

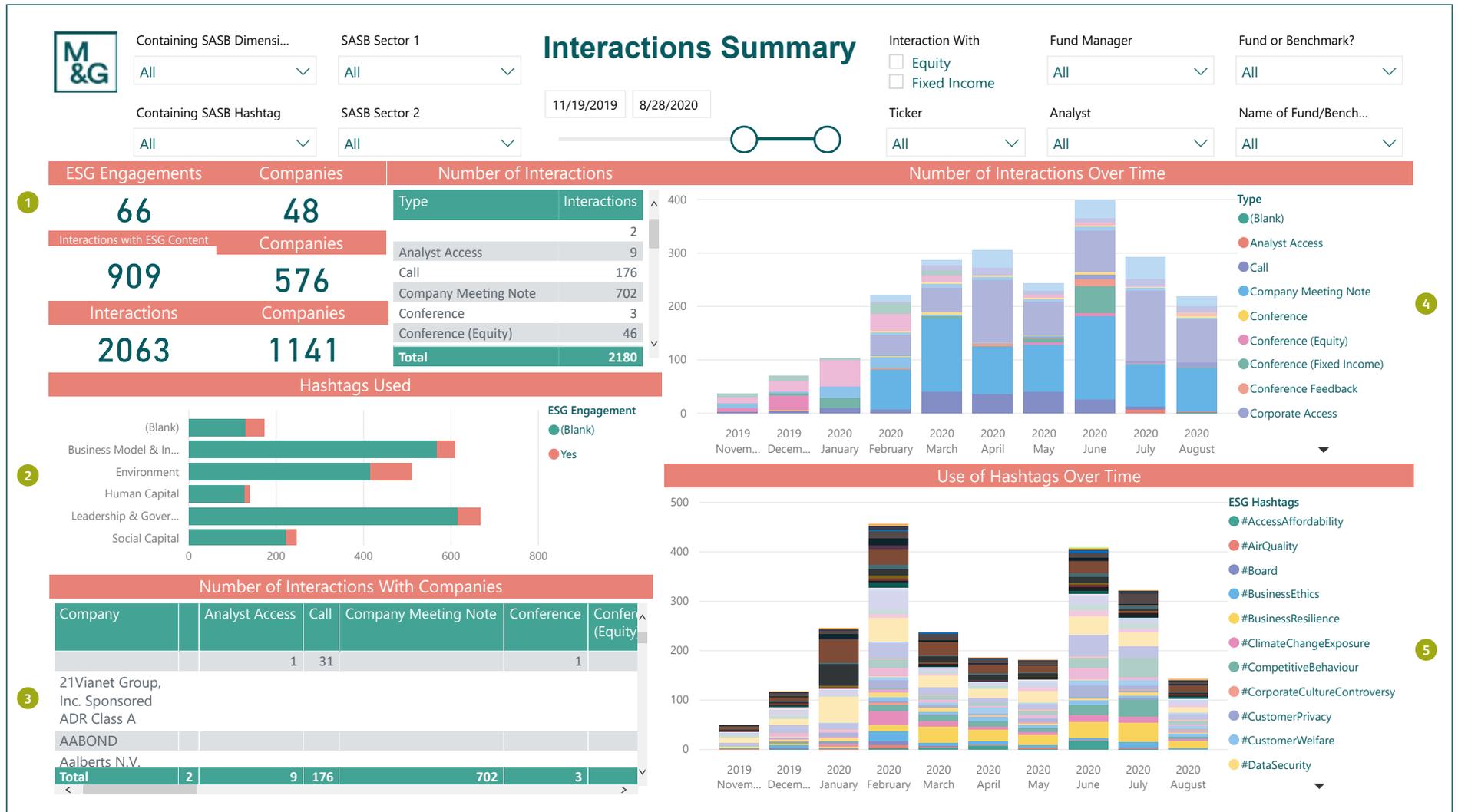
ESG at M&G – at a glance

Integration and innovation

- Having begun a process of formal ESG integration in 2013, M&G now explicitly and systematically includes Environmental, Social and Governance factors in investment analysis and decisions where these are meaningful to risk and potential return, across our equity, fixed income and property portfolios.
- Climate change is arguably the most extreme systemic risk that society faces – we aim to achieve carbon net zero investment portfolios by 2050 across our total assets under management, in line with the Paris Agreement and the UK Government's target.
- We have also further developed our range of ESG-labelled funds, including Sustainable and Impact strategies.

