking metrics of a portfolio.

</td>
</tr>
<tr>
<td>Carbon Footprint (Scope 1 & 2, Scope 3)

(tCO_2e /£m invested)</td>
</tr>
<tr>
<td>Weighted Average Carbon Intensity (Scope 1 & 2, Scope 3)
(tCO_2e /£m sales)</td>
<td>Company emissions data and enterprise value including cash: Sourced from MSCI only

Portfolio weight: Internally generated data</td>
<td>Weighted average carbon intensity considers a portfolio's exposure to carbon-intensive companies, expressed in tCO_2e / £M sales.

$$\sum_n^i \left(portfolio\ weight\ x \frac{issuer's\ Scope\ 1\ \&\ 2\ GHG\ emissions_i}{issue's\ £\ M\ sales_i} \right)$$
Note: Scope of portfolio value used for portfolio weighting is limited to public assets (equities and corporate fixed income) for which all data necessary for the calculation of weighted average carbon intensity is available.</td>
<td>

Data sensitivity: Metric is sensitive to outliers.
Favours companies with higher pricing levels: Using revenue (instead of physical or other metrics) to normalise the data tends to favour companies with higher pricing levels relative to their peers.

</td>
</tr>
</table>

<table>
<tr><th colspan="4">Sovereign debt</th></tr>
<tr><th>Metric</th><th>Data</th><th>Calculation</th><th>Limitations</th></tr>
<tr>
<td>Financed sovereign production emissions

(tCO_2e)</td>
<td rowspan="2">Sovereign emissions are reported utilising the following sources recommended by PCAF. Data selected from individual providers is the latest available data, excluding 2020 emissions data. UNFCCC data is prioritised over Climate Watch data where available
• Scope 1 emissions (both including and excluding LULUCF): UNFCCC and Climate Watch
• Scope 2 emissions: OECD
• Scope 3 emissions: OECD
• Exported emissions: OECD
• Purchasing Power Parity (PPP) adjusted GDP: World Bank
• Population: World Bank

This includes sovereign bonds and sovereign loans of all maturities issued in domestic or foreign currencies.

Exposure to sovereign bond: Internally generated data</td>
<td>Production emissions refer to a sovereign's domestic territorial emissions, including emissions from exported goods and services. Financed sovereign production emissions multiply the attribution factor by the production emissions of the respective sovereign:

$$\sum_{s}(Attribution\ factor_s \text{ x Sovereign emissions}_s)$$
(with s=sovereign borrower)

Where the attribution factor is

$$\frac{Production\ emissions}{PPP - adjusted\ GDP}$$</td>
<td rowspan="2">• Scope limitation: Supranational, sub-sovereign and municipal counterparties are not included as part of this asset class

• Double counting considerations:
○ Double counting of sovereign emissions with non-sovereigns occurs given the accounting of emissions at the sovereign territorial level. This is mitigated through the separate reporting of sovereign asset classes.
○ Double counting of sovereign emissions with other sovereigns is accepted as a limitation, consistent with the treatment of corporate emissions.

• Emission scope: The presented approach to classify scope 1, 2, and 3 emissions of sovereigns is an attempt to mirror the approach adopted for corporates and cannot be compared directly.

• Attribution factor: M&G acknowledges that PPP adjusted GDP has its limitations as an attribution factor, and the relationship between investments and GDP are not 1:1.</td>
</tr>
<tr>
<td>Financed sovereign consumption emissions

(tCO_2e)</td>
<td>Consumption based emissions adjust for imported and exported emissions to reflect where emissions where consumed, rather than where they were produced.

Consumption Emissions = Production emissions – Exported emissions + Imported emissions.

