



Responsible and Impact Investment Summit

Climate change tutorial

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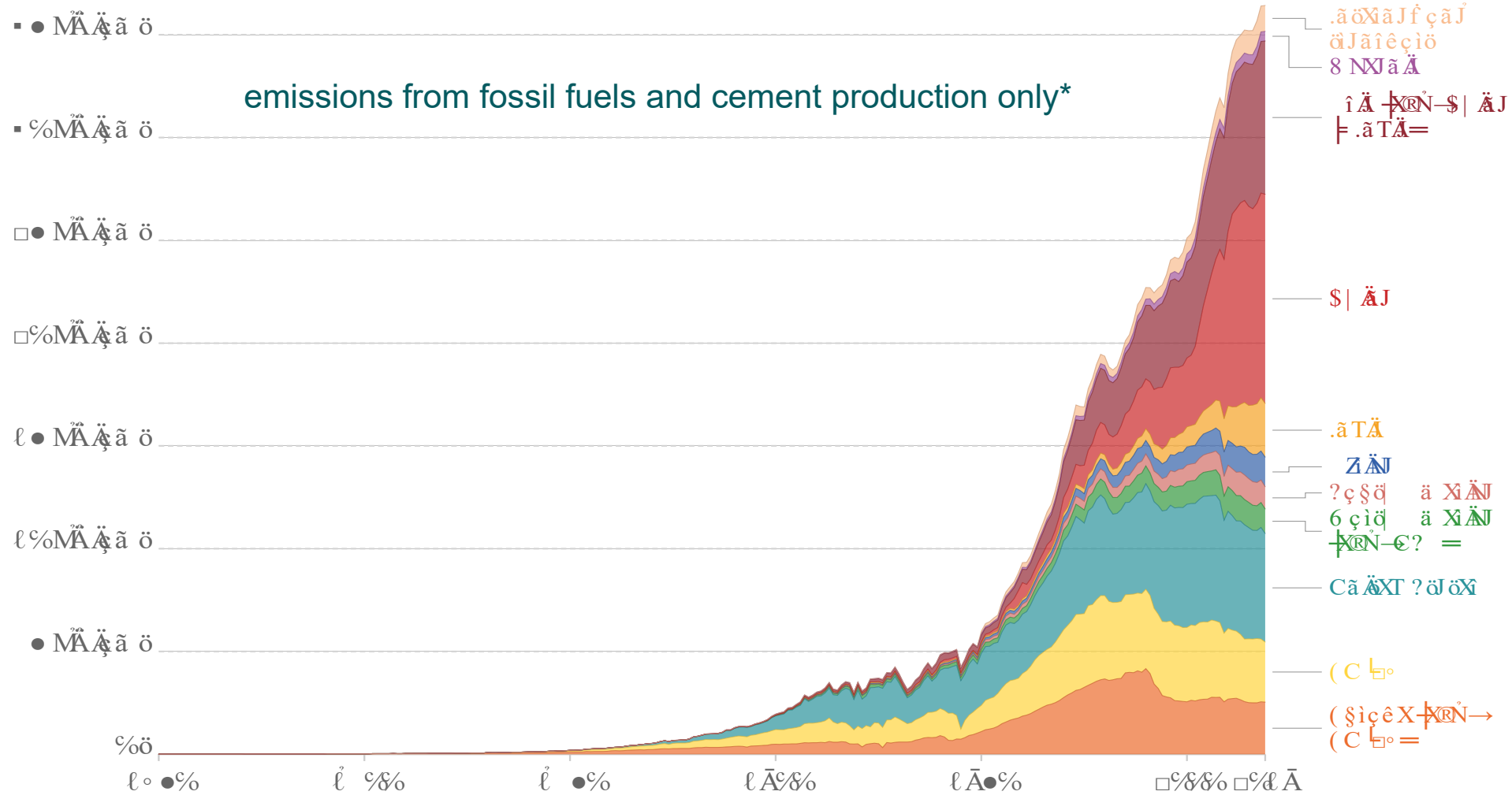
For Investment Professionals only



