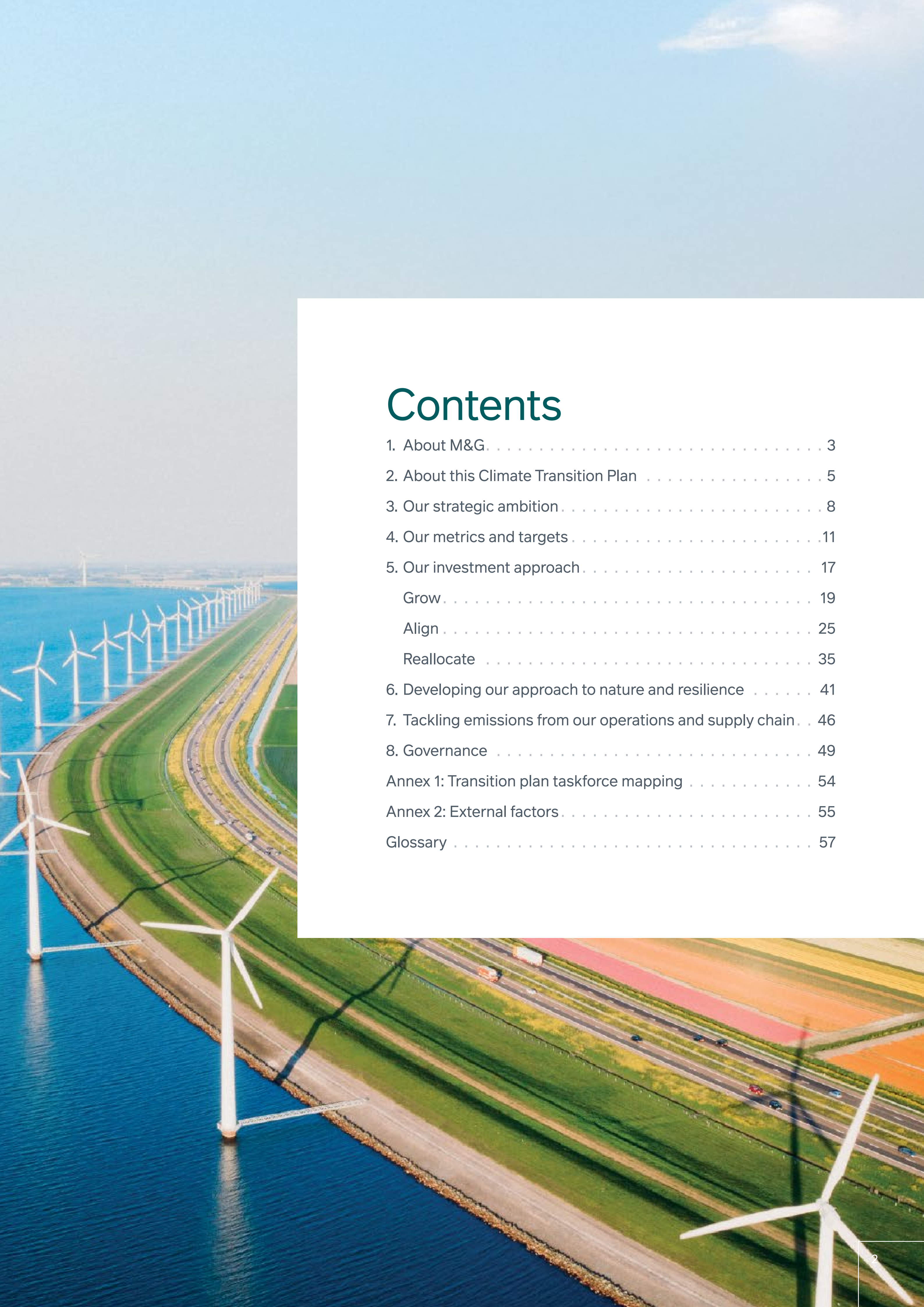
Climate Transition Plan

July 2025



Contents

1. About M&G

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 clients and customers invest for the long term.

Our business model is to gather assets and invest for the long-term to deliver attractive financial outcomes for our clients and customers, as well as superior returns for our shareholders. We leverage our capital strength and investment expertise, allowing us to develop innovative savings and investment propositions that meet customer and client needs through our asset management and asset owner businesses.

Within our asset manager, we have market-leading expertise in private assets, public fixed income, public equities and multi-asset solutions.

We have a long-standing track record of successfully managing a scaled balance sheet to provide security to our customers. Our strong investment capabilities underpin all that we do.

We have £345.9bn in assets[1] under management and administration and serve clients and customers across 26 countries.

[1]As of 31 December 2024.

Our purpose is to give everyone real confidence to put their money to work. Managing risks and opportunities related to climate change is part of this.

M&G's business model and total AUM as at 31 December 2024

Note: Diagram excludes corporate assets of £1.9bn (2023: £2.3bn), of which £0.9bn (2023: £1.0bn) is in Asset Management.

2. About this Climate Transition Plan

This Climate Transition Plan sets out our Group-wide approach to climate change and delivering on our climate targets. It aims to provide our clients, customers and investors with a clear picture of how we approach climate change and supporting the transition to a lower carbon economy[2].

In 2020, M&G plc adopted a target of reaching net zero by 2050. Since then, we have developed a broad range of capabilities to deliver against this target, and meet growing client and customer expectations. We have now reached the halfway point on our journey to 2030, an important milestone for our interim decarbonisation targets, and have reviewed our progress and considered the actions we can take through the second half of the decade to continue to deliver on our targets in a changing environment.

Late 2023 saw the appointment of M&G plc's first Chief Sustainability Officer, and in 2024 the Central Sustainability Office (CSO) undertook a review of our sustainability strategy to make sure we are focused on areas that are important to M&G's customers and clients, and that we are focused on areas where we can have the most impact. The review was informed by a detailed materiality assessment, a holistic review of sustainability risks and opportunities – including climate – and consideration of our sustainability strengths. The outcome of this work – our new Group Sustainability Framework – groups our activities into two themes – Resilient Planet and Resilient Societies[3].

Within our Resilient Planet theme, a key pillar is Financing the Climate Transition, which is focused on how M&G can support real-economy decarbonisation and management of risks as the transition progresses. This Climate Transition Plan provides further detail as to how we will deliver on this work. Within this Climate Transition Plan, we set out how we are building our approach across our critical levers – the investments we make, the engagement we undertake with companies and policymakers, and the actions we take to curb emissions from our own operations. The Climate Transition Plan applies across our asset owner and asset management businesses, through Prudential Assurance Company (PAC) and M&G Investments respectively, as well as for our own operations[4].

Our Climate Transition Plan has been informed by the best practice guidance of the Transition Plan Taskforce (TPT) and recommendations from groups such as the Institutional Investors Group on Climate Change. While we are still working towards our Climate Transition Plan addressing the entire scope of the TPT's guidance, a summary of how our current approach maps against the TPT recommendations is set out in Annex 1.

Note that our climate targets have been described interchangeably as 'commitments', 'targets' and 'aims' previously. Going forward, to avoid ambiguity, all of our climate targets will be consistently identified as 'targets'. This change in terminology should not be read as implying a change in the underlying nature of the target.

[2]Note that this Climate Transition Plan is dated 2025. Please continue to refer to our latest Annual Report and Accounts for up-to-date information.
[3]For further information, please see p30 of our 2024 Annual Report and Accounts mgplc-annual-report-and-accounts-2024-navigable.pdf
[4]Please refer to specific climate-related policies, targets, strategies or products to understand the exact scope of application for each. Entities recently acquired will not be in scope of this Climate Transition Plan as integration is undertaken.

M&G's climate action timeline

2016

Our asset manager, M&G Investments, joins the Institutional Investors Group on Climate Change

2017

M&G Investments becomes a founding signatory of the Climate Action 100+ engagement initiative

2018

M&G Investments launches its first dedicated Impact Equities strategy, including Climate Action as one of the fund's key impact verticals

M&G plc joins RE100, which committed us to reach 100% renewable energy for our corporate operations

2020

M&G plc adopted a target to achieve net zero emissions across the entire investment portfolio and operations by 2050

M&G Investments joins the Net Zero Asset Managers Initiative[5]

[5]NZAMi is currently under review.

2021

Our asset owner, PAC, joins the Net Zero Asset Owners Alliance

M&G plc joins the Powering Past Coal Alliance

M&G Investments begins to launch a range of strategies focused on climate and other sustainability themes, including our Sustain Paris Aligned public equities strategies and our Catalyst strategy in private assets, backed by our With Profits Fund

M&G Investments sets initial decarbonisation targets

M&G plc launches its Thermal Coal Investment Policy

2022

Infrastructure and Real Assets Horizons private market funds are launched, with anchor investment from PAC, providing further opportunities to invest in climate and sustainability themes

PAC sets initial decarbonisation targets and reports to NZAOA

M&G plc publishes its first Climate Transition Plan

2023

M&G plc appoints a Chief Sustainability Officer, and Central Sustainability Office undertakes review of Group Sustainability Strategy

2024

Central Sustainability Office undertakes a review of Group Sustainability Strategy

2025

M&G Investments Sustain Paris Aligned funds start the process to apply the FCA 'Sustainability Improvers' label as part of the Sustainable Disclosure Requirements (SDR) regulation

M&G plc updates its climate strategy and targets as part of the revision to its Sustainability Framework

M&G Progress in Numbers[6]

-39%

Carbon footprint reduction for Public Corporate Debt portfolios by 31 December 2024 vs our 2019 baseline for assets under our targets

-33%

Carbon footprint reduction for Public Equity portfolios by 31 December 2024 vs our 2019 baseline[7] for assets under our targets[8]

40%

The proportion of public equity and public corporate debt Financed Carbon Emissions assessed as aligning or aligned to net zero as of 31 December 2024, for assets under our targets

64%

% of our asset manager's 'Hot 100' list Finance Carbon Emissions engaged by 31 December 2024

87%

Reduction in Scope 1 and 2 market based operational emissions from our buildings 31 December 2024 vs a 2019 baseline

-21%

Carbon footprint reduction for directly held Real Estate by 31 December 2024 vs our 2019 baseline for assets under our targets

[6]Further data points can be found p76-79 of our 2025 Annual Report and Accounts M&G plc Annual Report and Accounts 2024.
[7]For information regarding the re-baselining of our 2019 figure, please see p13.
[8]Please see p10 for definition.

3. Our strategic ambition

Navigating the transition

Managing assets for our clients and customers in a changing climate.

As a long-term investor across a broad range of asset classes, we are exposed to climate risks. Changes in the climate and the transition to a lower-carbon economy can negatively affect the companies and assets we invest in on behalf of our clients, and in turn the value of investments. Our role is to manage our clients' and customers' investments and give them real confidence to put their money to work. Managing climate risks and opportunities is part of this.

The transition to a low-carbon economy is not proceeding quickly enough to avert the worst effects of climate change, with the most recent scenarios suggesting that warming of 2.7°C by 2100 is likely under current policies[9]. Current climate policy responses are insufficient to meet the goals of the Paris Agreement, raising the potential for disorderly and volatile political, regulatory and economic shifts as the world grapples with climate change.

We are already seeing physical climate risks materialise. In 2024, weather related losses accounted for 93% (c. US$298bn) of losses caused by natural disasters and were considerably higher than inflation-adjusted averages of the past 10 and 30 years[10]. As these events become more intense and frequent, their financial impacts may affect the investments we manage now and in the future.

