

Prudential With-Profits Fund

Climate Report as at 31 December 2025

Why are we producing this report and what does it show?

A glossary of terms used in this document can be found here – [Task force on Climate-related Financial Disclosures Glossary](#)

The report is based on the recommendations from the Task force on Climate-related Financial Disclosures (TCFD). The report provides information that can be used to assess the fund's climate-related risks and opportunities.

We recognise that the investments within the fund could have an impact on climate change and, equally, climate change could influence the performance of investments in the fund. To understand how we manage the risks and opportunities related to climate change, please refer to the [Prudential Entity TCFD report](#).

The fund considers Environmental, Social and Governance (ESG) factors in its investment strategy, with climate change being one factor. It also aligns with the Prudential ESG Investment Policy, which sets thresholds and screening criteria for coal related investments in line with the M&G Plc Thermal Coal Position. Our stewardship approach includes active ownership, relying on our investment managers to engage with companies to change their behaviour to help reduce the impact of climate change. The fund may retain exposure to higher

emitting companies, with the aim of engaging to influence real world emissions reductions, rather than to exclude.

The figures shown in this report are based on the value of assets in the overall With-Profits fund that are attributable to this series of the With-Profits fund. We are unable to look through to the underlying assets in some of the funds held which lowers the emissions data coverage.

Data integrity

Data coverage

We do not show emissions from asset classes where data is not available to us, either reported or estimated, or where there isn't yet a standard methodology to produce the metric for certain asset classes. For example, we do not measure emissions for cash and derivatives.

We consider [data coverage](#) as 'low' when the percentage coverage for the asset class is equal to or below 50%. Where data coverage is 'low', we exclude the metric from this report from 2025.

Data gaps

Some companies report the data we need for this report, and we either access this directly from them or from other service providers that compile such information. Not all companies report the data we need and in those cases we estimate the data based on other information available. For example, we may estimate a certain level of emissions based on what a company does.

Data gaps are likely to be a result of climate or financial data not being reported. We aim to address data gaps and improve data coverage in the future by seeking better quality data sources.

Data quality

Whilst we believe the data we use is appropriate for this report, we do not score its quality or differentiate between reported and estimated data. Every care has been taken in populating this report, however neither Prudential nor the sources used guarantee the accuracy, adequacy or completeness of this information or make any guarantee regarding its usage.

We periodically assess the quality of data provided by vendors and may update our sources to improve data quality.

Definition of climate metrics

Assets Under Management (AUM) This is the total market value of the assets we manage on behalf of clients.

Data coverage How much data we have available, either reported or estimated, for an asset class or the fund.

Financed Carbon Emissions (FCE) Represent the total financed greenhouse gas (GHG) emissions associated with the fund. The larger the number, the more it is contributing to the effects of climate change. The FCE is directly related to the size of the fund and therefore it is difficult to use to compare across funds.

tCO₂e Refers to tonnes of carbon dioxide (CO₂) equivalent. There are a number of greenhouse gases which warm the earth with different intensity levels. Rather than providing metrics for each gas they are converted into tCO₂e.

tCO₂ Refers to tonnes of carbon dioxide (CO₂).

Government bonds – production These emissions are associated with what a country produces and then uses domestically or exports to other countries.

Government bonds – consumption These emissions are associated with the goods and services consumed within a country and includes emissions from imported goods and services.

Scope 1 emissions Direct emissions associated with the business operations eg a utility company's emissions from combusting fuel.

Scope 2 emissions Indirect emissions associated with the business' heating/power requirements eg a software company's emissions from buying electricity.

Scope 3 emissions Indirect emissions that occur up and down the value chain, eg from purchased goods and services, business travel, employee commuting, waste disposal, use of sold products, transportation and distribution (up and downstream), investments, leased assets, and franchises.

Climate metrics for the fund investments



Assets Under Management
as at 31 December 2025
£31,443,111,531



Assets Under Management
as at 31 December 2024
£32,276,324,253



Assets Under Management
as at 31 December 2023
£34,029,492,789

	Financed Carbon Emissions	2025		2024		2023	
		Fund	Data coverage	Fund	Data coverage	Fund	Data coverage
Company shares and/or bonds (tCO ₂ e)							
Scope 1+2		1,433,391	96%	1,351,138	94%	1,638,706	91%
Scope 3		10,482,469	96%	8,703,685	94%	9,865,030	88%
Government bonds – production (tCO ₂)							
Scope 1		958,758	100%	1,140,505	97%	955,355	93%
Government bonds – consumption (tCO ₂)							
Scope 1+2+3		1,011,456	100%	1,171,077	97%	992,567	93%
Real estate equity (tCO ₂ e)							
Scope 1+2		9,084	63%	8,612	99%	10,707	98%
Scope 3		47,587	63%	61,288	99%	87,518	98%
Infrastructure equity (tCO ₂ e)							
Scope 1+2		8,953	93%	14,271	99%	N/A	29%
Scope 3		1,348	78%	1,790	68%	N/A	29%

