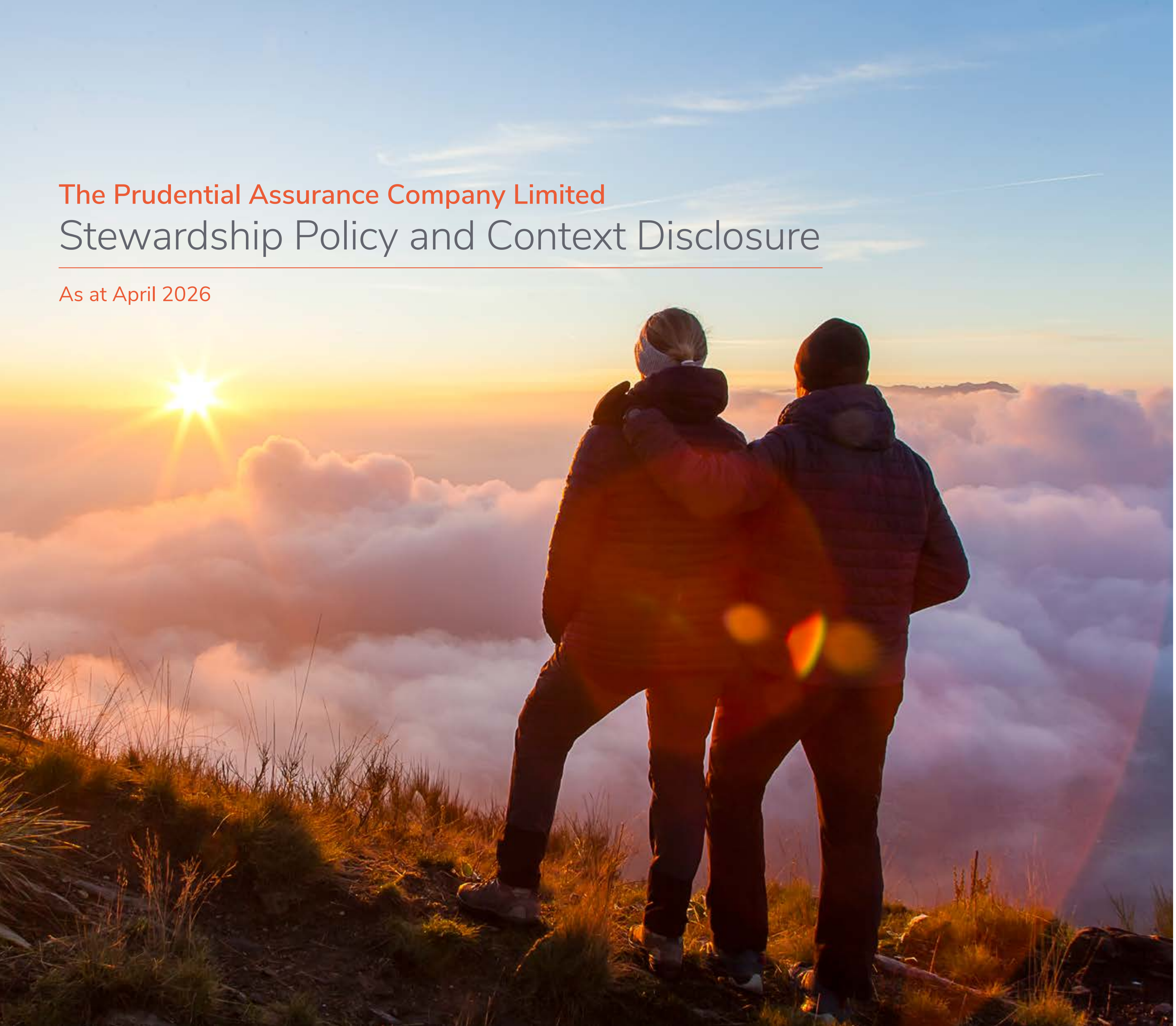
Pru
part of M&G plc

The Prudential Assurance Company Limited

Stewardship Policy and Context Disclosure

As at April 2026



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Disclosure by Principle

A. Organisation, investment beliefs and stewardship approach
B. Governance and practices
C. Policies, processes and review
D. Conflicts of interest
E. Dialogue with clients and/or beneficiaries

Introduction to The Prudential Assurance Company (PAC) Stewardship Policy and Context Disclosure

This document is PAC's disclosure against the Policy and Context Disclosure reporting requirements within the UK Stewardship Code 2026.

PAC has been a signatory to the UK Stewardship Code since 2021. The document provides an overview of the disclosure requirements of the UK Stewardship Code 2026 and it is organised by each disclosure requirement A to E with an overview of M&G plc where applicable. This document should be read in conjunction with the latest PAC Stewardship Activities and Outcomes Report.

This document has been approved by the PAC Board and has been signed off by the Chief Executive Officer of M&G Life.

The UK Stewardship Code 2026 disclosures

The purpose of the UK Stewardship Code 2026 (the Code) is to establish the core principles of effective stewardship and to set a high standard of transparency for asset owners and asset managers, and for the service providers that support them.[1]

Disclosures for asset owners and asset managers

A. Describe your organisation, your investment beliefs, your clients or beneficiaries and how that informs your approach to stewardship.

B. Describe how your resources enable effective stewardship.

C. Describe your stewardship policies and processes, and how you review them.

D. Describe how you manage stewardship-related conflicts of interest to put the best interests of clients and beneficiaries first.

E. Describe how you maintain a dialogue with clients and/or beneficiaries.

The Code reflects the fact that the investment market has changed considerably since the publication of the first UK Stewardship Code in 2010, with significant growth in assets other than listed equity, including fixed income, private equity, real estate and infrastructure. These investments have different terms, investment periods, rights and responsibilities, and signatories to the Code need to consider how to exercise stewardship effectively in these circumstances.[2]

The Code requires organisations to make two submissions:

- The Policy and Context Disclosure (this document) describes an organisation's stewardship policies, governance structures and other contextual information and reports against five (A to E) Disclosures
- The Activities and Outcomes Report focuses specifically on stewardship activities during the year and their outcomes and comprises a set of 'apply and explain' Principles. Please see our latest PAC Stewardship Activities and Outcomes Report **here** and also on PAC's Responsible Investing webpage **here**

The upcoming sections set out how the asset owner has demonstrated compliance with the disclosure requirements of the UK Stewardship Code 2026. Where applicable, some disclosures will include sections which pertain to both the asset owner and M&G plc, as the asset owner shares and adopts the position of M&G plc, in addition to its own. Where there are references to 'we' or 'our', it is in reference to the asset owner business or M&G plc, dependent on the section and/or the applicability of the context to both entities. Throughout the disclosure, we refer to 'customers' using the broader term 'clients' that describes most audiences, except where a specific context means the term customer is required.

[1] **frc.org.uk/documents/8364/UK_Stewardship_Code_2026.pdf**
[2] **frc.org.uk/documents/8364/UK_Stewardship_Code_2026.pdf**

About M&G plc

M&G plc is a leading international savings and investments business.

About M&G plc

M&G plc is a leading international savings and investments business, managing money for

More than **4.2 million** retail customers

More than **1000** institutional clients

Across **38** offices and six continents

M&G plc had **£375.9 billion** of assets under management and administration

Above as at 31 December 2025

With a heritage dating back more than 175 years, M&G plc has a long history of innovation in savings and investments, combining asset management and insurance expertise to offer a wide range of solutions.

Please refer to the Introductory Statement in our latest **PAC Stewardship Activities and Outcomes Report** for our most recent PAC AUMA details.

The relationship between the asset owner and the internal asset manager

The two core businesses of M&G plc that operate within the same group are the asset owner, The Prudential Assurance Company (PAC), and the asset manager, M&G Investments. While they function independently, both are aligned under shared business purpose, values and commitments.

M&G Investments, the internal asset manager, is one of the underlying managers appointed to manage assets for PAC and third-party clients. Where the internal asset manager has been appointed to manage a portfolio, the asset owner applies the same standards and oversight to the internal asset manager as it does to external managers. While the asset owner is an anchor investor in some of the internal asset manager's investment strategies, it does not make use of every investment strategy that it offers.

The relationship between the internal asset manager and the asset owner is carefully managed to ensure that clients receive the best possible outcome. There are processes in place to effectively manage any conflict of interest that may arise. You can find more details on how potential conflicts between the asset owner and asset manager are managed on page 30.

Both M&G Investments and PAC are signatories of the UK Stewardship Code. The disclosure of M&G Investments in relation to the Asset Management business can be found on their **Responsible Investing webpage**.