Per PCAF aligned definitions of scope, this is equivalent to:

Consumption emissions = Scope 1 + 2 + 3 – Exported emissions

Financed sovereign consumption emissions are calculated using the same formulas as financed production emissions, substituting a sovereign's production emissions for their consumption emissions.
$$\frac{Exposure\ to\ soveriegn\ bond\ (USD)}{PPP\ adjusted\ GDP\ (international\ \$)}$$</td>
</tr>
</table>

Sovereign debt			
Metric	**Data**	**Calculation**	**Limitations**
Weighted Average Sovereign Production Intensity (tCO_2e/PPP-adj. GDP (Int'l$))		For normalisation of production emissions, we apply the following: $\sum_{s=1}^{n} Portfolio\ weight_s \times \frac{Production\ emissions_s}{PPP\ adjusted\ GDP_s}$ (with s=sovereign borrower)	
Weighted Average Sovereign Consumption Intensity(tCO_2e/PPP-adj. GDP (Int'l$))		Following PCAF guidance, consumption emissions are normalised per capita given they reflect the demand side of the economy. $\sum_{s=1}^{n} Portfolio\ weight_s \times \frac{Consumption\ emissions_s}{Population_s}$ (with s=sovereign borrower) **Note:** Scope of portfolio value used for portfolio weighting is limited to sovereign debt for which all data necessary for the calculation of metrics are available	

Other backwards looking metrics (Public assets and sovereign debt)			
Metric	**Data**	**Calculation**	**Limitations**
Fossil fuel exposure	**Assets that derive revenue from fossil fuels:** MSCI **Portfolio and investment values:** Internally generated data	The amount or percentage of assets that derive revenue from the fossil fuel value chain in the portfolio, expressed in £M or percentage of the current portfolio value. This includes revenues from extraction all the way to the final end usage of oil, gas, and coal. This includes any refining and/or transportation along this value chain. $$\frac{\text{Current value of investments that derive revenue from fossil fuels}}{\text{Current portfolio value}}$$ This metric can be applied across asset classes and does not rely on underlying companies' Scope 1 and 2 GHG emissions.	• **No classification standard for 'carbon assets':** TCFD provides flexibility to exclude sub-industries at Financial Institution's discretion, making it harder to compare our portfolios to our peers. • **Sector-based metric:** doesn't indicate scale of associated financial risks e.g. material loss through transition. • **Granularity of sectors:** Sector definition is often at a coarse level, which can result in allocating exposure across assets that might have low climate risk or carbon emissions, yet fall under that higher sector level, impacting the accuracy of the metrics overall.
EU taxonomy alignment and Green bonds	**Assets classified as green bonds or EU Taxonomy aligned:** MSCI's EU Taxonomy Alignment % and Refinitiv's ESG Bond type flags. **Portfolio and investment values:** Internally generated data	Revenue from green activities of investee companies, as defined by the EU Taxonomy or the EBRD's Green Economy Transition approach. Metric is expressed as a ratio of investments that are taxonomy aligned within portfolio/product. $$\frac{\text{Current value of green bonds which meet CBI aligment criteria} + \text{current value of investments in EU Taxonomy aligned activities}}{\text{Current portfolio value}}$$ The accompanying information should identify the share of assets in the denominator, that may fund environmentally sustainable activities but cannot be reliably assessed at the time. Where this is a CBI aligned or CBI certified green bond, the use of proceeds are assumed to be all for green activities and therefore the full value of the bond is included in the green bonds total.	• **Data availability:** Taxonomy compliant data is not widely available due to gaps in high quality corporate disclosure and varying data coverage across providers. • **Best practice not established:** The "Does No Significant Harm" criteria used to measure alignment with the EU Taxonomy is not widely used and is currently subjective. • **Incomplete:** The Climate Change Adaptation and Mitigation parts of the EU Taxonomy are currently the bulk of the data captured due to the recency of the publication of the technical screening criteria for the other criteria.

<table>
<tr><th colspan="4">Private assets (M&G Real Estate and Infracapital)</th></tr>
<tr><th>Metric</th><th>Data</th><th>Calculation</th><th>Limitations</th></tr>
<tr>
<td>Real Estate Financed Carbon Emissions (tCO_2e)
Scope 1 & 2, Scope 3</td>
<td rowspan="2">Real Estate: Emissions are calculated at the asset level for the bricks and mortar assets we own by a third party consultant, Evora. These reports are broken down by scope (and the sub-scopes where applicable). The assessment includes all Scope 1, 2 and 3 (both upstream and downstream estimate), broken down across key sources (e.g. Capital goods, Water supply, fuel, etc).</td>
<td rowspan="2">Financed emissions of a commercial real estate loan or investment are calculated by multiplying the attribution factor by the emissions of the building. Financed emissions are calculated as:
$$\sum_{b}(Attribution\ factor_b \text{ x Building } emissions_b\ )$$
(with b=building)