Global warming is unequivocal

World CO2 emissions have not yet peaked

Annual total CO₂ emissions, by world region

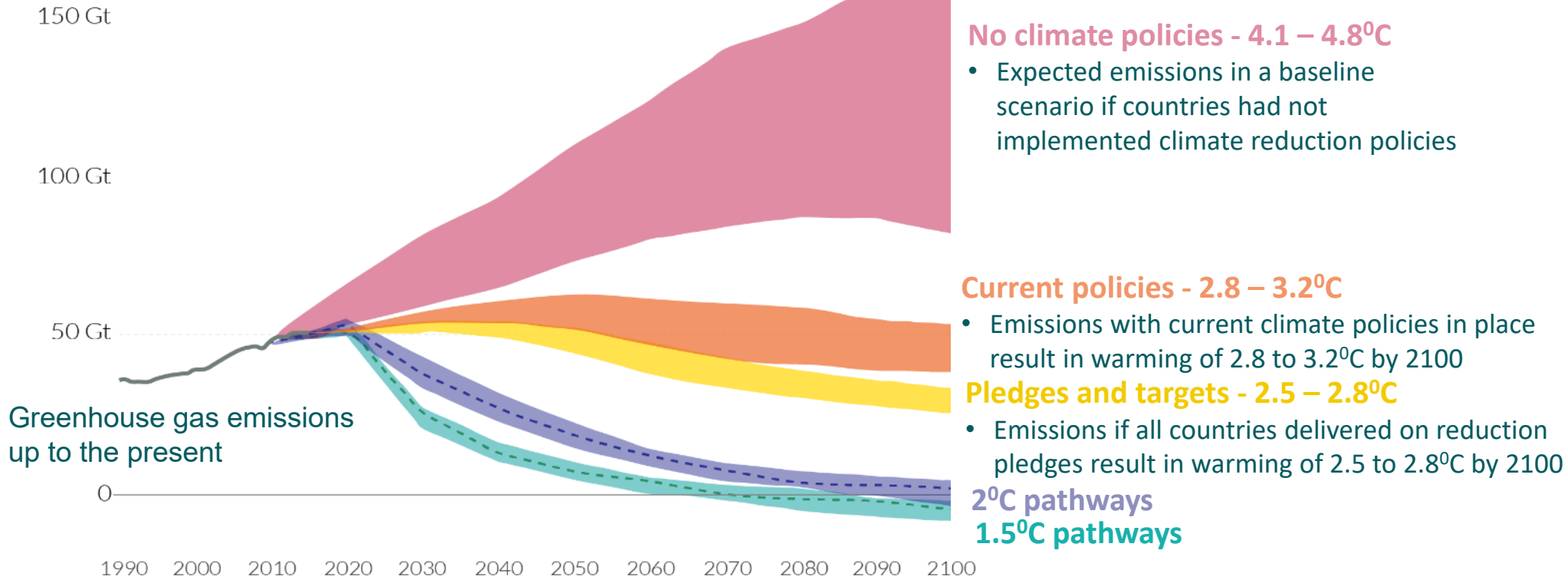


The Paris Agreement aims to limiting warming well below “2°C”

The world remains firmly off track

Expected global temperature rise by 2100, relative to pre-industrial temperatures

Annual global greenhouse gas emissions - in gigatonnes of carbon dioxide - equivalents



No climate policies - 4.1 – 4.8°C

- Expected emissions in a baseline scenario if countries had not implemented climate reduction policies

Current policies - 2.8 – 3.2°C

- Emissions with current climate policies in place result in warming of 2.8 to 3.2°C by 2100

Pledges and targets - 2.5 – 2.8°C

- Emissions if all countries delivered on reduction pledges result in warming of 2.5 to 2.8°C by 2100

2°C pathways

1.5°C pathways



Each pathway comes with uncertainty, marked by the shading from low to high emissions under each scenario



Climate investment approaches

Climate investing

Three distinctive approaches



Low Carbon Strategies

Investing in companies aligned with a low carbon economy

E.g. Screening companies with:

- Low carbon emissions
- Low carbon intensity



Climate Transition Strategies

Investing in companies progressively transitioning to a low carbon economy

E.g. Screening companies with:

