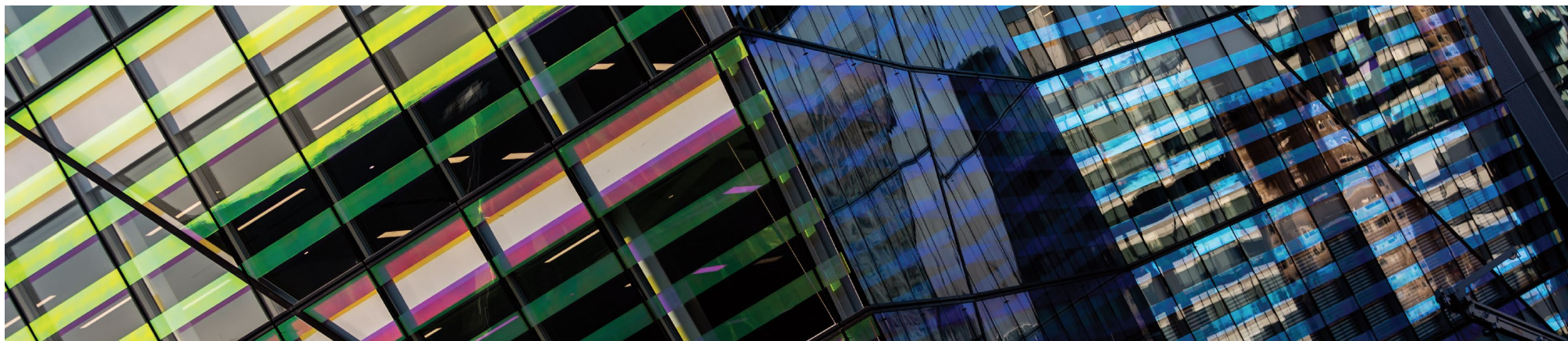




Gender and ethnicity pay gap

Report 2022





When I joined M&G in October 2022, I was pleased to see how seriously we take our commitment to diversity and inclusion. This is something I feel very passionate about.

Inclusion and diversity form the foundation of our culture at M&G – an inclusive, diverse and healthy working environment isn't just good for our people, it's also good for our business as it creates diversity of thought in our decision making.

In this report, we share our latest UK gender and ethnicity pay gap data and provide an update on what we are doing to narrow the gap and increase representation across our organisation.

Our Global Diversity and Inclusion Strategy sets out a clear five-year plan, including some ambitious targets for 2025, supported by a governance model that spans our entire enterprise and with global workstreams across gender, ethnicity/nationality, Lesbian, Gay, Bisexual and Transgender (LGBT+), disability and life stages.

At a Group level, our 2022 mean UK gender pay gap is 29.2%, an improvement of 0.1% on the 2021 reporting period. We know we have more work to do and believe that increasing female representation in senior roles is key to closing our gender pay gap.

In the three years since setting our 2025 target for women in 40% of leadership roles, we have made year on year progress, achieving 37% at the end of 2022 – an increase of 8% since 2019.

As a global company, we are aiming to improve gender balance across our entire organisation and in 2022, became signatories of the Women in Finance Charter in Ireland and the diversity charters in France and Italy.

In 2023, we will be voluntarily publishing gender pay gap data for our Prudential International Assurance business in Ireland, ahead of legislation.

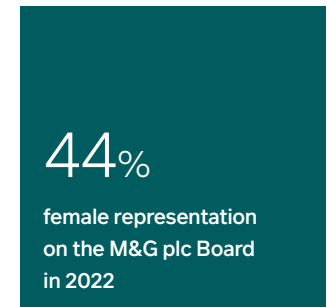
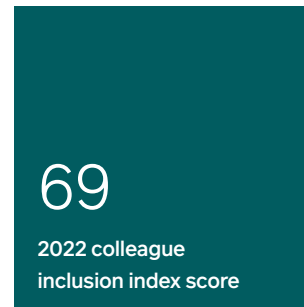
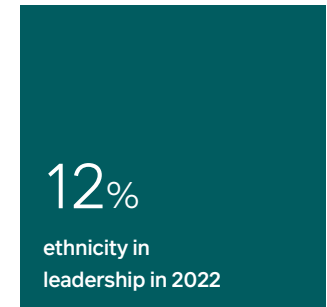
Transparency is key to driving positive change. Reporting our pay gap data means we are better able to measure our progress against our Diversity and Inclusion Strategy and hold ourselves accountable.