A. Organisation, investment beliefs and stewardship approach

Describe your organisation, your investment beliefs, your clients or beneficiaries and how that informs your approach to stewardship.

M&G plc

Purpose

M&G plc's (M&G) purpose is to give everyone real confidence to put their money to work. We are an internationally recognised active asset manager and an established life business, with a well-capitalised With-Profits Fund. We use our strong investment capabilities to help our customers and clients invest for the long-term, in line with our purpose.

Further details about M&G plc and the business structure and strategy can be found in our Annual Report and Accounts on our website.

Asset owner

Who we are and what we do

We are a life insurance company and as a wholly owned subsidiary of M&G plc, we act as an asset owner on behalf of its policyholders. We are responsible for looking after the money of Prudential customers.

The asset owner designs, sells, and distributes savings and investment products directly to policyholders, including retail clients, institutional investors such as pension schemes and investment platforms. These products include with-profits policies, annuities, and unit-linked funds.

The investment strategies for these products vary since we have tailored each strategy to meet specific requirements, including the level of risk appetite. They may include multiple asset classes and geographies spread across a number of mandates or investment vehicles. To manage various strategies within these savings and investment products, the asset owner appoints skilled asset managers, internal or external, to manage diversified investment portfolios, which suit the client's needs. We appoint asset managers based on their expertise in generating sustainable risk-adjusted returns, net of fees, over the long-term, for a particular asset class or investment strategy.

Who our clients are

Our clients include individuals and institutions who invest through our range of products. As an asset owner, we predominantly distribute our products through UK financial advisers.

- With-Profits clients: we aim to meet their needs by constructing portfolios that generate financial returns that meet their expectations, at a reasonable level of risk
- Annuity clients: we aim to meet their needs by providing the guaranteed income promised at the time of the purchase
- Unit-linked clients: we aim to fulfil their needs by meeting the investment objective of the products chosen

Oversight of these outcomes is provided by the PAC Investment Committee (PAC IC) and the PAC Board. The interests of our With-Profits and corporate pensions clients are represented on an ongoing basis by two independent subcommittees, the With-Profits Committee (WPC) and the Independent Governance Committee (IGC).

Asset breakdown

Please refer to the Introductory Statement in our latest PAC Stewardship Activities and Outcomes Report to find our most recent AUMA breakdowns for PAC.

Approach to Stewardship

Stewardship is the responsible allocation, management and oversight of capital to create long-term sustainable value for clients and beneficiaries. As an asset owner, PAC does not engage directly with investee companies on stewardship and sustainability issues but instead appoints investment managers to undertake engagement on our behalf in accordance with our stewardship and sustainability-related policies. **More details can be found in Section C. Policies, processes and review.**

Our investment beliefs

We, as the asset owner, have a set of investment beliefs that are aligned to our principles and values. The summary of these beliefs are included below.

Long-term approach	Offers availability of broader investment set including illiquid assets, looks through short-term volatility and has the flexibility to cater for the investment time horizon and liquidity requirements of specific funds which is additive to overall returns
Diversification	Combining different assets in a portfolio to improve an investors' risk-adjusted return, limit impact of volatility and increases the probability of an investor achieving their investment
Active management	We believe there is added value in active management, but recognise that this can vary between asset classes and is ultimately dependent on the quality of the investment manager
Importance of asset valuation	Valuation of an asset remains an important consideration in determining when to buy, hold or sell and is something that we focus on and expect our underlying managers to focus on as well
Illiquidity premium	Some less liquid asset classes may attract an additional premium, and provide beneficial risk-return characteristics for a multi-asset portfolio
Harvesting a credit risk premium	We believe it is possible to harvest a credit risk premium over the returns offered by government bonds but will ensure our teams focus on robust credit analysis to deliver this
Evolving asset mix and new asset classes	As part of our Strategic Asset Allocation, we review and update our asset allocations on a regular basis and our response to structural changes in the market
Importance of ESG factors and risks	We take ESG factors into consideration in investment decisions and their potential to materially impact our clients and investment outcomes. We believe that businesses and behaviours that reflect ESG best practices are better positioned to deliver sustainable outcomes

Figure 1: Asset owner investment beliefs

Investment time horizons

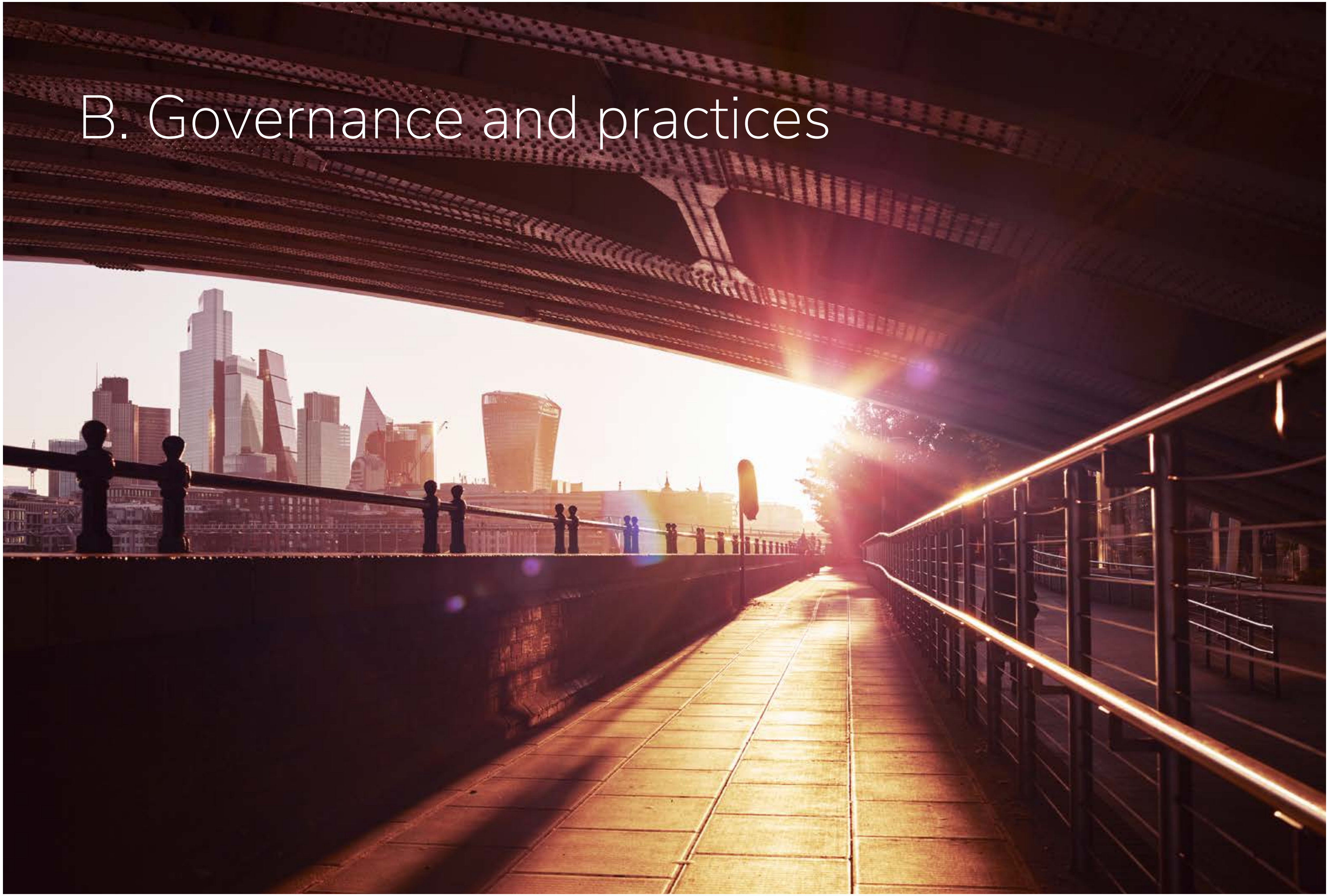
Throughout our investment and stewardship activities, we focus on understanding and addressing the needs of our clients over the appropriate investment time horizon. We are strong advocates of a long-term investment approach, as we believe it delivers the best financial outcomes for our clients and positions us to effectively manage and respond to sustainability considerations.

