



Independent Limited Assurance Report to the Directors of M&G plc on selected Sustainability metrics in the Annual Report and Accounts for the year ending 31 December 2022

The Board of Directors of M&G plc (“M&G”) engaged us to obtain limited assurance on the selected Sustainability metrics (together the “Subject Matter Information”) as defined below and marked with the symbol **A** in the sections titled Social Impact and Climate-Related Disclosures in M&G plc’s Annual Report and Accounts for the year ended 31 December 2022 (the “Report”).

Our assurance conclusion does not extend to information in respect of earlier periods or to any other information included in, or linked from, the Report.

Our limited assurance conclusion

Based on the procedures we have performed, as described under the ‘Summary of work performed as the basis for our assurance conclusion’ and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information marked with the symbol **A** in the sections titled Social Impact and Climate-Related Disclosures within M&G’s Annual Report and Accounts for the year ended 31 December 2022, has not been prepared, in all material respects, in accordance with the Reporting Criteria set out in M&G’s Basis of Reporting documents and referenced in the ‘Subject Matter Information and Reporting Criteria’ section below.

Subject Matter Information and Reporting Criteria

The Subject Matter Information needs to be read and understood together with the Reporting Criteria, which M&G is solely responsible for selecting and applying. The Subject Matter Information and the Reporting Criteria are as set out in the table below:

Subject Matter Information	Value	Reporting Criteria
Scope 1 GHG emissions (Tonnes CO ₂ e)	1,435	M&G Environment Basis of Reporting 2022, available at M&G’s website (https://www.mandg.com/sustainability/external-assurance) ⁱ and presented in Appendix A
Scope 2 GHG emissions (location-based) (Tonnes CO ₂ e)	4,079	
Scope 2 GHG emissions (market-based) (Tonnes CO ₂ e)	91	
Scope 1 and scope 2 ⁱⁱ GHG emissions (Tonnes CO ₂ e)	1,526	
Total energy use (MWh)	21,257	
Scope 1 and scope 2 ⁱⁱ GHG emissions per employee (Tonnes CO ₂ e/Full Time Employee [FTE])	0.25	
Selected scope 3 GHG emissions (Tonnes CO ₂ e) arising from: <ul style="list-style-type: none"> - Business Travel; - Water; and - Waste. 	3,316	
Scope 1, 2 ⁱⁱ and selected scope 3 GHG emissions (Tonnes CO ₂ e)	4,842	
Total water consumption (m ³)	27,709	
Total waste generated (Tonnes)	318	
Total community investment spend (£m)	4.3	M&G Community Investment Basis of Reporting, available at M&G’s website (https://www.mandg.com/sustainability/external-assurance) ⁱ and presented in Appendix B

ⁱ 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.

ⁱⁱ When reporting totals, market-based emissions are used.

Inherent limitations

The absence of a significant body of established practice on 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 performance information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter and the methods used for determining such information. The precision of different measurement techniques may also vary.

Responsibilities of M&G's 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 information relevant to the evaluation or measurement of the Subject Matter Information, which is free from material misstatement, whether due to fraud or error, against the Reporting Criteria; and
- producing the Report, including underlying information and a statement of Directors' responsibility, which provides an accurate, balanced reflection of M&G's performance in this area and discloses, with supporting rationale, matters relevant to the intended users of the Report.

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.

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 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 Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards).

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

Summary of work performed as the basis for our assurance conclusion

In carrying out our limited assurance engagement we:

- considered the suitability in the circumstances of M&G's use of the Reporting Criteria, as the basis for preparing the Subject Matter Information;
- through inquiries with M&G's management, including the Workplace Solutions team and the Corporate Responsibility team obtained an understanding of M&G's control environment, processes and systems relevant to the preparation of the Subject Matter Information;
- evaluated whether M&G's methods for developing estimates are appropriate and had been consistently applied;
- performed limited substantive testing on a selective basis of the Subject Matter Information at corporate head office and global offices to check that underlying information had been appropriately evaluated or measured, recorded, collated and reported;
- performed analytical procedures by comparing movements year-on-year and made inquiries of management to obtain explanations for significant differences we identified; and
- considered the disclosure and presentation of the Subject Matter Information.