That is why we are also voluntarily reporting our ethnicity pay gap for the third year, in line with our commitment to the Race at Work Charter. At a Group level, our 2022 mean UK ethnicity pay gap is 5.5%, an improvement of 0.2% on the 2021 reporting period.

At the start of 2020, M&G set itself a target of achieving 20% Black, Asian and minority ethnic representation in senior leadership positions by 2025. We have not made the progress towards this ambition that we expected with 12% representation, reflecting only a 1% increase during this period. We are certainly not satisfied with this rate of change and are taking further steps to ensure greater improvement to reach our target.

While we continue to make progress across our organisation, we know we have more work to do. Closing our pay gaps will take time, but we are committed to long-term actions and will continue to hold ourselves to account.

Andrea Rossi
Group Chief Executive Officer, M&G plc





M&G's long-term success is dependent on our ability to attract and retain the very best people, and we recognise the strength that comes from having a diverse workforce.

Our latest numbers show that while progress is evident across our organisation, we have more work to do. Our gender pay gap demonstrates the challenge faced by our organisation and within our industry – the under-representation of women in senior leadership roles.

Over the last 12 months, we have decreased the mean pay gap to 29.2% (-0.1%) and our mean bonus gap to 67.5% (-1.8%). Our pay gaps are driven by the fact that we have more men than women in leadership, investment management, sales and senior operational roles, and more women in administrative and support roles.

Addressing our gender pay gap

Focusing our efforts on better representation of women in senior leadership and revenue generating roles is our greatest opportunity to continue to narrow our gender pay gap and improve representation across the industry.

In 2020, we established a 2025 target for women in 40% of leadership roles (Executive Committee and direct reports). This target makes up part of the non-financial goals and remuneration of the Group Chief Executive Officer and Chief Financial Officer, with progress being regularly reviewed by the remuneration and nominations committees of the M&G plc Board of Directors.

We are pleased to report year on year progress against this target with 37% of leadership roles held by women, as at 31 December 2022, including 40% of Executive Committee roles.

As at 31 December 2022, M&G plc's Board of Directors has 44% female representation, including its Senior Independent Director, Fiona Clutterbuck.

We are committed to achieving gender parity across our global operations. We have been a signatory of the UK HM Treasury Women in Finance Charter for five years. In 2022, we became signatories of the Women in Finance Charter in Ireland and the diversity charters in France and Italy, showing expanded support for this ambition internationally.

From 2023, we will be voluntarily publishing gender pay gap data for our Prudential International Assurance business in Ireland, ahead of the country's 2025 mandatory reporting obligation for businesses of this type.

Attracting and developing female talent

As a business, we work with diversity-focused search firms to deliver shortlists of candidates for senior roles that are at least 33% diverse to ensure we are reaching a wider pool of talent. To support this we also use female-focused job boards, including those available through Women in Data and Black Women in Asset Management to actively broaden our reach for great talent across the industry.

We remain committed to engaging, advancing and retaining female talent at all levels, across M&G plc. Our membership of 100 Women in Finance, enables us to offer additional networking and mentoring opportunities to women in our organisation, while introducing M&G plc as an inclusive employer to 25,000 members.

Through our gender network, Elevate, we have partnered with EveryWoman, a global learning and development platform that provides our people with access to a wealth of educational resources, advice from senior women in business and a network of businesses and organisations all over the world.