- Emission reduction targets in line with the Paris agreement

Using Climate engagement to accelerate the transition



Climate Solutions Strategies

Investing in companies that are providing the solutions to climate change

E.g. Investing in companies

- Whose products or services have a transformational effect on the environment
- That provide the tools for others to deliver a positive environmental impact
- That spearhead climate impact in their industries

Science Based Targets: driving ambitious corporate climate action

Providing companies with a clearly-defined path to reduce emissions



Science-based targets recognise the level of climate action needed globally to align with the Paris Agreement



Targets are considered '**science-based**' if they are in line with emission reduction levels required to keep global temperature increase **below two degrees**



As of January 2021 **571 companies** have set science-based targets and a **further 393** have commitments to 1.5°



SCIENCE
BASED
TARGETS



Now we need many more companies to join the movement, sending a clear signal that markets are shifting



António Guterres
UN Secretary-General



Partner
organisations



WORLD
RESOURCES
INSTITUTE





Investing in climate solutions

M&G Climate Solutions Fund

The main risks associated with this fund

- The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective and you may get back less than you originally invested.
- The fund holds a small number of investments, and therefore a fall in the value of a single investment may have a greater impact than if it held a larger number of investments.
- The fund can be exposed to different currencies. Movements in currency exchange rates may adversely affect the value of your investment.
- Investing in emerging markets involves a greater risk of loss due to greater political, tax, economic, foreign exchange, liquidity and regulatory risks, among other factors. There may be difficulties in buying, selling, safekeeping or valuing investments in such countries.
- In exceptional circumstances where assets cannot be fairly valued, or have to be sold at a large discount to raise cash, we may temporarily suspend the fund in the best interest of all investors.
- The fund could lose money if a counterparty with which it does business becomes unwilling or unable to repay money owed to the fund.
- Operational risks arising from errors in transactions, valuation, accounting, and financial reporting, among other things, may also affect the value of your investments.
- Further details of the risks that apply to the fund can be found in the fund's Prospectus
- For any performance shown, please note that past performance is not a guide to future performance.

It is also important to note that:

The fund invests mainly in company shares and is therefore likely to experience larger price fluctuations than funds that invest in bonds and/or cash.

Innovative Solutions to the Climate Challenge



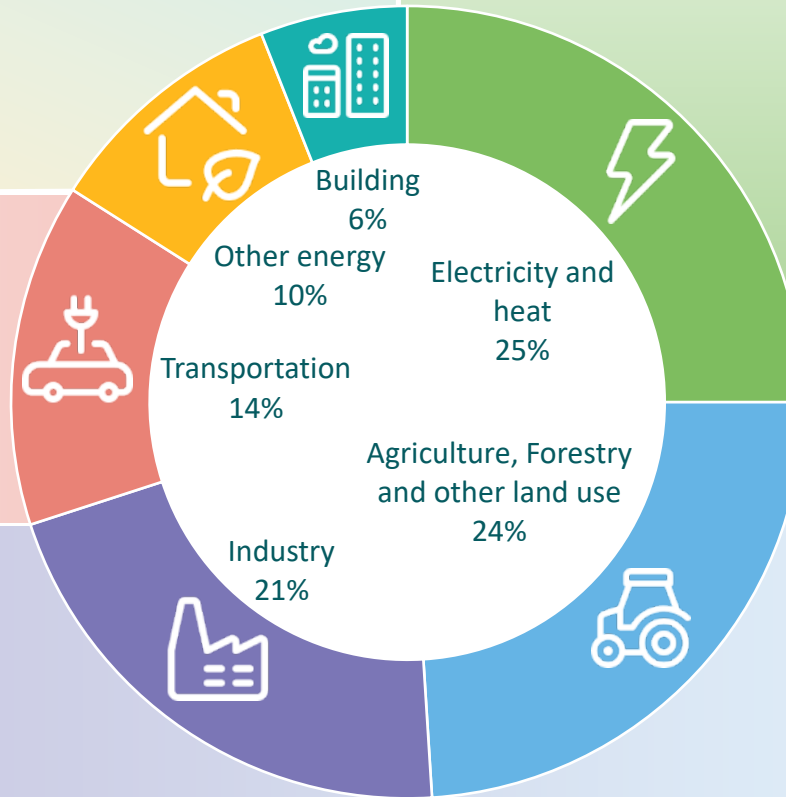
- Insulation
- Energy efficient



- Electric Vehicles
- Electric Batteries
- Green hydrogen for heavy duty vehicles, and sea freight