> How we respond to climate change over the near and long-term must be dynamic. This Climate Transition Plan sets out our approach.
>
> Kathy Ryan
> Chief Sustainability Officer, M&G plc

Diversified portfolios provide some protection from the risks of climate change. However, climate change also presents the potential for systemic risks to emerge that cannot be diversified away from. Physical climate risks may materialise to such an extent that they slow global GDP growth.

Our role is to manage investments for our customers and clients, now and for the future

PAC, our asset owner, aims to take a long-term, multi-generational approach to investing on behalf of our clients and customers. While we keep in mind customer time horizons, we consider outcomes for both current and future generations.

M&G Investments, as an active asset manager, is well positioned to help clients navigate volatility, including volatility arising from climate change and the transition to net zero. We can provide our clients with choices for how to invest in a fast changing world.

[9] Emissions pathways to 2100 – Climate Action Tracker | Climate Action Tracker.
[10] Climate change is showing its claws: The world is getting hotter, resulting in severe hurricanes, thunderstorms and floods | Munich Re.

3. Our strategic ambition

We aim to deliver on our Strategic Ambition through our Climate Action Framework – Grow, Align, Reallocate.

We believe climate change presents material financial risks to the investments we manage. We are committed to addressing these risks across our business. As part of this, we are supporting and advocating for an orderly transition to net zero by 2050, in line with the Paris Agreement.

Our Strategic Ambition is to play our part in supporting real-economy decarbonisation, and to contribute to a more resilient society[11]. To implement this, M&G plc adopted a target of to achieving net zero by 2050 across our operations and investments. In 2020, our asset management business, M&G Investments, became a signatory to the Net Zero Asset Managers Initiative (NZAMi)[12] committing to work with clients to support them to align investments with climate goals and build resilience to the transition. Our asset owner, PAC, became a member of the Net Zero Asset Owner Alliance (NZAOA)[13] in 2021 and has committed to align all its investments with the goals of the Paris Agreement. We have developed a set of interim targets to guide the near-term delivery of our ambition, which are set out on the following page.

Recognising that the transition is not moving at the pace required to avert the worst effects of climate change we have strengthened our climate approach, including how we monitor climate-related financial risks, and clarified the actions we can take to support companies that are driving the transition.

Grow

Providing choice to our clients and customers, and seeking to create the conditions for the proportion of assets that support climate mitigation and adaptation to grow.

Align

Building resilience and aligning assets with climate goals through active ownership while also engaging policy makers to create the conditions for a successful transition.

Reallocate

Monitoring climate risk exposure and considering reallocation where appropriate.

[11]Please see p30 of our 2024 Annual Report and Accounts for further detail on our Group Sustainability Framework M&G plc Annual Report and Accounts 2024.
[12]Our NZAMi commitment is viewable here.
[13]Our NZAOA commitment is viewable here.

4. Our metrics and targets

Net zero by 2050 across our operations and investment portfolios

	Supported by the following interim targets:	
	Asset Manager	Asset Owner
Asset Alignment (new)	Assets accounting for 50 – 70% of portfolio financed emissions (Scopes 1 – 3) to have set robust GHG targets and transition plans by 2030 (covering listed equity and fixed income assets managed by our asset manager on behalf of PAC, where PAC has sufficient control.*)	
Engagement (updated)	For all public equity and fixed income assets, assets accounting for 70% of financed emissions (Scopes 1 – 3) to be engaged or assessed to have robust GHG targets and transition plans using our Transition Assessment Framework.* **	For PAC public equity and fixed income assets, assets accounting for 70% of financed emissions (Scopes 1 – 3) to be engaged or assessed to have robust GHG targets and transition plans using our Transition Assessment Framework.* **
Portfolio decarbonisation***	For assets managed by the Group's asset manager on behalf of PAC: • 50% reduction in emissions intensity (tCO_2e/$m invested) for in-scope public equity by 2030. • 50% reduction in emissions intensity (tCO_2e/$m invested) for in-scope corporate debt by 2030. • 36% reduction in emissions intensity ($kgCO_2$/m2) for in-scope real estate assets by 2030.	
Operational targets	• 46% reduction in Scope 1 and 2 emissions by 2030*. • 46% reduction in Scope 3 business travel emissions by 2030*. • Engaging with suppliers to encourage them to set ambitious carbon reduction targets aligned with climate science, covering at least 67% of our operational supply chain emissions by 2030*.	

*Assets in scope as of YE2024 covered £71bn. Investment control refers to where PAC is able to determine investment characteristics. In general, PAC does not expect to have investment control over collective vehicles where assets are invested alongside third parties.
**Includes direct climate-related engagements as well as engagements through collaborative initiatives where we are actively involved.
***Targets measured against a 2019 baseline. Portfolio decarbonisation targets cover Scope 1 and 2 emissions.

Updating our climate targets

In 2025, we introduced additional metrics and targets, to complement our existing 2030 interim portfolio decarbonisation and operational targets. A new 'asset alignment' target has been developed to track the proportion of our public market assets that are resilient to and supporting the transition. We have also updated our engagement metrics to create a clear link between our asset alignment metric and engagement actions. These targets align with our Strategic Ambition – to play our part in supporting real economy decarbonisation through our investment and engagement activity.

We have focused on the pool of assets where we have investment control. In total, £71bn[14] of assets are covered by our targets. In addition to our core targets, our asset manager has set fund-level objectives for some clients and strategies, for example the Sustain Paris Aligned fund range in Public Equities. However, these do not form part of the targets presented here. We are also working to add new metrics to cover private assets including infrastructure, private equity and private credit[15].

[14]As of 31 December 2024.
[15]Please see p13 for further information.

4. Our metrics and targets

New metrics help us support real-world decarbonisation

Our new asset alignment and engagement targets complement our decarbonisation targets as they are forward looking and enable us to understand our exposure to companies that are well positioned to remain resilient through the transition, and ultimately deliver decarbonisation.

Portfolio decarbonisation targets remain important to establish the overall ambition of our climate objectives, and provide an indicator of progress. However, financed emissions can be volatile and require detailed analysis of the multiple drivers of change, as they may not relate to changes in absolute real-world emissions but instead to factors such as market movements.

Our asset alignment and engagement targets are based on our Transition Assessment Framework (hereafter, 'Transition Framework'), which we use to assess the GHG targets and transition plans of companies. The framework is based on the Net Zero Investment Framework guidance developed by The Institutional Investors Group on Climate Change (IIGCC)[16]. It involves assessing several components of a company's transition plan, including whether they have set science-based emissions targets and undertaken actions to deliver their targets. Companies are then assigned an overall level: achieving net zero, aligned, aligning, committed, or not aligned with the goals of the Paris Agreement.

The M&G Transition Framework places companies into different categories depending on the quality of their transition plan. It is based on the best-practice guideance of the Institutional Investors Group on Climate Change Net Zero Investment Framework

Alignment categories and requirements			Not Aligned	Committed to Net Zero	Aligning to Net Zero	Aligned to Net Zero	Achieving Net Zero	Critical Enabler
All companies	Net Zero Level	1. Net zero commitment or target is in place		✓	✓	✓		
		2. Near-term targets are set and verified, preferably by a third party like SBTi or TPI			✓	✓		
		3. Current emissions are below a relevant Paris aligned pathway				✓	✓	
High impact companies only	Transition Plan Rating	4. Scope 1 – 2 and material Scope 3 GHG emissions are disclosed		✓	✓	✓		
		5. An action plan has been published			✓	✓		
		6. The action plan is quantified				✓		
		7. Capital expenditure is allocated to support the action plan				✓		
		8. Long-term targets set and preferably verified by a third party like SBTi or TPI				✓		
Critical enablers		Companies that are providing critical technologies or solutions that enable the energy transition						✓

Assessment of material credibility factors including governance, remuneration, just transition, use of offsets and valuation implications of climate risk exposure

[16]Net Zero Investment Framework.

4. Our metrics and targets

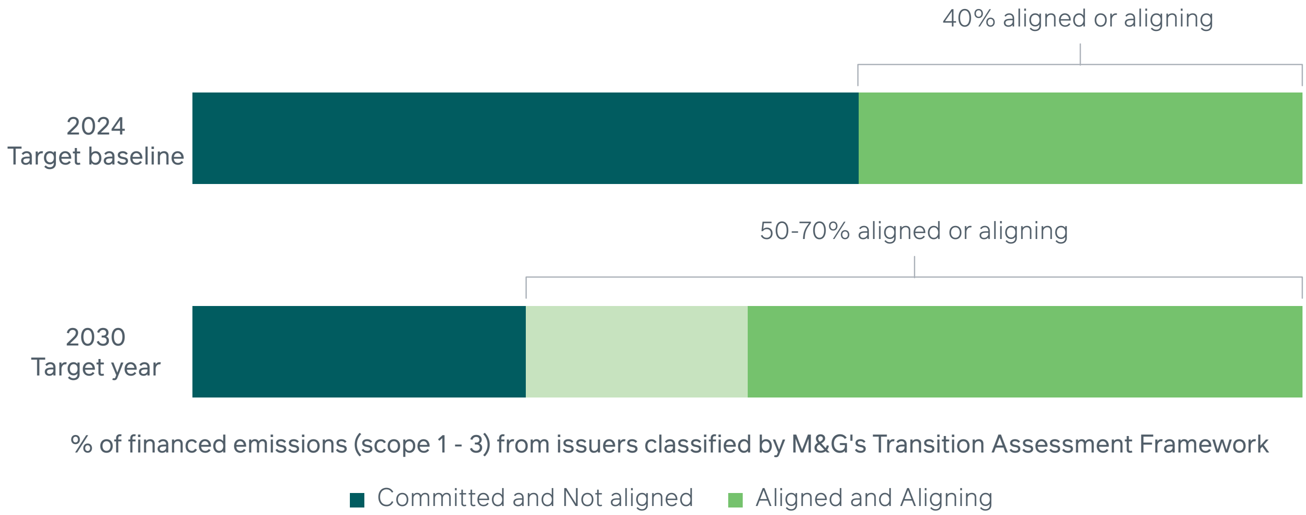
For our asset alignment target, we believe including issuers' Scope 3 emissions in our transition assessment is important to fully capture transition risks across the corporate value chain. However, methodologies and data for measuring Scope 3 are still evolving, meaning material movements in this data are likely. We will undertake attribution analysis to understand fluctuations, and may have to recalculate and restate figures, including baselines, due to factors such as improved data coverage and quality.

At the end of 2024, 40% of the financed carbon emissions associated with in-scope assets were assessed as either aligned or aligning. No issuer assessed had reached net zero emissions.
14% of financed carbon emissions were deemed to be committed, with the remainder assessed as not aligned. We have set an interim target of 50-70% of in-scope assets to be assessed as aligning or better by 2030. The target is presented as a range to reflect dependencies on external factors, such as supportive government policy and technological developments, as well as coverage and quality of climate-related disclosures, such as those relating to transition planning and scope 3 emissions.

> **Our expanded set of targets aims to support companies innovating and reducing emissions in the real economy**
>
> Danielle Boyd
> ESG Manager, PAC

Outcomes of Transition Framework assessment for in-scope assets, as of 31 December 2024[17]

Proportion of financed carbon emissions (Scope 1-3) by Transition Framework assessment category, for assets in scope of our targets



[17]Please note the 2024 Target Baseline data presented here has not received external assurance.