To mark our partnership with Black Women in Asset Management (BWAM) in 2022, we co-hosted a networking and panel event to discuss the opportunities and challenges faced by black women fund managers, and aimed at encouraging more women into investment careers.

We have been working hard for a number of years to attract talented young people from a range of backgrounds to consider careers in our industry and further develop our talent pipeline.

We maintained a gender balanced intake of talent on our 2022/23 apprenticeship programme in which 48% of our intake are women.

Due to the smaller size of these populations within M&G the figures may fluctuate from year to year, as we have seen with our female graduate intake for 2022 – which decreased to 29%.

Overall, we have seen a broadening of diversity among our intake, including by ethnicity, neurodiversity and social mobility, but we are taking steps to recapture the gender balance we have seen in previous years.

Support through life stages

We understand that a diverse workforce will have diverse needs, priorities and perspectives that evolve throughout their personal and professional lives, which is why Life Stages is part of our Diversity and Inclusion Strategy.

In the UK, our Inspiring Families Policy provides our people with the support they need when it comes to starting a family – whether maternity, adoption or kinship leave.

We offer all new parents, regardless of gender, up to 26 weeks leave at full pay. Many of our male colleagues are taking the opportunity of extended parental leave. This is helping to build greater understanding across our workforce of the challenges, historically faced by women, of taking extended family leave and the return to work.

We have also become one of the very first employers to add neonatal pay and leave to our colleague benefits, ensuring that parents with babies requiring specialist neonatal care can spend vital time with their baby instead of worrying about returning to work or taking unpaid leave. Our policy enables colleagues to take up to 12 weeks' paid neonatal leave at the end of their parental leave, regardless of gender.

Our Carer's Leave policy is there to support colleagues with significant caring commitments and help them find their balance, enabling them to take up to ten days carer's leave each year.

In 2022, we developed an enhanced Career Returner Programme in partnership with Women Returners, for experienced professionals looking to return to work after an extended career break. Each Returner works with a specialist coach, an internal programme manager, and has access to a mentor. This six-month programme offers flexible working arrangements, wherever possible, and in most cases has resulted in longer-term employment at M&G.

Studies have shown that one in ten women who worked during the menopause have left a job due to their symptoms*. To prevent this, we are committed to ensure that anyone going through perimenopause, menopause and other hormone-related conditions receives the right support at M&G.

In 2022, we became signatories of the Menopause Workplace Pledge and introduced our Menopause policy, supported by feedback from colleagues on our Menopause Taskforce.

We provide financial support with NHS prescription costs for HRT and Menopause-related medication. In addition, we have introduced changes to our private medical insurance benefit that provides financial support with consultations, blood tests and hormone therapy treatments.

The policy also outlines practical steps to support colleagues experiencing perimenopause and menopause and overcome the taboo surrounding these life stages. The Taskforce is now addressing how the policy will be applied across our global business.

While there is still more we can do, we are pleased with the progress we have made so far. It will take time to achieve gender parity, but we believe we are on course for continued improvement.

* Source: The Fawcett Society, Menopause and the Workplace.

Gender pay gap 2022

29.2%

difference in mean
hourly rate of pay

23.8%

difference in median
hourly rate of pay

67.5%

difference in
mean bonus pay

50.1%

difference in
median bonus pay

Gender pay gap data by reportable entity

The gender pay gap shows the difference in the average pay and bonus between female and male colleagues across an organisation irrespective of role and seniority. This is different to equal pay, which is the legal requirement to pay the same to men and women who are doing work of equal value.

M&G plc is made up of a number of UK reportable entities, which have more than 250 employees. While we manage our gender strategy at a Group level, and all policies and action plan apply to all parts of the organisation, the UK Gender Pay Gap Reporting legislation requires us to report separately for each of our reportable entities, as set out on the right-hand side.

The difference between median and mean

The mean pay gap is calculated by adding up all of the pay of M&G plc's UK employees and dividing it by the number of UK employees. The median gender pay gap is calculated by lining up all of M&G plc's UK employees' pay and finding the mid-point for men and women. The difference between those two mid-points is the median gender pay gap.

