



Gender and ethnicity pay gap

Report 2020/21





At M&G plc, we believe that a well-governed business, run in a sustainable way, will deliver better outcomes for our customers and clients and make a positive contribution to society. To do this well, our workforce has to reflect the society we're aiming to serve, in all its diversity. By bringing together and listening to people with diverse backgrounds and experiences, we can better engage our people, benefit from different thinking, and better serve our customers and clients.

That is why diversity and inclusion is one of the two strategic sustainability priorities for M&G plc, along with climate change.

In January 2020, we launched our Global Diversity and Inclusion Strategy, which puts in place the strategic framework, success measures, leadership commitments and goals across five strategic pillars, including Gender and Ethnicity/Nationality.

In order to support this strategy and provide the most up to date data, we have taken the opportunity to publish both 2020 and 2021 data in this report, including ethnicity pay gap data for the first time. This industry leading approach provides greater transparency to our commitments made in our diversity strategy and underpins the work that still needs to be accomplished to achieve these goals.

At a Group level, we saw a significant shift in the senior manager structure in the 2020 gender pay reporting period as the organisation prepared for the demerger from Prudential plc. This established a new gender pay gap baseline for M&G plc as an independent firm which is higher than the data reported in 2019. **You can access the 2019 report here.**

The 2020 reporting period set a new baseline with a mean gender pay gap of 30.5% for M&G plc. The gender pay gap for 2021 is 29.3%, an improvement of 1.2% on the 2020 reporting period. Increasing female representation in senior roles is key to closing our gender pay gap and we have set ourselves a target of achieving women in 40% of leadership roles by 2025.

We are pleased to report a year on year improvement on this commitment, achieving 30% female representation at the Executive Committee and direct reports level for the 2020 calendar year.

This is the first year we are reporting our ethnicity pay gap data. While there isn't a legislative requirement at present, we believe that transparency is key to driving positive change. At a Group level, our 2021 mean ethnicity pay gap is 5.7%.

At the start of 2020, in addition to our gender commitment, we set ourselves a target of achieving 20% ethnic minority representation in senior leadership by 2025. We have made good progress toward this ambition with 14% Black, Asian and minority ethnic representation at the Executive Committee and direct reports level, reflecting a 3% improvement for the 2020 calendar year.

Progress is being made across our organisation, but it is clear that we have more work to do. We remain committed to our strategy and are determined to deliver the sustainable long-term changes which will ensure that M&G plc is an organisation in which everyone can thrive.

30%

women in leadership in 2020

14%

ethnicity in leadership in 2020

+11%

improvement in our 2020 colleague inclusion index

57%

female representation on the M&G plc Board



Gender pay gap



We are determined to narrow our gender pay gap and will do this by achieving better representation of women in all roles at all levels of our organisation, especially in leadership positions.

We have a gender balanced board, in which 57% of Directors are women. Throughout the business we are working 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.

The M&G Connected Leaders is a community of senior leaders from all areas of our business who are ultimately responsible for delivering the M&G business strategy. The number of female leaders in this group rose from 26% in 2020 to 27% in 2021.

In fact, we are committed to engaging, advancing and retaining female talent at all levels, across M&G plc.

In 2019, we launched Elevate, our gender network, which seeks to support and promote gender balance, empowering colleagues at all levels to achieve their true potential on their own terms. The network runs regular events and coaching circles aimed at the ongoing development and progression of our people.

Our partnership with EveryWoman, a global learning and development platform, also 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.

Through our membership of the 100 Women in Finance, we are able to offer additional access to networking, mentoring and development opportunities for 100 women across the organisation.

M&G is a signatory of the HM Treasury Women in Finance charter and fully support the 30% Club's ambitions for women on Boards and in senior management.

We have been working hard for a number of years at attracting talented young people from a broad range of backgrounds to consider careers in our industry, including women.

Through events such as our annual Women in Investment Management event we continue to connect female undergraduates considering a career in investment management with female role models in our business to share insight into what a career in our industry can offer.

These efforts are beginning to pay off, as this year our targeted approach to graduate recruitment resulted in a 75% female graduate intake, up from 43% in 2020.

We also have a strong, gender balanced intake of talent on our apprenticeship programme in which 55% of our 2021 intake are women.

While there is still more we can do, we are pleased with the progress we have made so far, such as our inclusion in the 2021 Bloomberg Gender-Equality Index, achieving an overall score of 67.92% against an average of 66%, and a disclosure score of 96.2% against an average of 94%.

The publication of our annual pay gap report, rightly, holds us to account for the goals that we have set ourselves. We will continue our focus on increasing female representation in senior roles.

It will take time to achieve gender parity, but we believe we are on course for continued improvement.