- Circular economy
- Carbon capture and storage
- Sustainable, vertical farming
- Sustainable forestry

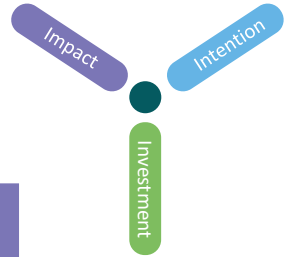


- Renewable energy
- wind, solar, hydro



M&G Climate Solutions Fund

Leveraging the Positive Impact framework



investment

- Business model
- Competitive position
- Capital allocation
- Business risk
- ESG risk
- Liquidity



0-10

intention

- Mission statement and purpose
- Strategic alignment and culture
- Implementation



0-10

impact

- Impact balance
- Measurability
- Materiality/revenues to SDGs
- Additionality
- Risk



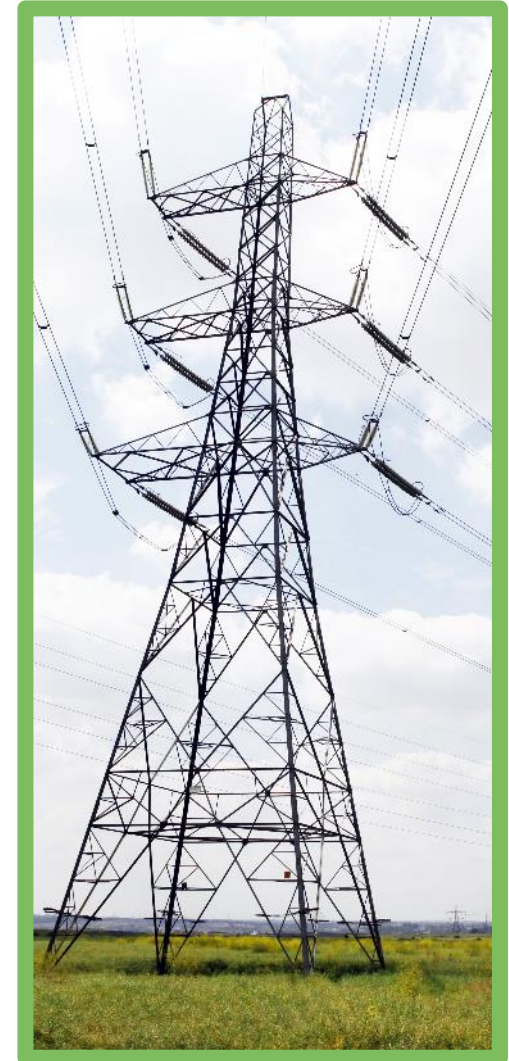
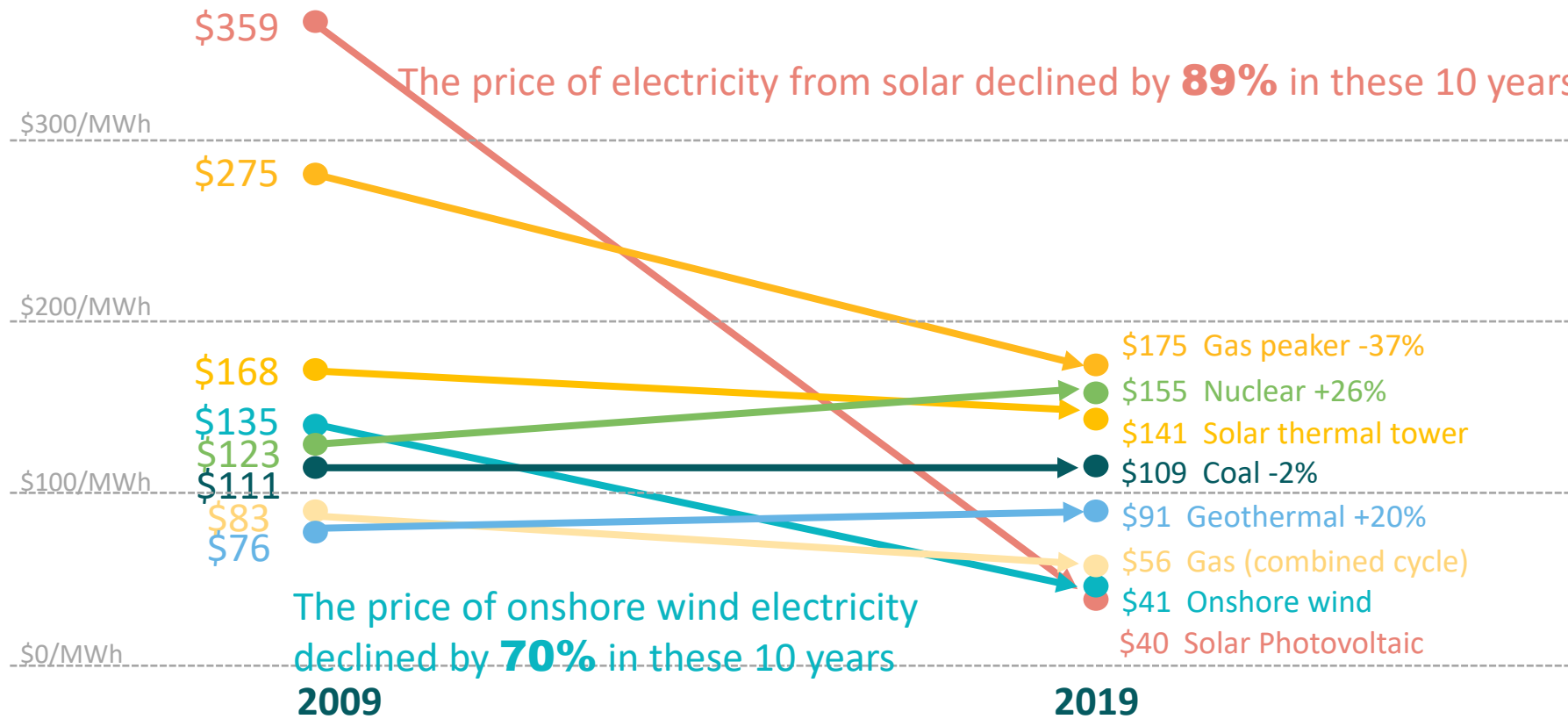
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We are looking for above average quality and intentionality, alongside a meaningful measurable positive societal impact