Gender pay gap: April 2021 to April 2022

The 2022 data[†] presented here represents all of our 4,177 UK-based employees as at April 2022. The mix of women and men in our workforce is currently 43% women and 57% men.

| | Pay | | | | | | | | | | Bonus | | | |
|---------------------------------|---------------------------------------|---|--------------------|----|---------------------------|----|---------------------------|----|--------------------|----|---------------------------|-----------------------------|-----------------------------|------|
| | Mean gender pay gap (hourly rate) (%) | Median gender pay gap (hourly rate) (%) | Upper quartile (%) | | Upper middle quartile (%) | | Lower middle quartile (%) | | Lower quartile (%) | | Mean gender bonus gap (%) | Median gender bonus gap (%) | Proportion with a bonus (%) | |
| | | | F | M | F | M | F | M | F | M | | | F | M |
| M&G plc (all UK entities) | 29.2 | 23.8 | 28 | 72 | 39 | 61 | 49 | 51 | 57 | 43 | 67.5 | 50.1 | 94.4 | 94.1 |
| M&G FA Limited | 34 | 29.3 | 24 | 76 | 33 | 67 | 46 | 54 | 60 | 40 | 70.7 | 58.2 | 93.2 | 94.5 |
| Prudential Distribution Limited | 22.4 | 20.5 | 31 | 69 | 45 | 55 | 46 | 54 | 59 | 41 | 52.5 | 52.4 | 93.7 | 92.7 |
| Prudential UK Services Limited | 19.6 | 13 | 37 | 63 | 52 | 48 | 53 | 47 | 58 | 42 | 39.8 | 22.2 | 94.3 | 93 |
| IFDL | 18.7 | 0.4 | 35 | 65 | 55 | 45 | 50 | 50 | 42 | 58 | 29 | 5.2 | 97.6 | 95.3 |

F= Female M= Male

[†]It should be noted that changes in smaller employee populations, such as leadership position changes, can produce significant shifts in the demographic/diversity data.



I experienced perimenopause very early, which nearly resulted in the end of my relationship with my partner. I was incredibly unhappy and had no idea what was happening to me – it was terrifying, and I thought all the physical and mental changes I was experiencing were permanent.

I felt like I was becoming a different person. I could function at work but brought my problems home and took my moods out on my partner.

I remember losing my vocabulary and forgetting names. This is the ‘brain fog’ that many women experience that changes their ability to think clearly, make decisions and function well, and these symptoms can be permanent if not treated*. I experienced other symptoms regularly, such as depression, a lack of enjoyment in exercise or socialising, difficulty sleeping and unexplained weight gain – all of which left me feeling even worse.

Intuitively, I suspected that a hormone imbalance significantly contributed to my issues, but the test available through the NHS came back ‘normal’, although I felt anything but. I persevered and eventually had a specialist blood test that confirmed my diagnosis of perimenopause. I was lucky, I had a friend who was an expert in this area, but it’s important not to give up and keep pushing for help.

I have now been receiving hormone treatment for the past six years – quite frankly, it’s been life changing. Getting diagnosed and receiving treatment helped me get my ‘me’ back.

I want to help normalise the conversation around menopause in the workplace. Hormone imbalances, such as menopause, can affect both men and women, and many won’t know what is causing their issues. These aren’t topics that we should feel embarrassed discussing, and I think it’s important that we are all able to recognise the signs, understand what’s happening, and offer our support where possible.



Megan Jones
Private and Alternative Assets



*All the common symptoms of menopause are associated with a decrease in the body’s oestrogen production. Evidence shows a 25% permanent reduction in brain activity if oestrogen isn’t replenished through hormone replacement therapy (HRT) during perimenopause.

Ethnicity pay gap

For the third year, we are voluntarily disclosing our ethnicity pay gap data, ahead of a statutory requirement to do so.