Changes in emissions

This report shows you the last three years' emissions. We explain some potential factors that could contribute to changes in data below each table. A number of factors may contribute to the change in emissions since the previous year. The change in government bond emissions may be due to an increase or decrease in the fund's size, a change in **data coverage** or a change in the proportion of the fund invested in a particular asset class. The companies invested in may also have reduced or increased their emissions. The **Financed Carbon Emissions (FCE)** table shows the total emissions per asset class of the fund for this year as well as the previous two years. This metric is related to the size of the fund and type of asset classes and therefore it is difficult to use to compare across funds. Between 2023 and 2022 we revised the way we compiled some metrics in this report, which may result in a material change to the figures, but we consider this results in a higher quality analysis.

Definition of climate metrics

Carbon Footprint (CF) Refers to Financed Carbon Emissions divided by the fund's market value (AUM), expressed in tCO₂e/£m invested. The larger the number, the more it is contributing to the effects of climate change. CF can be used to compare across different funds.

Carbon Footprint

Government bonds are not included in this metric because there is not a supporting methodology for this metric.

	Carbon Footprint	2025		2024		2023	
		Fund	Data coverage	Fund	Data coverage	Fund	Data coverage
Company shares and/or bonds (tCO ₂ e/£m invested)							
Scope 1+2		89	96%	85	94%	95	91%
Scope 3		654	96%	546	94%	590	88%
Real estate equity (tCO ₂ e/£m invested)							
Scope 1+2		4	63%	2	99%	2	98%
Scope 3		19	63%	14	99%	19	98%
Infrastructure equity (tCO ₂ e/£m invested)							
Scope 1+2		158	93%	144	99%	N/A	29%
Scope 3		28	78%	26	68%	N/A	29%

Changes in emissions

A number of factors may contribute to the change in emissions since the previous year and a comparison may not be like for like. The changes may be due to an increase or decrease in the fund's size, a change in **data coverage** or a change in the proportion of the fund invested in a particular asset class. The **Carbon Footprint (CF)** table shows the total emissions per asset class of the fund for this year as well as the previous two years. The CF figure provides an emission output per million pounds invested in the fund. This metric can be used to compare across all funds, regardless of the fund size.

Definition of climate metrics

Weighted Average Carbon Intensity (WACI) Investments

Is the fund's exposure to carbon-intensive issuers, expressed in tCO₂e/£m sales. The larger the number, the more carbon intensive the investments currently are. WACI allows comparison across different funds.

Government bonds – production WACI Is the fund's Weighted Average Government Bonds Production Intensity, expressed in tCO₂/Purchasing Power Parity-adjusted gross domestic product (GDP) in US Dollars (USD).

Government bonds – consumption WACI Is the fund's Weighted Average Government Bonds Consumption Intensity, expressed in tCO₂/capita.

Weighted Average Carbon Intensity

Real estate equity and **infrastructure equity** are not included in this metric because there is not a supporting internal methodology for this metric.

	WACI	2025		2024		2023	
		Fund	Data coverage	Fund	Data coverage	Fund	Data coverage
Company shares and/or bonds (tCO ₂ e/£m sales)							
Scope 1+2		172	95%	167	91%	185	89%
Scope 3		1,045	95%	918	91%	999	88%
Government bonds – production (tCO ₂ /£m PPP)							
Scope 1 ^a		212	100%	250	97%	242	93%
Government bonds – consumption (tCO ₂ /capita)							
Scope 1+2+3 ^b		10	100%	11	97%	12	93%

^a Scope 1 – Represents the fund's Weighted Average Government Bonds Production Intensity, expressed in tCO₂/£m Purchasing Power Parity-adjusted gross domestic product (GDP) in US Dollars (USD). GDP is the value of all final goods and services produced within a country.

^b Scope 1+2+3 – Represents the fund's Weighted Average Government Bonds Consumption Intensity, expressed in tCO₂ divided by the country's average population to indicate the emissions associated with consumption per person.

Changes in emissions

A number of factors may contribute to the change in emissions since the previous year and a comparison may not be like for like. The changes may be due to an increase or decrease in the fund's size, a change in **data coverage** or a change in the proportion of the fund invested in a particular asset class. The **Weighted Average Carbon Intensity (WACI)** table shows the total emissions per asset class of the fund for this year as well as the previous two years. The WACI figures provide emission output per million pounds or US dollars invested in the fund. This metric can be used to compare across all funds, regardless of the fund size.