- **Our With-Profits** portfolios are invested on a medium-to-long-term time horizon in line with our Strategic Asset Allocation (SAA), utilising projections and assumptions over timeframes of 5-10 years and longer (this is communicated to our clients via our corporate website to ensure transparency). The approach looks through short-term volatility and drawdowns while seeking to optimise medium-to long-term risk-adjusted performance in line with their investment preferences
- **Our Unit-Linked** funds are invested in line with our long-term approach. These funds are part of our open-ended unit-linked business and, unlike our With-Profits offering, do not constitute contractual long-term liabilities
- **For our Annuities funds**, individual policies are aggregated and investment time horizons are managed on a cashflow-matching or cashflow-aware basis to ensure liabilities are met effectively

These beliefs are the foundation of our investment strategy, and ultimately, we aim to take a long-term, multi-generational approach to investing on behalf of our clients. We are therefore long-term investors across our with-profits, annuities and unit-linked businesses.

As a long-term investor, we believe that businesses that reflect ESG best practices, and which are aligned with our values of care and integrity, are better-positioned to deliver sustainable outcomes over time horizons that meet present and prospective client needs. We detail our ESG investment beliefs through our PAC ESG Investment Policy. See Section C. Policies, processes and review on page 22 for more details on our key policies.

B. Governance and practices



Describe how your resources enable effective stewardship

Asset owner

Governance structure

The asset owner has its own governance structure which enables sustainability-related matters to be integrated into our business activities.

Matters that are reserved for the PAC Board include reviewing and recommending strategic and long-term objectives, including those relating to sustainability strategy, metrics and targets. These are aligned with the Group sustainability approach and targets. The PAC Board ensures that proposals are relevant and appropriate for PAC's business and customers, and monitors the effectiveness of stakeholder engagements, including with policyholders and regulators. The PAC Board also delegates specific duties, including sustainability and stewardship-related matters to sub-committees.

- **With-Profits Committee** advises the PAC Board to ensure that the interests of With-Profits policyholders and issues are considered within the PAC governance structures
- **Independent Governance Committee** is responsible for ensuring that we offer our workplace pensions customers value for money in their plans. The committee also represents the customers' interests by overseeing relevant processes
- **Risk Committee** supports the PAC Board in its risk activities, providing leadership, direction and oversight
- **Audit Committee** assists the PAC Board in meeting its responsibilities for the integrity of financial reporting and for monitoring the effectiveness and objectivity of the internal and external auditors

PAC Investment Committee

Governance over our investments is managed through the Life Investment Office under delegated authorities from the PAC Board. The exercise of these delegated authorities is overseen by the PAC Investment Committee (PAC IC), chaired by the M&G Life CEO.

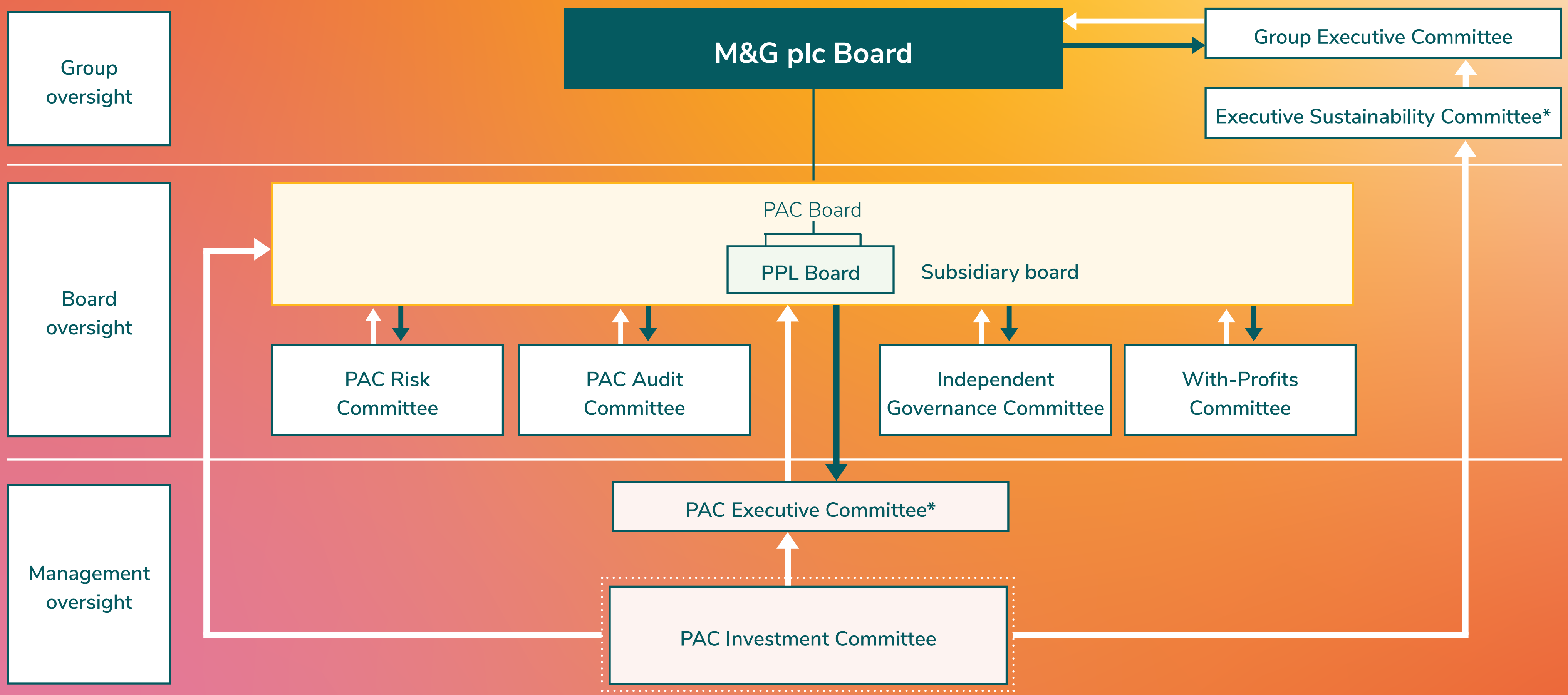
The PAC IC provides oversight and governance of the investment portfolios of Prudential Assurance Company (PAC), and Prudential Pensions Limited (PPL), with explicit responsibilities for ensuring the adequate oversight of ESG, including material ESG risks and stewardship considerations.

Investment decisions that are influenced by sustainability and stewardship considerations are channelled through this governance structure, with the PAC IC escalating matters to the PAC Board. This covers any relevant sustainability-related matters, including ESG policies and external disclosures. Where appropriate, ESG disclosures will also be submitted to M&G's Group-level governance forums, such as the Management Disclosure Committee and Executive Sustainability Committee. See section 'Review and assurance of Review and assurance of PAC's policies on page 26 for further information on the governance process for external disclosures.

PAC PPL Delegated Authority Matrix

To support effective stewardship across the Life Investment Office, the PAC PPL Delegated Authority Matrix sets out clearly the governance process and accountability for key investment decision making across all levels of PAC. This includes decisions on changes to the ESG Investment Strategy, ESG policies and disclosures. The Matrix is reviewed regularly to ensure that it remains accurate and reflective.

The diagram below presents a summary of the governance structure:



Reporting

Delegation – in some instances, as indicated by *, designated accountable executives have certain responsibilities for sustainability and are supported by the executive committee in discharging their responsibilities.

PAC delegates most of the key investment activity to the Life Investment Office, which is a team of over 75 in-house investment experts who are responsible for setting the Strategic Asset Allocation (SAA), asset manager selection and oversight, and for PAC's multi-asset and annuities funds. Sitting independently from the underlying asset management businesses across M&G plc. See our latest PAC Stewardship Activities and Outcomes Report to find the most recent information on our AUMA breakdowns.

The function ensures that both the overall product and the underlying investment strategies are appropriately managed by a suitable asset manager that is capable of managing all risks, including ESG risks and opportunities.

- Portfolios are managed in accordance with Group Standards and Legal/Regulatory requirements
- Risk and Compliance teams provide oversight and guidance

The Life Investment Office

Long-term Investment Strategy

- Recommending the Strategic Asset Allocation for the funds managed by Life Investment Office
- In-depth Capital Markets and Economic research to form medium-and long-term views
- Capital Markets Modelling and scenario analysis, feeding into the wider business

Manager Oversight

- Selection of high-quality investment managers
- Rigorous oversight for all underlying managers to ensure outcomes are aligned with our needs
- Leverage the skillsets of underlying managers for the benefit of portfolios

Multi-Asset Portfolio Management

- Efficient portfolio implementation to ensure funds are managed in line with asset mix and hedging objectives and guidelines
- Client reporting to inform portfolio positioning

Liability-driven Portfolio Management

- Efficient portfolio implementation to ensure annuity funds and overlay hedging programmes are managed in line with objectives and guidelines
- Recommendation of new approaches for portfolio optimisation

ESG & Regulatory

- Set and embed ESG principles in our investment decisions, portfolio and risk management processes
- Drive and implement asset owner ESG strategies, including portfolio decarbonisation efforts

Client Portfolio Management

- Explains the 'who', 'what' and 'how' of our funds to achieve business objectives for growth and retention
- Supporting both internal (e.g. sales teams) and external (e.g. Financial Advisers) stakeholders

While teams across the Life Investment Office contribute to embedding stewardship and ESG considerations within their activities, the ESG & Regulatory and Manager Oversight teams have primary responsibility for managing key sustainability and stewardship processes. The Long Term Investment Strategy team are responsible for integrating sustainability considerations into their SAA process. Examples of these can be found in our latest PAC Stewardship Activities and Outcomes Report.

