



M&G plc
(Company number: 11444019)
(the “Company”)

Terms of Reference for the Risk Committee

1. Purpose

The Board of M&G plc (the “Board”) has delegated authority to the Risk Committee (the “Committee”) for the functions and powers set out in these Terms of Reference. The Committee has a primary responsibility for risk oversight, with respect to the Company and, where indicated the M&G plc Group of Companies (together, the “Group”), in particular:

- Advising the Board on the Group’s overall risk appetite and risk strategy;
- Reviewing and approving the Group’s Risk Management Framework (“RMF”) and advising the Board on its overall effectiveness;
- Approving the Group’s risk and compliance policies in accordance with the Group Governance Framework (GGF);
- Reviewing current and emerging risks facing the Group and the mitigation strategies for these;
- Reviewing the effectiveness of internal models including stress testing;
- Reviewing the Group Own Risk and Solvency Assessment (the “ORSA”) and, in conjunction with the Audit Committee as required, compliance with regulatory requirements;
- Advising the Remuneration Committee on risk issues that may impact remuneration strategy in any given year including adjustments to (including individual) incentives; and

The Committee may sub-delegate any or all of its powers and authority as it thinks fit. The Committee may delegate responsibility to the Committee Chair to execute decisions on its behalf¹.

The Committee receives information, via regular reporting on entities that are subsidiaries of the Company and form part of the Group. The Committee is not the risk committee for those entities but has responsibility for oversight of any issues escalated to it by Group subsidiaries.

¹ In these instances, the Committee Chair would, where appropriate, solicit the views of fellow Committee members.



Where there is a perceived overlap of responsibilities between the Committee and the Audit Committee, the respective committee chairs will have the discretion to agree the most appropriate committee to fulfil any obligation.

The Committee reports to the Board on its activities and any matters which require escalation.

2. Constitution of the Committee

The Committee (including the Chair) will comprise at least three members, all of whom shall be independent non-executive directors.

The Audit Committee Chair shall be a member of the Committee. All members shall have appropriate knowledge, skills and expertise to fully understand and monitor the risk strategy and the risk appetite of the Company and the Group.

The Chair of the Committee shall be appointed by the Board from among the independent non-executive directors.

3. Attendance

Only members have the right to attend Committee meetings. The Committee may invite any director, executive, independent auditor or other person to attend any meeting(s) of the Committee as it may from time to time consider desirable to assist the Committee in the satisfaction of its responsibilities.

The Board shall appoint members of the Committee following recommendation by the Nomination Committee, in consultation with the Chair of the Committee.

The Committee shall meet with the Chief Risk and Compliance Officer at least once a year without the presence of executives. The Committee Chair may at any time hold a private meeting of only members of the Committee.

Members are expected to attend Committee meetings in person where possible, but may also attend by telephone or video conference.

4. Meetings and Quorum

The Committee shall meet with sufficient notice and with such frequency and at such times as it may determine.

The quorum for meetings is two members, including the Chair (or his/her delegate from among the members).



The General Counsel and Company Secretary, or their nominee, shall act as the secretary of the Committee.

5. Responsibility of the Chair

The Chair's role requires:

- Fostering an open, inclusive and, where appropriate, challenging discussion;
- Ensuring the Committee has the information necessary to perform its tasks and devote sufficient attention to the matters within its remit;
- Facilitating the running of the Committee to assist it in providing independent oversight of executive decisions;
- Overseeing the performance of the Risk and Compliance function;
- Reporting to the Board on the Committee's activities; and
- [Attending the Annual General Meeting.]

6. Areas of Responsibility

Group Risk Appetite, Profile and Strategy

- Advise the Board on the Group's overall risk appetite and strategy, taking account of the current and prospective internal and external (including geopolitical and macroeconomic) environment and drawing on publications by relevant industry and regulatory authorities;
- On an annual basis, ensure that a robust assessment of the current, emerging and principal risks facing the Company has been undertaken (including both financial and non-financial risks that would threaten its business model, future performance, solvency or liquidity) and provide advice and seek assurance on the identification, management and effective mitigation of those risks;
- Regularly review the Group's overall risk assessment processes;
- Ensure that risk management is properly embedded in Board decisions;
- Where appropriate, review opinions prepared by the Risk and Compliance function in relation to any proposed material transactions impacting the Group, including strategic acquisitions or disposals, or material adjustments to the Group's capital, and advise the Board on these matters as required;



- Oversee the embedding and maintenance of a supportive risk culture across the Group;
- Review proposed material changes to the Group's risk appetite arising from planned new or increased business, and recommend for approval by the Board;
- Monitor the Group's risk profile against risk appetite, including escalation to the Board and resultant actions and timescales in respect of any risks running temporarily outside of appetite.

