

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial Market Participant: Prudential International Assurance plc

LEI: 635400T4W5MRQTBLGQ38

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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 of PIA 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 2025.

The table below sets out the principal adverse impact indicators 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(a)	7
		Carbon footprint – PAI 2	1(a)	7
		GHG intensity of investee companies – PAI 3	1(a)	7
		Exposure to companies active in the fossil fuel sector – PAI 4	1(a)	8
		Share of non-renewable energy consumption and production – PAI 5	1(a)	8
		Energy consumption intensity per high impact climate sector – PAI 6	1(a)	8-9
		Activities negatively affecting biodiversity sensitive areas – PAI 7	1(a)	10
		Emissions to water – PAI 8	1(a)	11
		Hazardous waste and radioactive waste ratio – PAI 9	1(a)	11
		Investments in companies without carbon emission reduction initiatives – Additional PAI 4	2	16
	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(b)	12
		Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises – PAI 11	1(b)	12
		Unadjusted gender pay gap – PAI 12	1(b)	12
		Board gender diversity – PAI 13	1(b)	13
		Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) – PAI 14	1(b)	13
		Investments in companies without workplace accident prevention policies – Additional PAI 1	3	17
		Lack of a human rights policy – Additional PAI 9	3	17
		Lack of anti-corruption and anti-bribery policies – Additional PAI 15	3	17

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Asset Class	Theme	Adverse Sustainability indicator	Table	Page number
Sovereigns and supranationals	Climate and other environment-related indicators	GHG intensity – PAI 15	1(c)	14
	Social and employee, respect for human rights, anti-corruption and anti-bribery matters	Investee countries subject to social violations – PAI 16	1(c)	14
Real estate	Climate and other environment-related indicators	Exposure to fossil fuels through real estate assets – PAI 17	1(d)	15
		Exposure to energy-inefficient real estate assets – PAI 18	1(d)	15

Reference to ‘products’ in this statement means Insurance-Based Investment Products (IBIPs) sold by PIA. Reference to ‘PAC’ and ‘we’ denotes activities conducted within the broader asset owner business of the M&G plc group (also herein referred to as ‘the 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 79%) 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. For PIA’s investments in real estate assets, the majority is held through M&G Real Estate funds, which inform its approach to considering principal adverse impacts. 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, in line with the PIA Investment Policy. 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 underlying 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

Principal adverse impacts (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 policies’ section on page **19-20**.

The mandatory indicators defined under the SFDR are set out in table 1 on pages **7-15**, covering investments in investee companies, sovereign and supranational debt and real estate. The additional indicators selected via the approach described on page **18**, are set out in tables 2 and 3 on pages **16-17**.

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Information on the impacts 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 three years has been provided – earlier data is not available as it pre-dates SFDR. In subsequent years, additional annual 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. During the year, we undertook a review of our PAI calculation methodology and we have included a comparison between 2025 results and 2024 reporting, based on the prior year's methodology.

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 asset category in line with SFDR requirements. PIA uses reasonable efforts to obtain the relevant information in line with the SFDR Regulatory Technical Standards (RTS). However, certain data may not be complete or fully accurate due to broader limitations in data availability within the industry. The following outline has been provided detailing which asset classes have been included in each category for the purpose of PAI assessment:

- **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 securities issued by a supranational, government or quasi-government, eg supranational bonds, government bonds, treasury bills and agency bonds (for clarity, municipal bonds are included in 'investee companies').
- **Real estate** includes directly held property and long-lease property.

As the composition of PIA's portfolios changes, the value of assets in each category can vary. The value of assets in scope of each category is presented in the table that follows:

Asset category	2025 Value	2025 % of PIA total	2024 Value	2024 % of PIA total	2023 Value	2023 % of PIA total	2022 Value	2022 % of PIA total
Investee companies	€7.2bn	61%	€6.7bn	59%	€6.3bn	59%	€4.9bn	52%
Sovereigns and supranationals	€1.6bn	13%	€1.6bn	14%	€1.2bn	11%	€0.6bn	6%
Real estate	€1.2bn	10%	€1.1bn	10%	€0.7bn	7%	€0.7bn	7%
Other asset classes (not reported)	€1.8bn	16%	€2bn	17%	€2.5bn	23%	€3.3bn	35%
Total assets under management ('all investments')	€11.8bn		€11.4bn		€10.7bn		€9.5bn	

Alongside the PAIs presented in this statement, we have included the 'coverage' for each indicator. Following a review of updated SFDR technical standards issued by the European Supervisory Authorities¹, we revised our calculation methodology for the majority of PAI indicators during the year, as outlined on the following page.