4. Our metrics and targets

Tracking the decarbonisation of our portfolio

Over the medium and longer-term, financed emissions metrics show the direction of travel and act as the guiding star for reaching our overall ambition. Year-end 2024 marks the half way point for our 10-year decarbonisation targets, and the data dashboard on the following page shows that we are currently on track with our targets.

However, the limitations of portfolio decarbonisation targets have informed our decision to implement an asset alignment target. We experience short-term fluctuations and volatility in financed emissions metrics that require monitoring and careful interpretation. Decarbonisation attribution analysis allows us to disaggregate various factors that drive changes in financed emissions year-on-year. Some of these factors relate more closely to real world decarbonisation, such as companies reducing emissions and investment in green bonds, and others represent levers that we have to influence companies and reduce portfolio risk exposure, such as divestment and portfolio allocation decisions.

Additionally, there are a range of factors that can materially influence financed emissions that currently have low correlation to real world decarbonisation, thereby generating 'noise' within this metric over time. These factors include financial movements impacting a company's market value, changes to foreign exchange rates, and improvements to data coverage or methodologies for emissions accounting. Where possible, we isolate these factors and consider whether they are sufficiently material to trigger a recalculation of previous years' figures.

Recalculating our carbon footprint baseline for 2019 to account for increased data coverage and methodology updates

In 2025, we recalculated the carbon footprint baseline for the public equity and public corporate debt in scope of our NZAMi and NZAOA targets. The recalculation allowed us to restate 2019 figures on the same basis as the footprint for 2024 and future years.

Two changes have triggered a recalculation of our baseline:

- Increased coverage and availability of company GHG emissions
- A revised asset classification that more closely aligns to PCAF guidance

The impact of increased data coverage was more material for public corporate debt, where historically, data coverage has been lower than public equity. However, the change in asset classification resulted in a reduction in the value of assets in scope of our targets. As the majority of assets that were removed did not have emissions data coverage, the impact on disclosed emissions was negligible. The table below presents 2019 figures previously disclosed and recalculated figures for 2019.

	Carbon footprint (tCO_2e/$m invested)		Data coverage for carbon footprint	
	Public equity	Public corporate debt	Public equity	Public corporate debt
YE2019 – old methodology	102	74	90%	45%
YE2019 – new methodology	104	74	93%	75%
% change	+2%	+0%	+3%	+67%

4. Our metrics and targets[18]

We are currently on track to reach our 2030 decarbonisation targets

Progress against 2030 public equity decarbonisation target as of 31 December 2024

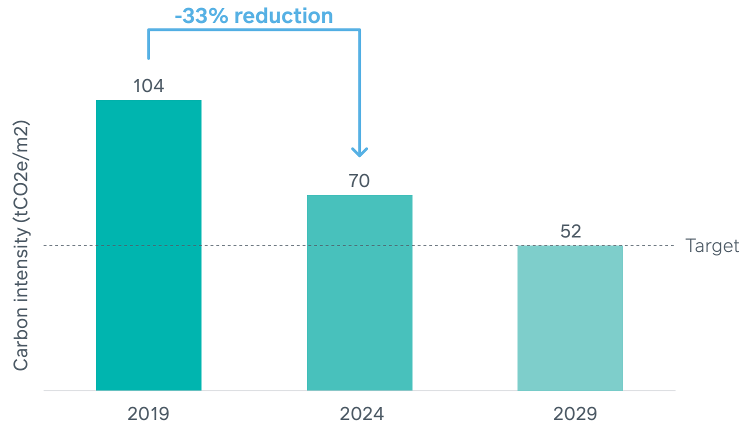
Public equity progress dashboard

Target: 50% reduction in carbon footprint by 2030, from a 2019 baseline

YE2019: 104 tCO_2e/$m invested

YE2024: 70 tCO_2e/$m invested

Progress: -33%



Progress against 2030 public corporate debt decarbonisation target as of 31 December 2024

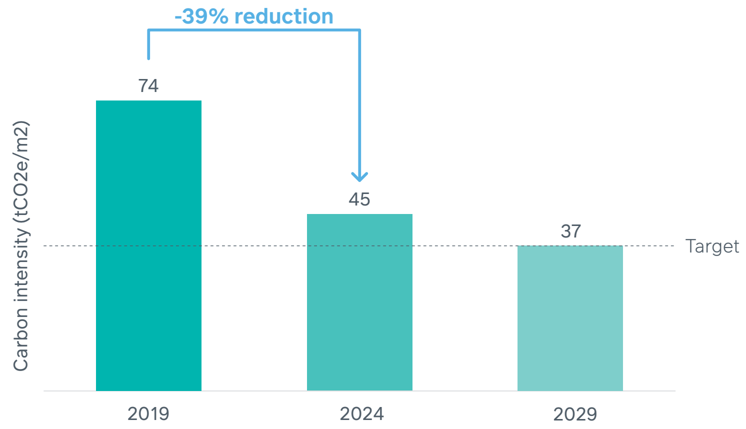
Public corporate debt progress dashboard

Target: 50% reduction in carbon footprint by 2030, from a 2019 baseline

YE2019: 74 tCO_2e/$m invested

YE2024: 45 tCO_2e/$m invested

Progress: -39%



Progress against 2030 real estate decarbonisation target as of 31 December 2024

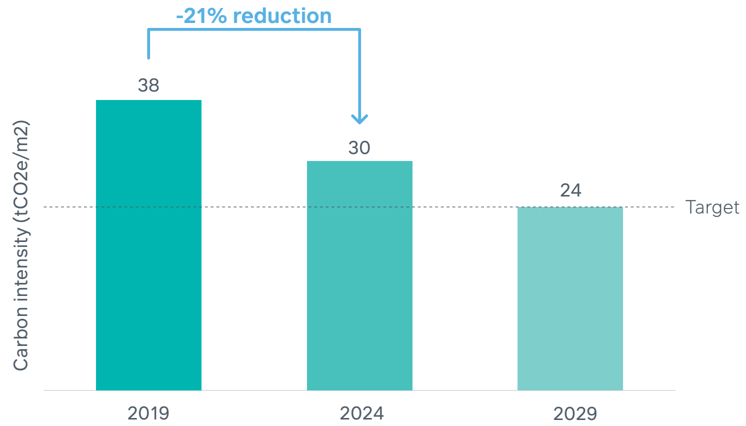
Real estate progress dashboard

Target: 36% reduction in carbon footprint by 2030, from a 2019 baseline

YE2019: 38 tCO_2e/$m invested

YE2024: 30 tCO_2e/$m invested

Progress: -21%



[18]Please note the progress data presented in this dashboard has not received external assurance.

Zenobē electric bus fleet. Zenobē is held by Infracapital, M&G's infrastructure equity investment arm.

Progress against sector targets and revision of our approach to high impact sectors

In 2021, PAC, our asset owner, set sector decarbonisation targets as part of the suite of 2030 targets submitted to the NZAOA. The targets focused on sectors with the biggest impact on emissions and the importance for the transition to a low-carbon economy.

As part of our updated climate strategy, sector considerations and nuances are now integrated into the Transition Framework which underpins both our asset alignment and engagement targets.

This allows us to take a forward-looking view and identify both leaders and laggards within industries based on a more granular assessment of their transition potential, by assessing factors such as climate targets, transition plans and capital allocation. With this evolution in approach, the sector targets have now been removed and substituted with our new asset alignment target.

5. Our investment approach

40 Leadenhall
Held by M&G Real Estate

5. Our investment approach

Building resilience to a changing climate and delivering our interim targets

To address climate risks and deliver our interim targets and overall ambition to support the climate transition we have developed a three-lever Climate Action Framework.

Grow

Providing choice to our clients and customers, and seeking to create the conditions for the proportion of assets that support climate mitigation and adaptation to grow.

Align

Building resilience and aligning assets with climate goals through active ownership while also engaging policy makers to create the conditions for a successful transition.

Reallocate

Monitoring climate risk exposure and considering reallocation where appropriate.

GROW

Providing choice to our clients and customers, and seeking to create the conditions for the proportion of assets that support climate mitigation and adaptation to grow.

As an asset manager and asset owner, we are committed to providing customers and clients with options that support climate change mitigation through the range of strategies we offer. Many of our institutional clients, including M&G's internal asset owner, have set objectives to achieve climate goals, while others have not. Our asset manager works with clients to help them meet their objectives.

Priority actions:

1. Extend climate methodologies and metrics to Infrastructure, Private Credit, Private Equity and Sovereign assets.

2. Support the needs of our customers and clients with investment opportunities through our product offering.

3. Track the proportion of assets that we manage that support climate mitigation and resilience, in line with our commitments to the Net Zero Asset Manager Initiative.

Extend our asset alignment approach across asset classes for greater impact

In 2025, we introduced additional metrics and targets to complement our existing 2030 interim portfolio decarbonisation targets. These targets currently cover public equity and public corporate debt assets. We will now work to extend our approach across other asset classes, including our investments in private assets.

Private asset classes play a key role in driving the transition. This is because they can provide flexible, long-term capital that can support a range of different types of early stage businesses to innovate and grow or to support infrastructure development over long time horizons. Tracking the climate characteristics of private assets is more complex than for public markets because disclosure practices are less mature and data availability is generally low.

At M&G, we have already taken steps to allocate capital to private markets to support the transition, notably through our Catalyst strategy, and the Infrastructure and Real Assets Horizon Fund.

The table on the following page outlines the current status of our GHG emissions metrics and asset alignment methodologies, and associated targets, across asset classes. Over the coming years we expect to enhance the metrics we use to track both emissions and alignment across private markets, building on our existing approaches to public markets and real estate. We have started by adapting our public markets Transition Framework for use on our private credit assets.

GROW

GHG emissions and asset alignment methodologies across asset classes for assets in scope of our targets

Asset class	GHG emissions metrics	Asset alignment methodology
Listed Equity	Metrics monitored against targets	Methodology in place and target set
Listed Corporate Bonds	Metrics monitored against targets	Methodology in place and target set
Real Estate	Metrics monitored against targets	Methodology developed
Sovereign Debt	Metrics in place	Methodology in development[19]
Private Credit	Metrics in place	Methodology in development[19]
Infrastructure equity	Metrics partially in place	Methodology in development[19]
Private Equity (ex. Infrastructure equity)	Metrics partially in place	Methodology in development[19]
Securitised assets (eg, Collateralized Loan Obligations, Residential Backed Mortgages (RMBS))	Metrics partially in place	Awaiting development of industry methodology

Giving our clients and customers more choice through our product offering

Many of our asset manager's clients, including PAC, are committed to aligning their portfolios with the Paris Agreement. Over 100 of the world's largest asset owners have committed to align their investments with climate goals by joining either the NZAOA or Paris Aligned Asset Owners coalition. We seek to engage with our clients to understand their needs and provide options for how they can meet their objectives.

Where clients have a preference to align investments with climate goals or to support climate mitigation or adaptation, we partner with them develop climate metrics and to set interim targets or metrics to track progress in line with their expectations.

These might include setting a decarbonisation target or a portfolio alignment objective to increase the proportion of assets in a particular fund that have robust GHG targets and transition plans leveraging our Transition Framework.

