2025
Group
Remuneration
Policy

M&G plc (the "Group") has a remuneration strategy/structure in place that is designed to support the achievement of the Group's short and long-term business objectives, underpinned by the following principles:

- Promotes the long-term success of the Group;
- Attracts, motivates and retains the best talent to help ensure continued growth and success of the Group as a separately listed Group;
- Supports the Group's purpose and values to build a safe, respectful and inclusive culture through remuneration policies and schemes that promote and reward good conduct and behaviours for the benefit of our customers and colleagues;
- Aligns the interests of the Executive Directors, Senior Managers and employees with the interests of current and future Shareholders and other stakeholders;
- Strikes an appropriate balance between short-term and long-term performance with strong linkage to Group performance, effective risk management, management of conflicts of interest, customer outcomes, the culture and values of the Group and long-term shareholder value creation;
- Is simple and transparent, both externally and to colleagues; and
- Is compliant with relevant remuneration regulation requirements.

The Group Remuneration Policy forms part of the internal control framework and system of governance and applies to all subsidiaries within the Group. It will also apply to any Joint Ventures (JV), where the Group exercises complete management control.
The Policy will not apply to Executive Directors and Non-Executive Directors of the Group who will be subject to the Directors' Remuneration Policy, which is approved by shareholders and can be found in the Annual Report & Accounts (ARA).

The Policy will not directly apply to associates, Joint Ventures, partnerships and Third parties using the Group brand which do not fall within the complete management control of the Group. However, in these circumstances, the legal entity and function (including supplier management) that is party to the Third Party arrangement must be able to demonstrate how it satisfies itself that suitable arrangements are in place to protect the Group's interests and comply with any remuneration regulatory requirements that the Group (or one of the Groups' subsidiaries) is subject to.

Parts of the Group are subject to the Alternative Investment Fund Managers Directive (AIFMD), the Undertakings for Collective Investment in Transferrable Securities (UCITS) V Directive, the Investment Firm Prudential Regime (IFPR), MiFID II, CSSF 10/437 and/or the Solvency II Regulation. As such, the Policy is designed to ensure that it is consistent with the applicable principles outlined under these regulations, as required.

Remuneration Governance

The Group Board has established a Remuneration Committee (the "Committee") to ensure the alignment of the remuneration policies and structures with the business strategy, risk management policies and appetite limits, conduct, culture and behaviours, sustainability and long-term interests of customers and shareholders. The Committee is comprised of four independent non-executive directors. The Committee's principal responsibilities are determining the design, implementation and operation of remuneration arrangements for the Chair of the Board, the Executive Directors, members of Senior Management and "identified staff" for all remuneration regulations that apply to the Group and overseeing remuneration for individuals whose total remuneration exceeds an amount determined by the Committee from time to time.

An independent remuneration consultant is appointed as advisor to the Committee on remuneration design and compliance with regulatory guidance. Deloitte were formally appointed as the advisor to the Committee on 2 December 2020. The Committee assesses the performance of its external advisers annually, to ensure that the advice provided is independent of any support provided to management.

The Committee takes full account of the Group's strategic objectives, values and long-term goals when setting remuneration policy and seeks to ensure the successful retention, recruitment and motivation of employees. Appropriate input is provided by representatives from Group Finance, Compliance and Risk to assist the Committee in determining the policy and managing remuneration outcomes.

The Committee regularly reviews the Policy to ensure that it continues to promote sound and effective risk management and does not encourage risk taking in excess of levels of tolerated risk.

Material subsidiary boards are formally engaged annually by the Committee to discuss matters of relevance. In addition, material subsidiary boards have representation at Committee meetings and review/provide input into year-end remuneration recommendations of relevance, including the CRCO's annual report on risk and controls, to the Committee.

The Management Remuneration Committee ("MRC") assists the Chief People Officer in discharging responsibility for the day to day operation of the Policy, with any relevant decisions escalated to the Committee as required in accordance with the Terms of Reference of the Committee. The MRC is chaired by the Chief People Officer and other MRC members include the Group CEO, Group CFO and Group General Counsel.

The Investment Management Remuneration Oversight Committee ("IMROC") provides guidance to the Chief Executive Officer, Asset Management on remuneration related matters from a Risk, Compliance and Finance perspective and oversees the operation and governance of carried interest and performance related fee sharing arrangements. The IMROC is chaired by the CEO Asset Management and other members include the CFO Asset Management, CCO Asset Management, CRO Asset Management and Human Resources representatives.

Remuneration Structure

Remuneration is comprised of fixed pay and variable performance–related pay. Fixed pay includes base salary, benefits and pension. Variable pay includes short-term incentive, long-term incentive, carried interest and performance fees.