Under the new methodology, coverage is now the value of assets where all relevant data is available for the calculation of the indicator, expressed as a percentage of all investments under management with PIA, or of eligible assets (all assets within the asset category) for PAIs 16 to 18. In prior years, for all PAIs, coverage represented the proportion of eligible assets for which all data is available for the calculation of the indicator, expressed as a percentage of eligible assets.

It is important to note that year-on-year changes in coverage may reflect portfolio movements, not just changes in data availability. For example, adding new assets to the portfolio where information is not available for calculation of the relevant metric will reduce coverage, this includes where assets are added to the portfolio in an asset class not eligible for the particular PAI. More information can be found in the 'Explanation for movements in PAI indicators' section on page 6.

¹ The Joint Committee of the European Supervisory Authorities (ESA) Q&A on SFDR provides clarity in relation to the definition of 'current value of all investments' within the current RTS. RTS 1.5 (as yet unadopted by the EC) includes mathematical formulas for all PAIs, where only partially provided in the current RTS.

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Methodology updates in the period

During the reporting period we have updated our calculation methodology for PAIs 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15 and Additional PAIs 1, 4, 9 and 15. These metrics are now reported as a proportion of all investments, which includes all assets under management, rather than the below bases as presented in prior years:

- a proportion of all investments in the asset class (all eligible assets) for PAIs 4, 7, 10, 11, 14 and Additional PAIs 1, 4, 9 and 15;
- a proportion of all investments in the asset class with data (all eligible assets for which there is data available for calculation of the metric) for PAIs 2, 3, 5, 6, 9, 12, 13, 15.

This change in methodology reflects evolving supervisory expectations and is intended to improve comparability across companies over time. To support meaningful year-on-year analysis, we have also presented current year indicators on the same basis as calculated in prior years.

PAI 18 is now reported as a proportion of real estate assets in countries who fall in scope of EPC and NZEB energy standards, rather than a percentage of eligible assets as in years 2022-2023. In 2024, the methodology for this PAI was under review and therefore not reported.

As a result of the methodology changes, metrics reported are materially impacted when viewed in comparison with prior years. Metrics and coverage reported under the new methodology show a significant drop, appearing diluted when reported as a proportion of all investments.

Coverage drop is a consequence of the data for each metric being reported as a proportion of all investments (excluding PAI 16-18) held by PIA rather than a proportion of the assets in the asset category to which the PAI applies as presented last year.

For clarity, the calculation methodology for PAI 16 and PAI 17 has not changed.

Limitations of PAI indicators

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

- **Data availability**
The production of certain PAI indicators is subject to limited availability of relevant impact data, which by its nature is inherently hard 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.
- **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.

- **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.
- **PAI indicator methodology**
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 reported data relating to investee companies, but there are situations where data is removed due to it being identified as incorrect or inaccurate. In addition, the methodologies underpinning these metrics are continually evolving, particularly for indicators where impact data remains nascent, which can further influence reported outcomes through vendor-driven improvements and refinements.
- 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 (ie when an investment is bought or sold) will impact the value of an indicator, although it should be noted that such a 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 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.

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Mandatory indicators for principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies

