Pru
part of M&G plc

Statement on principal adverse impacts of investment decisions on sustainability factors

27 June 2025

Financial Market Participant: Prudential International Assurance plc
LEI: 635400T4W5MRQTBLGQ38

Contents

Summary

Prudential International Assurance plc ('PIA') is an Irish registered company authorised as an insurance undertaking by the Central Bank of Ireland to transact cross-border life assurance business. PIA is a wholly owned subsidiary of The Prudential Assurance Company Limited ('PAC'), and the ultimate parent company is M&G plc.

PIA (LEI: 635400T4W5MRQTBLGQ38) is a 'Financial Market Participant' ('FMP') under Regulation (EU) 2019/2088 'Sustainable Finance Disclosure Regulation ('SFDR') requiring it to assess, consider and report to investors on the Principal Adverse Impacts ('PAIs') of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of PIA, covering investments held within products sold by PIA for the reference period from 1 January to 31 December 2024.

The table below sets out the principal adverse impacts included in this report, covering investee companies, sovereigns and supranationals, and real estate assets:

Asset class	Theme	Adverse sustainability indicator	Table	Page number
Investee companies	Climate and other environment-related indicators	GHG emissions – PAI 1	1	8
		Carbon footprint – PAI 2	1	8
		GHG intensity of investee companies – PAI 3	1	8
		Exposure to companies active in the fossil fuel sector – PAI 4	1	9
		Share of non-renewable energy consumption and production – PAI 5	1	10
		Energy consumption intensity per high impact climate sector – PAI 6	1	11
		Activities negatively affecting biodiversity sensitive areas – PAI 7	1	12
		Emissions to water – PAI 8	1	13
		Hazardous waste and radioactive waste ratio – PAI 9	1	13
		Investments in companies without carbon emission reduction initiatives – Additional PAI 4	2	20
	Social and employee, respect for human rights, anti-corruption and anti-bribery matters	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises – PAI 10	1	14
		Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises – PAI 11	1	14
		Unadjusted gender pay gap – PAI 12	1	16
		Board gender diversity – PAI 13	1	16
		Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) – PAI 14	1	17
		Investments in companies without workplace accident prevention policies – Additional PAI 1	3	21
		Lack of a human rights policy – Additional PAI 9	3	21
		Lack of anti-corruption and anti-bribery policies – Additional PAI 15	3	22

Asset class	Theme	Adverse sustainability indicator	Table	Page number
Sovereigns and supranationals	Climate and other environment-related indicators	GHG intensity – PAI 15	1	18
	Social and employee, respect for human rights, anti-corruption and anti-bribery matters	Investee countries subject to social violations – PAI 16	1	18
Real estate	Climate and other environment-related indicators	Exposure to fossil fuels through real estate assets – PAI 17	1	19
		Exposure to energy-inefficient real estate assets – PAI 18	1	19

Reference to 'products' in this statement means Insurance-Based Investment Products (IBIPs) sold by PIA. Reference to 'PAC' denotes activities conducted within the broader asset owner business of the M&G plc group, and 'PIA' refers to activities undertaken solely by PIA or conditions that apply to PIA only. In many cases, the actions taken, or actions planned will refer to activities or commitments being made by other companies within the M&G plc group, and this is made clear within the statement. The majority (approximately 80%) of PIA assets are invested in the PAC with-profits fund through a reinsurance agreement with PAC. PAC is responsible for the management of these assets which are subject to the PAC ESG Investment Policy. PIA also has an external asset portfolio that is made available through a small number of 'Open Architecture' products which allow advisers and discretionary asset managers to select funds to be held within PIA products. Assets held within the external asset portfolio may be managed by other asset managers and are not subject to the PAC ESG Investment Policy. PIA does not engage directly with investee companies, instead setting expectations for our chosen asset managers to engage with investee companies on our behalf.

Users of the statement should be aware that sustainability-related disclosures are subject to higher degrees of uncertainty and inconsistency than other disclosures, given significant challenges with availability and reliability of sustainability data, the nascent and evolving nature of relevant sustainability methodologies, and other factors such as the developing regulatory landscape. As such, in order to improve clarity for users of the statement, the disclosures included in this statement may be amended and updated in line with evolving market practice, improvements in the availability and quality of data, and changes to underlying judgements, assumptions and estimates.

Description of the principal adverse impacts on sustainability factors

PAIs are negative impacts of investment decisions on sustainability factors relating to (i) climate and the environment, and (ii) social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The PAIs of the underlying investments of products sold by PIA are considered by measuring the aggregated adverse impact on sustainability factors of the investments underlying those products. The reported PAI indicators are sourced, aggregated and reported in accordance with the SFDR regulation. Other investment activities undertaken that consider sustainability factors include engagement and voting which are described in more detail in the engagement section on page 26.

The mandatory indicators defined under the SFDR are set out in table 1 on pages 8-19, covering investments in investee companies, sovereign and supranational debt and real estate. The other indicators selected via the methodology described on page 24, are set out in tables 2 and 3 on pages 20-22.

Information on the impact of investments managed by PIA's asset managers on these indicators will be published each year by 30 June. In this year's report, historical comparison of the data from the previous two years has been provided, earlier data is not available as it pre-dates SFDR. In subsequent years, additional data will be added until a historic comparison of performance over the past five years is provided. The indicators are calculated as the average of PAI data available for investments held within products sold by PIA as at 31 March, 30 June, 30 September and 31 December of each reference period.

Interpretation Guidance

This section of the statement seeks to assist the reader in understanding how PAI indicators are prepared and presented. It is key to understand that there are significant limitations with data used in the calculation of the PAIs, and the explanations provided for some of the factors that should be considered when reviewing changes in PAIs over time.