Over recent years, M&G Investments has developed a range of investment strategies that consider climate mitigation across asset classes. The following pages highlight our investments in action, and profile our capabilties across asset classes.

During 2025 we started the process to apply the Sustainable Disclosure Regulation (SDR) Sustainability Improver fund label for our UK domiciled Sustain Paris Aligned UK, European and Global funds. These funds apply our Transition Framework to assess the alignment of assets and have a rigorous approach to engagement.

In line with our commitment under NZAMi, we track the proportion of assets that we manage that support climate mitigation and engage with our clients on their preferences to adopt climate metrics.

[19]Methodology in development may include our input to methodologies being developed by third parties, which we will adapt for our purposes, or may mean internal approaches we are developing ourselves.

Our investments in action

M&G Real Estate

Sustainable Workspaces

Brooklands is a new ultra sustainable 67,000 sq ft business campus nestled in the heart of Central Cambridge. It is a prime example of how M&G Real Estate is continuing to invest, reposition, and develop high-quality, ESG-led office assets. As a future-facing campus in the heart of one of the UK's greenest cities, sustainability was the driving force behind the plans for Brooklands. Located within a cluster of tech and pharmaceutical organisations including Apple, AstraZeneca, Microsoft and Amazon, Brooklands is on course to be Cambridge's first net zero carbon office development, with BREEAM Excellent and EPC A+ ratings being targeted. The buildings are designed for net zero carbon, fossil-free operation, in line with many occupiers' corporate objectives.

Infracapital

Decarbonising Public Transport

Last year, Infracapital, our specialist infrastructure investment manager, successfully completed its second investment in the German rolling-stock market by investing in a 41-strong fleet of new electric trains destined for Leipzig – one of the fastest growing regions in Germany. Partnering with Rock Rail – an independent developer, owner and asset manager of rail infrastructure – the investment will support the country's development of sustainable public transport. Electrified rolling stock is a key part of Germany's plan to decarbonise its transport sector and achieve its climate goals. According to the Ministry of Transport and Digital Infrastructure, electrified rail transport can save up to 80% of CO_2 emissions versus diesel-powered trains.

Our investments in action

Catalyst

Grid Stability Measurement

In 2024, Catalyst, our private markets impact fund, which is backed by our With Profits Fund, led a £25 million investment round into Reactive Technologies (‘Reactive’), a UK and Finnish based deeptech company that is a leader in grid stability measurement. Reactive’s technology reduces reliance on fossil fuels because it accurately measures the stability of the grid, providing greater confidence in the use of renewable energy. Reactive launched its flagship grid stability measurement service with the UK’s National Grid ESO in 2021, and was recognised as a Clean Power Energy Transition Changemaker at COP28 for their partnership on the deployment of the world’s first inertia measurement technology. In the UK, Reactive’s GridMetrix® service is estimated to be saving approximately 18 million tonnes of CO2 annually for the UK power system (or approximately 5.5% of total annual UK CO2 emissions).

ResponsAbility

Electrifying Logistics in Africa

At the end of 2024, our emerging markets impact manager, responsAbility, successfully completed a mezzanine investment in Bisedge, a fast-growing provider of electric logistics solutions in Africa. Through its innovative ‘machine-as-a-service’ model, Bisedge offers commercial and industrial clients a comprehensive alternative to equipment ownership by providing full outsourcing services. The funding will support Bisedge in expanding its fleet of electric forklifts in Nigeria and other African countries, strengthening its distribution and servicing capabilities. It will also enable the company to assist key clients in the food and beverage industry in reducing carbon emissions through more sustainable material handling solutions.

Our investments in action

Infrastructure and Real Assets

Scaling renewables for energy security

In 2024, the Infrastructure & Real Assets team closed co-investment into Absolute Energy, an Italian renewables platform, alongside a leading global infrastructure manager. This investment is vitally important to enable decarbonisation and promote energy security in a region where there is currently a heavy reliance on fossil fuels. This investment provides significant primary capital to build renewable assets at scale, with a 3GW pipeline of opportunities, supporting Italy's interim target of 65% renewable electricity generation by 2030.

Public Equities

Sustain and Impact

The team is a long standing shareholder in Schneider Electric, which sits at the heart of the global energy transition. The company provides energy efficiency software and hardware products that are critical enablers to the transition to a lower-carbon economy. Its integrated software and solutions help decarbonise homes, buildings, grids, data centres and industries. As well as playing an enabling role in support of a more efficient energy system, Schneider Electric also has its own Net Zero GHG emissions targets in place. These focus on reducing their operational emissions and mitigating their products' whole-of-life emissions. Through their Zero Carbon Project, they work with their top 1000 suppliers (representing 70% of overall emissions) to reduce supply chain emissions, thereby helping to reduce the risk of potential negative impacts.

Building resilience and aligning with climate goals using engagement

Many issuers and assets need to improve their preparedness for the transition and increasing physical risks. We engage with selected high-emitting companies to encourage them to set credible decarbonisation targets and to adopt and implement robust transition plans, and we will work with stakeholders across society to create the right enabling environment for climate action.

Priority actions:

1

Work towards our portfolio alignment targets for in scope public equity and public corporate debt assets by:

- As an asset owner, working with our investment managers on climate risks, opportunities, and delivery of our climate targets.
- As an asset manager, engage with high-emitting companies to build resilience and support innovation to accelerate the transition.

2

Develop our market-level climate engagement priorities for policymakers and standard setters to support our investments through the transition.

As an asset owner, we work with our investment managers on climate risks and opportunities to deliver our climate goals

As an asset owner, we view engagement with managers as a key tool for delivering on our own climate targets. This is why, in our revised climate strategy, we have strengthened the link between the asset owner and asset manager engagement targets and made the Transition Framework, developed by our asset manager, the foundation of how we prioritise and structure engagement with managers and the companies they invest in on our behalf.

When appointing new managers, our ESG scorecard informs our manager due diligence and selection process. In 2025, we have updated our scorecard to make sure it reflects our updated climate strategy and started to roll this out. The scorecard aims to capture the information needed to determine whether a manager has the expertise, tools, and resources to contribute positively to meeting our climate goals and targets.

For existing managers, we set clear engagement expectations by communicating annual priorities and meeting on a quarterly or bi-annual basis. We use quarterly manager meetings to check on progress against key engagement priorities. For our asset owner, the majority of engagement activities with companies will take place across our annuities and With Profit business, which includes our PruFund range of funds, such as our flagship PruFund Growth and PruFund Cautious.

Working with our internal and external managers over the next few years to deliver outcome-focused engagement in line with the expectations set out in our Transition Framework is a key priority for us as an asset owner.

ALIGN

As an asset manager, we are strengthening our engagement with companies to build resilience and support innovation to accelerate the transition

To support delivery of our targets and strengthen the resilience of companies we are invested in that are exposed to climate risks, our asset management business has updated its approach to engagement. The M&G Investments Climate Engagement Roadmap sets out a three-year timeline for engagement with the most carbon-intensive companies that we hold and our priorities for engaging with policymakers and standard setters to help improve the enabling environment for the transition.

By engaging with companies to consider the implications of climate change and to develop plans for the transition we believe we can strengthen their preparedness and ultimately financial resilience. We believe we need to support companies to create the solutions for the transition; by engaging we can support them to identify how to do this in a financially resilient way.

M&G Investments: Building on experience

We are building on nearly a decade of experience taking leading positions in collaborative initiatives and through our internal stewardship programme.

In 2017, M&G Investments became a founding signatory to Climate Action 100+ and has led some of the most high-profile engagements. These include effective dialogue with companies like BASF as well as leading a resolution that won management support at BP. We sit on the Institutional Investors Group on Climate Change (IIGCC) Corporate Programme Advisory Group. We also participate in the Net Zero Engagement initiative (NZEI) to ratchet up engagement with some of the highest emitters we own that do not feature within CA100+.

In 2020, we established and launched our internal 'Hot 100' Climate Engagement Programme. We mapped our holdings to develop a focused engagement list covering the 100 companies that account for the majority of our Scope 1-2 financed GHG emissions and set an engagement threshold target to engage or assess at least 70% of our FCE for listed equities and fixed income. We have periodically updated our focus list to reflect changes in our holdings. Since the beginning of the Hot 100 engagement programme, we have initiated engagements with 79 companies (representing over 70% Scope 1-2 financed GHG emissions) including the companies that have since dropped out of the pool of our largest GHG emitting companies.

Blackhillock battery site, the largest battery site in Europe, owned and operated by Zenobē. Zenobē is held by Infracapital, M&G's infrastructure equity investment arm.

Our engagement priorities for companies

To structure our engagement with companies, we leverage our Transition Framework to rate the alignment of companies we invest in, and to develop our engagement requests. This means our engagement links directly to the asset alignment targets that we have set.

We also engage on a range of other climate-related issues where we believe this to be material to a company. This includes potential physical impacts and specific sector transition risks such as exposure to the thermal coal value chain, in line with our M&G plc Thermal Coal Investment Policy[20].

In some cases, we recognise that there are technical barriers to companies meeting our core expectations of company transition plans. These include data collection issues or the lack of a methodology for setting science-based targets. Where we identify issues like these, we will seek to engage at an industry level to find solutions. For example, we have held discussions with mining companies through the Climate Action 100+ initiative on the development of new methodologies for setting metrics for Scope 3 emissions where there is a lack of consensus regarding how to set such metrics. By tackling these barriers at sector level we can help accelerate progress across a range of companies.

[20]See p36 for further detail on the M&G plc Thermal Coal Investment Policy.

Our core expectations of companies' transition plans

Emissions disclosure

Companies should disclose Scope 1 and 2 GHG emissions and material Scope 3 GHG emissions in accordance with the Greenhouse Gas Protocol.

Net zero commitment

Companies should disclose their ambition to achieve net zero GHG emissions to make sure their business model is consistent with the goals of the Paris Agreement. Companies should disclose the date by which they seek to achieve net zero and include Scope 1, 2 and material 3 emissions.

Targets

Companies should set science-based near-term targets to reduce their GHG emissions in line with the goals of the Paris Agreement. These targets should include Scope 1, Scope 2 and material Scope 3 GHG emissions. Where appropriate, companies should seek external validation from organisations such as the Science Based Target initiative (SBTi). Companies should also consider setting long-term targets to reach net zero and describe how they will neutralise any residual emissions.

Action plan

Companies should disclose a transition plan describing how they will deliver their near-term emissions reduction targets. Companies should outline the specific decarbonisation levers that will deliver their emissions reduction. The role these levers play should ideally be quantified to enable an assessment of their relative importance and feasibility of delivery. Companies should report annual progress against each lever identified.

Investment plan

Companies should allocate sufficient financial resources to deliver their transition plan and disclose the related capital and R&D expenditure. Transition-aligned capital allocation should specify the total and annual amounts up to the near-term target year and, where feasible, broken down for each decarbonisation lever.

We also consider a range of other factors like the governance and remuneration to support the transition plan.

ALIGN

Direct engagement with companies – public markets

To organise our direct engagement we follow a six-stage engagement process, outlined below. Our stewardship team leads the organisation of engagement and coordinates closely with investment teams and climate specialists across our business. We review the progress of engagement on a regular basis and provide updates to investment teams and clients. Our range of Sustain Paris Aligned funds in public equities apply a systematic, portfolio-wide approach to support fund-level and real-world decarbonisation by pursuing an active engagement strategy with all investee companies.