Our procedures did not include evaluating the suitability of design or operating effectiveness of control activities, testing the data on which the estimates are based or separately developing our own estimates against which to evaluate M&G's estimates. Nor did we perform procedures on financial information extracted from the audited accounts of M&G plc.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than 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.

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 assurance 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 and, in doing so, 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.

Use and distribution of our report

This report, including our conclusion, has been prepared solely for the Board of Directors of M&G in accordance with the agreement between us dated 3 January 2023 (the "agreement"). Our report must not be made available to any other party save as set out in 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 this report except where terms are expressly agreed between us in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
London
9 March 2023

Environment Basis of Reporting 2022

Version 7
March 2023

Environment Basis of Reporting

Version 7

Author: Camilla Hitchcock
Date of last review: March 2023

Summary

This Basis of Reporting document outlines the scope of KPIs reported covering GHG emissions data and other environmental metrics by M&G plc. for the M&G plc. 2022 Annual Report and Accounts.

Scope

This document explains the approach taken by M&G plc to collating and reporting our environmental data and GHG emissions published in our 2022 Annual Report and Accounts, our Sustainability report, online and select supplementary reporting e.g. CDP. We have robust processes in place to capture, monitor and measure our performance and we aim to report openly and transparently.

GHG emissions are broken down into three scopes; we have included full reporting for Scope 1 and 2, and selected Scope 3 reporting as best practice.

- 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 our central travel booker (category 6), car travel in colleague owned cars claimed on expenses in the UK (category 6), water consumption (category 1) and waste generation where data is available (category 5).

Metrics other than carbon to be reported 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 CO₂e per employee (for scope 1 and 2 [market based] emissions)

Reporting Period

Our 2022 reporting period covers 01 January to 31 December 2022 and corresponds with the 2022 Annual Report and Accounts. Due to this alignment some utilities data may be received after the publication and will therefore need to be estimated (based on the approach outlined in our calculation methodology). Data submitted after the 3rd February 2023 will be included and re-stated in subsequent years reporting.

Reporting Boundary

We apply the 'operational control' approach as the boundary for reporting our environmental data. In practice, this means that we report on 100% of emissions where we have the full authority to introduce and implement operating policies. Under this approach, our GHG emissions from all owned and leased office facilities globally 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 where we receive metered energy consumption and invoices and included modelled data based on an intensity metric for offices where no data is currently available eg serviced offices.

This boundary approach covers emissions generated from all occupied leases, covering 93,976 square meters (1,011,550 sq. ft). To determine the sites where emission reporting was required, lease information was taken from our central lease database. Occupied property means M&G plc personnel on-site under normal operating conditions.

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.

M&G plc owns and manages assets which are held on its balance sheet in the financial statements over which it does not have operational control due to fund governance structures. These are excluded from the scope of reporting under the operational control approach, however the financed emissions (scope 3, category 15) from some of these assets are reported in the metrics reported on our investment portfolios where the assets are managed by an in-scope M&G asset management company, and relevant carbon data is available for the underlying assets.

Assessment Methodology

M&G plc uses a third party reporting platform for the calculation of its energy, water and waste consumption and GHG emissions. The Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard (2015 revised edition) is used as the methodology. The GHG Protocol was co-developed by the World Resources Institute and the World Business Council for Sustainable Development.

Site specific data contributors are responsible for inputting data directly to the reporting platform, which is approved by the Sustainability Team at a Group Level, based on certain criteria. The data is then extracted from the platform for reporting purposes.

Emission Factors

Our 2022 reporting has used the following sources of emission factors to calculate our footprint measured in carbon-dioxide equivalent (CO₂e).

- Scope 1: UK BEIS 2022 GHG Conversion Factors
- Scope 2 location-based: IEA 2022 Edition of the CO₂ Emissions from Fuel Combustion (including CH₄ and N₂O)
- Scope 2 market-based: European Residual Mixes 2022 - Association of Issuing Bodies, supplier emissions factors for renewable energy use and energy attribute certificates (EACs).
- Scope 3: UK BEIS 2022 GHG Conversion Factors.

We have used supplier emissions factors where we have evidenced the consumption of electricity is from green energy tariffs. Residual mix factors were used where supplier factors were unavailable.