Investors should use an operational boundary of the whole building and an attribution method based on a proportional share:

The total energy use of the building includes the energy consumed by the occupants of the building:
$$Energy\ consumption_{b,e}\ x\ Emission\ factor$$
(with e = the proportion of asset or fund value owned)

The attribution factor is the ratio between the outstanding amount and the property value at the time of loan or equity origination
$$Attribution\ factor_b = \frac{Outstanding\ amount_b}{Property\ value\ at\ origination_b}$$
Carbon footprint is a way for normalising total financed carbon emissions per £1 million invested:
$$\frac{\sum_{n}^{i}(Financed\ carbon\ emissions)}{Current\ portfolio\ value\ (£M)}$$
Note: Scope of portfolio value is limited to assets for which all data necessary for the calculation of financed emissions and carbon footprint is available.</td>
<td rowspan="2">Country-specific assumptions: Many countries lack widespread use of building energy labels, and it can be challenging to access measured energy consumption data. As a result we are often required to estimate building energy use. Some country-specific adjustments need to be made to the calculations, depending on the data availability and standards in each country and the different systems of categorising the energy efficiency of buildings.
Property value requires financial institutions, such as M&G, to use the value determined at loan or equity origination to determine the original value of the property. Thus, using the outstanding amount of the original value provides a consistent estimate of the proportion of the property attributable to the loan or investment. PCAF recognises that the availability of property value at loan or equity origination varies globally. To ensure consistency, where this is no data on value at origination, the latest property value available should be used. This includes the value of the land, building, and any improvements.
Incomplete data: Material challenges in collecting tenant energy data and corresponding emissions data. The 2023 PCAF Guidance on Accounting for GHG emissions from Real Estate provides data quality scoring methodologies for commercial real estate; outlining options to estimate financed emissions. M&G does not currently obtain data quality information but is looking to explore this option in the future.</td>
</tr>
<tr><td>Real Estate Carbon Footprint (tCO_2e /£m invested)</td></tr>
</table>

<table>
<tr><th colspan="4">Private assets (M&G Real Estate and Infracapital)</th></tr>
<tr><th>Metric</th><th>Data</th><th>Calculation</th><th>Limitations</th></tr>
<tr>
<td>Infracapital Financed Carbon Emissions (tCO_2e)

Scope 1 & 2, Scope 3</td>
<td rowspan="2">Emissions data is provided directly by each of the investee companies as part of Infracapital's ESG monitoring process.

The financed emissions for project emissions can be calculated in 3 different ways depending on the availability of project-specific data:

• Option 1: reported emissions
• Option 2: physical activity-based emissions
• Option 3: economic activity-based emissions</td>
<td>Infracapital's underlying portfolio companies should account for 100% of any GHG emissions which arise from their assets and activities where they have the authority to implement their own operating policies. Portfolio companies are not required to account for GHG emissions from operations in which they own an interest but have no financial or operational control over.

Infracapital adopts the equity share approach for the purposes of reporting consolidated GHG emissions. Using this approach, Infracapital will report its GHG emissions in a proportional manner, according to the share of equity in the portfolio companies' operation. The equity share reflects Infracapital's equity stake in each portfolio company.

$$\sum_{c} (Equity\ share \times Company\ emissions_c)$$
(with c=company)</td>
<td rowspan="2">• Does not consider lifetime emissions: Portfolio accounting of emissions occurring in the reporting year does not consider lifetime emissions, e.g. emissions related to future disposal of a wind park are not reported in the current year.

• Limited coverage of emissions related to construction: Infracapital's greenfield strategies seek to invest during the construction stage. Often, construction is carried out by a third party contracted by the business, and as a result the emissions of the construction and purchased goods and services are reported under scope 3 of the business. Scope 3 emissions reporting may not always be available due to limitations regarding data accuracy and availability.