Group Risk Management Framework

- Review and approve changes made to the Group RMF and risk and compliance policies, recommending to the Board any material changes to policies which require Board approval;
- Monitor compliance with the Group's RMF and risk and compliance policies, including resultant actions in respect of policy breaches;
- Review and approve the Risk Committee Report and risk management statements to be included in the Company's Annual Report and Accounts ("Annual Report");
- Review the effectiveness and adequacy of the Group's Risk and Compliance function;
- Approve the appointment and/or removal of the Chief Risk & Compliance Officer (the "CRCO"), monitor the performance of the CRCO and provide feedback to the Chief Executive Officer and the Remuneration Committee on the CRCO's performance;
- Review the outcomes of stress and scenario testing and monitor Management's response to the results.

Risk Models and Measures

- Annually review the overall effectiveness of the Group's Internal Model;
- Review and approve the overall methodology and key assumptions used in the Group's Internal Model for determining economic and regulatory capital requirements for the Group;
- Review the appropriateness of any proposed major change in the Group's Internal Model and recommend for approval by the Board as required.



Regulatory Matters

- Review the Group ORSA document on an annual basis and recommend for approval by the Board;
- Review emerging regulations, regulatory risks and changes in the external environment which may impact the Group's risk profile.

Compliance

- Review the Company's systems and controls for ethical behaviour and the prevention of bribery and modern slavery, and receive reports on non-compliance;
- Review regular reports from the money laundering reporting officer on the adequacy and effectiveness of the Company's anti-money laundering systems and controls; and
- Review regular reports from the compliance officer and keep under review the adequacy and effectiveness of the Company's compliance function.

Remuneration

- Provide advice to the Board's Remuneration Committee on risk management considerations to be applied to the remuneration architecture, policies and performance measures, including risk adjustments to the incentive pool as well as risk adjustments to individual incentive packages, in order to ensure risk management culture and conduct is appropriately reflected in the design and implementation of remuneration policy across the Group.

Sustainability risk

- Assess risks arising from sustainability and climate change , including reviewing climate-related stress and scenario testing and the reporting of risk disclosures in respect of climate-related risks;
- Provide advice to the Board as required to assist it in setting the Group's sustainability strategy.



Risk committees of the Company's Principal Subsidiaries

The Group's principal subsidiary companies are shown in Appendix 1 attached to these terms of reference. The Committee's responsibilities in relation to these subsidiary companies are as follows:

- to review core terms of reference for adoption by such principal subsidiary company committees with responsibility for oversight of risk within the Group and endorse material deviations; and
- to work and liaise as necessary with the Group's principal subsidiaries and their risk committees (setting clear expectations for the latter). In exercising its responsibilities, the Committee will review reports submitted by the principal subsidiary chairs, including issues and other matters considered at their respective risk committees in relation to risk management, risk appetite, risk profile and compliance.

7. Operation of the Committee

The Committee:

- Shall annually review these terms of reference and its own effectiveness as well as the quality of information it receives and recommend any necessary changes;
- May request any information it considers appropriate from any of the risk committees of the Company's subsidiaries;
- Is authorised by the Board to engage special counsel, advisers, experts, or other consultants and have access to such resources including employees as the Committee may consider appropriate;



Appendix 1.

Group Risk Committee Terms of Reference

Principal Subsidiary companies of M&G plc:

- The Prudential Assurance Company Limited
- M&G Group Limited

Approved by the Board on 26 February 2025

Approval History

Date	Version	Approved By	Details
26 February 2025	V6	Board	Annual Review
28 February 2024	V5	Board	Annual Review
14 December 2022	V4	Board	Annual Review
14 December 2021	V3	Board	Annual Review
02 December 2020	V2	Board	Annual Review
22 July 2019	V1	Board	Inaugural TOR