Life Investment Office ESG & Regulatory Team

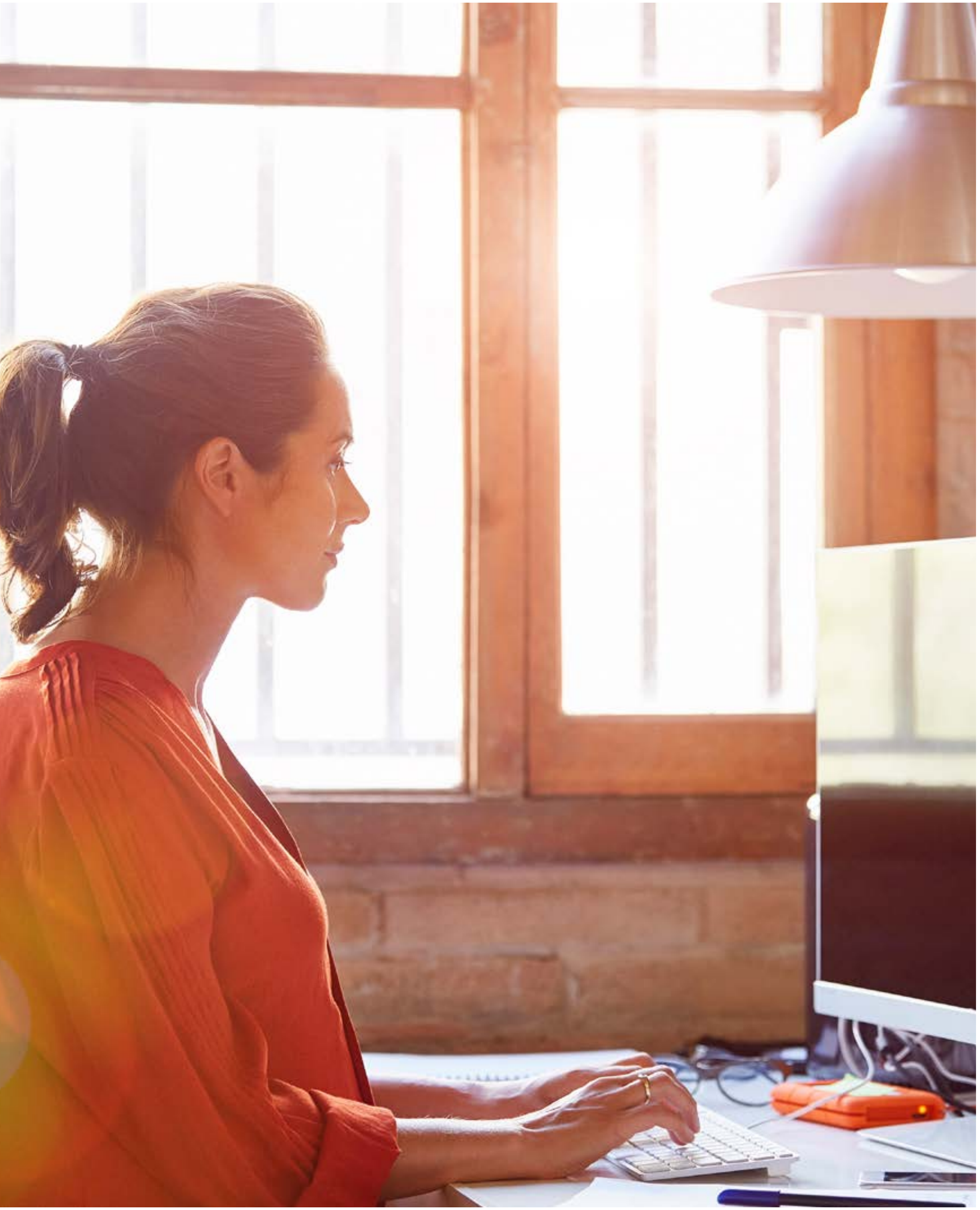
The ESG & Regulatory team is responsible for devising ESG investment strategy and ESG/Stewardship policies and standards at the asset owner level, and drives the integration of these into portfolio allocations, alongside the establishment of ESG due diligence processes of underlying managers. Day-to-day responsibility for implementing effective stewardship practices lies with the ESG & Regulatory team.

The team comprises of ten full-time investment professionals* across four sub-teams (see table for further details). The ESG & Regulatory team also works collaboratively with the M&G plc Central Sustainability Office, and the internal asset manager's Stewardship & Sustainability team. This collaboration ensures a consistent and aligned approach across the related ESG and stewardship principles, policies and reports, where appropriate and required, and to the wider M&G sustainability strategy and commitments.

Head of ESG & Regulatory
Responsible for formulating and implementing ESG investment strategy for PAC

Climate & Nature	Social Issues	Integration & Stewardship	Regulatory Change
• Setting climate strategy and targets, including climate engagement priorities and oversight of managers • Management of climate related risks	• Setting and implementing strategy for social issues • Development of the modern slavery engagement strategy, including engagement priority list and oversight of managers	• Conducting manager oversight • Asset level analysis • Stewardship approach by asset class	• Managing regulatory change and implementation • Regulatory horizon scanning and reporting

*Number of investment professionals reported as at 31 December 2025



Integration & Stewardship

Within the ESG & Regulatory team, the Integration & Stewardship sub-team play a central role in ensuring stewardship is embedded across investment processes by supporting manager selection, ongoing monitoring and conducting manager oversight in collaboration with the Manager Oversight team. Through these processes, the Integration & Stewardship sub-team assess how investment managers integrate sustainability considerations, exercise voting rights and engage with investee companies. In addition, the team assesses the extent to which managers' practices and activities align with the asset owner's ESG / stewardship policies. More details can be found in Section C. Policies, processes and review on page 22.

Experience

The ESG & Regulatory team combines diverse expertise across responsible investment, climate change, and regulatory compliance. Members also bring experiences from life insurance, investment oversight and ESG integration, supported by degrees and professional qualifications such as the CFA Charter and Investment Management Certificate (IMC). To ensure the teams capabilities remain current and abreast of the latest stewardship-related developments, we offer ongoing training and development opportunities. The team actively engage with industry associations to deepen expertise and to stay up to date with best practices.

Life Investment Office Manager Oversight Team

The Manager Oversight team is responsible for the selection and ongoing oversight of all investment managers that are appointed to manage assets, based on the best interest of our policyholders. As part of their investment due diligence, the Manager Oversight team conducts initial and ongoing due diligence of the investment managers' stewardship teams, where applicable, to assess their capacity to conduct successful engagement. This includes a review of the investment managers' ESG investment capabilities, their management of risks, and whether ESG is properly embedded within their processes (with support from the ESG & Regulatory team). The Manager Oversight team comprises of ten full-time investment professionals*.

* Number of investment professionals reported as at 31 December 2025

Training and resources

ESG risks have been included in formal, all-staff training modules. Other ESG topics are delivered in multiple parts throughout the year for specific roles across the firm.

In addition, the company sponsors professional qualifications for employees, as needed such as the Chartered Financial Analyst (CFA) accreditation and the CFA Institute's Certificate in ESG Investing.

M&G's Sustainability Hub provides a centralised resource for all colleagues on our intranet for sustainability information, including the Group Sustainability Framework and links to M&G's sustainability-related reports, such as the Sustainability section in our Annual Report and Accounts, our Task Force on Climate-related Financial Disclosures (TCFD) and Gender Pay Gap reports. The site also provides a link to the United Nations Global Compact (UNGC) Academy, the UNGC's digital learning platform, which all staff are able to access through M&G plc's UNGC membership.

The Life Investment Office (LIO) Sustainability Forum was also established towards the end of 2025 as a knowledge-sharing platform for members to explore and discuss the intersection of sustainability and investment. The Forum aims to foster meaningful dialogue by inviting both internal and external speakers to share insights on current industry trends, challenges, and opportunities in sustainable investment.