Scope of PAI indicators

The PAIs in this statement are presented by class as outlined in the SFDR. The following asset classes have been included in each category:

- **Investee companies** includes equity (listed equity, open – and closed-ended funds, private equity) and debt (public corporate debt and private finance).
- **Sovereigns and supranationals** includes supranational and government bonds, as well as quasi-governmental agency bonds (municipal bonds are included in 'investee companies').
- **Real estate** includes directly held property and long-lease property.

PIA have reported metrics for PAIs 1, 2, 3, 5, 6, 8, 9, 12, 13 and 15 only where we have data within the relevant asset class, in an attempt to report decision useful information. The coverage noted represents the proportion of assets, within the relevant asset class for which we have data. The metric has not been scaled up to give an equivalent for the whole asset class (i.e. to represent 100% coverage).

PIA have reported metrics for PAIs 4, 7, 10, 11, 14, 16, 17 and Optional 1, 4, 9 & 15 to include impacts for which we have data (as given in the coverage %), in relation to the value of all investments. In order to report decision useful information, we have defined the value of all investments as the total value of investments in the relevant asset class as per the table below for that PAI, not all AUM for all asset classes. This may dilute the metric where coverage is low. For example the metric PAI 15 is divided by all sovereigns and supranationals AUM (EUR 1.6bn), as noted in the table below.

For other asset classes, such as derivatives and cash, we do not currently calculate the adverse impacts due to either a lack of generally accepted calculation methodologies or poor data availability and ability to look through to the underlying holdings. As such, the inclusion of data for these asset classes in the statement is not possible. This approach will be reconsidered if ability to assess these types of investments improves.

As the composition of PIA's portfolios change, the value of assets in each category can vary. The value of assets in scope of each category has been presented below:

Asset category	2024 VALUE	2024 % of PIA total	2023 VALUE	2023 % of PIA total	2022 Value	2022 % of PIA total
Investee companies	€6.7bn	59%	€6.3bn	59%	€4.9bn	52%
Sovereigns and supranationals	€1.6bn	14%	€1.2bn	11%	€0.6bn	6%
Real estate	€1.1bn	10%	€0.7bn	7%	€0.7bn	7%
Other asset classes (not reported)	€2bn	17%	€2.5bn	23%	€3.3bn	35%

Alongside the PAIs presented in this statement, we have included the 'coverage' in brackets under the value for each indicator. Coverage is the value of investments where all relevant data is available and included in the indicator, divided by the total value of the relevant asset category, presented as a percentage. It should be noted that changes in coverage presented year on year are also impacted by changes in the total value of assets in each category. For example, if new assets are added to a relevant indicator, but the investments where all relevant data is available remain the same, the coverage would fall.

Limitations of PAI indicators

The maturing ESG data landscape means there are a number of limitations on PAI indicators related to their production, primarily driven by issues around availability, accuracy and timeliness of source data, including:

1. Data availability

The production of certain PAI indicators is subject to limited availability of relevant impact data, which by its nature is inherently harder to measure and source due to inconsistent disclosure by issuers. This limited availability of data restricts coverage and impacts the ability to meaningfully interpret the PAIs reported, particularly where coverage levels are very low.

2. Third-party data

We source data from third-party data providers and are reliant on the quality of this data when calculating PAI indicators. Even when relevant data is disclosed by issuers and collected by third-party data providers, it may be incorrect, incomplete or follow varying methodologies.

Third-party information provided by our external data providers has not been independently verified. Where significant issues with input data are identified this may lead to exclusion of the data from the PAI calculations.

3. Timeliness of data

Overall, our approach to PAI indicator calculations is to base them on the latest available impact information, however a significant proportion is based on historical data given timing of disclosure by investee companies and delays in capture by third-party data providers.

4 PAI Indicator definition

Some PAI indicators have no standardised calculation and therefore may not be comparable across asset classes and the market as a whole. The use of different measurement techniques may therefore result in materially different results.

Explanations for movements in PAI indicators

There are a number of elements that can impact the movement of PAI indicators over time, and in many cases, they are not reflective of changes in portfolio composition or real-world changes in the impacts of our investee companies. Some examples of these are as follows:

- Data from third-party vendors is updated on a periodic basis, often to reflect more up to date estimates or data relating to investee companies, but there are situations where data is removed due to it being identified as incorrect or inaccurate. For indicators on topics where impact data is more nascent, these updates can result in significant variances in the numbers for a given company.
- Some indicators require apportionment of an investee company's total adverse impact through the calculation of the portion of the company's total enterprise value that is funded by PIA. For these indicators (eg PAI 1 – GHG Emissions), fluctuations in the company's enterprise value can also cause the share of the PAI to vary even when investment in the company has not changed.
- Variation in coverage available for a PAI indicator can impact the reported value as data becomes available or falls away for a given investment. Coverage can also be impacted by changes in availability of data from third-party data vendors or changes in portfolio. Where coverage is low these changes to coverage are likely to have a more noticeable impact on the reported value of the indicator.
- Changes in portfolio composition (i.e. when an investment is bought or sold) will impact the value of an indicator, although it should be noted that such change may or may not be as a result of the actions taken to address a given impact.

Users of this Statement are advised to take the above limitations and factors that can impact movement in a PAI into account when assessing the data presented in the report. Notice should also be given to the actions taken and planned presented alongside each PAI.