Decarbonizing power

The price of electricity from new power plants

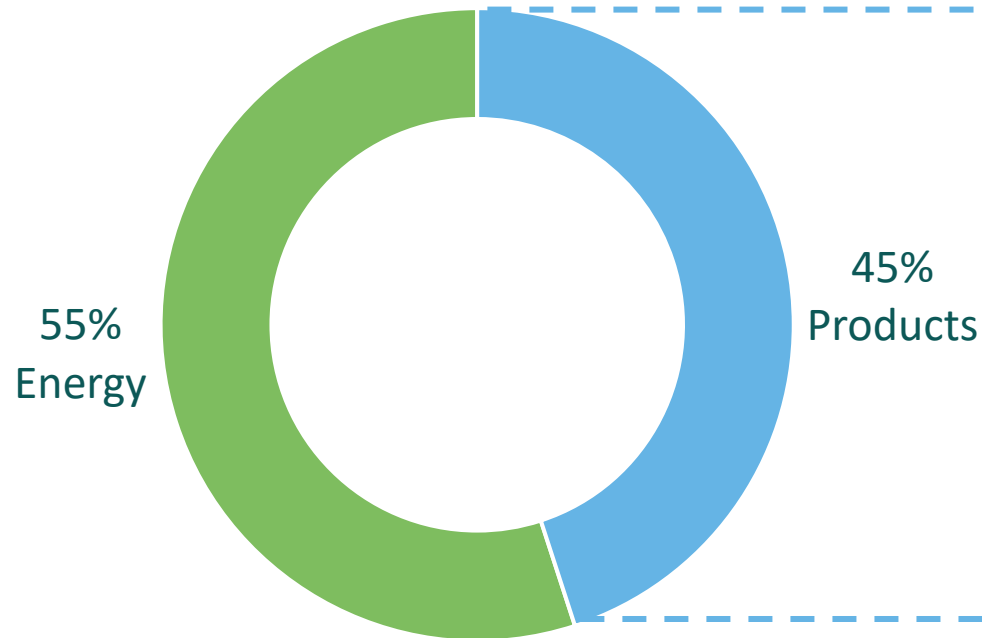
Electricity prices are expressed in 'levelized costs of energy' (LCOE). LCOE captures the cost of building the power plant itself as well as the ongoing costs for fuel and operating the power plant over its lifetime