The Group operates a fully flexible policy on variable remuneration, which would enable it to award no variable remuneration should individual, business unit/team and/or company performance warrant this (by reference to both financial and non-financial performance, including risk management, controls and conduct).

Base Salary

Base salaries are set at a competitive and sustainable level taking into account a range of factors including, but not limited to the individual's skills, performance and experience; internal relativities and wider workforce salary levels; external benchmark data; the size and responsibility of the role; and geographical scope of the role.

Base salary levels must be sufficient so that in circumstances where no short-term incentive payment is warranted, the Group is neither contractually nor morally bound to make any short-term incentive payment. Circumstances where no short-term incentive payment may be awarded include if all or part of a business has made a loss, or if an employee's behaviour materially breaches accepted risk or compliance behaviours (in the context of their role).

Base salaries are reviewed annually within an approved budget aligned with the business plan in effect at the time of the review.

Benefits

Benefit packages are designed to be competitive; aligned with local market practice; compliant with legal, regulatory and tax regimes; proportionate and affordable for the business to which they apply; and aligned with the culture and values of the Group.

Retirement benefits are delivered through defined contribution arrangements with consistent terms for all employees irrespective of seniority unless there is a legal or regulatory requirement to operate alternative arrangements.

The Policy does not allow the award of discretionary pension benefits in excess of approved schemes operated in each location.

Variable Remuneration

All employees are eligible to be considered for a variable remuneration award.

Guaranteed variable remuneration must only be awarded to new hires where a commercial requirement exists, where it only applies to the performance period for the year of hire and where the Group has a sound and strong capital base. Short term incentive guarantees are subject to deferral in line with the Group's deferral policy with the cash element of any guaranteed award subject to clawback provisions.

Short-term Incentive

The Group operates several discretionary short-term incentive arrangements. Consideration is given to a range of financial and non-financial measures relating to individual, business unit/team and overall company performance. The extent to which each aspect of performance affects the overall payment level depends on the variable remuneration scheme as well as the role and responsibilities of the individual.

Annual short-term incentive arrangements are discretionary in nature and operated to support the alignment of colleagues to the Group's financial and strategic objectives, customer outcomes, culture, values, risk management policies and pay-for-performance principles.

The total cost of short-term incentives must be affordable and justifiable in the context of the overall financial performance of the Group and shareholder interests. The funding of short-term incentive plans must have clear and transparent linkages to:

- Financial performance relative to business plan objectives for the year;
- Effectiveness of risk management; and
- Delivery of non-financial objectives (including customer outcomes) determined in accordance with the approved strategy and business plan for the year, of which non-financial criteria will form a significant part of the performance assessment.

Individual incentive outcomes reflect individual performance in accordance with the Group's performance management policy and process, adherence to risk management policies and conduct and behaviour, including reference to customer impacts and culture/values.

The Group operates a short-term incentive deferral policy whereby an element of the short-term incentive is deferred over a period of three years. Deferral is normally into M&G plc shares or notional fund units (or a combination of both) to ensure appropriate alignment to customer outcomes and the long-term sustainable performance of the business. Typically, the rate of deferral will be set so as to ensure that those in receipt of higher amounts of incentive pay are required to defer more.

Long-Term Incentive

The Group operates a long-term incentive plan ("LTIP") over the Group's shares which may have performance conditions aligned with its long-term financial and strategic/non-financial objectives and shareholder value creation. The performance/vesting period is determined prior to the award and will be for a minimum of 3 years. The performance conditions applicable to the 2025 grant are as follows:

Cumulative operating capital generation excluding NBS (40%)
IFRS Adjusted Operating Profit Growth (20%)
Diversity – Gender (7.5%)
Diversity – Ethnicity (7.5%)
Relative TSR ranking (25%)

Participation in the LTIP is reserved for senior colleagues who have significant accountability and ability to influence the delivery of the Group's long-term business objectives.

Awards are granted annually and participation is at the complete discretion of the Committee.

Business unit or subsidiary long term incentive plans will not be operated except in exceptional circumstances where there is a compelling commercial/strategic rationale and the Committee is satisfied that such an arrangement can be justified to shareholders.

The Committee must approve the introduction of a new or a material amendment to an existing long term incentive plan before it can be implemented.

All long term incentive plans must be subject to an uncapped downward risk adjustment.

Carried Interest or performance related fee sharing arrangements

Selected colleagues may participate in carried interest or performance related fee sharing arrangements designed to reward the performance of individuals and teams where the operation of a carried interest plan is considered market appropriate and necessary in order to align the interests of investors and investment management teams. These arrangements must fall within a principles framework approved by the Committee, or otherwise be approved by the Committee.

Severance Pay

Any payments made relating to the early termination of employment must adhere to contractual entitlements and the rules of any relevant incentive plans. Severance payments must be determined taking into account length of service, seniority, performance over time and adhere to the principle of avoiding payments that reward failure.