Table 1(a): Climate and other environment-related indicators								
Adverse sustainability indicator	Metric	Impact 2025 updated methodology	Impact 2025	Impact 2024	Impact 2023	Impact 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 ₂ e)	371,651 Coverage: 56%	371,651 Coverage: 91%	367,316 Coverage: 93%	336,548 Coverage: 88%	300,536 Coverage: 89%	<p>Scope 1 emissions are direct emissions that occur from sources owned or controlled by the reporting company.</p> <p>Scope 2 emissions are indirect GHG emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company.</p> <p>Scope 3 emissions includes other indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company.</p> <p>Carbon footprint is carbon emissions for a portfolio normalised by the value invested (emissions portion only).</p> <p>GHG intensity is carbon emissions for a portfolio normalised by investee company revenue (emissions portion only).</p>	<p>General approach and targets set: M&G plc has a target to achieve net-zero emissions across its investment portfolios by 2050. In support of this ambition, PAC (PIA's parent company) joined the Net Zero Asset Owners Alliance (NZAOA) in 2021, aiming to transition its investment portfolios in line with the goals of the Paris Agreement.</p> <p>In accordance with the NZAOA's target-setting protocol, PAC has established interim portfolio decarbonisation targets, as outlined in page 59 of the M&G plc Annual Report and Accounts 2025 (ARA). Additionally, as referenced within the ARA, PAC has established targets for increasing the proportion of emissions from public corporate equity and debt investments that are covered by decarbonisation targets and transition plans, supported by a complementary target for corporate engagement. Collectively, these targets include assets held within certain PIA products.</p> <p>M&G plc's approach to climate change is underpinned by three levers, which work to support progress toward our interim climate targets and enable meaningful portfolio alignment, per below:</p> <ul style="list-style-type: none"> • Grow – Providing choice to our customers and clients and seeking to create the conditions for assets that support climate mitigation and adaptation to grow. • Align – Aligning assets with climate goals through active ownership while also engaging policy makers to support a successful transition. • Reallocate – Monitoring climate risk exposure and considering reallocation where appropriate.
	Scope 2 GHG emissions (tCO ₂ e)	87,969 Coverage: 56%	87,969 Coverage: 91%	84,169 Coverage: 93%	75,138 Coverage: 88%	67,738 Coverage: 89%		
	Scope 3 GHG emissions (tCO ₂ e)	3,795,689 Coverage: 55%	3,795,689 Coverage: 91%	2,855,588 Coverage: 92%	2,819,491 Coverage: 84%	2,285,687 Coverage: 88%		
	Total GHG emissions (tCO ₂ e)	4,061,038 Coverage: 55%	4,061,038 Coverage: 91%	3,239,320 Coverage: 91%	3,223,900 Coverage: 83%	2,653,961 Coverage: 88%		
2. Carbon footprint	Carbon footprint (tCO ₂ e per €M invested)	346 Coverage: 55%	625 Coverage: 91%	527 Coverage: 91%	623 Coverage: 83%	595 Coverage: 88%		
3. GHG intensity of investee companies	GHG intensity of investee companies (tCO ₂ e per €M revenue)	696 Coverage: 53%	1,317 Coverage: 87%	1,086 Coverage: 92%	1,117 Coverage: 87%	1,098 Coverage: 89%		

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Table 1(a): Climate and other environment-related indicators								
Adverse sustainability indicator	Metric	Impact 2025 updated methodology	Impact 2025	Impact 2024	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector (%)	5% Coverage: 55%	8% Coverage: 90%	10% Coverage: 91%	11% Coverage: 91%	11% Coverage: 93%	Companies that derive any revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade of fossil fuels.	More detailed information can be found on pages 59-61 of the M&G plc Annual Report and Accounts 2025 . M&G plc is signatory to the Powering Past Coal Alliance (PPCA) , and supports the global phase out from unabated thermal coal that is consistent with the goals of the Paris Agreement. In line with the M&G plc's Position on Thermal Coal , PAC has implemented thresholds and screening criteria for coal-related investment exposure. Engagement and exclusions: Climate-related engagement activities follow the process outlined within the 'Engagement policies' section of this statement, pages 19-20 .
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 (%)	36% Coverage: 53%	68% Coverage: 87%	72% Coverage: 84%	73% Coverage: 66%	76% Coverage: 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.	
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.	
	Agriculture, forestry and fishing	<0.1 Coverage: <1%	<0.1 Coverage: 1%	<0.1 Coverage: 1%	<0.1 Coverage: <1%	<0.1 Coverage: <1%		
	Mining and quarrying	<0.1 Coverage: 3%	1.2 Coverage: 4%	1.8 Coverage: 4%	1.4 Coverage: 3%	14.6 Coverage: 3%		
	Manufacturing	<0.1 Coverage: 16%	0.4 Coverage: 26%	0.6 Coverage: 26%	1.2 Coverage: 25%	2.2 Coverage: 27%		

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Table 1(a): Climate and other environment-related indicators								
Adverse sustainability indicator	Metric	Impact 2025 updated methodology	Impact 2025	Impact 2024	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
	Electricity, gas, steam and air conditioning supply	0.1 Coverage: 3%	3.7 Coverage: 4%	4.0 Coverage: 4%	5.0 Coverage: 3%	5.4 Coverage: 3%	(Continued from previous page)	(Continued from previous page)
	Water supply, sewerage, waste management and remediation activities	<0.1 Coverage: 1%	1.0 Coverage: 2%	0.2 Coverage: 1%	0.7 Coverage: <1%	0.7 Coverage: <1%		
	Construction	<0.1 Coverage: 2%	0.6 Coverage: 3%	<0.1 Coverage: 3%	<0.1 Coverage: 2%	<0.1 Coverage: 2%		
	Wholesale and retail trade, repair of motor vehicles and motorcycles	<0.1 Coverage: 4%	0.3 Coverage: 7%	0.2 Coverage: 6%	0.2 Coverage: 5%	0.4 Coverage: 5%		
	Transportation and storage	<0.1 Coverage: 2%	1.8 Coverage: 4%	1.3 Coverage: 3%	3.9 Coverage: 2%	2.7 Coverage: 2%		
	Real estate activities	<0.1 Coverage: 2%	0.4 Coverage: 4%	0.3 Coverage: 4%	0.6 Coverage: 2%	1.0 Coverage: 2%		