Research and objective writing

We conduct a detailed assessment of the company against our expectations and determine where they may need to strengthen disclosures. We set objectives and validate with stakeholders across investments. A deadline will be set for the company to meet each objective and will vary from between one and three years depending on the objective and the company.

Initiation of requests

We communicate and explain our requests to the company either via a call or a meeting.

Recognition of requests

We record that the company has acknowledged the request and we may have multiple meetings with a company during this phase, to help the company to understand and address the requests.

Commitment to act

We seek to track when we have received an indication from the company that they are committed to delivering upon the requests. This may be verbally or via email privately. In some cases, it may be a publicly disclosed statement of intent.

Interim progress review

We will review if the company has followed through and delivered upon the requests. Sometimes companies deliver on some but not all requests made. Where multiple requests are made, we track the status of each request. Our stewardship team and climate committee will periodically review whether interim progress has been achieved or if a change of tactics is required.

Resolution or escalation

At the deadline point, we will review whether the company has made sufficient interim progress, has met our requests or has not sufficiently met our requests meaning escalation is required. Where escalation is required, we will determine an appropriate course of action in advance of each proxy season and seek to engage again before formally engaging.

ALIGN

Escalation and voting approach

Where companies are slow to meet the expectations we have shared or are unresponsive we may seek to escalate engagement in line with our Engagement Policy[21].

There are a range of ways we can escalate, in cases where dialogue has failed. Escalation in our view is a last resort and reflects the failure of engagement to reach a satisfactory outcome for our clients.

The stages set out on this page outline the range of escalation measures we may undertake as part of our climate engagement.

Active and informed voting is an integral part of our responsibility as stewards of our clients' assets. In using our votes, we seek to add value and protect the interests of our clients as shareholders. Our starting point as an active, long-term fund manager is to support the long-term value creation of investee companies.

There may be occasions when we need to vote against management-proposed resolutions or support shareholder resolutions which are not recommended by the board, if we believe this is in the best interest of our clients and the company.

Our Voting Policy[22] sets out our approach to using our vote when inadequate disclosures have been made:

- **Transition plan disclosure:** We will consider voting against the re-election of the Chair or appropriate board committee member when inadequate transition plan disclosures have been made.
- **Governance of the transition plan:** Where we believe climate change is not effectively addressed at board level, we will consider voting against the re-election of directors.
- **Executive remuneration:** Where relevant incentives are not in place, we may consider voting against the remuneration policy, report and/or the re-election of the chair of the remuneration committee.

Elevate our concerns to the chair of the board, board or non-executive directors

Engage in a collaborative engagement with a company alongside other investors

Vote against or abstain from supporting resolutions at the AGM

Consider filing shareholder resolutions

Voice our concerns publicly

In cases where we believe climate risk is acute, we may consider divestment or restricting our exposure, for example in line with our Thermal Coal Investment Policy.

[21] mginv-engagement-policy-06-23.pdf
[22] mg-investments-voting-policy-2025.pdf

Direct engagement with companies – private markets

We carry out further engagements to support increasing the alignment of certain investment funds. Engagement across private markets asset classes takes a variety of forms depending on the stage of investment and type of asset. It can include pre-ownership due diligence focused engagement through to thorough engagement with the tenants of our buildings. The objectives of private markets engagement remain similar to our approach to climate in public markets; we seek greater provision of information and data on GHG emissions and transition plans while also engaging assets to make sure they are prepared for climate related risks.

Mainspring Energy avoided 6,927 tCO_2e emissions in 2024. This reduction in greenhouse gas emissions achieved by Mainspring's customers by using linear generators rather than grid electricity. Held in M&G Investments Private Equity Impact Fund and Infrastructure & Real Assets Horizons Fund.

As a Group, we are undertaking market-level engagement to help improve the enabling environment for the transition

Public policy is a key pillar to enabling the climate transition, and companies and investors will need to collaborate with governments to help put this in place. We work directly with policymakers and our peers, including through groups such as the Institutional Investors Group on Climate Change and the UK Sustainable Investment and Finance Association to raise our views and share our insights as a global investor. Our CSO has become a member of the UK Sustainable Investment and Finance Association Policy Committee, and a member of a Working Group of the Transition Finance Council. We have identified three priority areas for our market-level engagement.

Policymakers

National policies are key to creating the incentive structures that will enable decarbonisation. We will engage with policymakers to help identify how to establish an effective policy framework to support the transition, using insights from our position as a global investor. Further, as a major holder of sovereign debt, we will develop tools to assess the transition plans of countries to assess the alignment of our investments, and help us identify which countries are preparing effectively for the transition.

Industrial decarbonisation

High carbon emitting sectors like mining, steel and chemicals create products that are essential to the transition. These sectors also require large amounts of energy and are facing a range of specific challenges to decarbonisation. Complementing our company-level engagement in these sectors, we will develop research to set out solutions to barriers identified, which we will use in dialogue with industry and policymakers.

Financial system

Investment in the transition needs to increase significantly to meet global climate goals according to the International Energy Agency. Actors in the financial system can scale climate action by developing new products, tools and methodologies to support this investment. We will continue to engage with other financial institutions to develop best practice approaches to transition plans and transition finance, with the aim of identifying how to scale investment.

ALIGN

Across M&G we engage extensively with a range of key industry bodies and trade associations. Our critical partners for climate-related engagement are mapped below, although this is not an exhaustive list.

UN environment programme finance initiative	Our asset owner, Prudential Assurance Company (PAC), has been a signatory of the Net Zero Asset Owners Alliance since 2021. We have actively participated in key initiatives and working groups, and have continued to meet our signatory obligations.
Net Zero Asset Managers Initiative	Our Asset Management business, M&G Investments, has been a signatory of the Net Zero Asset Managers Initiative since 2021. We have actively participated in key initiatives, and have continued to meet our signatory obligations.
PRI Principles for Responsible Investment	We are signatories to the Principles for Responsible Investment (PRI).
IIGCC Institutional Investors Group on Climate Change	We engage with the Institutional Investors Group on Climate Change (IIGCC), both on their Framework development (for example the Net Zero Investment Framework), and EU policymaker engagement through our position on the European Real Economy Working Group.
UKSIF UK Sustainable Investment and Finance Association	Kathy Ryan, our Chief Sustainability Officer, is a member of the UK Sustainable Investment and Finance Association (UKSIF) policy committee, through which we engage UK policymakers and regulators, for example on transition plan disclosure requirements and UK decarbonisation policy.
The ABI Together Driving Change	We engage extensively with the Association of British Insurers (ABI), through their Investment Delivery Forum and Climate Change Working Group. The ABI is advocating for the development of a regulatory regime which supports climate investment by the insurance industry.
CFRF Climate Financial Risk Forum	We are active participants in the Climate Financial Risk Forum (CFRF), which develops important guidance for industry participants on a range of topics including scenario analysis, resilience, nature and risk management.
TPT Transition Plan Taskforce	TPT was launched by UK's HM Treasury in 2022 to develop good practice for transition plan disclosures. M&G has actively participated in the development of the Asset Owners Sector Guidance which interprets the TPT disclosure framework for the sector.

In 2024, we re-entered the Bulk Purchase Annuity market and joined the Sustainability Principles Charter led by Accounting for Sustainability (A4S). This means that new BPA business is in scope of our climate strategy as detailed in our Climate Transition Plan, including the actions we plan to take across the Grow, Align, Reallocate levers. Our BPA clients can find more details about how our approach applies to our bulk annuities through the Bulk Annuity Sustainability Survey we complete annually as part of the Charter.

REALLOCATE

Monitoring climate risk exposure and considering reallocation when risk becomes elevated

There are uncertainties in the transition to net zero that may create risk to the investments we manage. We seek to enhance the ways that we monitor and manage climate risks. We may also consider reallocating investments away from assets that are highly exposed to climate risks as a measure of last resort where we have failed to achieve meaningful progress through engagement.

Priority actions:

1. Update our exclusions policies, including our Thermal Coal Investments Policy
2. Strengthen our approaches to monitoring our exposure to climate risks
3. Develop a group-wide Climate Scenario Analysis Framework

REALLOCATE

Operating and updating our exclusions policies

Some sectors are significantly exposed to climate related risks. While our first preference is to engage and monitor the risk exposure of companies, in some instances it may become evident that a company cannot transition. We are prepared to consider reallocating away from these companies. By doing so we can support the delivery of our climate targets. In the coming year we will work to update our thermal coal exclusion policy to reflect our view of emerging climate-related risks.

We have already established policies to reduce exposure to companies exposed to climate risk which are outlined within this section.

Thermal Coal Investment Policy

In 2021, we introduced our Group-level Position on Thermal Coal[23] applying to assets owned by PAC. In 2022, M&G Investments introduced its Thermal Coal Investment Policy[24] across public assets, to extend our climate risk management to external clients.

Across our asset owner and asset management businesses, we seek to limit material exposure to thermal coal above stated thresholds for power generation, mining and wider sectors, with the ambition for investee companies to phase out from coal in their operations by 2030 in the OECD and EU and by 2040 in the rest of the world.

We conduct bottom-up research that considers the strength of companies' climate targets and disclosed transition plans, and prioritise engagement to support real-economy change in our role as active investors. Where engagement is unsuccessful, or where there is clear misalignment with our policy expectations, we have taken decisions to completely divest or partially reallocate investments from such assets.

[23] mgplc-position-on-thermal-coal-disclaimer-april24 2.pdf
[24] mginvesments-thermal-coal-investment-policy.pdf

REALLOCATE

Planet+ baseline exclusions

In addition to our Group-level Thermal Coal approach, within our asset manager, we apply additional climate sensitive sector baselines that restrict investments in arctic oil and oil sands activities as a baseline for certain funds[25] that promote environmental and/or social characteristics. We call exclusions applied by such funds the Planet+ baseline. Companies that derive revenues equal to or more than 10% from the unconventional extraction of oil and gas (defined as oil sands and Arctic drilling) are excluded for such funds.

> We complement our climate integration tools with in-depth industry and company level research focused on assessing the implications of transition trends or physical risks.
>
> Oliver Grayer
> Head of Climate Investments, M&G Investments

[25]See fund materials for information on specific funds.

Monitoring our exposure to climate sensitive sectors and resilience to climate change in our investment portfolios

We will continually seek to enhance the way we monitor climate risk across our investments.

As an asset owner, quarterly screening of ESG themes

To make sure the appropriate review of broader ESG issues and risks within our investment portfolios, we have implemented a quarterly ESG screening process. The ESG specific areas covered include but are not limited to various fossil fuel activities such as coal and unconventional oil and gas, important biodiversity indicators and wider sustainability metrics, such as those relating to modern slavery and animal welfare. The quarterly screening covers public equity, public corporate debt, and sovereign debt where we have sufficient information.

As an asset manager, strengthening our research and tools for assessing climate risk and opportunity

Across our asset manager, we combine a range of approaches to help us identify climate-related risks, informed by academic research, industry-shared learning, and best practice guides. Our investment desks have access to quantitative data tools, such as our ESG Scorecard, to enable measurement and assessment of climate risk. From an investment perspective, our first-line risk management approach is implemented by integrating ESG considerations into our processes. Our frameworks and quantitative tools provide the investment teams with data to assess climate risk factors.