Mandatory indicators for principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies

Table 1: CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Adverse sustainability indicator	**Metric**	**2024**	**2023**	**2022**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Greenhouse gas emissions						
1. GHG emissions	Scope 1 GHG emissions (tCO_2e)	**367,316 (93%)**	336,548 (88%)	300,536 (89%)	Scope 1 emissions are direct emissions that occur from source owned or controlled by the reporting company.	**General approach, actions taken and actions planned:** PAC (PIA's parent company) joined the Net Zero Asset Owners Alliance (NZAOA) in 2021, committing to transitioning its investment portfolios to help limit global heating in line with the Paris Agreement. In line with the NZAOA's target setting protocol, PAC have set interim decarbonisation targets of 50% reduction by 2030 for in-scope public equity and corporate debt assets, and 36% reduction by 2030 for in-scope direct real estate assets. M&G plc have committed to reach net-zero emissions by 2050 at the latest in aggregate across their investment portfolios. In 2024 M&G plc set new interim targets covering asset alignment. By 2030 50-70% of financed emissions (Scope 1, 2 and 3) are to be assessed as 'net zero' or 'aligning'. The assets in scope of this target are listed equity and corporate bonds held by PAC, where PAC has sufficient investment control. M&G plc also updated their engagement target. For PAC listed equity and corporate bonds assets they aim to maintain at least 70% of financed emissions (Scope 1, 2 and 3) as either assessed to be 'net zero', 'aligned' or 'subject to climate-related engagement'.
	Scope 2 GHG emissions (tCO_2e)	**84,169 (93%)**	75,138 (88%)	67,738 (89%)	Scope 2 emissions are indirect GHG emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company.	
	Scope 3 GHG emissions (tCO_2e)	**2,855,588 (92%)**	2,819,491 (84%)	2,285,687 (88%)	Scope 3 emissions includes other indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company.	
	Total GHG emissions (tCO_2e)	**3,239,320 (91%)**	3,223,900 (83%)	2,653,961 (88%)		
2. Carbon footprint	Carbon footprint (tCO_2e per €M invested)	**527 (91%)**	623 (83%)	595 (88%)	Carbon footprint is carbon emissions for a portfolio normalised by the value invested (emissions portion only).	
3. GHG intensity of investee companies	GHG intensity of investee companies (tCO_2e per €M revenue)	**1,086 (92%)**	1,117 (87%)	1,098 (89%)	GHG intensity is carbon emissions for a portfolio normalised by investee company revenue (emissions portion only).	

Adverse sustainability indicator	Metric	2024	2023	2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Greenhouse gas emissions (continued)						
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector (%)	**10% (91%)**	11% (91%)	11% (93%)	Companies that derive any revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade of fossil fuels.	*(Continued from previous page)* All these targets include some assets held within PIA products. M&G plc's approach to climate change is built around three levers: • Grow – Seeking to grow funds and assets that support climate goals by collaborating with clients and working to develop innovative strategies and solutions across asset classes. • Align – Engaging with high-emitting companies and assets to seek robust transition plans aligned with climate goals, supporting the decarbonisation of managed investments. • Reallocate – Monitoring the climate risk characteristics of assets, undertaking scenario analysis and, where engagement fails, considering divestment. More detailed information can be found on page 65 of the M&G plc Annual Report and Accounts (ARA) 2024. M&G plc are members of the Powering Past Coal Alliance (PPCA), and are committed to end thermal coal-related investments by 2030 across OECD and EU member states and by 2040 in developing countries, as outlined in the M&G plc's Position on Thermal Coal.

Adverse sustainability indicator	Metric	2024	2023	2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Greenhouse gas emissions (continued)						
5. Share of non – renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non – renewable energy sources compared to renewable energy sources, expressed as percentage of total energy sources (%)	**72% (84%)**	73% (66%)	76% (78%)	This metric excludes non-fossil sources such as wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas.	*(Continued from previous page)* **Engagement and exclusions**: As an asset owner, we rely on the asset managers we appoint to exercise direct climate engagement in line with our policies and objectives. For assets managed by PAC, we expect engagement processes and actions to be aligned with the PAC ESG Investment Policy, Shareholder Engagement Policy and Voting Standard, as well as the agreed-upon mandate. We expect our investment managers to set a clear engagement objective for the engagement activity and consider in advance any internal escalation which may be required if initial engagement efforts are unsuccessful. Where appropriate, we are able to tilt our portfolios away from investee companies that are not on sufficiently ambitious emissions reduction pathways by instructing our asset managers to act on our behalf. We view the exclusion of any company on the basis of their carbon emissions as an action of last resort that should only be taken if we are certain that engagement will not lead to meaningful change.

Adverse sustainability indicator	Metric	2024	2023	2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Greenhouse gas emissions (continued)						
6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector: (GWh per €M revenue)				Energy consumption intensity means the ratio of energy consumption per unit of activity, output or any other metric of the investee company to the total energy consumption of that investee company.	(See previous page)
	A) Agriculture, forestry and fishing	**<0.1 (1.1%)**	<0.1 (0.3%)	<0.1 0.2%)		
	B) Mining and quarrying	**1.8 (4%)**	1.4 (3%)	14.6 (3%)		
	C) Manufacturing	**0.6 (26%)**	1.2 (25%)	2.2 27%)		
	D) Electricity, gas, steam and air conditioning supply	**4.0 (4%)**	5.0 (3%)	5.4 (3%)		
	E) Water supply, sewerage, waste management and remediation activities	**0.2 (1.4%)**	0.7 (0.6%)	0.7 (0.6%)		
	F) Construction	**<0.1 (3%)**	<0.1 (2%)	<0.1 (2%)		
	G) Wholesale and retail trade, repair of motor vehicles and motorcycles	**0.2 (6%)**	0.2 (5%)	0.4 (5%)		
	H) Transportation and storage	**1.3 (3%)**	3.9 (2%)	2.7 (2%)		
	L) Real estate activities	**0.3 (4%)**	0.6 (2%)	1.0 (2%)		