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Table 1(a): Climate and other environment-related indicators								
Adverse sustainability indicator	Metric	Impact 2025 updated methodology	Impact 2025	Impact 2024	Impact 2023	Impact 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 (%)	0.6% Coverage: 28%	1% Coverage: 46%	1% ² Coverage: 90%	0.1% Coverage: 88%	<0.1% Coverage: 90%	Activities that are characterised by all of the following: ³ <ul style="list-style-type: none"> 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. 	<p>General approach: 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.</p> <p>As part of fund manager selection, we undertake proprietary ESG due diligence through a Request for Proposal process to assess the integration of ESG considerations into investment practices. This includes assessing the presence of biodiversity-related policies, the incorporation of biodiversity into investment decision-making and risk management, and membership of ESG-related investor coalitions, including those focused on nature. Our long-term investment horizon enables us to invest across public and private markets and to support innovative solutions, including acting as an anchor investor in nature-focused funds that align with our strategic allocation.</p> <p>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 <u>PAC ESG Investment Policy</u>.</p> <p>Engagement: Engagement activities follow the process outlined within the 'Engagement policies' section of this statement, pages 19-20.</p>

² The metric disclosed in 2024's published report reflected a change in the data provider's methodology relative to the prior year. In this report, we have restated the 2024 metric to more accurately represent our interpretation of the intended meaning of the PAI, as explained in the 'Historical comparison' section.

³ The underlying data for this PAI may cover a broader scope than defined in the 'Explanation' column per the regulatory template. Given the limited maturity of biodiversity data, the selected dataset represents the best available fit.

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Table 1(a): Climate and other environment-related indicators								
Adverse sustainability indicator	Metric	Impact 2025 updated methodology	Impact 2025	Impact 2024	Impact 2023	Impact 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 currently not reported ⁴					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.	<p>General approach: 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.</p> <p>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 PAC ESG Investment Policy.</p>
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)	1 Coverage: 53%	2 Coverage: 86%	5 Coverage: 71%	9 Coverage: 34%	11 Coverage: 40%	<p>Hazardous waste is defined in Article 3(2) of Directive 2008/98/EC of the European Parliament and of the Council.</p> <p>Radioactive waste is defined in Article 3(7) of Council Directive 2011/70/Euratom.</p>	<p>General approach, actions taken and actions planned: PIA acknowledges implementing hazardous and radioactive waste aims is challenging, in part due to the limited maturity of this metric, which constrains the ability to undertake meaningful analysis across sectors.</p> <p>Engagement and exclusions: There are no specific exclusions applied to hazardous and radioactive waste due to the data quality issues referenced above. 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 PAC ESG Investment Policy.</p>

⁴ The result for emissions to water has been reviewed for 2025, 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.

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Table 1(b): Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters								
Adverse sustainability indicator	Metric	Impact 2025 updated methodology	Impact 2025	Impact 2024	Impact 2023	Impact 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% Coverage: 61%	<0.1% Coverage: 100%	0.1% Coverage: 100%	0.2% Coverage: 100%	0.5% Coverage: 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 adhering states. They cover a range of issues including those related to human rights.	General approach: As subsidiaries of M&G plc, PAC and PIA endorse and align with the Group's commitment to respecting and supporting human rights as well as care and integrity in preventing human rights violations. This approach is underpinned by Group policies, 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, as set out in the M&G plc Modern Slavery Statement. As a member of the UN Global Compact, M&G plc works to make progress against the UNGC's ten principles covering human rights, labour rights, the environment and anti-corruption, which are reported on annually. Engagement activity follows the process outlined within the 'Engagement policies' section of this statement, pages 19-20.
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 (%)	2% Coverage: 54%	3% Coverage: 89%	3% Coverage: 92%	43% Coverage: 85%	52% Coverage: 91%		
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies (%)	8% Coverage: 48%	16% Coverage: 79%	15% Coverage: 56%	16% Coverage: 34%	17% Coverage: 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: We believe the most effective way to improve diversity and inclusion within investee companies is through our investment managers, as diverse managers are better positioned to promote diversity in the companies they invest in on our behalf. While diversity and inclusion extend beyond gender balance, we consider that aiming to have at

