

M&G Limited's Remuneration Policy

This summary provides an overview of M&G's remuneration policy, as it applies to M&G Limited on a consolidated basis.

Parts of M&G's business are subject to the Alternative Investment Fund Managers Directive (AIFMD) and/or the Undertakings for Collective Investment in Transferrable Securities (UCITS) V Directive. As such, M&G's remuneration policy is designed to ensure that it is consistent with the principles outlined in both SYSC19B (AIFM Remuneration Code) and SYSC19E (UCITS Remuneration Code) of the FCA Handbook, as required.

Decision making process for remuneration policy

M&G has a Remuneration Committee ("The Committee") which meets at least twice a year to consider issues relating to the remuneration policy and structures for all employees of M&G Limited including the terms of annual bonus and long-term incentive plans and individual remuneration packages for Directors and other senior employees (including all those in positions of significant influence and those having an impact on either the risk profile of M&G, its Alternative Investment Fund Managers (AIFMs) and UCITS Managers (or the risk profile of the funds managed therein)).

The Committee's membership comprises the Prudential Group's Chief Executive, Chief Financial Officer and HR Director and the M&G Chief Executive and HR Director. Appropriate input is provided by the Finance, Legal & Compliance and Risk Directors of M&G to assist the Committee in setting remuneration policy, ensuring that these take appropriate account of all relevant current and future risks and in managing remuneration outcomes. The Committee received independent advice in respect of the firm's remuneration policy from PwC. Other consultants are used from time to time to advise on specific issues. The Committee is accountable to the Prudential PLC Remuneration Committee.

The Committee takes full account of the Company's strategic objectives in setting remuneration policy. The Committee seeks to ensure the successful retention, recruitment and motivation of employees.

Setting remuneration and the link between pay and performance

Remuneration is made up of fixed pay (salary and benefits) and performance-related pay. Performance-related pay aligns the interests of participants with the business objectives of the firm and the investment objectives of its clients.

M&G operate a number of discretionary annual bonus arrangements. In most cases, consideration is given to a range of financial and non-financial measures relating to individual, business unit/team and Company performance. The extent to which each aspect of performance affects the overall payment level depends on the role and responsibilities of the individual. One of the financial Company performance measures used is M&G profit. M&G profit is driven by investment returns delivered to clients since revenue mainly comprises charges on funds under management. For the majority of individuals, an element of the bonus is deferred for a period of three years. Deferral is normally into M&G long-term incentive units, fund units or Prudential PLC shares (or a combination of these) to ensure appropriate alignment to the long-term sustainable performance of the business. Typically, the rate of deferral will be set so as to ensure that those in receipt of higher amounts of performance pay are required to defer more.

M&G's long-term incentive plans aim to align the interests of participants with the long-term performance of M&G and its clients. Awards are made at the discretion of the Committee. Awards vest after three years with vesting subject to continued employment. The value of

awards is determined at the end of the three year performance period based on either business area profit, fund unit value or a combination of M&G wide profit and investment performance.

Malus provisions may be applied to deferred awards or awards made under one of M&G's long-term incentive plans to support the risk management objectives of the firm.

M&G operates a fully flexible policy on variable remuneration, which would enable it to award no variable remuneration should individual, business unit/team and/or Company performance warrant this (including with relation to financial and non-financial (including against risk and compliance objectives) performance).

The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its staff is in line with the risk policies and objectives. No individual is involved in decisions relating to their own remuneration. The appraisal and remuneration processes for control function staff, including Risk and Compliance, ensure that their performance management is based on the objectives of the function and individual. All remuneration decisions for such staff are taken independently of the businesses they support.

Identified Staff

As required by relevant regulation, M&G has/will identified/identify populations of staff who have the ability to have a material impact on the risk profile of either the Company or any of M&G's authorised AIFMs or UCITS Managers (or any of the individual AIFs or UCITS funds). These populations are identified in line with the criteria included within relevant guidance but broadly include the relevant Boards of Directors, senior management, senior control function staff and other key risk takers.

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