Adverse sustainability indicator	Metric	2024	2023	2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Biodiversity						
7. Activities negatively affecting biodiversity sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas (%)	**67%[1] (90%)**	0.1% (88%)	<0.1% (90%)	Activities that are characterised by all of the following: • those activities lead to the deterioration of natural habitats and the habitats of species and disturb the species for which a protected area has been designated; • for those activities, none of the conclusions, mitigation measures or impact assessments adopted pursuant to EU Directives or national provisions or international standards that are equivalent to those Directives have been implemented.	**General approach, actions taken and actions planned:** As a diversified global asset owner we recognise the reliance and impact many of our investments have on biodiversity, and nature as a whole. We therefore look to integrate these considerations into our investment processes and stewardship activities where appropriate, in alignment with the M&G plc's sustainability framework pillar 'Developing our approach to nature'. In some cases, we also consider investment in solutions to this issue in line with product guidelines and customer preferences. To ensure 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 Coal, Unconventional Oil & Gas, biodiversity related data points, Controversial Weapons, Modern Slavery, UNGC Violators and Animal Welfare. There are no specific biodiversity exclusions applied due to insufficient data coverage for such an exclusion. If we become aware of evidence that an investment is contributing to significant negative impact on biodiversity, which is also a breach of UN Global Compact principle 7, a decision to exclude or engage may be considered in accordance with the PAC ESG Investment Policy.

[1] *In 2024 the methodology to produce this metric was updated, impacting the year on year comparison. More detail is included in the historical comparison section of this report.*

Adverse sustainability indicator	Metric	2024	2023	2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Water						
8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average (Tonnes of emissions per €M invested)	Data under review			Direct emissions of priority substances as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and of the Council and direct emissions of nitrates, phosphates and pesticides.	**General approach, actions taken and actions planned:** PIA acknowledges implementing water and nature related aims is challenging, in part due to data quality and coverage limiting the ability to undertake meaningful analysis across all sectors. **Engagement and exclusions:** If we become aware of evidence that an investment is contributing to significant negative impact on water, which is also a breach of UN Global Compact principle 7, a decision to exclude or engage may be considered in accordance with the principles published in PAC ESG Investment Policy.
Waste						
9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average (Tonnes of hazardous waste per €M invested)	**5 (71%)**	9 (34%)	11 (40%)	Hazardous waste is defined in Article 3(2) of Directive 2008/98/EC of the European Parliament and of the Council. Radioactive waste is defined in Article 3(7) of Council Directive 2011/70/Euratom.	**General approach, actions taken and actions planned:** PIA acknowledges implementing hazardous and radioactive waste aims is challenging, in part due to data quality and coverage limiting the ability to undertake meaningful analysis across all sectors. **Engagement and exclusions:** There are no specific exclusions applied to hazardous and radioactive waste due to the data coverage issues highlighted. If we become aware of evidence that an investment is contributing to significant negative impact relating to hazardous or radioactive waste, which is also a breach of UN Global Compact principle 7, a decision to exclude or engage may be considered in accordance with the principles published in PAC ESG Investment Policy.

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Adverse sustainability indicator	**Metric**	**2024**	**2023**	**2022**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Social and employee matters						
10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (%)	**0.1% (100%)**	0.2% (100%)	0.5% (90%)	UN Global Compact principles' means the ten Principles of the United Nations Global Compact. The OECD guidelines for multinational enterprises are a set of standards intended to promote responsible business conduct by enterprises based in the 38 adhering states. They cover a range of issues including those related to human rights.	**General approach, actions taken and actions planned:** M&G plc is committed to ensuring that organisational culture reflects the support and respect of human rights as well as care and integrity in avoiding complicity in human rights violations. We believe in supporting human rights, acting responsibly and with integrity across all business functions. Our group policies are guided by the Universal Declaration of Human Rights, the International Labour Organisation's Core Labour standards, and the UN Guiding Principles on Business and Human Rights, which can be found in the M&G plc Modern Slavery Statement. As a member of the UN Global Compact, M&G plc is committed to the ten principles of good practice in human rights, labour rights, the environment and anti-corruption, which it reports on annually.
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance / complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (%)	**3%[2] (92%)**	43% (85%)	52% (91%)		

[2] *In 2024 the data set used to produce this metric was updated significantly by our third party data provider, impacting the year on year comparison. More detail is included in the historical comparison section of this report.*

Adverse sustainability indicator	Metric	2024	2023	2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Social and employee matters						
						(Continued from previous page) **Engagement and exclusions**: PAC have undertaken a bottom-up assessment of current holdings (held via the asset managers) and have assessed issuers on the ability to engage and the severity of the controversy. The M&G Global Norms Committee, established in 2022, is responsible for determining whether issuers allegedly in breach of one or more UNGC principles should be placed on a monitoring/engagement list or exclusion list if engagement is deemed ineffective.