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Table 1(b): Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters								
Adverse sustainability indicator	Metric	Impact 2025 updated methodology	Impact 2025	Impact 2024	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	19% Coverage: 54%	34% Coverage: 89%	34% Coverage: 90%	33% Coverage: 89%	32% Coverage: 92%	Board means the administrative, management or supervisory body of a company.	least 40% gender diversity at board and executive management level to be a useful starting point for broader representation. As part of the selection, onboarding and ongoing due-diligence process, managers are evaluated against diversity and inclusion criteria, including a review of diversity policies where available, and consideration of how managers encourage diversity within their investee companies.
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% Coverage: 55%	<0.001% Coverage: 90%	<0.001% Coverage: 91%	<0.004% Coverage: 90%	0.01% Coverage: 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: The PAC ESG Investment Policy excludes companies involved in anti-personnel mines, chemical weapons, cluster munitions, biological weapons, depleted uranium, non-detectable fragments, blinding laser weapons, incendiary white phosphorus munitions 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 . PIA has implemented fund admissibility standards which require asset managers to confirm any exposure to controversial weapons in terms of current asset allocation and/or investment strategy. 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.

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Indicators applicable to investments in sovereigns and supranationals

Table 1(c): Environment-related and social indicators applicable to investments in sovereigns and supranationals								
Adverse sustainability indicator	Metric	Impact 2025 updated methodology	Impact 2025	Impact 2024	Impact 2023	Impact 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 ₂ e per €M GDP)	57 Coverage: 13%	433 Coverage: 99%	419 Coverage: 98%	456 Coverage: 98%	459 Coverage: 79%	GHG intensity is carbon emissions for a country normalised by GDP.	General approach: See general approach outlined under emissions section in Table 1. Engagement and exclusions: See approach outlined under emissions section in Table 1 and 'Engagement policies' within this statement, pages 19-20.
Social								
16. Investee countries subject to social violations	Number of investee countries subject to social violations: Absolute number ⁵ Relative number divided by all investee countries (%)	2 ⁶ 2% Coverage: 99.9%	2 2% Coverage: 99.9%	2 2% Coverage: 99.7%	5 4% Coverage: 100%	4 5% Coverage: 100%	The relative metric here measures the share of assets invested in countries subject to social violations.	General approach: 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.

⁵ As referred to in international treaties and conventions, United Nations principles and, where applicable, national law.

⁶ There has been no methodology update to PAI 16.

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Indicators applicable to investments in real estate assets

Table 1(d): Environment-related and social indicators applicable to investments in real estate assets								
Adverse sustainability indicator	Metric	Impact 2025 updated methodology	Impact 2025	Impact 2024	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels and energy efficiency								
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% ⁷ Coverage: 94%	<0.1% Coverage: 94%	<0.1% Coverage: 96%	0.1% Coverage: 100%	<0.1% Coverage: 100%	Calculated as a percentage of estimated market value.	General approach: The majority of PIA's investments in real estate assets is held through M&G Real Estate funds, which inform its approach to considering principal adverse impacts. Exposure to fossil fuels across real estate assets managed by M&G Real Estate is considered at the point of acquisition. M&G Real Estate's portfolios invest in core real estate sectors such as offices, retail, residential and healthcare, and do not invest in non-core fossil fuel-related assets (eg oil refineries or mining sites). The most common indirect exposure, where present, is typically associated with petrol stations linked to supermarket assets. No specific exclusions are applied. M&G Real Estate aims to achieve net-zero carbon across its global portfolio by 2050, supported by an interim target of 36% reduction against a 2019 baseline, in Scope 1 and 2 emissions intensity by 2030 for in-scope real estate assets ⁸ , which includes PIA-domiciled funds. Details of targets are outlined within page 59 of the M&G plc Annual Report and Accounts 2025 (ARA) .
18. Exposure to energy-inefficient real estate assets	Share of investments in energy inefficient real estate assets (%)	35% Coverage: 99%	35% Coverage: 99%	Data under review ⁹	39% Coverage: 83%	52% Coverage: 81%	Based on energy performance certificates (EPC) and the nearly zero energy buildings standard (NZEB).	General approach: For new investments, exposure to energy-inefficient assets across PIA real estate managed by M&G Real Estate is assessed at acquisition through due-diligence processes, including review of energy performance certificates (EPCs) and consideration of alignment with local regulatory requirements. Energy efficiency is also factored into investment appraisals, including the cost and feasibility of meeting current and future performance standards. While the majority of PIA real estate is invested through M&G Real Estate funds, which do not currently exclude assets solely on the basis of energy efficiency, energy performance improvements are prioritised for existing assets through targeted retrofit programmes such as lighting upgrades, building management optimisation, HVAC improvements, and insulation and window enhancement.

