



M&G plc Modern Slavery Transparency Statement 2021

Our Business and Organisational Structure

M&G plc is a leading savings and investment company with a long-term outlook and our purpose is to help people manage and grow their savings so they can live the life they want, while making the world a little better along the way. With over 170 years of experience in innovation to help people improve their future finances, M&G plc serves around 5.1 million customers worldwide and has £370 billion of Assets Under Management and Administration (AUMA) as at 31st December 2021.

Today, we bring together our diverse set of asset management capabilities and our long term savings expertise to offer a wide range of solutions for different types of customers.

This statement has been prepared to comply with the UK Modern Slavery Act 2015 (“MSA”) for the 2021 financial year, which details what we have done and are doing to help end slavery, human trafficking, child labour or any other abuse of human rights.

Asset Management

We provide a range of asset management solutions to wholesale and institutional customers and clients globally. Our solutions range from mutual funds to pooled and bespoke segregated mandates for institutional clients. We offer exposure to both public and private assets, with a focus on sustainable investments.

Retail and Savings

The Wealth business provides a range of savings and retirement solutions to retail customers, such as smoothed solutions backed by our leading With-Profits fund, through a diversified distribution network.

Our Heritage business is closed to new customers, but its long-term nature means we expect existing customers to be with us for many years to come. Within Heritage, traditional with-profits customers benefit from the same smoothing and investment capabilities offered to Wealth business customers, while our annuitants receive a regular retirement income as we carefully manage risks to deliver this outcome.

Our Values and Policies

M&G plc’s core values of care and integrity are central to everything we do;

- Care – we act with care, treating our customers, clients and colleagues with the same respect we would expect ourselves and we invest with care, making choices for the long term.
- Integrity – we empower our people at M&G to do the right thing, honouring our commitments to others and acting with conviction.

Our business is built on trust and we do not take this lightly. We believe in supporting human rights, whilst acting responsibly and with integrity in everything we do. We are committed to working with our suppliers and stakeholders to help end slavery, human trafficking, child labour and any other abuse of human rights.

Guided by our values of care and integrity, a responsible mindset drives what we do across the whole of our business: as a corporate entity, asset owner, asset manager, and through our relationships with our stakeholders including our communities.

We have established a Group Governance Framework (GGF) which defines the Group’s approach to governance and internal controls which helps us meet the regulatory requirements. The GGF includes information and policies to ensure a consistent approach to the way colleagues work and make decisions across the entire business below Board level. These policies provide general principles by which we conduct our business and ourselves.

During 2021, we approved the new **M&G plc ESG Risk Management Framework** to enable an effective three lines of defence for Sustainability and ESG Risk across the business. This ESG Risk Management Framework helps to inform, educate and communicate the business in this new area of risk management and consists of five core components:

1. ESG risk culture;
2. identifying and assessing ESG risk;
3. managing and reporting effectively on ESG risk;

4. embedding risk governance; and
5. protecting our reputation.

An **M&G plc ESG Risk Policy** has also been approved, which codifies the five core components of the ESG Risk Management Framework into a number of requirements for the management of ESG Risk on an ongoing basis.

As a responsible business and as part of our corporate responsibilities, M&G made a commitment in our 2020 Annual Report and Accounts to adopt a modern slavery policy/standard which defines our GGF position and appetite using UK legislation (Modern Slavery Act 2015) as our starting point and minimum standard. To support this, our experienced employees within this area conducted some analysis to identify where M&G's appetite and tolerance was in line with our industry peers to better enrich our maturity and approach to modern slavery within our business.

Our **M&G plc Supply Chain Modern Slavery Business Standard** supports the management of modern slavery risk and how we approach third-party supplier relationships. The standard details how M&G define this risk and how we mitigate this within our corporate activities, outlining our internal processes to identify potential exposure, how we effectively monitor our suppliers, escalate any known/potential exposures and actions that need to be taken to assess viability in greater detail. Through annual attestation against the standard, we can actively assess our approach and ensure we meet the minimum standards as stipulated by the UK Home Office, whilst ensuring we are compliant in our license to operate in line with the Modern Slavery Act 2015.

We do not tolerate any form of forced servitude or indentured, bonded, involuntary prison, military, or compulsory labour. We do not tolerate any form of human trafficking or modern slavery. We do not tolerate conduct that is not aligned with our [Statement of Human Rights](#) and associated company policies.

