



M&G plc Thermal Coal Position Statement

The following M&G plc Thermal Coal Position Statement is an update to our first position published in March 2021. This Thermal Coal Position Statement is applicable to M&G Investments and the Prudential Assurance Company, and is operationalised, for both M&G plc and the Prudential Assurance Company, by the M&G Investments Thermal Coal Investment Policy. Not all investments are in scope of this policy which means some do not have restrictions for thermal coal related investments. For M&G Investments customers and clients, to understand how thermal coal exclusions are applied at a specific product level, please refer to product documentation. For Prudential Assurance Company customers, we apply thermal coal exclusions to most of our investment portfolios, both where they are relevant and where they help us meet policyholder expectations. For further information, please contact your adviser if you have one, or you can also find useful contact information [here](#). This Position Statement will be reviewed on an annual basis.

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, as 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 and just transition to net zero, in line with the Paris Agreement.

The transition to a net zero emissions economy will necessitate a significant reduction of carbon intensive activities over the course of this century. In particular, all Paris Agreement aligned IPCC¹ scenarios involve a substantial reduction in fossil fuel consumption. These scenarios include a near elimination of the use of unabated² thermal coal power generation over the coming decades. This means companies engaged in thermal coal power generation and thermal coal mining may face elevated levels of climate related financial risk as their products must be used less.

Our 2025 Climate Transition Plan³ outlines the three levers of our Climate Action Framework – Grow, Align and Reallocate. Our preference is to engage companies exposed to climate risks, to encourage them to align their activities with a credible Paris-aligned pathway, develop transition plans, reduce risk and deliver real world emissions reductions. However, we recognise that, in some instances, it may become evident that some companies are unable or unwilling to transition, meaning exclusion is required to manage our exposure to climate related financial risk.

Powering Past Coal Alliance

M&G plc has been a signatory to the Powering Past Coal Alliance (PPCA)⁴ since 2021. In 2024, the PPCA issued an updated set of Finance Principles⁵, which seek to translate the PPCA Declaration⁶ into terms compatible with an organisation like our own. M&G plc is pleased to have supported the development of the updated Finance Principles, and has utilised them in updating our Thermal Coal Position Statement. Our approach is closely aligned to the PPCA Finance Principles. We are actively supporting the PPCA's objective for a global phase out from unabated thermal coal that is consistent with the goals of the Paris Agreement through our company engagements. Our Thermal Coal Investment Policy reflects the challenges of the energy transition and the need to support companies to navigate a complex policy environment. We will review the

¹ The Intergovernmental Panel on Climate Change (IPCC) is the United Nations body for assessing the science related to climate change.

² The International Energy Agency define unabated power generation as the combustion of fossil fuels in facilities without Carbon Capture Usage & Storage.

³ [climate-transition-plan-july-2025.pdf](#)

⁴ [PPCA](#)

⁵ [PPCA-Finance-Principles.pdf](#)

⁶ [PPCA-Declaration_Text-1.pdf](#)



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thresholds of the Thermal Coal Investment Policy periodically in the context of any changes to PPCA timelines and approach, and as the global energy transition progresses.

M&G Investments Thermal Coal Investment Policy

M&G plc's Thermal Coal Position Statement is operationalised on behalf of both M&G plc and the Prudential Assurance Company through the M&G Investments Thermal Coal Investment Policy. This outlines our approach to exclusions for certain companies engaged in thermal coal power generation, thermal coal mining and those undertaking the expansion of thermal coal power generation or mining infrastructure.

- The Thermal Coal Investment Policy outlines thresholds to determine material exposure to thermal coal activities.
- If one or more of these thresholds are met or exceeded, the Thermal Coal Investment Policy outlines a process to assess the quality of a company's transition planning to determine if it is able to phase out its exposure and mitigate risk.
- Where there is credible evidence that a company is committed to phasing out exposure to thermal coal, by meeting one of the pre-defined criteria set out within the Thermal Coal Investment Policy, investment is permitted.
- Where a company exceeds thresholds and cannot demonstrate a credible transition plan, holdings will be divested and will be excluded from further investment.

See the Thermal Coal Investment Policy [here](#) for further details.