This underpins our commitment to improving overall diversity at M&G, and helps us to measure progress against our targets.

Our ethnicity pay gap shows a mixed picture. We have decreased the mean pay gap to 5.5% (-0.2%) over the last 12 months, but have seen an increase in our mean bonus gap to 36.1% (2.1%). Increasing Black, Asian and minority ethnic representation in senior leadership is key to addressing our ethnicity pay gap.

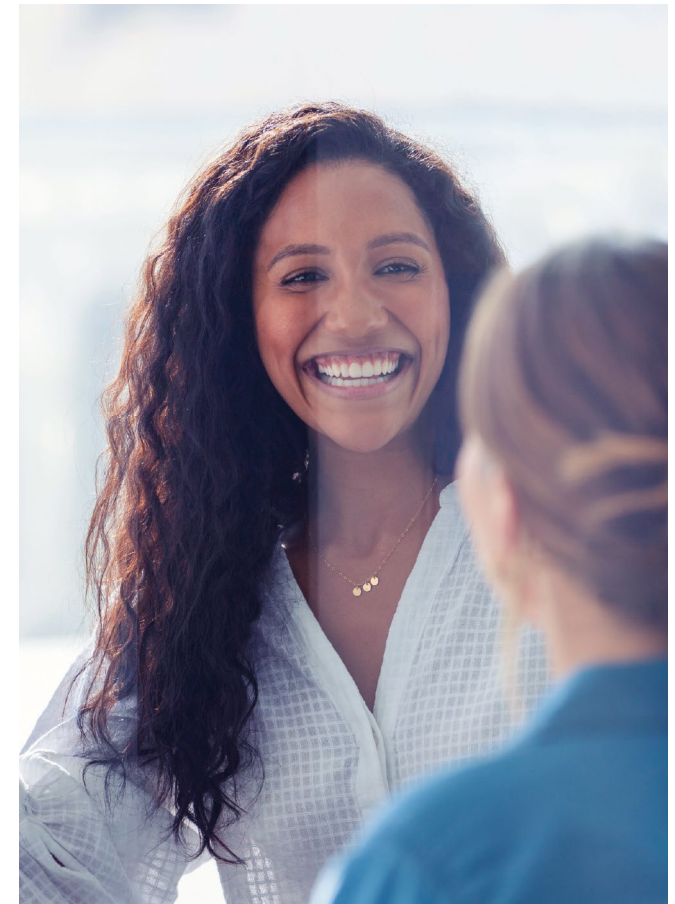
We know that self-disclosure requires trust. This is why we take steps to continually improve rates of self-disclosure through communications campaigns designed to reassure our people how their data is confidentially collected, securely stored and ultimately reported.

Overall, we have seen an increase of 0.2% in Black, Asian and minority ethnic representation across our UK workforce.

At the start of 2020, we set a target of achieving 20% Black, Asian and minority ethnic representation in senior leadership by 2025. We are reporting only 12% representation at the Executive Committee and direct reports level, as at 31 December 2022, reflecting a 1% decrease since the same period last year.

Changes in the smaller leadership population can produce significant shifts in our data. We remain committed to deliver these targets by 2025 and are taking steps to improve our recruitment and promotion of leaders who identify as Black, Asian or minority ethnic.

In 2022, M&G's Board of Directors met our commitment to The Parker Review, increasing the ethnic diversity of Board membership. The Board is fully committed to continuing to focus on its overall diversity by attracting the broadest range of leaders.



Attracting and developing talent

We have developed a holistic approach to improving ethnic diversity across the entire talent management life cycle.

When recruiting, we work with diversity-focused search firms to deliver shortlists of candidates for senior roles that are at least 33% diverse to ensure we are reaching the most diverse talent pool possible. We also post all of our investment and finance roles on career sites, such as Black Women in Asset Management to actively broaden our reach for great talent across the industry.