Control Function Remuneration

In order to support a robust and appropriate risk culture within the business and preserve the independence of control function staff (Risk, Compliance, Internal Audit and Actuarial), the performance assessment and remuneration of these staff is determined independently of the business(es) they oversee, with measures predominantly focused on the objectives of the function and individual.

Remuneration decisions for senior individuals in control functions are reviewed by the Group Chief Executive and approved by the Committee after consultation with the relevant Board and material subsidiary Board Committee Chair(s).

Risk Adjustment

All incentive arrangements operated within the Group include a provision whereby the Committee (with appropriate input from HR, Risk and Compliance) has complete discretion to apply an uncapped downward risk adjustment either to the funding of the plan or on an individual outcome basis.

All long-term variable remuneration, and for Group Executive Committee ("GEC") members, short-term variable remuneration must be subject to malus and clawback provisions in circumstances deemed appropriate by the Committee. Where required in order to satisfy applicable regulatory requirements, and where otherwise determined by the Committee, malus and clawback provisions must also apply to short-term variable remuneration for below GEC. The applicable time periods for malus and clawback are periodically reviewed and approved by the Committee, taking into account any regulatory requirements.

Circumstances under which malus and/or clawback may be applied include but are not limited to a material misstatement of published accounts; an error in the calculation of performance outcomes or such calculation being based on inaccurate information; material risk management failures; reasonable evidence of individual misconduct or material error; breach of an applicable law, regulation or code of practice and/or failure by the individual to meet standards of fitness and propriety; actions or responsibility for conduct leading to significant loss(es) and/or reputational harm to the company or any Group Member; material downturn in financial performance; or corporate failure.

The design and operation of all remuneration policies and incentive schemes must be aligned with the Group's risk management principles and policies through the appropriate use of performance measures and targets and the discretion to adjust outcomes to reflect risk, compliance and conduct events.

The Risk Committee provides independent input to the Committee to help with the assessment of scheme design and outcomes to ensure that they are consistent with these principles and policies. A formal risk and compliance report, compiled by the Chief Risk and Compliance Officer and approved by the Risk Committee is submitted to the Committee annually to provide an assessment of:

- the appropriateness of scheme design for the coming year; and
- the effectiveness of the risk and control environment, material events and specific conduct and compliance issues over the one and three-year performance periods of awards to enable the Remuneration Committee to determine if the outcome of schemes are appropriate or if any adjustments should be applied at scheme or individual level.

Input from the report is also used to assess whether there have been any events that warrant the consideration of malus and/or clawback on previously determined awards.

As a responsible investor we consider the sustainability risks of all our investments and advice by taking into consideration ESG factors that have the potential to have a material financial impact and seek to incorporate them into our general risk management framework. The effectiveness of sustainability risk management in investment decisions and advice is a consideration in the Chief Risk and Compliance Officer's report and adherence to relevant principles and policies is monitored and reported to the Committee as part of this report. Any failings to meet the required standards of these principles and policies will be transparently reflected in the determination of remuneration outcomes.

Material Risk Taker Identification

The Group identifies individuals who have the ability to have a material impact on the risk profile of the Group or any of the Group's authorised AIFMs or UCITS Managers (or any of the individual AIFs or UCITS funds), IFPR designated investment firms (or the assets it manages), CSSF, MiFID II or Solvency II regulated entities. These populations are identified in line with the criteria included within relevant guidance but broadly include the relevant Boards of Directors, senior management, senior control function staff and other key risk takers.

The Group ensures that it applies all of the necessary remuneration requirements that are required with consideration for the size, complexity and risk profile of the regulated entities in question. In some circumstances, this requires M&G to increase the level of deferral for certain staff (irrespective of the level of their variable remuneration) and to ensure that a portion of this is delivered in particular instruments.

The Committee approves the identification and remuneration outcomes of Material Risk Takers on an annual basis.

Conflicts of interest

The Policy is designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of employees is in line with the risk policies and objectives. No individual is involved in decisions relating to their own remuneration. The performance assessment and remuneration for control function staff, including Audit, Risk and Compliance, is determined independently of the businesses they oversee, with measures focused on the objectives of the function and individual.

The operation of the Committee and, in accordance with its terms of reference, engagement with material subsidiary boards, ensures that there is appropriate independent oversight of the Group's compliance with the remuneration policy and review of conflicts that may arise from the Group's remuneration practices. An assessment of the principles and processes for managing conflicts of interest from a remuneration perspective is documented and reviewed periodically. Overall accountability for the identification and management of conflicts of interest rests with the business, however, any conflicts must be taken into consideration in the context of remuneration outcomes with the Committee receiving input from the Group Risk and Compliance Officer on an annual basis.