We complement our climate integration tools with in-depth industry and company level research focused on assessing the implications of transition trends or physical risks.

Our climate integration tools

M&G Investments has developed a range of tools to support investment teams to understand the climate characteristics of their portfolios. Information from these tools is used in our client reporting where appropriate.

- **Portfolio Alignment Tool –** Our portfolio alignment tool provides a range of portfolio climate alignment information including carbon intensity and transition alignment. The tool includes backward-looking assessments of the evolution of climate characteristics of a fund like the evolution of the fund weighted average carbon intensity as well as forward-looking projections.
- **ESG Scorecard –** We have developed a proprietary ESG Scorecard that assesses thousands of data points to rate the exposure of issuers and portfolios to different issues. As part of our ESG scorecard we have developed a climate module that rates the basic preparedness and exposure to climate risks of companies across both public and private markets.
- **Aladdin integrated tools –** We have developed climate dashboards within our fund management platform, Aladdin, including issuer and fund level physical and transition risk scenario analysis from Aladdin Climate.
- **Decarbonisation Modelling Tool –** We have developed a proprietary model to analyse portfolio decarbonisation pathways and different reallocation strategies to deliver climate objectives informed by scenario analysis outputs.

REALLOCATE

Understanding our financial resilience through scenario analysis

PAC, our asset owner, employs climate scenario modelling, as a subset of our capital markets modelling process, to understand the sensitivity of different asset classes and regions to climate risks and thus our overall portfolio exposures. This in-house proprietary model informs our strategic asset allocation process and supports forward-looking processes which assess the resilience of PAC's balance sheet and business model to climate risks.

Balance sheet resilience is assessed as part of our annual Own Risk and Solvency Assessment (ORSA) where we explore the potential financial impacts of physical and transition risks across a range of different scenarios. Our latest ORSA explored the impact of three different transition pathways (based on the Network for Greening the Financial System (NGFS) 'Net Zero 2050', 'Fragmented World' and 'Sudden Wake-up Call' Pathways), and a 'Current Policies' pathway. The scenarios cover both the short term, broadly consistent with our business planning horizon, and the longer term (30+ year). Our 'Sudden Wake-up Call' scenario, which assumes a major climate event triggers abrupt policy change, was added to the stress tests used for assessing the resilience of our business plan. Our latest modelling continues to show that a disorderly transition would be more adverse than an orderly one, and that high physical risk scenarios would have the most significant impact on our balance sheet.

Strengthening our understanding of climate risks using scenario analysis

We are also strengthening the way we monitor how climate risks may influence our resilience and our investments using scenario analysis. In 2025, we established a Climate Scenario Analysis Working Group, where subject matter experts from across the business will collaborate to establish a Group-wide Climate Scenario Analysis Framework to enhance our approach to the use of scenario analysis. The working group will develop a framework to strengthen our modelling approach, including the assumptions we make as well as how we integrate the outputs into decision-making.

6. Developing our approach to nature and resilience

Plantible is an alternative food ingredient technology company, focused on plant-based proteins. Held in M&G's Catalyst Fund

6. Developing our approach to nature and resilience

A range of sustainability issues intersect with climate change[26]. Solving any one of these challenges in isolation risks amplifying the risks or challenges presented by the others. An integrated approach to the climate transition that considers nature, ensuring resilience to changes in the climate, and protects workers and communities is important.

M&G recognises that countries are not all at the same stage in decarbonising their energy system, and the need to view investments in the transition holistically, and to consider the impact of our approach on the receiving environment and local communities. For example, as part of our engagement with companies exposed to thermal coal we apply different expectations for the phase out of coal for companies located in non-OECD and OECD countries to reflect that emerging countries will take longer to transition. We recognise that there remain some obstacles to reducing thermal coal power generation in the short term in certain emerging markets, whilst satisfying the growing energy demands of increasing populations and economic development.

Integrating nature

Delivering a low-carbon transition is dependent on preventing and reversing nature and biodiversity loss, as well as on strengthening the ability of natural systems to sequester carbon from the atmosphere.

We are taking steps to identify and assess our exposure to nature-related risks and opportunities. While nature-related data and frameworks are becoming more available, there are still significant gaps until it is possible for investors to fully embed nature-related considerations into investment decision making.

[26]https://www.fca.org.uk/publication/corporate/cfrf-nature-related-risk-handbook-financial-institutions-2024.pdf

> Our asset manager has expanded our nature focused engagements to 40 companies that we view as exposed to nature-related risks
>
> Rupert Krefting
> Head of Corporate Finance and Stewardship, M&G Investments

Nonetheless, during 2025 we expanded our approach to nature-related risk and opportunity screening through the development of in-house analytical tools that assess issuers against specific nature-related metrics. Our asset manager expanded our nature focused engagements to 40 companies that we view as exposed to nature-related risks. We have also engaged collaboratively on nature topics, through the Nature Action 100 engagement initiative.

We continue to develop our offering across thematic products that have nature-related considerations, across public and private markets. For example, the M&G Nature and Biodiversity Solutions Fund (formerly M&G Climate Solutions Fund), a thematic financial product that promotes sustainable solutions and explicitly considers nature considerations.

Climate adaptation and resilience

As the physical impacts from climate change materialise, the importance of adapting to the risks presented by climate change grows. We are developing our approach to adaptation and resilience, seeking to integrate these aspects into our existing tools and frameworks.

Adaptation and resilience is considered within our asset owners climate scenario modelling as well as our asset manager's investment risk management approach by assessing physical climate risk on an asset level (private assets and operations) as well as at issuer and issuance level (public assets). For example, Real Estate funds managed by M&G explicitly assess asset-level adaptation plans not only as part of the technical due diligence process but also a part of the long-term strategy[27].

We plan to develop our forward-looking assessment capacity further for asset classes to enhance our approach. Early identification of financial impacts from shifts in the climate will continue to be monitored to identify related investment opportunities and risks. We will consider how we integrate adaptation within our engagement work.

[27] https://www.mandg.com/~/media/Files/M/MandG-Plc/documents/mandg-investments/2024/aug-24-our-progress-towards-net-zero-real-estate-and-climate-resilience.pdf

7. Our operations and supply chain

Inland Terminals Group. Inland shipping and rail have significantly lower carbon footprints compared to trucking. Held by Infracapital, M&G's infrastructure equity investment arm

7. Tackling emissions from our operations and supply chain

As a financial services business, our corporate operations are a relatively small part of our businesses overall footprint and impact. As with our investments, we take responsibility for these emissions and seek to reduce them where possible. Our operational decarbonisation strategy considers the efficient operations of our offices, our corporate fleet, business travel, resource management and our wider supply chain.

Our 2030 interim targets

To support delivery of our 2050 net zero target, we have established a series of 2030 interim targets for our corporate operations. These include energy use in our international office estate, the impact of employee travel for business purposes and emissions linked to our purchase of goods and services.

Our 2030 interim decarbonisation targets – own operations and supply chain

Target	Methodology/ validation	Metric	Achieved at year end 2024
46% reduction of Scope 1 and 2 building emissions by 2030 from a 2019 baseline	Aligned to SBTi Corporate Net Zero Standard	%	87%
100% electricity from renewable sources beyond year-end 2025	RE100	% renewable electricity of total electricity used in corporate offices	99%
46% reduction of business travel emissions by 2030 from a 2019 baseline	Aligned to SBTi Corporate Net Zero Standard	tCO_2e	21%
67% of Scope 3 supply chain emissions (excluding investments) setting science-based targets by 2030	Aligned to SBTi Corporate Net Zero Standard	% emissions of suppliers with science based aligned targets	43%
Full electrification of our corporate fleet by 2030	Aligned to EV100	% electric vehicles in corporate fleet	33%

Delivering our 2030 interim targets – Scope 1 and 2

We have made good progress against our market-based Scope 1 and 2 buildings emissions reduction target, from our 2019 baseline, and have exceeded the 46% target, reporting an 87% reduction for year-end 2024. This decrease has been achieved through a combination of office moves to more energy efficient buildings, consolidation of existing office space, energy saving projects and active purchase of renewable electricity.

For our two largest offices, we are undertaking detailed energy mapping of building energy consumption and where appropriate will be completing deep dives into systems performance against design and installation standards. This will allow us to understand if systems are operating at efficiency and where future improvements could be made.

Motability Operations runs the Motability Scheme through which disabled people can lease a vehicle. Motability has supported over 100,000 customers transition to electric vehicles. Motability Operations is held in M&G (Lux) responsAbility Sustainable Solutions Bond Fund.

To track the performance of our buildings we have looked at the energy use intensity of our buildings and are comparing performance within our portfolio, to look for potential performance opportunities. We will continue to review and assess the suitability of industry benchmarks (such as REEB and CREEM) to measure our portfolio against.

We have also started work with industry peers to identify appropriate benchmarks for corporate occupiers in multi-let properties, where it is more challenging to make meaningful changes to energy efficiency without active engagement from landlords.

We are also looking for ways to reduce the use of fossil fuels in our offices. For example, in 2024 we removed gas from our UK office restaurants, switching to all-electric kitchens, and have switched our own back-up generators at our Stirling office from diesel fuel oil to HVO (hydrotreated vegetable oil), which emits lower carbon emissions when in use.

Finally, we are also incorporating sustainability requirements into our office transaction processes, including through the use of green lease clauses and assessment of environmental performance of existing office space.

We have adopted a target of transitioning our corporate fleet to fully electric vehicles by no later than 2030. This is being achieved by adapting the vehicle options available to colleagues as current vehicle leases expire. We have reduced the engine emissions permitted over the last four years, resulting in many more hybrid and fully electric vehicles being selected and have achieved 33% EV transition by year end 2024.

7. Tackling emissions from our operations and supply chain

Delivering our interim targets – Scope 3 (categories 1-14)

Carbon emissions from business travel is a challenging area to address, as there are limited options available to decarbonise international travel at this time. We had achieved a 21% reduction from baseline at year-end 2024. We will be reporting the carbon impact of business travel to each of our business areas to inform them of their impact and contribution to the businesses overall carbon emissions footprint, in addition to the current 'point of booking' emissions data which is available to colleagues. We will review the suitability of current travel emissions targets and update this as appropriate, alongside monitoring developments in the wider travel industry eg the adoption of sustainable aviation fuel.