ESG Horizon Scan

M&G operates an ESG horizon scan process to ensure there are no gaps in our coverage of ESG related requirements stemming from regional and country level regulation and directives, public policy changes, global standards, industry codes, and industry body guidance. Run on a monthly basis, the process allows us to keep up to date on upcoming changes that are likely to impact the business and provide support for prioritisation and planning to implement any changes that are required.

Third-party service and research providers

In addition to the data we receive from investment managers, third-party research providers such as MSCI and ISS are also used as a resource for ESG and stewardship data. Third-party vendors provide the relevant data used to identify securities and companies that require specialist ESG and Stewardship review. Third-party ESG service providers are also used for the integration of ESG, and reputational risk monitoring of actual and potential issuers and investee companies by PAC.

A non-exhaustive list of our key service providers at the end of 2025 is shown in the table opposite. The Life Investment Office are beneficiaries of these third-party data providers, either directly or as recipients through M&G Investments as a client.

Regular meetings are held with the providers to review any identified issues or required improvements. Please see our latest PAC Stewardship Activities and Outcomes Report for more details on how M&G manages and monitors third-party service and research providers.

MSCI	MSCI is a provider of regulatory sustainability data, ESG ratings, climate analysis and data tools for M&G across all of its geographies and asset classes
ISS	ISS ESG provides M&G with data and tools across a range of sustainable and responsible investment issues with specific reference to controversies and public voting
Bloomberg	Bloomberg's sustainability datasets are used across regulatory, ESG rating, climate analyses and within our data tools. The product includes as-reported data and calculations as well as sector and country-specific data points. M&G specifically deploys Carbon Emission data, Sustainable Debt, Biodiversity, Sustainable Finance Disclosure Regulation (SFDR) and EU Taxonomy data sets
Aladdin Climate (Blackrock Research Services)	Aladdin provides a platform for investment data management and specifically contains forward-looking climate scenarios and implied temperature ratings across different asset classes
London Stock Exchange Group (LSEG)	LSEG is a provider of Green Bond status to identify the type of use of proceeds classification that can be attributed to a themed bond
Sustainalytics	Sustainalytics provides M&G services including ESG risk ratings, controversies coverage, and screening
CDP	M&G uses company climate, water, deforestation and plastics sustainability data from CDP and participates in corporate disclosures run by CDP as a market initiative to support greater transparency
German Watch	German Watch is a data provider that produces the Climate Change Performance Indicator Index. This index tracks countries' efforts to combat climate change. As an independent monitoring tool, it aims to enhance transparency in international climate politics and enables comparison of climate protection efforts and progress made by individual countries
Net Purpose	Net Purpose provides research and specific evidenced SDG data to inform consideration of real-world outcomes for specific fund ranges

Systems and tools

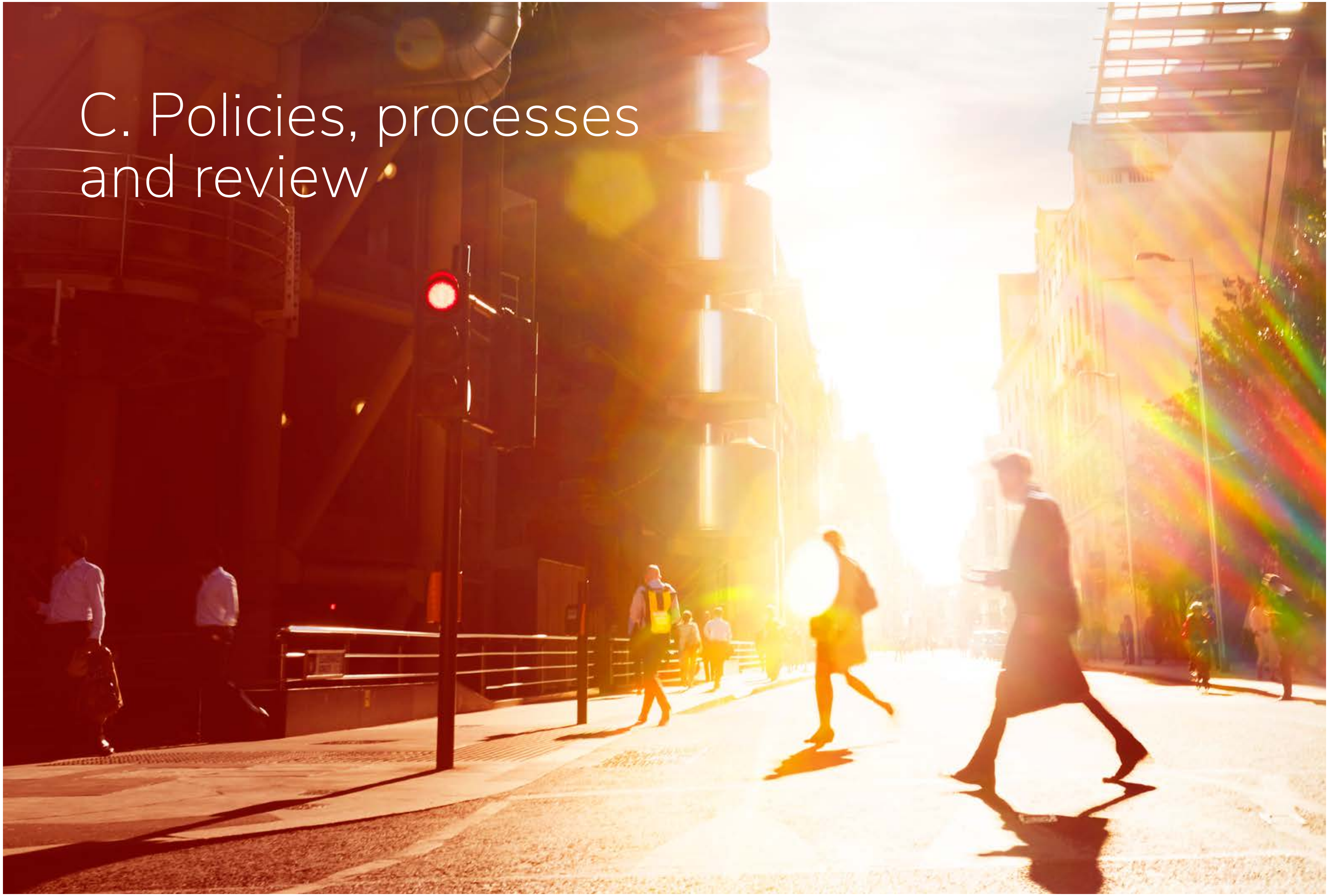
The ESG & Regulatory team and its stewardship activities benefit from access to a range of systems, tools and technology, in addition to the third-party service and research providers detailed earlier in this disclosure.

To support manager oversight processes, the ESG & Regulatory team uses an internal ESG Oversight Dashboard. This dashboard is a tool that compiles regular responses from appointed managers for systematic review. This dashboard enables the team to monitor engagement and voting activities and collaborate with managers to establish standardised assessments, ensuring monitoring of their ESG activities.

Centrali is a third-party system, acting as a digital platform to host proprietary tools, providing ease of access to a range of internally developed ESG-related tools. Through Centrali, teams across the Life Investment Office, including ESG & Regulatory have access to a variety of tools:

- **Asset Owner Portfolio Analytics tool –** displays the ESG metrics of various Life Investment Office Portfolios, enabling better management and in-depth understanding of ESG impact of Life Investment Office funds. The dashboard provides a snapshot view of key indicators such as portfolio screening results, carbon emission metrics and other climate metrics. The tool is used to support our screening and monitoring efforts
- **Oversight Due Diligence tool –** supports stewardship by hosting notes, scorecards and views on manager selection and ongoing monitoring. The tool enables comprehensive assessments through customisable scorecards, quarterly performance and meeting-note tracking and distribution

In addition, PAC, as part of M&G plc, has access to productivity-enhancing Artificial Intelligence (AI) tools that help us all benefit from the advantages of this technology. While we are exploring the benefits of AI, we must do this in a careful and considered manner, with the appropriate governance, controls and awareness. To do this, we have developed an internal AI Framework aligned to the EU Artificial Intelligence Act and applicable across the organisation, to help us identify and manage risk. The objective of the framework is to ensure that AI solutions are developed, deployed, and maintained responsibly and ethically across the business while maintaining compliance with industry best practices and regulatory requirements.



C. Policies, processes and review

Describe your stewardship policies and processes, and how you review them

M&G plc

Risk Management Framework

Our Risk Management Framework (RMF) is designed to manage risk within Board approved appetite levels, aligned to delivering our strategy and creating long-term value for customers, clients and shareholders.