Materiality considerations

We have set a materiality threshold of 5% of total consumption and associated emissions. The following exclusions have been made based on this:

- Within Asia, Agents' business travel, (scooters – these do not come under M&G's operational control and collection of this information would be extremely difficult).
- Minor works (gardeners, minor construction works, so small as to be immaterial, anticipated < 1%).
- Emissions from refrigerants from small split-system air conditioning units are so small as to be immaterial (anticipated < 0.1%). The electricity use from these units has been reported.
- In 2022 an extension of the Group Travel policy and extension of the Travel Management Company (Reed and Mackay) took place. Travel not booked through Reed and Mackay is not currently included in our reporting.

Intensity Ratio

Our emissions are normalised by the floor area of our occupied properties held at 31 December 2022 reporting consumption between 01 January and 31 December. Our office spaces are measured in accordance of local practise, which is useable floor space often referred to as net lettable or internal area. Where floor area for an office has changed during the reporting period the figure in place for the longest percentage of the year is used. 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 CO₂e per employee (for scope 1 and 2 emissions). This is calculated as a snapshot of full time employees (FTE) on 31 December 2022 (the closest available figures to our reporting year-end) and excludes Joint Ventures, where we do not have operational control, which are not in scope.

Methodology changes from 2021

- Travel data from Reed and Mackay now additionally covers operations in India as of April 2022 and operations in Australia from December 2022. During 2023 Poland and APAC sites will also be added to the scope.
- An intensity metric is used when modelled data is required. The intensity metric is averaged kWh per sq. ft per year calculated for sites (with actual data) in scope of the 2022 reporting year, using 12 months of electricity data from October 2021 to September 2022.
- Previously waste data was reported just for the UK properties, where we had operational control. In 2022 we are now reporting on waste generation for any site where data is available.

Calculation Methodology

Our approach to the core metrics in our GHG emissions reporting is detailed below. These KPI have been tested as part of the annual external assurance process unless stated otherwise. To ensure we have complete coverage during the reporting period, consumption data may be accrued for missing invoices/supplier data, or estimated where we have received no information for a property (e.g. a new lease that became active during the reporting year and no invoices have yet been received). If there is incomplete lease information then we assume a conservative approach, i.e. that the property is open for the full reporting period.

Parameter:	Scope 1 emissions
Definition	Scope 1 emissions are our direct emissions from the combustion of fuel, fugitive emissions and company owned vehicles.
Emissions sources	<ul style="list-style-type: none"> ▪ Fuel combustion – gas ▪ Fuel combustion – oil ▪ Fugitive emissions ▪ Vehicle fleet
KPI	<ul style="list-style-type: none"> ▪ Total energy consumption (kWh) and Scope 1 emissions (Tonnes CO₂e)
Method	<p>Fuel combustion – gas 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.</p> <p>For sites that do not provide data where gas is consumed, no estimated or modelled data is generated by the platform. If a site does provide data, but it is unavailable, then the figure from the previous year for the equivalent time frame is used.</p> <p>Fuel combustion – oil 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.</p> <p>For sites that do not provide data where oil is consumed, no estimated or modelled data is generated by the platform. If a site does provide data, but it is unavailable, then the figure from the previous year for the equivalent time frame is used.</p> <p>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.</p> <p>Vehicle fleet Transport is calculated based on distance travelled.</p> <ul style="list-style-type: none"> ▪ Mileage of leased 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. ▪ Where we do not receive mileage data for company cars estimated distance entered is based on vehicle contracted annual Km’s.
Source	Invoices, supplier reports, manual meter reads and expense system reports.
Emissions factors	UK BEIS 2022 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	<ul style="list-style-type: none"> ▪ Electricity ▪ Heating and cooling ▪ Vehicles that consume electricity

KPI	<ul style="list-style-type: none"> Total energy consumption (kWh) and Scope 2 emissions (Tonnes CO₂e) – both market and location based
Method	<p>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:</p> <ol style="list-style-type: none"> (Best option) takes consumption data from the same time period in the previous year and applies that as the modelled consumption data. If the location has at least seven months in the previous 12 months from the month that the modelling will apply to. The value used for the missing month is the average of 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 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. If a location has no actual data for any previous time period, then an defined intensity metrics is applied for Stage 4 modelling. Stage 4 modelling will only occur if the associated locations have floor area for the time period which is looking to be modelled. <p>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.</p> <p>The intensity metric is averaged kWh per sq. ft per calendar year usage across site using actual and estimated data.</p> <p>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.</p> <p>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 in 2022. 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.</p> <p>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.</p> <p>Vehicles that consume electricity</p> <p>Transport is calculated based on distance travelled.</p> <ul style="list-style-type: none"> 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.
Emissions factors	<ul style="list-style-type: none"> Location-based: IEA 2022 Edition of the CO₂ Emissions from Fuel Combustion (including CH₄ and N₂O) Supplier emissions factors where we have evidenced the consumption of electricity is from green energy tariffs Market-based: European Residual Mixes 2022 - Association of Issuing Bodies, where supplier factors are unavailable