Adverse sustainability indicator	Metric	2024	2023	2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Social and employee matters *(continued)*						
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies (%)	**15% (56%)**	16% (34%)	17% (34%)	Unadjusted gender pay gap means the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees.	**General approach, actions taken and actions planned:** As part of our initial and ongoing due diligence, we will consider how an investment manager challenges its investee companies to improve and maintain diversity in their business models. If the investment managers are not aligned with our diversity and inclusion targets, we will engage with them. We believe that aiming to have at least 40% gender diversity at board and executive management levels is a starting point to achieve more diverse representation. By meeting this criteria, an investment manager is signalling a commitment to improving diversity in businesses they invest in. Where a manager is currently not meeting this criteria, we will aim to influence this change. Where appropriate, we will also encourage our investment managers to exceed this criteria.
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	**34% (90%)**	33% (89%)	32% (92%)	Board means the administrative, management or supervisory body of a company.	

Adverse sustainability indicator	Metric	2024	2023	2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Social and employee matters *(continued)*						
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons (%)	**<0.001 (91%)**	<0.004% (90%)	0.01% (92%)	Controversial weapons are those that cause indiscriminate or disproportionate harm. Use of controversial weapons is banned in many jurisdictions under international and national laws, some of which also prohibit investment in certain type of weapons and activities.	**General approach, actions taken and actions planned:** Controversial weapons have an indiscriminate and disproportional humanitarian impact on civilian populations. The share of investments reported is part of our external asset portfolio. Steps will be taken to engage with the relevant asset manager(s), and if the exposure is not removed then action will be taken to divest from the funds impacted. **Engagement and exclusions:** The PAC ESG Investment Policy excludes companies involved in anti-personnel mines, chemical weapons, cluster munitions, biological weapons, depleted uranium, non-detectable fragments and nuclear weapons outside of the non-proliferation treaty by applying a 0% revenue threshold during our controversial weapons screening process. It should be noted that the small exposure presented in this PAI sits within our external asset portfolio and is out of scope of the PAC ESG Investment Policy. We are reviewing our PIA Investment Policy with a view to implementing enhanced engagement on controversial weapons exclusions across the external asset portfolio where we do not have control over the mandate design.

Indicators applicable to investments in sovereigns and supranationals

Adverse sustainability indicator	Metric	2024	2023	2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental						
15. GHG intensity	GHG intensity of investee countries (tCO_2e per €M GDP)	**419 (98%)**	456 (98%)	459 (79%)	GHG intensity is carbon emissions for a country normalised by GDP.	**General approach, actions taken and actions planned:** See general approach outlined under emissions section in Table 1. **Engagement and exclusions:** See approach outlined under emissions section in Table 1.
Social						
16. Investee countries subject to social violations	Number of investee countries subject to social violations Absolute number[3] Relative number divided by all investee countries (%)	**2 (99.7%)** **2% (99.7%)**	5 (100%) 4% (100%)	4 (100%) 5% (100%)	The relative metric here measures the share of assets invested in countries subject to social violations.	**General approach, actions taken and actions planned:** PIA monitors country data which includes sanctions on states. **Engagement and exclusions:** Countries are assessed for sanctions prior to sovereign and supranational investment. If we observe, suspect, or experience violations of human rights, modern slavery or local laws, then we will assess the severity of the violation and engage with asset managers where we believe it is required.

[3] *As referred to in international treaties and conventions, United Nations principles and, where applicable, national law.*

Indicators applicable to investments in real estate assets

Adverse sustainability indicator	Metric	2024	2023	2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels						
17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels (%)	**0.1% (96%)**[4]	0.1% (100%)	<0.1% (100%)	Calculated as a percentage of estimated rental value.	**General approach, actions taken and actions planned:** Exposure to fossil fuels across PIA real estate assets managed by M&G Real Estate are considered at the point of acquisition. In general, the most common exposure to fossil fuels through real estate assets is via petrol stations associated with supermarkets. No exclusions are applied.
Energy efficiency						
18. Exposure to energy-inefficient real estate assets	Share of investments in energy inefficient real estate assets (%)	Data under review[5]			Based on energy performance certificates and the nearly zero energy buildings standard.	**General approach, actions taken and actions planned:** Exposure to energy inefficient assets across PIA real estate assets managed by M&G Real Estate is assessed both at acquisition and through regular reviews at a fund level. This includes monitoring the distribution of different energy performance certificate ratings of properties held within real estate products. **Engagement and exclusions:** The majority of PIA real estate is invested through M&G Real Estate funds. M&G Real Estate funds do not currently exclude assets on the basis of energy efficiency. However, the energy performance rating will be considered as part of the due diligence of real estate assets including alignment against local market regulatory requirements. This will also consider if appropriate costs associated with improvement to an efficiency standard have been factored into the investment appraisal. Investments may not be made if there's a risk that current or future energy performance requirements can't feasibly be achieved.

4 *Improvements in reporting for 2024 have resulted in additional assets being classified as real estate, had this process been in place in prior years coverage would have been closer to 2024 values.*

5 *In 2024 the methodology to produce this metric was reviewed. More detail is included in the historical comparison section of this report.*

Other indicators for principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies

Table 2: CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Adverse impact on sustainability factors	**Metric**	**2024**	**2023**	**2022**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Emissions						
4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement (%)	**37%[6]** **(90%)**	**29%** **(90%)**	37% (91%)	Carbon emission reduction initiatives can take many forms, with the mostly widely recognisable being setting Science Based Target Initiative validated emissions reduction targets.	**General approach, actions taken and actions planned:** See general approach outlined under emissions section in Table 1. This metric supports an understanding of company-level exposure to transition risk where an issuer does not have carbon emission reduction initiatives aimed at aligning with the Paris Agreement. **Engagement and exclusions:** See approach outlined under emissions section in Table 1.