Our approach to risk management includes our 'risk management cycle'. This is our ongoing process of identifying, assessing, managing and reporting both the current and emerging risks to which the business is exposed, or could be exposed to in the future.

Our Risk Management Framework is based on a three lines of defence model, consistent with the wider Group risk management approach. The first line is responsible for the identification and management of risk on a day-to-day basis. The second line risk and compliance functions provide risk advice, oversight and challenge. The third line provides independent assurance over the design and effectiveness of internal controls, including those covering sustainability-related policies and processes.

We have formal reviews of our policies at appropriate intervals to ensure they are still relevant and effective. Our first line controls and assurance team partner with business heads and investment professionals in order to close assurance actions on time and provide support in documenting, enhancing and testing key controls where required.

Asset owner

As an asset owner, we ensure review of our stewardship activities and reports by embedding Group-level frameworks and applying the 'three lines of defence' model. In addition, we maintain an independent governance structure to provide oversight and approval of asset owner-specific activities. At the core of this structure is the PAC Investment Committee (PAC IC), chaired by the Life CEO, which considers key matters including policy changes and approves critical reports such as the PAC Stewardship Report. Oversight is further strengthened through regular reporting to various asset owner groups, including the With-Profits Committee and the Independent Governance Committee. Where appropriate, certain processes and policies are also subject to review by the M&G plc governance structure.

Key PAC Policies

PAC's stewardship approach is underpinned by three key, interrelated policies – the PAC ESG Investment Policy, PAC Shareholder Engagement Policy, and PAC Voting Standard. Each of which sets out clear objectives and principles for responsible investment and active ownership. The implementation of these policies collectively ensures that PAC manages its assets in line with its fiduciary duty to customers, promotes sustainable long-term value, and complies with applicable regulations and codes.

All three policies are reviewed at least annually to ensure they remain aligned with customer needs, evolving regulatory requirements, and key frameworks such as the EU Shareholder Rights Directive II (SRD II) and the Financial Reporting Council UK Stewardship Code.

Below is a summary of each policy's core objectives and principles, and how they reinforce PAC's overall stewardship approach. Please also find additional information on 'Engagement and voting' in our latest PAC Stewardship Activities and Outcomes Report.

PAC ESG Investment Policy

The ESG & Regulatory team is accountable for developing the overall ESG investment strategy for the asset owner. This encompasses establishing ESG investment principles, conducting investment research, and providing thought leadership. The implementation of these high-level strategies and positions on specific ESG issues is carried out by the Manager Oversight team in collaboration with the ESG & Regulatory team and other stakeholders. This ensures that ESG and sustainability factors are taken into consideration across all relevant investment activities. In accordance with the above, the ESG & Regulatory team is responsible for creating and maintaining the PAC ESG Investment Policy.

This policy outlines various ESG investment principles and investment requirements, which subsequently guide stewardship practices and are implemented by the Life Investment Office where possible.

It articulates PAC's commitment to integrate environmental, social, and governance (ESG) factors into investment decisions as part of its responsibility as an asset owner, with the primary objective of delivering sustainable, long-term returns for customers. Reflecting these principles, the PAC ESG Investment Policy sets out our exclusion framework and where this applies. These are exclusion criteria for certain sectors or business practices that do not align with PAC's values or pose excessive ESG risk.

In line with its principles, PAC expects asset managers to engage with companies through dialogue and voting to promote strong governance, environmental stewardship, and social responsibility, while avoiding investments that conflict with human rights or ethical standards. Recognising the breadth and evolving nature of ESG issues, the policy does not prescribe specific treatments for each issue but instead sets out overarching principles. Aligned with major regulatory and stewardship frameworks, including the UK Stewardship Code. Owned by the Chief Investment Officer and approved by the PAC Board, the policy is reviewed regularly to reflect regulatory and market developments and underpins the more detailed engagement and voting policies that accompany it.

Please refer to the PAC ESG Investment Policy **here** for further details.

PAC Shareholder Engagement Policy

PAC's Shareholder Engagement Policy sets out how PAC, as an asset owner, undertakes effective stewardship through engagement with investee companies and aligns its approach with the requirements of the EU Shareholder Rights Directive (SRD).

The purpose of this policy is to support long-term value creation and effective risk management by setting out our expectations of active stewardship of the companies that PAC funds invest in. PAC generally engages through its appointed investment managers, who are expected to embed strong stewardship practices into their investment processes.

In line with the principles, managers are required to monitor investee companies' strategy, performance, capital structure and ESG practices, and to engage where appropriate. They should identify risks, raise concerns with boards or management, and address PAC's priority ESG issues. Each engagement should have a clear objective, with escalation if progress is limited. This may involve collaborating with other investors, raising issues at shareholder meetings or supporting shareholder resolutions. Voting is treated as a critical escalation tool, while divestment is considered a last resort. All stewardship activities are undertaken with a long-term perspective, aiming to support sustainable company performance and deliver better outcomes for policyholders in line with PAC's fiduciary duties and the expectations of the UK Stewardship Code. PAC also encourages collaborative engagement where it can increase influence, and requires any conflicts of interest to be managed and escalated where necessary.

This policy meets SRD II requirements by setting out how PAC monitors and engages with investee companies, and aligns with the UK Stewardship Code. It operates alongside, and does not replace, the PAC ESG Investment Policy, ensuring that engagement activities reflect PAC's broader ESG and stewardship principles. Through this approach, PAC expects its managers to act as active stewards of capital, driving improvements in governance, strategy and sustainability practices on behalf of clients.

Please refer to the PAC Shareholder Engagement Policy **here** for further details.

PAC Voting Standard

PAC's Voting Standard outlines how PAC expects shareholder voting rights to be exercised as part of its stewardship responsibilities to support customers' long-term interests and align with PAC's ESG commitments.

Investment managers vote on PAC's behalf within the framework of the Voting Standard, which requires them to prioritise long-term value, consider systemic ESG risks, and support outcomes that strengthen sustainable performance. In line with the principles, managers are expected to vote on all relevant shareholder resolutions globally, where possible, to maintain voting policies that align with PAC's standards, and manage conflicts of interest. The managers should be able to deviate from proxy advisor recommendations when that is necessary to serve PAC's customers' best interests, ensuring independent decision-making.

Voting also serves as an escalation tool: when engagement does not deliver progress, PAC expects managers to use votes, including votes against management, to indicate concerns. Managers are encouraged to evaluate the effectiveness of their voting and report voting records clearly, especially where they vote against management or on significant ESG-related resolutions.

Please refer to the PAC Voting Standard **here** for further details. Please also refer to the PAC Stewardship Activities and Outcomes Report for examples of how these policies are applied in practice.

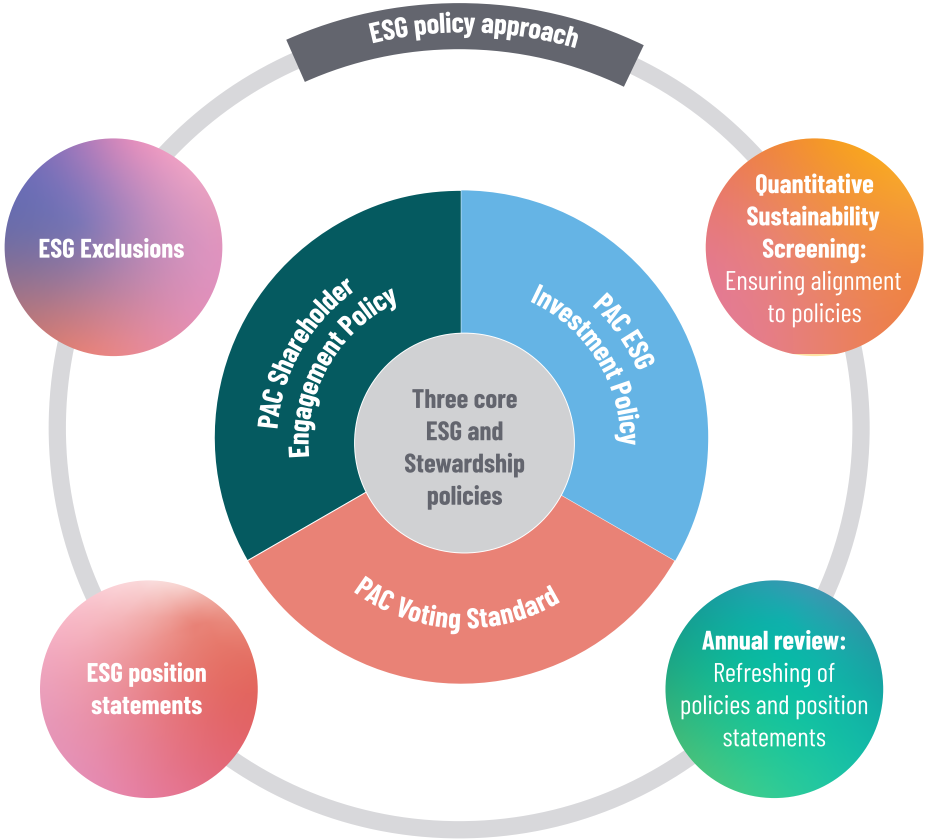


Figure 2: Summary of the asset owners ESG policies and processes

Review and assurance of PAC's policies

As stated earlier, our ESG and stewardship policies follow a structured review and approval process. The policies are reviewed by the ESG & Regulatory team at least annually or periodically as required. These are then taken to the PAC IC for approval.