In 2021, we launched the Aspire Career Exploration programme, designed to identify, develop and nurture our existing diverse talent within M&G. It is open to everyone but targeted towards Black, Asian and minority ethnic colleagues who want to explore the option to become leaders in distribution, or client-facing investment roles. Our 2021/22 programme was a great success resulting in over 80% of participants finding permanent front office roles.

Ethnicity pay gap 2022



Through our sponsorship of the STRETCH Conference by Career Masterclass, we continue to provide targeted networking and development opportunities to colleagues, while actively recruiting diverse talent. M&G plc and the Embrace Network (previously M&G Cultural Awareness Network) have sponsored this leading career development conference targeted at Black, Asian and minority ethnic professionals since 2019.

We have continued to work with partners on key initiatives to provide young people with access to work experience opportunities. These include:

- #10000BlackInterns Programme, which offers paid work experience to help transform the horizons and prospects of young black people,
- Urban Synergy, an award-winning early intervention mentoring charity that helps young people aged 11-18 reach their full potential and provides career opportunities through intern, graduate and apprenticeship schemes, and
- The Talent Foundry's 'Skills for Life', an employability and enterprise programme that helps young people from all backgrounds to develop valuable new employment skills to take the first step into the world of work.

We are pleased to say that five people from The Talent Foundry and Urban Synergy 'Bridge to M&G' programmes have joined us on the 2022 Apprenticeship Scheme.

Our Graduate and Apprenticeship Schemes continue to be a popular choice for young people entering the industry, and each year we see a broadening of diversity among these populations.

We have strong representation on our 2022/23 graduate scheme, in which 50% of our intake are from Black, Asian or minority ethnic backgrounds; while 38% of our apprentice intake are from Black, Asian or minority ethnic backgrounds.

We are pleased with the progress we are making so far, but there is always more that we can do. We will continue to set ambitious targets for ourselves to ensure fair representation of Black, Asian and minority ethnic backgrounds at all levels of our organisation.

Our commitment to diversity and inclusion in early careers

We understand the benefits a diverse workforce brings to our people, our customers and our business, which is why diversity and inclusion is one of our key sustainability priorities.

From senior hires right through to early careers we are improving diversity at M&G.

Over time, we have continued to focus on broadening the diversity of our apprentice population and for the last three years have been measuring diversity against the categories of ethnicity, gender, social mobility and neurodiversity.

Our 2022 apprentice intake is our most diverse yet.

- Ethnicity – 38%
- Female – 48%
- Male – 52%
- Social Mobility – 38%
- Neurodiversity – 33%

We have an above average retention rate for our apprenticeship scheme compared to the 2020/21 UK national average of 58.8%* with 100% of M&G apprentices completing the scheme in each of the last two years.

* National achievement rate tables from the Department for Education, UK

Ethnicity pay gap data by reportable entity

Our ethnicity pay gap data is calculated using the same calculation methodology as for gender pay gap reporting, based on colleagues who declared their ethnicity. Colleagues who did not share ethnicity information have been included in the White population data. At M&G plc, we believe that transparency is key to driving real change, which is why we have chosen to report our ethnicity pay gap in the same way that we report our gender pay gap data: by the UK entities which have more than 250 employees, as set out on the right.

The ethnicity pay gap shows the difference in the average pay and bonus between Black, Asian and minority ethnic colleagues and White colleagues across an organisation irrespective of role and seniority. This is different to equal pay, which is the legal requirement to pay the same to people who are doing work of equal value.

The difference between median and mean

The mean pay gap is calculated by adding up all of the pay of M&G plc's UK employees and dividing it by the number of UK employees. The median ethnicity pay gap is calculated by lining up all of M&G plc's UK employees' pay and finding the mid-point for Black, Asian and minority ethnic colleagues, and White colleagues. The difference between those two midpoints is the median ethnicity pay gap.