• Data collection is based on reported numbers by the underlying investee companies which have not been externally verified. The combination of self-reported data and the lack of external verification can lead to a number of uncertainties in data output.</td>
</tr>
<tr>
<td>Infracapital Carbon Footprint

(tCO_2e /£m invested)</td>
<td>Carbon footprint is a way for normalising total financed carbon emissions per £1 million invested:

$$\frac{\sum_{n}^{i} (Financed\ carbon\ emissions)}{Current\ portfolio\ value\ (£M)}$$
Note: Scope of portfolio value is limited to assets for which all data necessary for the calculation of financed emissions and carbon footprint is available.</td>
</tr>
</table>

Other			
Metric	**Data**	**Calculation**	**Limitations**
Data quality score	**Outstanding amount:** Internally generated data **Data quality score (public equities and corporate bonds):** MSCI and Bloomberg **Data quality score (sovereigns):** M&G review of data source against PCAF Financed Emissions Standard classification.	For overall score by asset class: $$\frac{\sum_{i=1}^{n} Outstanding\ amount_i \times Data\ quality\ score_i}{\sum_{i=1}^{n} Outstanding\ amount_i}$$ (with i=borrower or investee) The PCAF Data Quality Score ranges from '1' – highest quality to '5' – lowest quality and is a means to transparently disclose the integrity and level of estimation within the metric reported.	• **Third party data providers**: For emissions data associated with equities and corporate bonds, data quality scores are provided by the relevant third party data providers. This includes guidance on underlying methodologies, used when data are estimated. For sovereign emissions, we use publicly available data sets where data quality scores are not provided. In this case, M&G reviews the data source methodology documentation and assesses this against the PCAF Financed Emissions Standard criteria for assigning data quality scores.
Coverage	**Portfolio and investment values:** Internally generated data	Coverage is defined as the proportion of in-scope AUMA (total AUMA of the asset classes covered by the metric) for which we have all environmental, financial, or other such data required in the calculation of the given metric (reported or estimated). $$\frac{\sum_{i=1}^{n} Value\ of\ in\ scope\ investments\ with\ data_i}{\sum_{i=1}^{n} Value\ of\ in\ scope\ investments_i}$$	**N/A**

Community Investment

Basis of Reporting

Overview

M&G plc is a leading savings and investments business, managing investments for both individuals and for large institutional investors around the world.

We actively work to help tackle social challenges and support the communities where we work, and our community investment is closely aligned with our business objectives. We establish long-term relationships with our charity partners to improve lives and build communities and provide support not only through funding, but also with the experience and expertise of our colleagues.

Definition

Community Investment Spend:
Charitable cash donations (£m)
In-Kind donations data (£m)

Scope of Indicator Reported

The scope of the data is M&G plc and wholly owned corporate subsidiaries as well as those acquired in 2023, but excluding joint ventures, associates and consolidated funds.

We calculate our community investment spend using the internationally recognised Business for Societal Impact (B4SI) standard. This includes cash contributions to registered charitable organisations, as well as a cash equivalent for in-kind contributions including staff time contributions, donation of office space and equipment and management costs.

The B4SI framework outlines four different types of cost that a company can incur in making community contributions: cash contributions, time contributions; contributions of products, property or services, management costs including Corporate Community Investment programme staff salaries. The total cost of a single community activity will be made up of one, or a combination, of these different types of contribution.

Data Collection

The M&G Corporate Responsibility (CR) team is responsible for managing all CR activities across the business: devising community investment initiatives which underpin the company's social purpose, measuring impact and spend.

<u>Charitable cash donations</u>

Charitable cash contributions are the gross monetary amounts paid in support of a community organisation/project, and include:

- direct donations/grants to charitable organisations or activities – e.g. registered charities, social enterprises, NGOs and other organisations with a charitable purpose that deliver a clear public benefit
- matching employee giving (via a dedicated matched funding portal managed by Charities Trust)
- covering the expenses of employee involvement
- membership and subscriptions to community organisations

Most of M&G's corporate cash donations are made from the central CR budget and managed by the central CR team. Donations data is captured and recorded centrally.