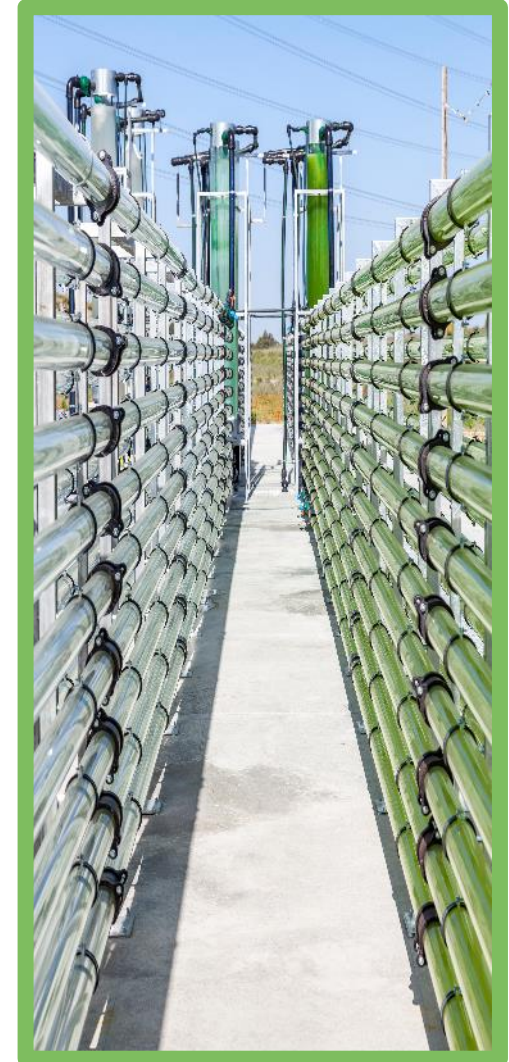
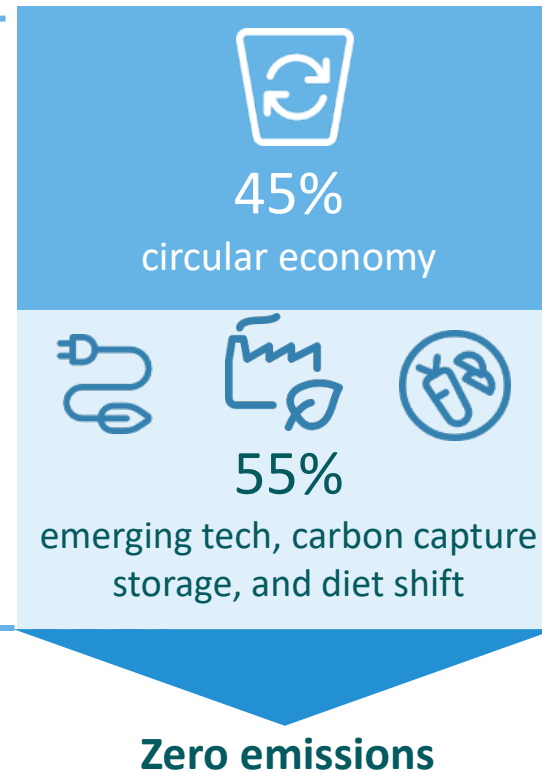
Decarbonising industry and agriculture

The pivotal role of the circular economy

Completing the picture: tackling the overlooked emissions
Total current emissions