46%

reduction of business travel emissions by 2030 from a 2019 baseline

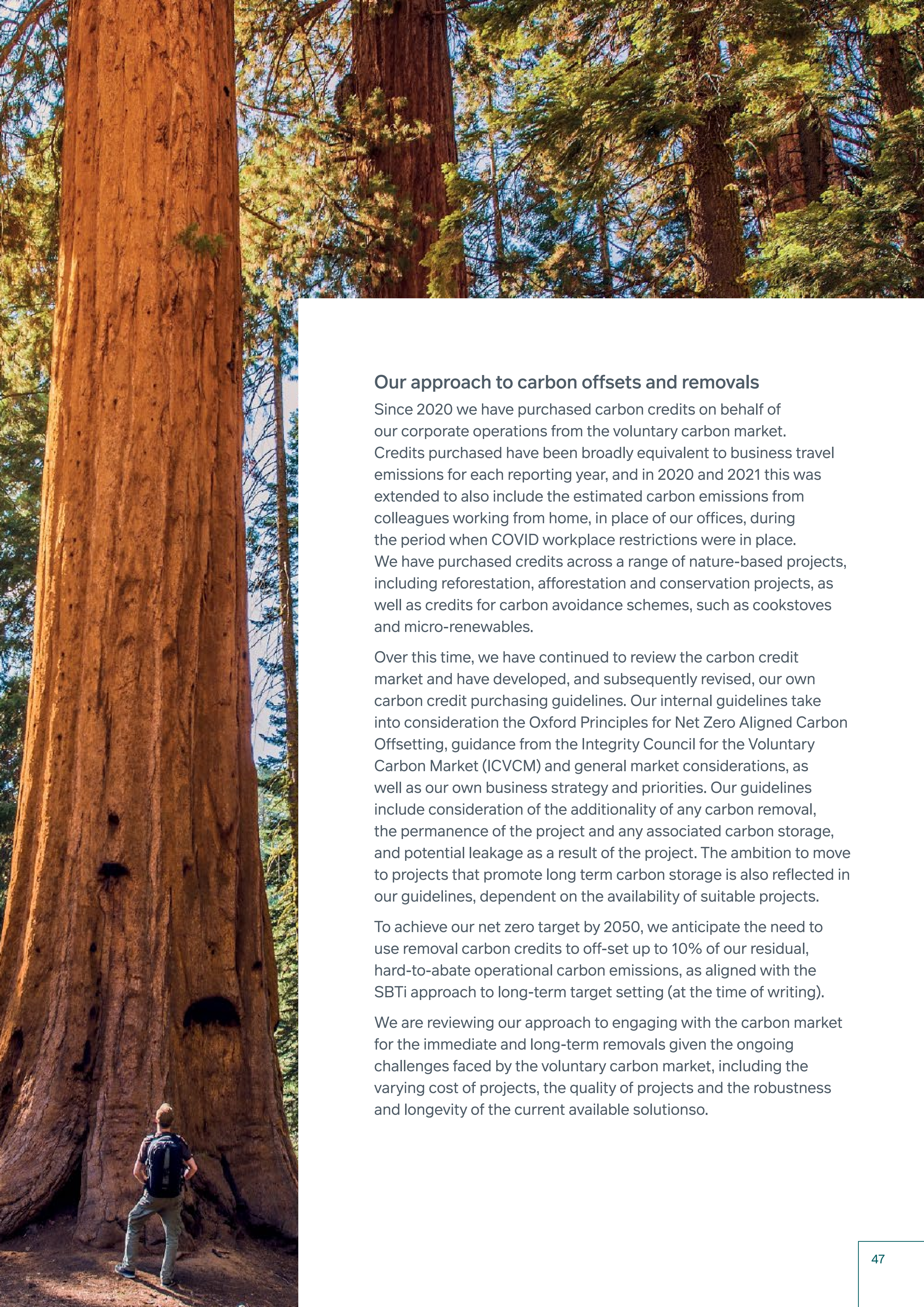
67%

of suppliers (on an emissions basis) to have set science-based targets by 2030

Our supply chain emissions were estimated as 90% of our total corporate operations emissions in 2019 and are highly material for us to address.

Since 2020, we have been calculating and tracking our estimated Scope 3 category 1 and 2 emissions associated with our supply chain of goods and services (this also includes category 4 – upstream transportation and distribution of purchased goods and services). Since 2023, we have partnered with an external consultancy to improve the scope and quality of our supply chain emissions data and now have a hybrid footprint which includes actual supplier emissions. This is a complex reporting exercise that requires collating data from a variety of data sources. We will look to quantify these emissions in future years as we improve the quality of the data.

Building on steady improvements to calculating and tracking our Scope 3 supply chain emissions, we are developing a supplier engagement programme that will both effectively communicate our sustainability ambitions and provide our suppliers with information on available frameworks (eg SBTi) required to understand supplier targets, approaches and progression towards improving environmental performance. In 2025, the business also launched a new supplier onboarding process that will more formally incorporate sustainability data points into supplier assessments, across the entire supplier base.



Our approach to carbon offsets and removals

Since 2020 we have purchased carbon credits on behalf of our corporate operations from the voluntary carbon market. Credits purchased have been broadly equivalent to business travel emissions for each reporting year, and in 2020 and 2021 this was extended to also include the estimated carbon emissions from colleagues working from home, in place of our offices, during the period when COVID workplace restrictions were in place. We have purchased credits across a range of nature-based projects, including reforestation, afforestation and conservation projects, as well as credits for carbon avoidance schemes, such as cookstoves and micro-renewables.

Over this time, we have continued to review the carbon credit market and have developed, and subsequently revised, our own carbon credit purchasing guidelines. Our internal guidelines take into consideration the Oxford Principles for Net Zero Aligned Carbon Offsetting, guidance from the Integrity Council for the Voluntary Carbon Market (ICVCM) and general market considerations, as well as our own business strategy and priorities. Our guidelines include consideration of the additionality of any carbon removal, the permanence of the project and any associated carbon storage, and potential leakage as a result of the project. The ambition to move to projects that promote long term carbon storage is also reflected in our guidelines, dependent on the availability of suitable projects.

To achieve our net zero target by 2050, we anticipate the need to use removal carbon credits to off-set up to 10% of our residual, hard-to-abate operational carbon emissions, as aligned with the SBTi approach to long-term target setting (at the time of writing).

We are reviewing our approach to engaging with the carbon market for the immediate and long-term removals given the ongoing challenges faced by the voluntary carbon market, including the varying cost of projects, the quality of projects and the robustness and longevity of the current available solutionso.

8. Governance

8. Governance

M&G's Board of Directors has ultimate responsibility for the Group's sustainability strategy. Certain duties and responsibilities are delegated to committees, as shown on the following page. Our Director of Corporate Affairs and Brand has overall responsibility for M&G plc sustainability with the Chief Sustainability Officer supporting and leading on sustainability strategy, policy, commitments and governance. Further detail on our overall sustainability governance model can be found in our most recent annual report.

The Executive Sustainability Committee (ESC) supports the Group Executive Committee and the Board in providing oversight and direction over the Group's sustainability activity, including the development and implementation of this Climate Transition Plan.

Progress towards targets and actions laid out in this Climate Transition Plan will be monitored by our ESC. This covers our portfolio alignment and engagement threshold targets, in addition to our portfolio decarbonisation and own operations targets. The ESC will review our Climate Transition Plan every three years, in line with TPT guidance. We will continue to disclose material climate-related information and updates through our Annual Report and Accounts.

Our governance framework

Board oversight

M&G plc Board

Ultimate responsibility for Group's sustainabaility strategy lies with M&G's Board of Directors. The Board has delegated certain duties and responsibilities related to climate change and sustainability to some of its committees.

Risk Committee

Responsible for overseeing and advising the Board on the risk exposures and profile of the Group, including sustainabaility risks

Renumeration Committee

Oversees the approach to linking executive compensation to sustainability

Nomination and Governance Committee

Supports the Group's strategy through monitoring of the Board's overall composition, balance of skills and succession planning

Audit Committee

Responsible for overseeing Group's corporate reporting which includes sustainability-related disclosures

Group Executive Committee

The Group Executive Committee is responsible for implementing the Group's strategy. It is composed of executive leaders responsible for business units and corporate functions.

Management's role

Executive Risk Committee

Responsible for the consideration and oversight of risk matters, including those pertaining to sustainability; for instance, the committee's remit includes oversight of policy development and implementation, as well as reviewing ESG risk exposure relative to risk appetite.

Executive Sustainability Committee

Primarily responsible for supporting the Board in providing direction and oversight of the Group's sustainability-related activities. The committee, chaired by the CSO, meets on a monthly basis and includes membership from the Asset Management and Life segments, allowing for representation and interconnectivity across the wider business.

Management Disclosure Committee

Has responsibility for review and challenge for material Group-level external reporting, including sustainability-related disclosures, before submission to the Audit Committee and/or Board for approval.

Sustainability-focused working groups support delivery of our sustainability ambitions, in addition to local and business-level governance arrangements

Various firm-wide functional teams support in assessing, managing and reporting on sustainability risks, including our Central Sustainability Office, Workplace Solutions, Finance, Risk and Compliance, People and Investments teams

Financial planning

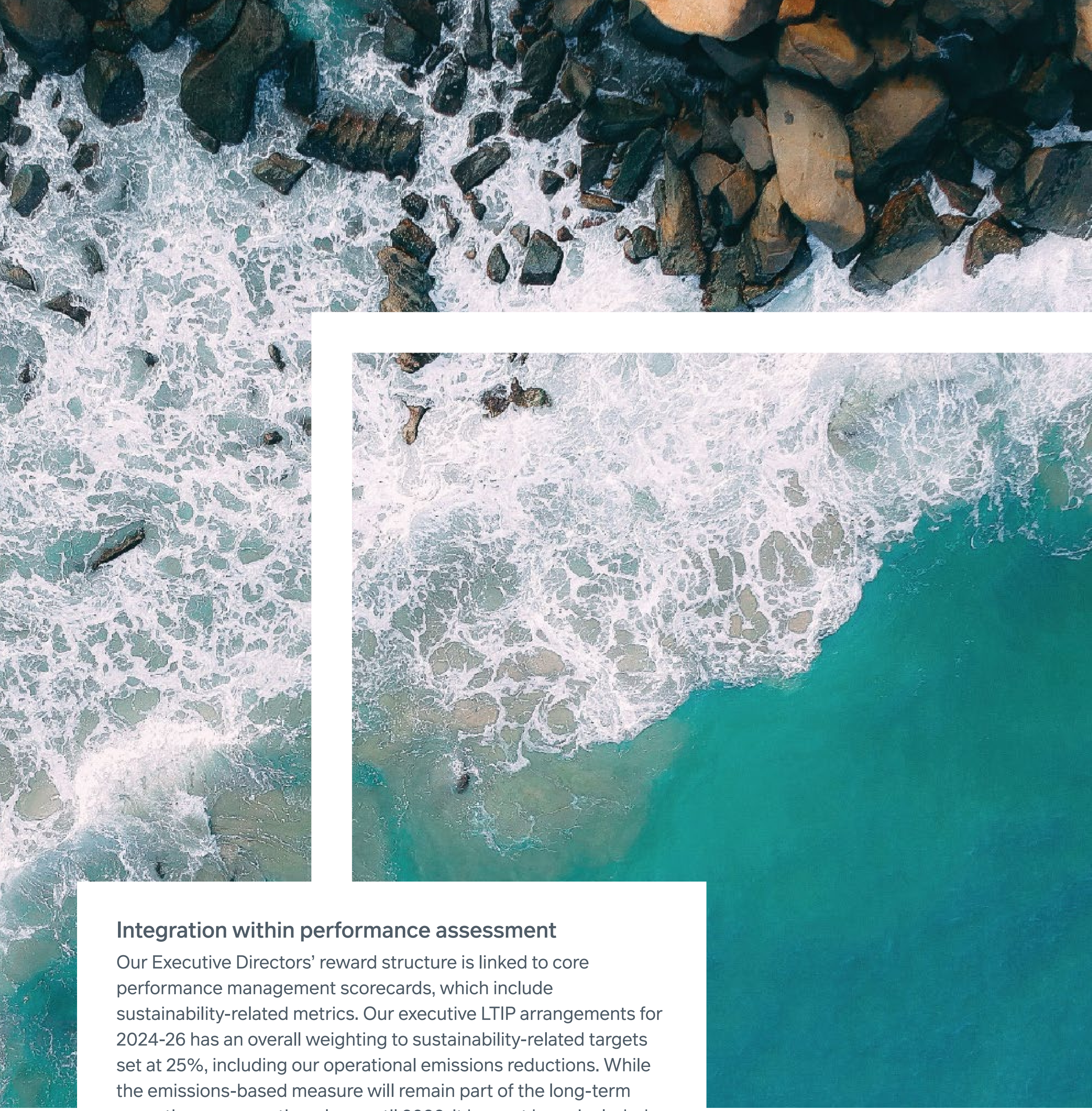
The Board is responsible for approving the Business Plan annually. Where we have a reasonable estimate of the income or expenditure related to our climate actions, and these are expected to materialise over the plan period (three years), we capture it in our business planning process. For example, change programme spend and anticipated growth in sustainability-focused fund propositions are captured in the plan. Further, we will continue to allocate investment to decarbonise our own emissions. We will continue to test our business model against a range of climate scenarios, including short term scenarios.