⁷ There has been no methodology update to PAI 17.

⁸ In-scope assets are those managed by the Group's asset manager over which PAC has sufficient investment control.

⁹ In 2024, the methodology to produce this metric was under review and therefore not reported. See 'Methodology updates in the period' section of the report for further detail.

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Additional indicators for principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies

Table 2: Additional climate and other environmental-related indicators								
Adverse sustainability indicator	Metric	Impact 2025 updated methodology	Impact 2025	Impact 2024	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Greenhouse gas emissions								
Additional 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 (%)	25% Coverage: 54%	40% Coverage: 89%	37% Coverage: 90%	29% Coverage: 90%	37% Coverage: 91%	Carbon emission reduction initiatives can take many forms, with one of the most widely recognised being setting Science Based Target initiative-validated emissions reduction targets.	General approach: Our Group Transition Assessment Framework underpins how we assess issuer alignment with the Paris Agreement across investment and stewardship, informing transition readiness. Following our 2025 strategy review, we refined our climate approach by introducing a new asset alignment target and a revised engagement target, aiming for 70% of financed emissions to be either 'Aligned' or under active engagement. To deliver this, we established a 2025 Climate Priority Engagement List of ~100 companies targeted on transition plans, emissions performance, and climate targets. Engagement and exclusions: See approach outlined under emissions section in Table 1 and 'Engagement policies' within this statement, pages 19-20 .

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Table 3: Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters								
Adverse sustainability indicator	Metric	Impact 2025 updated methodology	Impact 2025	Impact 2024	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Social and employee matters								
Additional 1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy (%)	3% Coverage: 55%	4% Coverage: 90%	7% Coverage: 92%	13% Coverage: 91%	18% Coverage: 93%	Proportion of companies with no publicly available policy commitment.	General approach: This metric is indicative 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 (UNGPs). Engagement and exclusions: See approach to 'Social and employee matters' outlined above and 'Engagement policies' within this statement under PAI 10, pages 19-20.
Human rights								
Additional 9. Lack of a human rights policy	Share of investments in investee companies without a workplace accident prevention policy (%)	5% Coverage: 55%	8% Coverage: 90%	9% Coverage: 92%	9% Coverage: 91%	12% Coverage: 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: This metric is indicative 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 matters' outlined above and 'Engagement policies' within this statement under PAI 10, pages 19-20.
Additional 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% Coverage: 55%	2% Coverage: 90%	1% Coverage: 91%	4% Coverage: 91%	3% Coverage: 93%	Proportion of companies with no publicly available policy commitment.	General approach: As a subsidiary of M&G plc, PAC endorses and aligns with the Group's approach to tackling financial crime. M&G plc actively supports the global fight against financial crime and is committed to preventing, detecting and, where necessary, reporting criminal conduct to relevant authorities and regulators. As a member of the UN Global Compact, M&G plc works to make progress against its ten principles covering human rights, labour, the environment and anti-corruption, which are reported on annually. In alignment with this approach, PAC monitors UNGC flags relating to deficiencies in anti-corruption and anti-bribery policies. Engagement and exclusions: As an investor, M&G plc manages financial crime risks associated with its investments. For example, where a potential investee is subject to sanctions.

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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 (PAI Reporting Standards) that outlines requirements for the identification, assessment and reporting of PAIs which applies to all products sold by PIA. The PAI Reporting Standards were most recently approved in June 2026. The [PAC ESG Investment Policy](#) is applied to assets held by PAC where it has investment control 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, including those inherent to PAIs where relevant, 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 in line with our ESG priorities, such as to mitigate the impact of climate change within their operations, to improve diversity, and to address the risk of modern slavery in supply chains.

For PIA investment portfolios, where applicable or appropriate, we expect managers to engage on our behalf to minimise material adverse impacts where appropriate. 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 reports 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 PAC Chief Investment Officer and was last updated in March 2026. The Policy was approved by the PAC Board and is reviewed annually or as required. Any proposed changes require approval by the PAC Investment Committee, with material changes escalated 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 is guided by M&G plc's Group sustainability approach which is structured around two core themes: 'Resilient Planet', focused on managing climate and nature-related risks and opportunities, and 'Resilient Societies', centred on strengthening financial confidence and supporting communities. These themes are underpinned by a set of core responsible business practices and inform PAC's investment approach. Further information on the Group's sustainability approach is available in the [M&G plc Annual Report and Accounts 2025 \(ARA\)](#).