ESG integration

- M&G believes that Environmental, Social and Governance (ESG) factors could have a material impact on long-term investment outcomes.
- Consequently, ESG factors are explicitly and systematically integrated into investment analysis and decisions wherever they have a meaningful impact on risk or potential return, across our equity, fixed income and property portfolios – we are also working to integrate ESG in the remainder of our assets under management.
- We undertake constructive engagement with management of companies and organisations that aims to better understand ESG strengths and weaknesses and encourage better ESG practices where appropriate. Our analysts and portfolio managers will question and challenge management on even difficult topics, feeding the outcomes back into our view of the investment opportunity.
- Our investment teams have access to a range of internal and external ESG data and research, as well as to our dedicated Responsible Investment team, to identify and engage on material issues with our investments.
- We have also developed, and continue to develop, an array of internal tools to foster deeper integration of ESG factors, including:
 - ESG dashboards** – to quantify and track ESG engagement activity and internal research. This provides insight into the ESG issues we are considering, while allowing better transparency of our activities.
 - ESG databank** – to identify specific ESG factors across industries, allowing for better-targeted engagements that focus on the issues that are really material for each of those industries.
 - Proprietary ESG scorecards** – to provide rigorous examination of the impact, direction and mitigation of ESG issues for subject companies.



1 Number of company meetings and ESG engagements for a specific period + meeting type

2 *Topics discussed at meetings

3 Meetings by company

4 *Topics discussed at meetings over time

5 Meeting type over time

M&G product range

- All of our equity, fixed income and property funds are ESG-integrated, and we have a firm-wide exclusion policy on securities issued by companies directly involved in the manufacture, development or trade of cluster munitions and anti-personnel landmines.
- We offer an additional range of funds that seek to deliver an ESG objective or ESG-related outcome, or are managed in accordance with ESG criteria applied within the investment strategy. These funds have a minimum set of additional exclusions, including tobacco, gambling and companies in breach of the UN Global Compact principles on human rights, labour rights, the environment and anti-corruption.
- Our ESG Plus funds may take a Best-in-Class approach, and may include other, additional exclusions.
- For our Sustainable funds, the investment universe is driven by sustainability themed considerations, which might include approaches that address one or more of the UN Sustainable Development Goals (SDGs).
- Our Impact funds aim to invest in companies that deliver material, measurable positive societal impacts by addressing the world's major social and environmental challenges, while seeking competitive economic returns.

The value of the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise and you may get back less than you originally invested.

ESG product framework

Impact funds



M&G Positive Impact Fund



- Seek to deliver a dual-objective: measurable positive impact alongside financial return
- Select companies which address key societal challenges, framed against the SDGs
- Provide transparent impact reporting

Sustainable funds



M&G Sustainable Multi Asset Fund



- Sustainability themed considerations define investment universe
- May apply Best-in-Class and may include an Impact component

ESG Plus



M&G Global High Yield ESG Bond Fund M&G Global Select Fund M&G Pan European Select Fund



- May include additional exclusions
- May apply a Best-in-class approach to either identify sector leading companies or to exclude laggards

ESG Integrated funds



M&G fixed income, equity and property funds



- Company-wide exclusions apply (cluster munitions, anti-personnel landmines). Some strategies may have some additional ESG exclusions
- Financially material ESG data is available to all funds and integrated into the risk management and decision-making process
- Active ownership approach to engagement and voting

Climate

- Climate change presents immediate and material systemic risks to the financial stability of the global economy, the long-term environmental health of the planet, and ultimately the cohesive functioning of society. The impacts of rising global temperatures are already being felt, with increasing threats on every continent to natural habitats, human populations and the economy.
- As an asset owner and asset manager, M&G plc* aims to achieve carbon net zero investment portfolios by 2050 in line with the Paris Agreement and the UK Government's target. As a company, we have committed to reduce our own carbon emissions to net zero by 2030.
- M&G Investments' approach to climate change sets us on a track to achieve our 2050 Paris alignment goal, while also reflecting regulatory advances, shifting client expectations and an increasingly clear investment imperative.

This approach has two objectives:

1. A structured process for understanding and managing the climate-related risks to our investments across asset classes, incorporating a climate risk management programme – which includes targeted engagement and voting – that focuses on the largest emitters. This is derived from a mapping of high-carbon sectors and our holdings within them. This programme is not simply a matter of divesting from high-emitting companies, but rather pushing those companies to implement clear transition plans and Paris alignment targets.
2. The identification of investment opportunities that offer solutions to tackling climate change. We believe companies that clearly understand the risks to their business – and have put in place measures to mitigate and adapt to these risks, as well as capitalising on long-term opportunities – will be better positioned to deliver stronger, long-term investment outcomes.

M&G's approach to climate-related risk

Portfolio mapping



Identifying M&G's high carbon exposures

Highest carbon emissions; largest M&G-wide exposure; access to management

Risk assessment



Evaluating the risk represented by these exposures

Assess transition risk and physical risk; evaluate company's effective management of these risks

Engagement plan



Structured plan for engaging with identified risk exposures

Engagement programme focused on both bilateral and collaborative

Climate voting



Integration of climate change into M&G's core voting policy

Using shareholder resolutions and director elections as levers for accountability

Contact



Financial Adviser Helpline

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For further information on the M&G fund range, just speak to your usual M&G representative or call our Financial Adviser Helpline. Lines are open Monday to Friday 08:00 to 18:00.



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- Identify yourself
- Provide your firm's FCA number
- Confirm certain information relating to our mutual customer

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