Our **Financial Crime Framework** sets out our approach to management of all types of financial crime risks, which also extends to proceeds derived from (or funding of) modern slavery and human trafficking. Such activity is outside of M&G's risk appetite and we have no tolerance for facilitating the movement of criminal proceeds not only for the offence of money laundering, but also because this stands against our moral obligations as a responsible and trusted investment manager. On a corporate basis we would report the supplier to the appropriate authorities, engage with the supplier and retain the right to exit from a contract. On an Investments basis, as highlighted in M&G Investments' ESG Investment Policy, we integrate material factors such as these in our analysis, focus on engagement and ultimately, if this proves ineffective, we may divest.

Under the Proceeds of Crime Act 2002, we are required to report any such instances of suspected activity to law enforcement. We work with law enforcement agencies including their Financial Intelligence Units, wherever we operate. This is one of the many ways M&G tackles financial crime and we continually look to improve our systems and controls with respect to our overall financial crime risk management abilities.

The **Whistleblowing programme** at M&G plc (known as "Speak Out") enables suspicions of misconduct and wrongdoing to be reported in a confidential way. In accordance with M&G plc Whistleblowing Policy, there are various methods by which concerns can be raised. These include using a confidential reporting platform, comprising of a telephone or web-based service which is hosted externally by a third-party supplier. All reports are taken very seriously and where required, a thorough investigation is conducted by trained investigators. If we observe, have suspicions of, or experience violations of human rights, modern slavery or the associated law of the countries in which we operate, we report them to our managers and leaders, human resources, to the Speak Out team or by using our confidential reporting platform. This confidential reporting platform is extended to raising concerns about our third-party suppliers. With the definition of a whistleblower expanding under the European Whistleblowing Directive, a whistleblowing link and external statement has been added to all M&G and Pru websites enabling external parties to blow the whistle. The Whistleblowing "Speak Out" programme is overseen by a Whistleblowers' Champion who is the Chair of M&G plc's Audit Committee.

Our Supplier Due Diligence Risk Assessments and Training

The Modern Slavery Act defines modern slavery as "slavery, servitude and forced or compulsory labour" and "human trafficking" ("**Modern Slavery**").

Our suppliers are a critical and necessary extension of our operations and future success. We hold our suppliers to the same ethical

standards to which we hold ourselves and require our suppliers to remain in full compliance with all applicable laws, rules, and regulations.

We expect our suppliers to extend the principle of fair and honest dealings to all others with whom the supplier does business, including employees, sub-contractors and other third parties; where relevant, apply the standards within our Supplier Code of Conduct to the Supplier's own supply chain; and adhere to the guidance within our Statement of Human Rights.

This includes the ongoing due diligence and oversight of our supply chain. M&G plc remains committed to the continued development of its approach to modern slavery-related risk identification, monitoring and reporting, and proactive mitigation of identified modern slavery risks and we are prepared and vigilant against any situation that may arise.

Our Procurement teams across our UK businesses have further embedded a co-ordinated response to the requirements of the MSA, with a focus on our external supply chain, as follows:

- Procurement highlights within all tender activity the Group's expectations around modern slavery. This is undertaken regardless of the supplier statutory position (therefore suppliers under the £36 million threshold are not exempted from our requirements).
- Procurement and Supplier Risk Management determine the nature of services provided by suppliers and identify associated risks, including any potential risk exposure to modern slavery. Where suppliers are not seen to have appropriate standards in place, we will work in close collaboration to improve standards.
- Using validated sources including the Chartered Institute of Procurement and Supply (CIPS) and our experienced employees within this area of expertise, we undertook an exercise to review the common procurement category themes where modern slavery exposure is most likely to be present within the financial services industry and mapped these against our existing categories. This has enabled us to understand and visualise potential supply chain risks collaboratively whilst we look to drive wider initiatives in line with our ESG commitments to enhance audit and compliance on our high risk suppliers.
- As part of our ESG initiatives we have carried out in-depth reviews on M&G's core suppliers to understand the potential inherent risk to our business and, where needed, have taken the necessary steps to improve standards. This will be embedded into our annual governance activity while we look to continue assessing those high risk suppliers, which have been identified through the category mapping exercise which will take place in 2022.
- Revisions were made to our Supplier Code of Conduct to reference ESG topics including modern slavery.
- M&G remain committed to upskilling our staff around modern slavery and throughout 2021 we have been working toward producing an annual training module. Employees across our Commercial, Procurement, Workplace Solutions and Supplier Managers were our initial target for this. Our Board and Senior Executives have also undertaken this early to be able to demonstrate to colleagues and wider stakeholders our commitment to combatting modern slavery and human trafficking. There are plans to make this mandatory across the wider business in 2022.
- M&G plc contracts remain refreshed and updated for modern slavery provisions.