Parameter:	Scope 3 emissions (selected categories)
Definition	Scope 3 emissions include business travel (rail and air) booked through our central travel booker (category 6), car travel in colleague owned cars claimed on expenses in the UK (category 6) and water consumption (category 1) and waste generation where data is available (category 5).
Emissions sources	<ul style="list-style-type: none"> ▪ Waste generated ▪ Water consumption ▪ Business Travel
KPI	<ul style="list-style-type: none"> ▪ Selected scope 3 emissions (tonnes CO₂e) ▪ Total water consumption (m³) ▪ 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
Method	<p>Waste generated</p> <p>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, which is provided by the waste contractor. 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 2022 GHG Conversion Factors for all sites. In 2021 we reported waste data for 7 sites and in 2022 this has risen to 12. We only report recycling figures for sites where we have at least general waste, recycling (mixed or separated) and confidential waste data.</p> <p>We have taken the most conservative approach by applying a materials consumption factor for all waste streams. This is to account for any emissions generated across a products whole lifecycle.</p> <p>Where accurate data is missing we have used a figure calculated by taking an average of the remaining months within the year.</p> <p>Water consumption</p> <p>The total quantity of water consumed is obtained from invoices, supplier and site meter readings and recorded in cubic meters or kilolitres (reported as meters cubed). The number of properties providing water data has risen from 22 in 2021 to 25 in 2022.</p> <p>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:</p> <ol style="list-style-type: none"> 1. (Best option) takes consumption data from the same time period in the previous year and applies that as the modelled consumption data. 2. If the location has at least seven months in the previous 12 months from the month that the modelling will apply to the value used for the missing month is the average of 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 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. <p>Air Travel</p> <p>Travel reports are provided by our UK travel management company, Reed and Mackay, that covers travel booked through their system. All distances are reported in km and converted to CO₂e using the BEIS 2022 emission factors including BEIS Well to Tank for air travel and radiative forcing uplift. Data for the reporting period were run to allow any cancellations of booked travel to filter through.</p>

	<p>No assumptions or estimations have been made for travel booked by individuals and claimed via the expense system.</p> <p>Other Business Travel – Rail and grey fleet</p> <p>Travel reports are provided by our UK travel management company that covers travel booked through their system. A cut-off date of the 7th January is applied to allow cancellations to filter through.</p> <ul style="list-style-type: none"> ▪ 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. <p>Average car is assumed for vehicle type and fuel is marked as unknown due to these details not being provided.</p> <p>No assumptions or estimations have been made for travel booked by individuals and claimed via the expense system.</p> <p>Hotels</p> <p>Reports are provided by our UK travel management company and cover hotels booked through their system. Hotel emissions are currently excluded from the scope of reporting.</p>
Source	Waste management company and building manager reports, waste transfer notes, invoices, supplier and site meter readings, expense system reports, central travel booker reporting.
Emissions Factors	UK BEIS 2022 GHG Conversion Factors

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 2022, 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.

Charitable cash donations

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

2022 total number of staff employed, and total costs of employment sourced from M&G Financial Reporting team. Data published in the 2022 M&G plc Annual Report.

Average cost of M&G employee = Total employment costs / total number of staff

Total average headcount = 7,637

Average annual cost = 955,000,000/7,637 = 125,049.103

Average weekly cost = 125,049.103/52 = 2,404.790

Average daily cost = 2,404.790/5 = 480.958

Average hourly cost = 480.958/7.5 = 64.13

Currency conversion calculations

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

Office space assumptions

UK London office: £178/day

UK London auditorium: £2012/day

UK Scotland office: £100/day

Asia auditorium: £870/day

Asia office: £75/day

Office space assumption data has been provided by the Workplace Solutions team.

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.