Ethnicity pay gap: April 2021 to April 2022

The 2022 data[†] presented here represents all of our 4,177 UK-based employees as at April 2022. The mix of Black, Asian and minority ethnic employees and White employees in our UK workforce is currently 17.2% Black, Asian and minority ethnic and 82.8% White.

| | Pay | | | | | | | | | | Bonus | | | |
|---------------------------------|--|--|--------------------|----|---------------------------|----|---------------------------|----|--------------------|----|------------------------------|--------------------------------|-----------------------------|------|
| | Mean ethnicity pay gap (hourly rate) (%) | Median ethnicity pay gap (hourly rate) (%) | Upper quartile (%) | | Upper middle quartile (%) | | Lower middle quartile (%) | | Lower quartile (%) | | Mean ethnicity bonus gap (%) | Median ethnicity bonus gap (%) | Proportion with a bonus (%) | |
| | | | BAME | W | BAME | W | BAME | W | BAME | W | | | BAME | W |
| | | | | | | | | | | | | | | |
| M&G plc (all UK entities) | 5.5 | -7 | 16 | 84 | 21 | 79 | 21 | 79 | 10 | 90 | 36.1 | -0.9 | 89.8 | 95.2 |
| M&G FA Limited | 21.7 | 9.1 | 16 | 84 | 25 | 75 | 24 | 76 | 28 | 72 | 56.3 | 14.1 | 91.1 | 95.3 |
| Prudential Distribution Limited | -20.5 | -24 | 14 | 86 | 12 | 88 | 12 | 88 | 3 | 97 | -4.2 | -46.6 | 85 | 94.6 |
| Prudential UK Services Limited | 10.5 | 1.7 | 13 | 87 | 28 | 72 | 24 | 76 | 12 | 82 | 30.8 | 3.7 | 88.1 | 95.6 |
| IDFL | 39.5 | 27.7 | 5 | 95 | 9 | 91 | 17 | 83 | 22 | 78 | 68.7 | 55.7 | 80.0 | 92.9 |

BAME = Black, Asian and minority ethnic W = White

[†]It should be noted that changes in smaller employee populations, such as leadership position changes, can produce significant shifts in the demographic/diversity data.



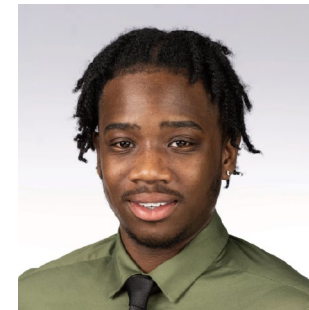
Growing up in my area of South London, I didn't have any role models that worked in the corporate world, so it was hard to know what skills I might need to succeed in the workplace.

Working with Urban Synergy I gained valuable experience and enough confidence to take that first step into the world of work. They provided a mentor and hosted events with people from member firms, so we could understand more about what they do and have to offer. When I first started on the scheme, I felt nervous and would sit in the corner without speaking. Urban Synergy taught us how to network and pushed us just enough to build self-confidence. I can see a real difference in myself compared to the person I was at college.

One of my opportunities was with M&G. From the moment I started I knew it was the company I wanted to work with longer term. I felt confident in the way they hosted the work experience programme and knew I would be well supported if I joined the apprenticeship scheme. So, when the opportunity came, I jumped at the chance to apply.

As an apprentice I feel valued, and I know I can ask anyone for help. I work as a Project Support Officer Apprentice and alongside my practical training, M&G gives me a study day each week to complete the learning modules for my Associate Project Manager Level 4 apprenticeship qualification. My responsibilities have increased over time and I'm now taking on Project Management Officer tasks. It's more intense but I'm really enjoying it.

As I work towards my own goals and ambitions, I hope that I am a role model to others and the change they need to see to know what is possible.



Dmitry Logan
M&G Apprentice



Declaration

I can confirm that the information contained in this report is accurate.

A handwritten signature in black ink, appearing to read 'Andrea Rossi', with a stylized flourish at the end.

Andrea Rossi

Group Chief Executive Officer, M&G plc