The approval process for the PAC Stewardship Policy and Context Disclosure as well as the Activities and Outcomes Report also ensures comprehensive review and due diligence by key stakeholders and governance forums. We take a proactive approach to stewardship assurance: the Report is first reviewed internally by the ESG & Regulatory team through a roundtable process. It is then submitted to additional stakeholders, including the Manager Oversight team, the M&G plc Central Sustainability Office, and Risk & Compliance. Following these reviews, the Report progresses through several governance committees (as shown in Figure 3) before ultimately receiving approval from the PAC Board.

For significant ESG disclosures, approval may also be required from the M&G plc ESG Disclosure Panel, Executive Sustainability Committee (ESC), and Management Disclosure Committee (MDC), with the ESC ensuring MDC is informed. This governance process provides additional scrutiny for external-facing reports, ensuring accuracy, fairness, and transparency.

Risk and Compliance provide independent oversight throughout, including formal risk opinions when documents are submitted to committees.

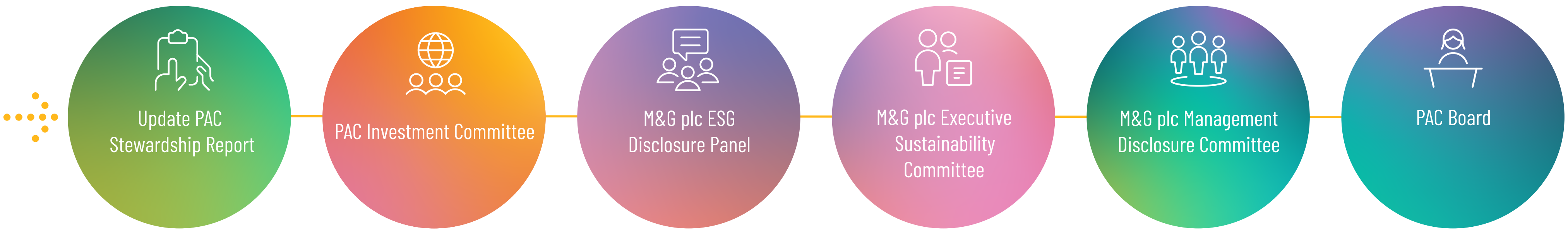


Figure 3: High-level overview of the review and governance process undertaken for the PAC Stewardship Report

D. Conflicts of interest

Describe how you manage stewardship-related conflicts of interest to put the best interests of clients and beneficiaries first

M&G plc

It is a fundamental requirement for a financial services firm to identify and manage conflicts of interest. This is central to the duty of care we owe to our clients. M&G will use all reasonable endeavours to identify conflicts of interest and then take steps to either avoid, or manage, them effectively and to treat clients fairly.

At M&G, a conflict of interest is defined as 'a situation, decision, or arrangement where competing obligations or motivations may damage the interests of a client'. M&G acknowledges the importance of having appropriate controls and systems in place to effectively identify and manage potential and actual conflicts of interest.

Management of conflicts of interest

M&G takes reasonable steps to prevent conflicts of interest arising, to protect the interests of all M&G plc's customers, clients, and end investors.

The Policy Governance Framework (PGF) is a core component to the overall system of risk management and internal control. In addition, the expectations for managing conflicts of interest are set out within the M&G plc Code of Conduct.

The Group-wide M&G plc Conflicts of Interest Policy is applied to all aspects of the M&G business and is implemented by all areas across the business. The policy also sets out the Group-wide approach and requirements of how conflicts should be identified, escalated, recorded, and managed in support of compliance with regulatory requirements. Under the Conflicts of Interest Policy, if any employee has the knowledge of a potential or actual breach of the policy, the employee must report it.

All employees have access to various resources to help them understand their personal responsibilities for managing risks and internal controls. A network of Conflict Representatives from different business functions acts as the first contact point for anyone wanting to report or escalate a conflict of interest. Additionally, the Conflicts of Interest intranet site provides details of these representatives, along with a wide range of helpful materials and information. The business manages this risk by providing all staff and colleagues with mandatory training to all employees annually to raise awareness and understanding of how conflicts could arise and to enable staff to identify, report and adequately manage such conflicts.

The M&G plc Conflicts of Interest Policy is reviewed at least annually, or where there is a material update that requires addressing, which ensures that the policy remains effective for the ongoing management of conflicts of interest. Relevant governance committees review and approve any changes made to the Policy and all business areas are expected to comply with the Policy. In particular, each M&G plc Executive member is specifically accountable for ensuring that all areas under their remit appropriately adhere to the Policy requirements, and they have specific responsibilities in relation to identifying, controlling, and assessing conflicts of interest.

Asset owner

Governance and policies

The M&G plc Conflicts of Interest Policy is applied to all M&G business, including the asset owner. The asset owner is responsible for identifying conflicts of interest and ensuring that they are clearly reported and articulated, while also ensuring that the detail on the underlying conflict is well-documented. The Conflicts of Interest Register is crucial to enable ongoing monitoring and resolution. We recognise the importance of effectively managing conflict, so we have ensured that explicit references are included in a variety of key stewardship policies or documents, including:

- Our PAC Shareholder Engagement Policy states our expectations of asset managers. We expect asset managers to communicate with shareholders and relevant stakeholders of investee companies so that they can effectively manage conflicts of interest that may arise from their engagement. Any material communication and coordination, as well as significant conflicts of interest may be escalated to M&G for information and support with resolution
- The PAC Voting Standard states that any conflicts of interests that may arise in shareholder voting considerations should be identified, managed, and disclosed effectively (for example, where an issuer may also be a client of the asset manager)

Types of conflicts of interest

The asset owner recognises that a conflict of interest may arise when exercising our active ownership responsibilities which are important to the asset owner, different groups of clients and wider stakeholders such as the shareholders. We take into account the following types of conflicts of interest:

- Firm vs Client – whether any M&G entity is likely to make a financial gain or avoid a financial loss at the expense of the client
- Individual vs Client – whether a client is disadvantaged or making a loss when an employee/connected person to an M&G entity makes a gain
- Client vs Client – where a client makes a gain or avoids a loss whilst another client makes a loss or is disadvantaged
- Intra group conflict – whether an M&G entity, employee or fund benefits at the expense of another M&G entity or fund

Further identification and management of these conflicts are set out in our Principles and Practices for Financial Management (PPFM) document, for With-Profits Business, and Prudential's Statement of Unit-Linked Principles and Practices (PSULPP), for unit-linked business.

- Both our PPFM and PSULPP document outlines how competing or conflicting interests of different groups and generations of policyholders, and shareholders, are managed so that each group is treated fairly
- In alignment with our culture and values, treating customers fairly is a significant aspect of our investment processes. Therefore, we take into consideration how customers are treated in every investment decision, to ensure that they receive a fair and balanced outcome. These customer advocates include our With-Profits Actuary and our With-Profits Committee for With-Profits business, and our Independent Governance Committee for our workplace pensions business. A particular strength of the With-Profits Committee is the ability to discuss and give direction to the asset owner Board on sufficiently material investment matters
- Our investment portfolios are comprehensively managed using well defined decision-making principles to ensure that any potential conflicts arising are adequately monitored and resolved

Asset owner vs internal asset manager

The important aspect to keep in mind is that it's quite normal for a large organisation like M&G to encounter conflicts of interest. That's because we provide products and services to a wide range of customers, clients and policyholders, each of whom have their own needs and objectives.