Emission reductions
in 2050



Trex

Manufacturer of non-wood decking & railing, and outdoor lighting



Investment

- The world's largest manufacturer of high performance composite decking and railing products
- Composite decking materials taking market share from wood lumber decking



Intention

- Pioneered and introduced high performance low-maintenance composite decking and railing.
- Combines the natural look of wood with the durability of recycled plastic and reclaimed wood fibre



Impact

- 500m pounds of recycled plastic film diverted from landfills and reclaimed wood fibre used annually
- 100% of Trex factory scrap is recycled back into manufacturing line
- 36% GHG savings vs traditional timber decks



SDG
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Responsible
Consumption
& Production

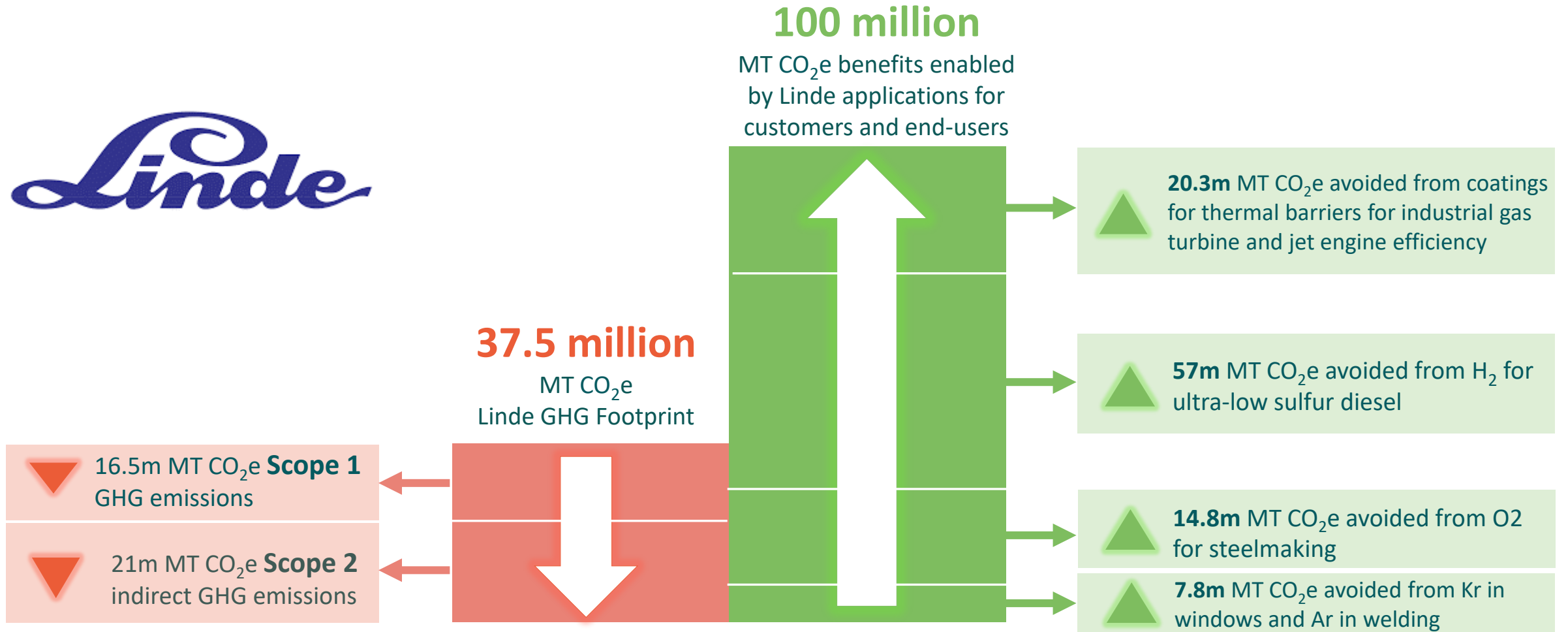
Offering eco-friendly decking made by combining reclaimed wood fibres and recycled polyethylene film



The measurement question

Adopting a Net Emissions approach

Saved/avoided emissions measured against carbon footprint



Linde applications enable 2.7x carbon productivity for customers and end users

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