[6] *In 2024 the data set used to produce this metric was updated significantly by our third party data provider, impacting the year on year comparison. More detail is included in the historical comparison section of this report.*

Table 3: INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Adverse impact on sustainability factors	**Metric**	**2024**	**2023**	**2022**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Social and employee matters						
1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy (%)	**7%[7] (92%)**	13% (91%)	18% (93%)	Policy commitment approved at board level and publicly available.	**General approach, actions taken and actions planned:** This metric is used to support assessment of company exposure to health and safety risk. Failure to manage health and safety risks can result in significant fines and penalties, as well as reputational damage. Consideration of this topic also supports the Fundamental Principles and Rights at Work of the International Labour Organisation (ILO), as well as the need to protect and respect human rights outlined in the United Nations Guiding Principles for Business and Human Rights (UNGP). **Engagement and exclusions**: See approach to social and employee issues outlined in Table 1 above.
Human rights						
9. Lack of a human rights policy	Share of investments in entities without a human rights policy (%)	**9% (92%)**	9% (91%)	12% (93%)	Human rights policy means a policy commitment approved at board level on human rights that the economic activities of the investee company shall be in line with the UN Guiding Principles on Business and Human Rights.	**General approach, actions taken and actions planned:** This metric is used to support assessment of company exposure to human rights risk. Failure to manage human rights can result in significant fines and penalties, as well as reputational damage. **Engagement and exclusions:** See approach to social and employee issues outlined in Table 1 above.

[7] *In 2024 the data set used to produce this metric was updated significantly by our third party data provider, impacting the year on year comparison. More detail is included in the historical comparison section of this report.*

Adverse impact on sustainability factors	Metric	2024	2023	2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Anti-corruption and anti-bribery						
15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption (%)	**1%[8] (91%)**	4% (91%)	3% (93%)	Policy commitment approved at board level and publicly available.	**General approach:** M&G plc actively supports the global fight against Financial Crime and is committed to preventing, detecting and, where necessary, reporting instances of such criminal conduct to appropriate authorities and regulators. As a member of the UN Global Compact, M&G plc is committed to the ten principles of good practice in human rights, labour, the environment and anti-corruption, which they report on annually. As part of this, PAC monitors against UNGC flags for lack of anti-corruption and anti-bribery policies. **Engagement and exclusions**: M&G plc is compliant with applicable financial sanctions regimes, which include as a minimum, but not limited to, authorities where M&G plc operates. Companies sanctioned by these regimes may be identified through ESG screening and excluded where appropriate. If we believe that a company which is not subject to financial sanctions has significant risk associated with bribery and corruption, where we have an investment decision – making authority, such instances will prompt engagement with the appointed asset manager, which may lead to exclusion from our portfolio if unsuccessful.

[8] *In 2024 the data set used to produce this metric was updated significantly by our third party data provider, impacting the year on year comparison. More detail is included in the historical comparison section of this report.*

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Identifying principal adverse impacts:

The SFDR defines a PAI as the negative impact, caused by an investment decision or investment advice on sustainability factors, namely:

- Climate and the environment
- Social and employee matters
- Respect for human rights
- Anti-corruption and anti-bribery

PAIs are measured through a series of regulatory defined 'indicators', as set out in Tables 1, 2 and 3 above.

PIA maintains an internal standard that outlines requirements for the identification, assessment and reporting of PAIs which applies to all products sold by PIA. The PAC ESG Investment Policy is applied to all assets managed by PAC and describes the ESG investment principles which are used to inform and guide these investments. These principles are consistent with M&G plc's core values of Care and Integrity. Consideration of sustainability risks are reflected in the PAC ESG Investment Policy, and particularly in the following principle:

- We take into consideration ESG factors that have the potential to have a material financial impact and incorporate them into our investment analysis and decision-making processes. We believe consideration of the implications for society and the environment to be part of investment stewardship and in line with our fiduciary duty to our customers.

Identification and consideration of PAIs is undertaken in the following ways:

- ESG factors, are considered within the context of our annual ESG / engagement priorities and ESG integration processes. As detailed within the PAC ESG Investment Policy, we expect our investment managers to carry out engagement with our investee companies to mitigate the impact of climate change within their operations, to improve diversity, and to reduce the incidence of modern slavery in supply chains.
- For our portfolios that are in scope of the SFDR, where applicable or appropriate, we will conduct reviews on the impact of our engagement on PAIs for our investments. When there is insufficient progress, we will adapt our engagement approaches accordingly, as well as the processes during engagements including our escalation strategy. We believe that, over time, engagement in this way should reduce the severity of PAIs.

PIA considers PAIs at entity level by measuring the aggregated negative impact on sustainability indicators of products sold by PIA.

Governance in relation to policies:

The PAC ESG Investment Policy is owned by the Chief Investment Officers, M&G Life and was last updated in March 2025. This policy is approved by the Executive Investment Committee (EIC) and is refreshed at least annually. Any changes proposed as a result of the refresh require approval at the EIC, and the Chair may escalate any material changes to the PAC Board for final approval.

Methodologies to select indicators:

The PAC ESG Investment Policy describes the framework governing the approach to sustainability topics. The identification and assessment of PAIs are set out within an internal standard on PAI reporting. The PAC ESG Investment Policy has been updated to build on the existing climate and Diversity & Inclusion commitments. Integrating these existing commitments, in 2024 M&G plc developed a Group-wide sustainability framework including four pillars: 'Financing the transition', 'Developing our approach to nature', 'Promoting financial confidence' and 'Building communities', underpinned by responsible business practices. For further information on the sustainability framework please see our 2024 ARA.