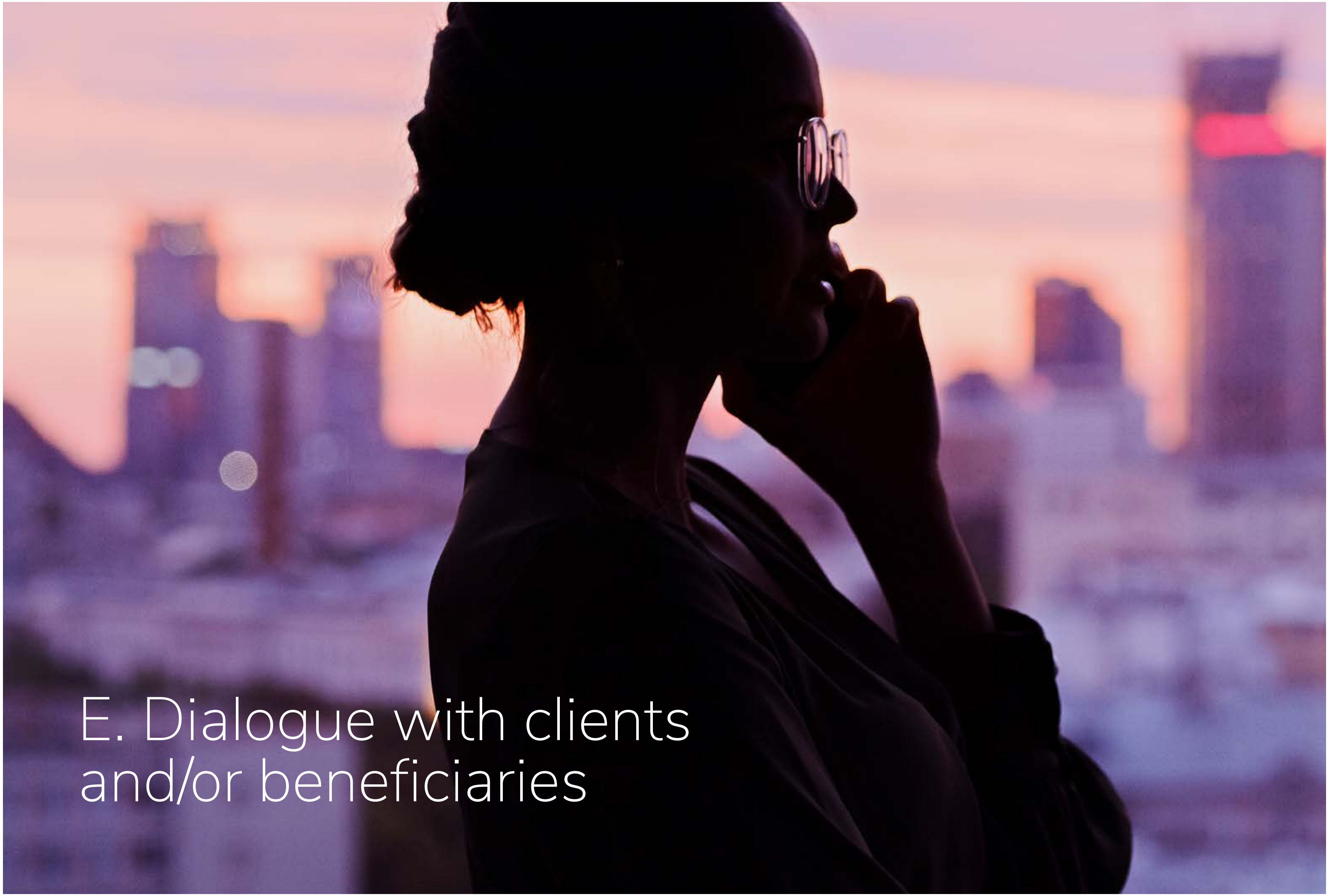
A good example of this is the unique relationship within M&G plc between the asset owner (PAC) and the asset manager (M&G Investments). One source of potential conflicts of interest is M&G Investments management of PAC assets.

PAC must place its funds where it will achieve the best value for its policyholders, while M&G Investments has obligations to treat all customers fairly. This dynamic requires careful management to ensure both entities' interests are balanced and conflicts are mitigated effectively.

To manage this, both entities operate as separate businesses with independent governance structures. Information flow is tightly controlled to ensure that decisions are made solely in the best interests of PAC policyholders and not influenced by broader Group considerations. Information sharing is permitted only for the specific investment portfolios that M&G Investments manages on PAC's behalf. Any broader collaboration, such as discussions on investment principles, takes place strictly in generic or hypothetical terms to avoid influencing portfolio specific decisions.

Operational separation is maintained across governance, oversight, and investment decision-making. All inherent conflicts are managed in line with the M&G plc Conflicts of Interest Policy, and any concerns are escalated and recorded through established conflict management channels.

There is collaboration on ESG matters, where appropriate, for instance the asset owner and the internal asset manager apply the PAC ESG Investment Policy to applicable mandates and develop positions on key themes such as climate change and Diversity & Inclusion. Information flow is tightly controlled to ensure that decisions are made solely in the best interests of PAC policyholders and are not influenced by the internal asset manager. There is efficient collaboration between the two areas, however conflicts of interests are carefully registered and managed. Support functions, such as Human Resources, Legal, Accounting, Marketing, and Risk & Compliance are also shared functions.



E. Dialogue with clients and/or beneficiaries

Describe how you maintain a dialogue with clients and/or beneficiaries

Understanding our clients and their needs

We place a strong emphasis on engaging with UK financial advisers, policyholders and third parties to continuously enhance our understanding of client needs, expectations, and perspectives. Our primary tools employed to gather valuable insights include:

- Surveys
- Forums
- Research groups

These methods allow us to gather feedback and evolve our offerings to better serve our clients. Open-ended responses are also encouraged within surveys and via forums, to invite more detailed insight. In addition, we run an extensive programme of both technical and investment seminars (mostly online) for advisers. Attendance numbers at these events often reach into the hundreds. Feedback on the content available to advisers and the public is also deemed crucial for the business to ensure that we deliver the right information and cover the most relevant topics in future events. This allows us to gain insights from both professionals and members of the public, enabling us to develop a comprehensive understanding of our clients' requirements. Furthermore, adviser insights allow us to tap into the expectations and views of the clients, further enriching our understanding of their needs.

Client feedback and marketing research

Research with customers and advisers has informed us on what we can do to help them better understand how we manage their money. We have conducted research with customers and advisers to explore the clarity and effectiveness of our 'How we manage your money' Reports. The findings allowed us to assess the Reports' content and identify unclear areas and improve engagement.

Client communication on stewardship and investment activities

We aim to communicate regularly with our clients, and at different intervals depending on the product type. This could include performance, details on any changes to their funds (e.g. strategic asset allocation reviews) or case studies of investment examples.

In terms of the level of information provided to our clients, we understand that every client need is different and will have different preferences in terms of the level of detail they may want to receive. Recognising this, a lot of our material is aimed at financial advisers which allows them to manage the level of detail a client may require or need. They are able to tailor their approach accordingly and where possible to determine the most appropriate content for clients.

Client communication on stewardship and investment activities continued

Our website is just one avenue through which our clients may access the information they need. This provides a wide range of information tailored to our different audiences, including, but not limited to, advisers and retail clients. Through our dedicated sustainability section on our main M&G website, applicable policies and reports such as the PAC Stewardship Report can be accessed. In addition to this, sustainability-related support for advisers can be made available upon request. We also have adviser-focused resources on our website including articles, videos, and webinars to help advisers support and inform their clients on investment topics.

Taking our commitment further to help customers understand how we manage their money, the Life Investment Office and Marketing teams have worked together to create simple stewardship-related content that improves the conversation and provides information about our PAC stewardship activities in ways they find helpful. As a result, we've developed new stewardship communications for advisers and customers. This involved creating and disclosing content on specific funds. The goal is to reassure our customers and advisers by providing access to information that highlights our responsible investment practices.

Acronyms & abbreviations

AI Artificial Intelligence

CFA Chartered Financial Analyst

ESC Executive Sustainability Committee

ESG Environmental, Social, Governance

IGC Independent Governance Committee

IMC Investment Management Certificate

Internal asset manager M&G Investments

LIO Life Investment Office

MDC Management Disclosure Committee

PAC Prudential Assurance Company Limited

PAC IC PAC Investment Committee

PGF Policy Governance Framework

PPL Prudential Pensions Limited

RMF Risk Management Framework

SAA Strategic Asset Allocation

SFDR Sustainable Finance Disclosure Regulation

SRD II Shareholder Rights Directive II

TCFD Task Force on Climate-related Financial Disclosures

the Code UK Stewardship Code

UNGC United Nations Global Compact

WPC With-Profits Committee

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