The remaining donations are made from local budgets. To ensure that all charitable cash donations are captured and reported, including those made directly from local budgets, a data collection process is in place. This is managed by the central M&G Reporting team in conjunction with local business unit finance teams. All local finance teams are required to provide details of any cash donations made directly from local budgets as opposed to the central CR budget. Any local charitable donations are cross-checked by the central CR team.

In-kind donations data

In line with the B4SI framework, M&G's in-kind donations data includes time contributions, contributions of stock, property space or services and management costs (the central CR team staff salaries).

Time contributions are the cost to the company of paid working hours contributed by M&G employees to a community organisation or activity. The term 'volunteering' includes any active engagement in community activity during paid working time. Examples include employee volunteering, active participation in fundraising activities and supervision of work experience placements.

Volunteering data is captured and reported by flagship charity partners (via a Charity Evaluation Template) and a network of local community champions (via an in-kind donations data collection workbook). In addition, M&G employees are entitled to two days of leave each year to take part in activities which support a registered charity and/or community organisation. The volunteering allowance is flexible and can be booked in full days or in hours. This time is logged on a Workday system. The value of volunteering time is calculated using the average hourly rate – see Assumptions section below.

Other non-cash in-kind resources provided to community organisations include donations of the company's resources such as IT equipment, used furniture, meeting rooms or other office space. Examples include donation of surplus stock, contributions of used office equipment or furniture and use of company premises – see Assumptions section below.
As well as measuring the direct input costs to the community, M&G captures and reports costs incurred in making its contributions. These include the salaries, national insurance, variable compensation (bonus), pension, and health and medical costs of the central CR team. Management costs capture overall programme coordination, not time spent volunteering on specific community projects. This contribution is recorded as a 'time' contribution, rather than as an overall management cost.

M&G's central CR team delivers flagship charitable programmes both nationally and internationally and supports colleagues through volunteering and team challenges.

In addition, a network of community champions represents each M&G office to ensure engagement with colleagues across the business and support for local charities and community groups. Their time has been calculated at an average of two hours per month, with the exception of Poland, South Africa and India where local community activity is on a larger scale. This has been calculated based on the time spent coordinating and promoting the community activities and events.

In order to ensure that all community investment in-kind support (outlined above) is captured and reported, flagship charity partners complete a Charity Evaluation Template. This includes details of M&G's support of the charity programme, including data on staff volunteering numbers and time spent on specific community projects managed by the charity. In addition, local community champions across the company submit an in-kind donations data collection workbook. These are submitted to the CR team for cross checking.

Assumptions

Average hourly rate – used for volunteering hours
2023 total number of staff employed, and total costs of employment sourced from M&G Financial Reporting team. Data published in the 2023 M&G plc Annual Report.

Average cost of M&G employee = Total employment costs / total number of staff
Total average headcount = 8,145
Average annual cost = 1,003,000,000/8,145 = 123,143.033
Average weekly cost = 123,143.033/52 = 2,368.135
Average daily cost = 2,368.135/5 = 473.627
Average hourly cost = 473.627/7.5 = 63.15

Currency conversion calculations
Currency conversions are calculated using average exchange rates provided by the Financial Reporting team.

Office space assumptions
UK London office: £194/day
UK London auditorium: £2191/day
Asia/Poland auditorium: £947/day
Asia/Poland office: £82/day

Office space assumption data has been provided by the Workplace Solutions team. It is assumed that 1 day is 7.5 hours.

Equipment assumptions
In order that in-kind contributions can be assessed on the same basis as cash and time contributions, all in-kind contributions are valued at what it has cost the company to make, not at what the beneficiary organisation would have had to pay in the open market. Where these have been written down to zero for accounting convenience but have a value in terms of the community programme, a fair second-hand value has been substituted. This includes ticket donations from sponsorship partners, based on market value.

Each local business area has provided an estimated value for donated items in local currency, using local knowledge of the market value of the donated item. If donated items are new, the purchase price has been stated. If used, a 20% discount rate has been applied to the value of the items.