In addition to the 18 mandatory PAI indicators (14 corporate indicators, two sovereign indicators and two real estate indicators) outlined within this statement (in Table 1 above), the SFDR require that at least two additional opt-in indicators are identified and reported (as per Table 2 and 3 above), with at least one related to environmental factors and the other to a social factor.

PIA has used the following principles to select the additional indicators:

- **Materiality:** the applicability of the indicators for the entire asset base to ensure that the data provided is meaningful and insightful at both an aggregate and individual level. Materiality also accounts for the probability of occurrence and the severity of those PAIs, including their potentially irremediable character, and alignment with the priorities outlined above.
- **Ongoing Relevance:** the indicators selected are binary rather than relative which means that the data is likely to be consistent year-on-year and the indicators will stay relevant. This allows for a forward-thinking approach to the collection of PAI data to ensure comparability across sectors and asset classes. The binary nature of the indicators demonstrates the presence or absence of key management controls which are indicative more generally of the strength and effectiveness of the investee's governance.
- **Data Availability:** to ensure there is, and will continue to be, sufficient, accurate and meaningful coverage for reporting.

This selection will be reviewed annually by considering the above factors, which recognise the value that PAI indicators provide in aggregate while also considering the availability of data, materiality and ongoing relevance of occurrence across the portfolio.

Margin of error with PIA's methodologies:

The indicators are calculated as the quarterly average of the PAI data. The intention behind the use of four data points is to capture the change in investments across a given financial year, as some investments may not be held from beginning to end of the period in consideration, and their relative weights may change across time.

The PAI indicator values provided are not an aggregation of the entire adverse impact of the entity, but the aggregation of the impacts caused by exposures to different types of asset classes (investee companies, sovereigns and supranational or real estate assets) in the relevant indicators. To provide greater transparency when assessing the adverse impacts, 'Coverage' is provided against each indicator. Coverage is calculated as follows:

Coverage % = Value of investments where data is available / Value of eligible assets

Eligible assets % = Value of investments applicable to that indicator, eg all sovereign holdings for sovereign metrics, all direct real estate holdings for real estate metrics etc.

The methodology to identify PAIs is always subject to data availability and quality. PAI calculations are reliant on the quality of data received from third-party data providers, though continuously strive to improve data coverage and data quality. To the extent possible, data reported by investee companies is prioritised, this is done in order to minimise the reliance on third-party estimations, improving the overall quality of the data used. Where reported data is not available or of adequate quality, proxy data may be provided by third-party data providers if this is of a robust and meaningful quality. Additional context on limitations in the calculation of PAIs can be found in the 'Interpretation Guidance' section of this statement.

Data sources:

To generate PAI indicators, PIA have access to the M&G Investment Data Platform – a central sustainability database generated from multiple sources. PAI calculation methodology applies a range of data, including values, scores and weights sourced from investee companies, internal proprietary research and policies and several third-party data providers including: MSCI, Bloomberg, Dasetti, Findox, Apex. For a given indicator, multiple data sources can be used and may include:

i. Third-party data vendors who undertake ESG data (including PAI data) collection on PIA's behalf (which may include direct compilation or assessment or calculation against PAIs)

ii. Direct sourcing from portfolio companies or assets

iii. Research or on desk assessment (qualitative or quantitative)

PIA's approach to PAI calculations is that they should be based on the latest available information on the impacts of the investee companies. Therefore, the provision of data by undertakings on a quarterly basis is not a pre-requisite to perform at least four quarterly calculations and data relating to previous reporting periods may be used in the calculation of PAIs.

Engagement policies

Engagement forms a crucial part of our investment approach. As the stewards of our customers' assets, we aim to make investment decisions that deliver the best outcome for customers over the long-term. To fulfil our fiduciary and stewardship duties, we believe it is our responsibility to work closely with investment managers to ensure that they engage effectively with investee companies. This should include recognition of the importance of ESG considerations to support the transition to a more sustainable and fair economy.

PIA as an asset owner do not engage directly with investee companies, instead engaging with our chosen investment managers to do so on our behalf. We favour our investment managers engaging with investee companies by utilising active ownership practices such as shareholder voting, rather than restricting investment opportunities through exclusions. We believe that active ownership is essential to generating long-term investment performance for our customers. We therefore appoint investment managers that positively influence corporate behaviour where appropriate. Due diligence and monitoring in respect of active ownership and engagement is carried out by PAC on behalf of PIA.

The principles of how engagement is undertaken are set out in the PAC Shareholder Engagement Policy, which is available on the **M&G plc website** and covers all portfolios under delegated portfolio management to PAC's Treasury and Investment Office. The policy describes how PAIs are considered as part of engagement undertaken on assets managed by PAC.

A small proportion of external products are available through PIA Investment Portfolio products which do not fall under the authority delegated to PAC. PIA invests these portfolios in accordance with the PIA Investment Policy and related standards, however our capacity to engage with asset managers is limited as we do not have influence over external manager investment strategy.

PIA will engage with external asset managers on ESG factors which may impact PIA's portfolio or diverge from customers' expectation on sustainable objectives disclosed by asset managers.

References to international standards

PIA, along with other M&G plc entities, adhere to the following responsible conduct codes and internationally recognised standards for due diligence and reporting.

Global norms (eg UN Global Compact, OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights):

As an asset owner, PIA supports and encourages adherence to global norms on environmental, social and employee matters, human rights, labour standards, anti-bribery and anti-corruption. These norms represent best practices supporting a sustainable society, and PIA believe adherence will result in the best outcomes for customers in the long term. These norms are codified min various sources, such as the OECD Guidelines for Multinational Enterprises, the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, the United Nations Global Compact and the UN Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework.