In addition to the eighteen mandatory PAI indicators (fourteen 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, and alignment with the priorities outlined above.

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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 recognising the limitations of sustainability data.

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 related to our holdings for the eligible assets within each asset category (investee companies, sovereigns and supranational or real estate assets).

To provide greater transparency when assessing the adverse impacts, 'Coverage' is provided against each indicator, calculated per the methodology described on page 5.

The methodology to identify PAIs is always subject to data availability and quality. PAI calculations are subject to the quality and availability of data obtained from third-party providers, and we continue to work towards improving data coverage and reliability. 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, Dasseti, Findox, Octus, Apex. For a given indicator, multiple data sources may be used which may include:

- 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)
- Direct sourcing from portfolio companies or assets
- 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 aim to 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.

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The principles of how engagement is undertaken are set out in the PAC Shareholder Engagement Policy, which covers all portfolios under delegated portfolio management to PAC's Life 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 manager. PAC's engagement approach is structured around broader engagement themes that take account of relevant PAI adverse impacts. The engagement process for the key thematic areas is described in the table below:

Adverse sustainability indicator	Metric	Engagement
1. GHG emissions	Scope 1, 2 and 3 emissions and Total GHG emissions	<p>For assets held by PAC, climate-related engagement activity is expected to align with the <u>PAC ESG Investment Policy, Shareholder Engagement Policy</u> and <u>Voting Standard</u>, as well as the agreed mandate. As an asset owner, PAC relies on its investment managers to engage with investee companies to influence behaviour, support emissions reductions, and identify opportunities to allocate capital towards technologies and solutions that mitigate climate risk. PAC expects its investment managers to establish clear engagement objectives and to consider in advance any escalation measures should initial engagement prove ineffective. Where appropriate, PAC may instruct asset managers to tilt portfolios away from companies that are not on sufficiently ambitious emissions-reduction pathways. The exclusion of companies solely on the basis of carbon emissions is regarded as a last resort and is considered only where engagement is unlikely to drive change and where the implications for investment returns and customer expectations have been assessed.</p> <p>During the reporting year, PAC continued to assess the alignment of its investment strategies with the Group's climate approach, as outlined on page 7. Internal and external managers were engaged on the importance of supporting the delivery of PAC's climate targets through transition plan assessments and targeted engagement, including engagement with companies on the Climate Priority Engagement List. Further detail is provided within <u>PAC's stewardship reporting</u>.</p>
2. Carbon footprint	Carbon footprint	
3. GHG intensity of investee companies	GHG intensity of investee companies	
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	
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 a percentage	
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	
Additional 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	
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	<p>We regularly engage with our fund managers and tailor our conversations based on their geographic, asset and sector exposure. We selectively engage with managers on nature-related topics and may discuss nature, alongside other material sustainability topics, during our quarterly meetings – further information on our approach to stewardship is set out within <u>PAC's stewardship reporting</u>.</p>
8. 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	<p>As part of its approach to ESG risks, PAC assesses risks at both the asset-manager and portfolio level to identify, assess and address holdings at the highest risk, including PIA assets where relevant. Modern slavery is treated as a thematic priority within PAC's ESG monitoring of public holdings, supported by annual screening for UNGC violators where look-through is available covering PIA portfolios within scope, where relevant. As an asset owner, PAC expects its appointed managers, including those managing PIA assets, to appropriately manage related risks as part of broader ESG considerations. Where high-risk issuers are identified, these are communicated annually to appointed managers, to supplement their own engagement activity, with progress monitored through its stewardship activities.</p> <p>For funds and mandates subject to global norms restrictions, we apply additional assessments and criteria informed by proprietary research and third-party data, with oversight from the M&G Global Norms Committee. The Committee oversees decisions on issuers alleged to have breached one or more UNGC principles, including whether an issuer should be monitored and engaged with, or placed on an exclusion list if engagement is not considered effective.</p>

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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 in 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.