Definition of climate metrics

High impact sectors High impact sectors, such as utilities, construction, real estate, and transportation, are industrial sectors that have a significant influence on global carbon emissions. For instance, a renewables company that aims to reduce global carbon emissions and an oil extraction firm that contributes largely to carbon emissions would both be categorised as high impact sectors. There are various ways to classify sectors into the high impact categories, we use the Target Setting Protocol (TSP) definitions.

High impact sectors

	Fund exposure to high impact sectors	2025		2024		2023	
		Fund	Data coverage	Fund	Data coverage	Fund	Data coverage
Exposure level		27%	76%	24%	61%	28%	75%

Performance

We consider a fund’s exposure to high impact sectors is material if the exposure level is equal to or above 20%. This fund’s exposure to high impact sectors is thus considered material.

Changes in exposure

A number of factors may contribute to the change in fund exposure to high impact sectors since the previous year. The changes may be due to an increase or decrease in the fund’s size, a change in **data coverage** or a change in the proportion of the fund invested in a particular sector. The **high impact sectors** table shows the fund exposure to industry sectors that exert significant influence on global emissions. This metric can be used to compare across all funds, regardless of the fund size.

Definition of climate metrics

Climate adjusted value This metric is the change in the value of the fund's assets (what it holds) as a result of the climate scenario. A negative number denotes that under the scenario, there will be a devaluation for the fund's investments or underlying assets. Scenario model outputs are expressed as a range of outcomes, reflecting the inherent uncertainty of the underlying assumptions. We have provided the average model output of that range of results.

Orderly transition Scenario assumes climate policies are 'orderly', ie, are introduced early and become gradually more stringent, reaching global net zero greenhouse gas (GHG) emissions around 2050 and likely limiting global warming to below 2°C on pre-industrial averages.

Disorderly transition Scenario assumes climate policies are 'disorderly', ie, are delayed or divergent, requiring sharper emissions reductions achieved at a higher cost and with increased physical risks in order to limit temperature rise to below 2°C on pre-industrial averages.

Hot house world Scenario assumes only currently implemented climate policies are preserved, current commitments are not met and emissions continue to rise, with high physical risks and severe social and economic disruption and failure to limit temperature rise.

Scenario analysis

As well as looking backwards, using the climate metrics for the fund's investments, we are also interested in looking forward – to assess how the fund is transitioning to a low-carbon economy and the fund's exposure to climate risk over a longer time horizon. We do this using a range of climate scenarios.

To help us understand the climate impact of the fund we use climate scenario models. These are complex computer simulations that use historical data, current observations, and forward-looking assumptions to generate plausible scenarios of future climate conditions. Climate models are inherently uncertain

because of the long-term nature of their projections. Given the uncertainty and long time horizons, the model outputs presented here should be considered with caution as they are estimates of projections, not forecasts. Future conditions may differ substantially from these projections.

Whilst scenario analysis is in its infancy, the outputs are the most relevant models we can use currently to assess long-term impacts. The key forward-looking metrics that we monitor are outlined below.

M&G have used Aladdin Climate as an external vendor to conduct its scenario modelling.

	Company shares and/or bonds and government bonds	Climate adjusted value at 2050	Coverage
Orderly transition		-5.1%	92%
Disorderly transition		-2.8%	92%
Hot house world		-2.4%	92%

Assets under management as at 31 December 2025.

All results presented in the table(s) above are based on the Aladdin Climate model.

The table above related to company shares and/or bonds and government bonds shows:

- Under the orderly transition scenario, there is a material negative impact on the value of assets from transition related risks and opportunities resulting from a policy and economic response to climate change. To define materiality, we have set a threshold equal to +/-2%.
- Under the disorderly transition scenario, there is a material negative impact on the value of assets from transition related risks and opportunities resulting from a policy and economic response to climate change. To define materiality, we have set a threshold equal to +/-2%.
- Under the hot house scenario, there is a material negative impact on the value of assets resulting from physical related risks and opportunities. To define materiality, we have set a threshold equal to +/-2%.

Further information on climate adjusted value outputs can be found here – [TCFD Frequently Asked Questions](#).

Definition of climate metrics

Assets at high risk from future climatic conditions

This metric assesses whether a physical location (eg shopping mall) is subject to material physical climate risk (eg flooding) under future climatic conditions as defined by the Intergovernmental Panel on Climate Change's scenarios for the year 2050. Materiality of impact is defined where the annual probability of a climate hazard disabling the asset is above 5%.