The PAIs detailed below are used to measure adherence to the respective standards:

UN Global Compact:

- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (PAI 10: Table 1)
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises (PAI 11: Table 1)
- Investments in companies without workplace accident prevention policies (PAI O1: Table 3)
- Lack of a human rights policy (PAI O9: Table 3)
- Lack of anti-corruption and anti-bribery policies (PAI O15: Table 3)

UN Guiding Principles on Business and Human Rights:

- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (PAI 10: Table 1)
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises (PAI 11: Table 1)
- Investments in companies without workplace accident prevention policies (PAI O1: Table 3)
- Lack of a human rights policy (PAI O9: Table 3)
- Lack of anti-corruption and anti-bribery policies (PAI O15: Table 3)

Convention on cluster munitions:

- Controversial weapons (PAI 14: Table 1)

Paris Agreement

PAC is a signatory to the Net Zero Asset Owners Alliance (NZAOA) and is committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming in line with the Paris Agreement. At a PAC level, climate commitments are supported by interim decarbonisation targets set as part of our membership of the NZAOA. The transition to carbon net zero is about reshaping the whole economy to operate within planetary boundaries. This includes communicating clear transition expectations to investees and stakeholders, as well as financing and enabling solutions to support our clients on their climate journey.

Climate indicators:

- Greenhouse gas emissions (PAI 1-6: Table 1) and Investments in companies without carbon emissions reduction initiatives (PAI O4: Table 2)
- In addition to the PAI climate indicators, a range of other climate indicators are captured for use as part of investment decision-making as well as for other reporting across M&G plc. M&G plc also undertake climate scenario analysis on certain public asset portfolios which includes some assets from products owned by PIA. The scenarios used are based on Network for Greening the Financial System (NGFS)

scenarios. More detailed information can be found within the 'Climate-related disclosures' section of the **M&G plc Annual Report and Accounts 2024**.

The methodology and data sources used to produce the PAIs is detailed on page 25.

Historical comparison

Investee companies

For all emissions-based PAIs there has been an increase in the year that is in part driven by higher coverage in 2024. Emissions data can, in some cases, prove difficult for companies to accurately source, and efforts to improve quality and accuracy have impacted the absolute impact observed.

Increased GHG emissions are not reflected in the lower results for carbon footprint and GHG intensity. Given these metrics are measured over EVIC and investee company revenue they are influenced by portfolio and coverage movements, potentially without any corresponding change in real world emissions.

For fuel and energy related PAIs there has been little movement, other than small improvements in coverage where data availability has increased over time. However, metrics relating to energy consumption intensity have lower coverage, as they measure a subsection of our investee company portfolio, and therefore are more impacted by changes in coverage (both in terms of portfolio change and availability of data) as well as changes in underlying data from individual issuers. We consider the data availability through our third-party data providers to be particularly immature for these indicators so comparisons between reporting periods should not be made.

The share of investments with activities negatively affecting biodiversity sensitive areas has increased significantly due to a change in the data point selected from our third-party vendor. During 2024 the data vendor changed the methodology used to calculate the existing metric, which resulted in a new output that was no longer fit for use. This prompted M&G Investments to select a new data point to calculate PAI 7, which has resulted in the much higher impact measured for 2024. This movement is not reflective of real world changes in activities negatively affecting biodiversity sensitive areas and due to the change in data points the result for 2024 cannot be compared to prior years.

This year we have improved coverage relating to waste PAIs via our third-party data vendors. This increased data availability has resulted in drop in results for hazardous waste and radioactive waste ratio as a number of lower emitting investments have been brought into coverage, reducing the overall portfolio result.

The result for emissions to water has been reviewed for 2024, however as a result of our data checks we still consider the data available for this PAI to be unreliable. There will continue to be an assessment of the data quality and availability with a view to publishing a result for this PAI in the future.

Results for additional PAIs 4, 1 and 15 have fluctuated, but show no significant movement compared to prior years. Additional PAI 9 has remained stable year on year. These metrics are limited in that the data used to calculate these metrics is based on reported targets and policies only.

For additional PAIs 1, 4 and 15 in particular the improvement in these metrics is in part due to changes in the underlying third-party data provided to M&G Investments. During 2024 one third-party data provider undertook a number of updates to the data they provide that feed into additional PAIs 1, 4 and 15. These changes included data cleansing and historical corrections, updates to data coverage and completion of data sets for prior periods. These movements are not reflective of real world impacts and due to the changes in data the result for 2024 cannot be compared to prior years.

A number of PAIs covering social factors have improved slightly year on year, reflecting an increased focus across the board in this topic. However, the share of investments lacking processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises has decreased significantly due to the change in the underlying third-party data provided to M&G Investments by a third party, as highlight above. This movement is not reflective of real world changes in processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises and due to the change in data points the result for 2024 cannot be compared to prior years.

Sovereigns and supranationals

GHG intensity of investee countries decreased slightly, despite maintained coverage levels.

Exposure to investee countries subject to social violations has remained stable.

Real estate assets

Exposure to fossil fuels from real estate assets remains minimal, but coverage for PAI 17 has fallen in 2024. This is due to an updated process to calculate these metrics, which has resulted in additional assets being classified as real estate in 2024, had this process been in place in prior years coverage would have been closer to 2024 values.

The calculation methodology for PAI 18 has been reviewed for 2024. As a result of this review it was determined that the data required to calculate this metric is not available and that previously reported results may not accurately reflect our real estate methodology for investments in the scope of EPC and NZEB rules. There will continue to be an assessment of the data quality and availability with a view to publishing a result for this PAI in the future.

PRU100527107 06/2025