The PAIs detailed below provide a reference to support measurement against 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(b))
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises (PAI 11: Table 1(b))
- Investments in companies without workplace accident prevention policies (Additional PAI 1: Table 3)
- Lack of a human rights policy (Additional PAI 9: Table 3)
- Lack of anti-corruption and anti-bribery policies (Additional PAI 15: Table 3)

OECD Guidelines for Multinational Enterprises:

- Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises (PAI 10: Table 1(b))
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises (PAI 11: Table 1(b))
- Investments in companies without workplace accident prevention policies (Additional PAI 1: Table 3)
- Lack of a human rights policy (Additional PAI 9: Table 3)

- Lack of anti-corruption and anti-bribery policies (Additional PAI 15: 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(b))
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises (PAI 11: Table 1(b))
- Investments in companies without workplace accident prevention policies (Additional PAI 1: Table 3)
- Lack of a human rights policy (Additional PAI 9: Table 3)
- Lack of anti-corruption and anti-bribery policies (Additional PAI 15: Table 3)

Paris Agreement

PAC is a signatory to the Net Zero Asset Owners Alliance (NZAOA) and has a target to achieve 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 objectives 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 investee companies via our asset managers, in line with PAC's stewardship priorities and associated engagement target.

Climate indicators:

- Greenhouse gas emissions (PAI 1-6: Table 1(a) and Additional PAI 4: 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 managed by PIA. The scenarios used are based on Network for Greening the Financial System (NGFS) scenarios. More detailed information can be found within the 'Resilient planet' section of the sustainability disclosure within the [M&G plc Annual Report and Accounts 2025](#) (pages 58-73).

The methodology and data sources used to produce the PAIs is detailed on pages 18-19.

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Historical comparison

We have reviewed the trends in our PAIs with reference to our prior year methodology in order to provide more useful information on the movements reported. The wider overall drop in most metrics and associated drop in coverage is explained within the sections 'Interpretation guidance' and 'Methodology updates in the period'.

Investee companies

Across all GHG emissions-based PAIs there has been an increase in the year partly driven by slightly higher market value of investments. Scope 3 emissions (under PAI 1) have shown a disproportionately higher increase compared with Scopes 1 and 2, primarily due to issuers reporting additional categories within this scope. This change does not correspond to increased coverage and is indicative of improved reporting by investee companies, rather than a material increase in underlying emissions. The increase in Scope 3 emissions is the primary driver of the rise in total emissions, which is also reflected in higher carbon footprint and GHG intensity metrics. As these metrics are calculated relative to investee enterprise value and revenue, they are influenced by changes in portfolio composition and data coverage, and year-on-year variances do not necessarily indicate a corresponding change in real-world emissions.

Fuel and energy related PAIs (PAIs 4-5) show a gradual downward trend in exposure with relatively stable coverage, representing portfolio changes, while exposure to companies without carbon reduction measures (Additional PAI 4) has remained flat.

Coverage for PAI 6 indicators remains low, primarily due to limited data availability. As a result, these metrics are more sensitive to changes in underlying data and coverage, and third-party data is considered immature. Therefore period-on-period comparisons are not considered meaningful.

The result for emissions to water (PAI 8) has been reviewed for 2025, however as a result of our data checks we still consider the data available for this PAI to be unreliable with very low coverage. Ongoing assessment of data quality and availability will continue, with a view to future disclosure.

For the 2025 reporting year, a revised data point from our third-party provider was adopted for exposure to activities negatively affecting biodiversity sensitive areas (PAI 7) to more accurately reflect our interpretation of the intended definition of the indicator. This more closely aligns with the data provider's methodology for the 2022 and 2023 financial years. However, as the data field is not identical year-on-year, it has resulted in a slight increase in the metric. For comparability, the 2024 metric has been restated on the same basis.

Exposure to hazardous waste (PAI 9) shows a downward trend with increased coverage, due to existing holdings reporting lower waste metrics.

A number of PAIs covering social factors have remained flat or show slight improvement year on year (PAIs 10, 11, 12, 13 and Additional PAIs 1, 9 and 15), reflecting progress made across the board in this topic over a number of years.

A small residual exposure to controversial weapons remains, reflecting a portion of investments held within the external asset portfolio. Assets managed on PIA's behalf by M&G plc's asset manager, where we retain sufficient investment control, are subject to the Group's controversial weapons policy, available on [M&G plc's website](#).

Sovereigns and supranationals

GHG intensity of investee countries (PAI 15) increased slightly with stable coverage. Exposure to investee countries subject to social violations (PAI 16) has remained stable in comparison with last year.

Real estate assets

Exposure to fossil fuels from real estate assets (PAI 17) remains minimal showing a slight drop with coverage relatively stable.

The calculation methodology for PAI 18 has been revised for 2025 reporting, as outlined in the 'Methodology updates in the period' section. As the methodology was under review in the prior year, the metric was not reported for 2024; however, comparison with the 2023 figure indicates that exposure remains broadly consistent. Coverage has increased as a result of the reduced asset scope under the revised methodology.

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