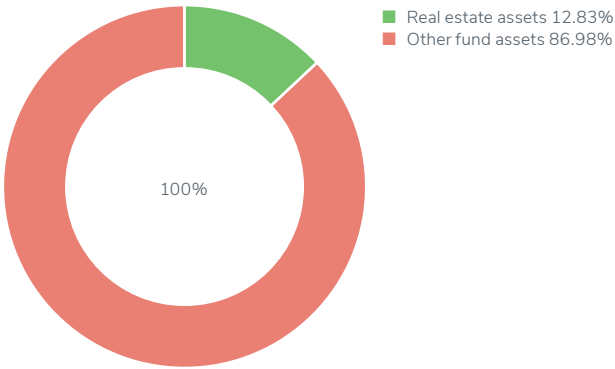
Orderly scenario (RCP 2.6) Assumes physical climate impacts are minimised as net zero GHG is achieved by 2050 maintaining global warming to below 2°C.

Hot house scenario (RCP 8.5) Assumes physical climate impacts are severe as no climate policies are met, failing to limit temperature rises.

Scenario analysis

This model assesses the climate impact on the value of physical assets, categorised into real estate (eg buildings, land) and infrastructure (eg roads, bridges). It estimates the percentage of the assets modelled that are at high risk to future climate conditions by the year 2050. High risk is defined as an expected cost of physical damage of greater than 1% of the assets value per annum due to the impact of extreme weather and climate change impacts (eg floods, earthquakes).

Real estate and infrastructure assets modelled



Of the total fund, this model assesses only real estate and infrastructure assets.

	Real estate and infrastructure assets modelling results Assets at high risk from future (2050) climate conditions	Real estate equity	Coverage	Infrastructure equity	Coverage
Orderly transition (RCP 2.6)		11.4%	99%	5.4%	93%
Hot house world (RCP 8.5)		11.4%	99%	5.8%	93%

Assets under management as at 31 December 2025.

All results presented in the table(s) above are based on the Munich Re model.

Representative Concentration Pathways (RCP) describe different trajectories of greenhouse gas (GHG) concentrations in the atmosphere, reflecting alternative climate outcomes. These range from strong mitigation pathways aligned with the Paris Agreement (eg RCP 2.6), through moderate transition pathways (eg RCP 4.5), to high-emissions 'hot house' world scenarios (eg RCP 8.5).

- Under the moderate transition scenario, the proportion of assets exposed to high physical climate risk resulting from factors such as temperature change, wildfires, and inland flooding increases and is above the level we consider material. To define materiality, we have set a threshold equal to 10%.
- Under the hot house scenario, the proportion of assets exposed to high physical climate risk resulting from factors such as temperature change, wildfires, and inland flooding increases and is above the level we consider material. To define materiality, we have set a threshold equal to 10%.

Definition of climate metrics

Implied Temperature Rise This metric allows a user to quickly gauge if a portfolio and issuer's GHG emissions' trajectory is aligned with the Paris Agreement through sub-industry and regional benchmark comparisons.

Paris Agreement target The Paris Agreement resulted from the Paris Climate Conference (COP 21) in December 2015 and brought together all COP member nations in an agreement to undertake ambitious efforts to tackle climate change and limit the rise of global temperatures (from pre-industrial levels) to below 2°C, and ideally below 1.5°C.

Implied Temperature Rise

As part of our modelling, we have calculated the Implied Temperature Rise (ITR) where data is available. The ITR shows the temperature alignment of the fund to the Paris agreement target. This analysis enables us to identify funds that are high and low carbon emitters via a simple metric, which aids comparison and can provide an input into investment research and decision-making.

We acknowledge limitations such as lack of a commonly accepted calculation approach for Implied Temperature Alignment and sensitivity to sector and geographical emission assumptions but believe it provides useful indications of alignment when viewed in conjunction with other information – for example, it can be considered a guide to identifying sector leaders during portfolio construction, and inform engagement with laggards to encourage greater transition ambition. For more details on ITR limitations, please refer to [M&G plc Annual Report and Accounts 2024 page 80](#).



2.65°C ITR for Prudential With-Profits Fund
1.5°C to 2°C Paris Agreement target
Data coverage: 94%

The climate model results are presented for the year 2030 which permit us to better monitor medium-term alignment of funds ahead of the 2050 target. The results suggest that the fund's current underlying issuers' emissions projection is not aligned with the Paris Agreement.

If you have any questions about anything in this report please speak to your financial adviser. You can also find more information including a [glossary of terms](#) and a [Q&A](#).

We have used several sources of data in this report as well as estimates using our own tools. While we've taken every care in producing this report please be aware that neither Prudential nor the sources used guarantee the accuracy, adequacy or completeness of this information or make any warranties from its use. Furthermore, the data presented is for a specific point in time and likely to change in the future and therefore should not be relied on as such.

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