Modern Slavery and Our Investment Activities

With £370 billion of AUMA our sustainability influence extends far beyond our direct operations or those of our supply chain. The companies and assets in which we choose to invest, whether as an asset owner or as an asset manager, have a profound impact on society and we take our responsibilities as an investor seriously. As active investors, we have a policy of engagement with companies that we invest in, enabling us to have constructive dialogue with those which may be exposed to the risks of modern slavery and human trafficking.

As M&G plc, we became signatories of the UN Global Compact in March 2021, committing to ten principles of good practices in human rights, labour, the environment and anti-corruption. As a signatory we are required to ensure we are not complicit in human right abuses and must report against all 10 principles on an annual basis.

As an asset owner, we expect our underlying managers to be appropriately managing the risks relating to modern slavery, both in direct operations of investee companies and in supply chains.

As an asset manager, our M&G Investments' ESG Principles oblige us to "Consider implications for society and the environmental to be part of investment stewardship and in line with our fiduciary duty to our customer." As an asset owner, we expect all of our

appointed asset managers to be managing ESG risks appropriately, including those relating to modern slavery and human rights, both in direct operations of investee companies and within supplier chains, and question managers on such engagement regularly.

M&G Investments, our asset management business, has a policy of engagement with companies that we invest in to ensure they are considering and appropriately management environmental, social and governance risks including modern slavery. In practice, this means we seek a constructive dialogue with company management, supporting and encouraging them to find and remedy suspected instances of modern slavery or human rights abuses. We believe that engagement is a more effective way to encourage better corporate behaviour than 'naming and shaming', an approach that has discouraged companies from being transparent on these issues in recent years. Opacity creates risk for us as investors and perpetuates cycles of abuse relating to modern slavery which is why we encourage companies to discuss these issues openly and frequently.

In addition to actively tackling any modern slavery and human trafficking issues that might arise in our holdings, the Stewardship team in our asset management business is also working with external parties, such as the CCLA's '*Find it, Fix it, Prevent it*' initiative. We want to ensure that we understand the latest developments in this area and that we are contributing to the broader discussion about how financial services should play its part in tackling modern slavery and human trafficking. The '*Find it, Fix it, Prevent it*' initiative allows for investors and policy makers to exchange information and ideas in order to encourage greater disclosure and, ultimately, greater efforts by corporates to combat modern slavery.

Our Effectiveness Rating

We are pleased to report for 2021:

- No modern slavery concerns were identified as part of current monitoring procedures of our supply chain, including through our health and safety compliance, inspection and auditing processes.
- During 2021, we had no reports to 'Speak Out', our online and telephone confidential reporting service, involving modern slavery issues or concerns.
- We have not identified any problem suppliers during 2021 which required a contract exit process to be enacted due to any modern slavery concerns.
- We have not raised any issues specifically relating to modern slavery during 2021 through our policy attestation.

Approval Date

This 2021 statement was approved by the M&G plc Board on 22 February 2022 and by each of its Subsidiary Boards identified within scope as listed in the Appendix between March and May 2022.

Signed,

A handwritten signature in black ink, appearing to read 'John Foley', written over a faint, light-colored rectangular stamp or watermark.

John Foley
Chief Executive and Director
22 February 2022

Appendix

List of Subsidiary Boards within scope of section 54(2) of the Modern Slavery Act 2015

M&G Group Limited

M&G FA Limited

M&G Investments Limited (MAGIM)

M&G Alternatives Investments Limited (MAGAIM)

M&G Securities Limited

M&G Real Estate Limited

The Prudential Assurance Company Limited

Prudential Financial Planning Limited

Prudential Distribution Limited

Prudential Pension Limited

Prutec Limited

PGDS (UK One) Limited

Prudential Capital plc

Investment Funds Direct Limited (IFDL)