Culture

Our Strategic Ambition is embedded within our wider purpose as a company – to give everyone the confidence to put their money to work. Within this, we know we need to be in a position to respond to client and customer needs and expectations, and give clarity as to how we are managing climate risks and opportunities their investments may be exposed to.

Skills and competencies

Across the business, we have been working to make sure we have the right skills and capabilities to develop and deliver on our climate strategy, and we have built up significant subject matter expertise within our business units. Key to continuing this development has been the establishment of a CSO. The CSO brings sustainability expertise to the Group function, and allows M&G to bring together knowledge from across the business to develop and deliver our climate ambitions. The CSO will also be responsible for continuing to upskill M&G's workforce, with webinars and learning and development deep dive sessions scheduled throughout 2025.



Integration within performance assessment

Our Executive Directors' reward structure is linked to core performance management scorecards, which include sustainability-related metrics. Our executive LTIP arrangements for 2024-26 has an overall weighting to sustainability-related targets set at 25%, including our operational emissions reductions. While the emissions-based measure will remain part of the long-term executive remuneration plans until 2026, it has not been included for the 2025-27 period on the basis that good progress has been made on operational emissions. During 2025, careful consideration will be given to investment-related performance measures, following the development of our Climate Transition Plan, and introduction of new climate-related targets.

Further, the effectiveness of sustainability risk management in investment decisions and advice is a consideration in the CRCO Risk and Compliance report, and adherence to relevant principles and policies is monitored and reported to the Remuneration Committee. In accordance with the M&G Remuneration Policy, any failings to meet the required standards of these principles and policies will be transparently reflected in remuneration outcomes.

Annexes and glossary

Annex 1: Transition plan taskforce mapping

TPT Disclosure Elements	Sub-elements	Disclosure location
Foundations Disclose the Strategic Ambition of the plan. This comprises the entity's objectives and priorities for responding and contributing to the transition towards a low GHG emissions, climate-resilient economy, and set out whether and how the entity is pursuing these objectives and priorities in a manner that captures opportunities, avoids adverse impacts for stakeholders and society, and safeguards the natural environment.	1.1 Strategic Ambition	See page 10
	1.2 Business model and value chain	See page 51
	1.3 Key assumptions and external factors	See page 55
Implication Strategy Disclose the actions the entity is taking within its business operations, products and services, and policies and conditions to achieve its Strategic Ambition, as well as the resulting implications for its financial position, financial performance, and cash flows	2.1 Business operations	See page 38
	2.2 Products and services	See pages 20-21
	2.3 Policies and conditions	See page 36
	2.4 Financial planning	See page 51
Engagement Strategy Disclose how the entity is engaging with its value chain, industry peers, government, public sector, communities and civil society in order to achieve its Strategic Ambition.	3.1 Engagement with value chain	See page 38 for our operations value chain See pages 25-32 for our investment value chain
	3.2 Engagement with industry	See pages 33-34
	3.3 Engagement with government, public sector, communities and civil society	See page 33-34
Metrics and targets Disclose the metrics and targets the entity is using to drive and monitor progress towards its Strategic Ambition.	4.1 Governance, engagement, business and operational metrics and targets	See page 38 for our operational metrics and targets
	4.2 Financial metrics and targets	See page 11 for an overview of our investment targets
	4.3 GHG metrics and targets	Please see ARA24 p76-79 for more detailed breakdown of our GHG metrics and targets
	4.4 Carbon credits	See page 47
Governance An entity shall disclose how it is embedding its Transition Plan within its governance structures and organisational arrangements in order to achieve the Strategic Ambition of its transition plan.	5.1 Board oversight and reporting	See page 49
	5.2 Management roles, responsibility and accountability	See page 49
	5.3 Culture	See page 51
	5.4 Incentives and remuneration	See page 51
	5.5 Skills, competencies and training	See page 51

Whilst we are still working towards our Climate Transition Plan addressing the entire scope of the TPT's guidance, a summary of how our current approach maps against the TPT guidance is set out on this page. For some elements, for example Financial Planning, this document shows only partial alignment.

Annex 2: External factors

There are a range of challenges that may constrain our ability to deliver on our ambition and targets[29]. Companies and investors will not be able to deliver an orderly transition alone. Many technologies still require policy support before the capital markets can scale them. This is why public policy engagement and advocacy, to create the right incentive structures for the transition is a key priority for us. In line with the Guidance of the TPT, we have identified a number of external factors that our climate ambition is dependent on. Addressing these factors has been integrated into our Climate Transition Plan. We will continually monitor these external factors and update our approach as they change.

External factor	Description	How this may impact delivery of our Climate Transition Plan	Timeframe
Transition factors			
Government policy	Government policy, in the UK and across markets in which we invest, will have a significant impact on the pace and scale of the transition to net zero. Whether through funding frameworks, regulatory frameworks or market interventions, effective and stable policy across jurisdictions will be a pre-requisite for a successful transition.	**Impact:** Unfavourable policy conditions may impact the transition pathway of companies we invest in and countries we operate in, and so may impact M&G's ability to meet our investment and operational interim targets. **Mitigation:** M&G undertakes market engagement, to work with policymakers and regulators.	Short, medium and long-term
Macroeconomic conditions	Macroeconomic conditions will influence the extent to which investee companies can transition in a competitive way. For example, inflation over recent years has particularly impacted renewable energy developers and their ability to execute and expand, which in turn impacts grid decarbonisation necessary for a range of sectors to transition.	**Impact:** Unfavourable macroeconomic conditions may impact the transition pathway of companies we invest in and countries we operate in, particularly in relation to the cost factors for net zero technologies and inputs. This may impact M&G's ability to meet our investment and operations interim targets. **Mitigation:** M&G undertakes market engagement, to work with policymakers and regulators.	Short, medium and long-term
Physical Factors			
Physical changes in the climate	The frequency and severity of extreme weather events continues to rise globally, bringing societal and financial impacts. Insurance coverage and pricing impacts, supply chain and operational disruption, and broader macro issues such as food supply and migration all have the potential to impact our investments. As weather events intensify, more public and private capital will need to be allocated to adaptation and resilience which in turn increases near-term emissions.	**Impact:** Heightened physical climate impacts may impact the value of companies we invest in, the countries we operate in and our clients and customers. Greater capital need for adaptation and resilience may hinder investment into mitigation as well as increase near-term emissions. **Mitigation:** M&G undertakes physical risk scenario analysis, to identify areas of heightened risk and inform risk management actions and consider opportunities to invest in resilience measures.	Medium and long-term

[29]Please note that our climate-related targets do not constitute investment objectives. If, given external factors, we believe that these cannot be achieved without compromising our investment objectives, this will be clearly explained in our reporting. We would also note that, in addition to external factors, the infancy of asset alignment approaches may mean future changes in our approach will be necessary. These will be clearly explained in our reporting.

Annex 2: External factors

External factor	Description	How this may impact delivery of our Climate Transition Plan	Timeframe
Financial services factors			
Data quality and availability	Emissions data, transition plan disclosures and physical risk data all continue to improve in coverage and quality. Poor data quality may mean volatility in our progress against targets data, creating challenges for monitoring our targets	**Impact:** As data improves, M&G may periodically need to update our target methodologies, our baselines and our target progress. This is to make sure we are utilising the best available information in our own transition plan, and reporting progress transparently. **Mitigation:** M&G will always disclose methodological changes and the outcome of adjustments to our baselines when undertaken.	Short term
Financial services sector regulation	Financial services regulation has the potential to facilitate or hinder transition investments. Developing a nimble, proportionate and internationally aligned regulatory framework in the UK, which supports a globally competitive financial services industry and removes any unwarranted barriers to scaling transition investments will be key.	**Impact:** An unfavourable regulatory framework for financial services firms in the **UK** may impact M&G's ability to scale key transition investments, in turn impacting M&G's ability to meet our investment interim targets. **Mitigation:** M&G commits to undertaking market engagement, to work with regulators on the design and implementation of an effective regulatory framework.	Short, medium and long-term
Client preferences	The preferences of our clients to take climate factors into account may change lowering or increasing demand for investments that support climate mitigation.	**Impact:** Changes in demand from our clients for integrating climate factors may impact our ability to grow assets that support climate mitigation. **Mitigation:** M&G aims to provide choice to our clients and customers, and engage to create the conditions for the proportion assets that support climate mitigation and adaptation to grow.	Short, medium and long-term

Glossary

Our asset owner Prudential Assurance Company (PAC).

Our asset manager M&G Investments.

Our targets Our climate-related targets, for both investments and operations.

Our Climate Action Framework
Our three lever framework for implementing our climate strategy – Grow, Align and Reallocate.

Our Transition Assessment Framework Our framework for assessing the alignment level of companies we invest in. Based off the Net Zero Investment Framework produced by the IIGCC.

Group Sustainability Framework
Our Group-wide approach to material sustainability issues, including our Resilient Planet and Resilient Societies. Developed in 2024.

Strategic Ambition A recommendation of the Transition Plan Taskforce guidance, for companies to outline an entity's objectives and priorities for responding and contributing to the transition towards a low GHG emissions.

Clients and customers Clients of our asset management business, and customers of our life business.

NZAMi The Net Zero Asset Manager initiative is a collaborative group for investors committed to reaching net zero greenhouse gas emissions by 2050 or sooner.
Our asset manager, M&G Investments, became a signatory in 2021.

NZAOA The Net Zero Asset Owner Alliance is a UN-convened collaborative group for asset owners committed to reaching net zero greenhouse gas emissions by 2050 or sooner. Our asset owner, PAC, became a signatory in 2022.

Transition Plan Taskforce
A UK-Government convened Taskforce, tasked with developing good practice guidance for corporate transition planning.

External Factors Factors which have the potential to impact our ability to implement our Climate Transition Plan, including our interim targets.

Paris alignment Paris alignment refers to the alignment of public and private financial flows with the goals of the Paris Agreement on climate change.

Orderly transition A transition to net zero which limits the worst volatility and economic impacts which might materialise should there be a need for a late and more severe policy and regulatory response to reduce global greenhouse gas emissions.

Climate risk Physical risks from more severe and frequent weather events which are materialising as emissions increase, and transition risks from changes to policy, regulation and consumer demands as the world decarbonises.

M&G

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