Gender pay gap 2021

29.3%

difference in mean
hourly rate of pay

26.1%

difference in median
hourly rate of pay

69.3%

difference in
mean bonus pay

49%

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 2019 to April 2020

The 2020 data[†] presented here represents all of our 4,853 UK-based employees as at April 2020. The mix of women and men in our workforce at that time was 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)	30.5	26.6	28	72	38	62	47	53	58	42	70.8	51.1	92.5	92.7
Investment Funds Direct Limited (Ascentric)*	4.8	2.5	39	61	46	54	46	54	42	58	22.4	11.4	93.1	92.5
M&G FA Limited	36.1	30.5	22	78	37	63	49	51	62	38	78.5	58.9	94.6	93.4
Prudential Distribution Limited	29.6	27.9	29	71	45	55	52	48	65	35	56.9	45.0	92.5	91.4
Prudential Financial Planning Limited**	1.1	-3.7	31	69	26	74	24	76	30	70	4.1	6.1	91.5	96.7
Prudential UK Services Limited	26.3	16.8	37	63	49	51	50	50	66	34	45.3	36.7	87.5	88.9

F= Female M= Male

*Investment Funds Direct Limited (IFDL) reports for the first time in M&G plc's 2020 gender pay gap data, following M&G's acquisition of IFDL in September 2020. IFDL's shift in mean pay from 2020 to 2021 is a result of leadership transfers from its previous parent company, Royal London, to IFDL following its acquisition by M&G. These leadership moves across legal entities establish a 2021 baseline pay gap data for this legal entity moving forward.

**Prudential Financial Planning Limited is captured in our 2020 data only as the population of this legal entity dropped below 250 at 31 December 2020.

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

Gender pay gap: April 2020 to April 2021

The 2021 data† presented here is for all of our 4,480 UK-based employees. The mix of women and men in our workforce is currently 44% women and 56% 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)	29.3	26.1	27	73	41	59	50	50	58	42	69.3	49.0	94.3	95.4
Investment Funds Direct Limited (Ascentric)*	15.4	5.5	41	59	43	57	48	52	49	51	24.7	-1.2	99.5	98.1
M&G FA Limited	31.8	29.4	24	76	35	65	47	53	58	42	73.2	49.6	95.1	95.2
Prudential Distribution Limited	26.7	26.5	31	69	45	55	50	50	67	33	53.2	52.5	93.3	95.6
Prudential UK Services Limited	22.2	14.9	36	64	51	49	52	48	62	38	50.8	30.0	91.4	92.9

F= Female M= Male

*Investment Funds Direct Limited (IFDL) reports for the first time in M&G plc's 2020 gender pay gap data, following M&G's acquisition of IFDL in September 2020. IFDL's shift in mean pay from 2020 to 2021 is a result of leadership transfers from its previous parent company, Royal London, to IFDL following its acquisition by M&G. These leadership moves across legal entities establish a 2021 baseline pay gap data for this legal entity moving forward.

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Ethnicity pay gap



The disclosure of diversity data, such as ethnicity pay gap, underpins our commitment to improving the overall diversity of leadership at M&G. This is the first time we are disclosing this information, but we will continue to publish both gender and ethnicity data moving forward to report our progress.

Establishing a goal for improving the ethnicity of senior leadership alone, aligned to our commitment to the Race at Work Charter, won't address the issue of representation. Which is why, at all levels, we have committed to changes in the way we connect more of our Black, Asian and minority ethnic colleagues to senior opportunities, develop talent from within and foster a culture where everyone can thrive.

We continue to provide targeted networking and development opportunities to colleagues through our sponsorship of the STRETCH Conference. M&G plc and our Cultural Awareness Network (M&G CAN) has sponsored this leading career development conference targeted at Black, Asian and minority ethnic professionals since 2019.

In 2020, we established the Race at Work Action Group, made up of colleagues from across the business, to provide greater insights into career progress and inclusion. The Group has already consulted on a review to improve our recruitment processes, and co-ordinated M&G's support of the following key initiatives:

- The #IAM campaign, aimed at raising awareness and reducing the impact of discrimination and bias by humanizing the lives and experiences of colleagues who identify as Black, Asian and minority ethnic while also giving voice to allies of these communities.
- 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.

Through our graduate, intern and apprenticeship schemes we are creating a pipeline of diverse talent. In 2021, 48% of our graduates and interns are from Black, Asian and minority ethnic backgrounds, an increase of 18% on 2020.

Following the success of our Women in Investment Management events, this year we will be hosting a virtual Insights event focused on students from Black, Asian and minority ethnic backgrounds who are considering a career in investment management.

We are participants in the #10000BlackInterns Programme, which offers paid work experience to help transform the horizons and prospects of young black people.

M&G also supports The Skills Workshop, a new initiative co-ordinated by The Diversity Project, which provides free, virtual workshops to students wishing to start a career in the investment and savings industry, with a particular focus on encouraging uptake from ethnic minority students from socially deprived 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.

Ethnicity pay gap 2021

5.7%

difference in mean
hourly rate of pay

-11.2%

difference in median
hourly rate of pay

34%

difference in
mean bonus pay

2.6%

difference in
median bonus pay

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 mid-points is the median ethnicity pay gap.

Ethnicity pay gap: April 2019 to April 2020

The 2020 data[†] presented here represents all of our 4,853 UK-based employees as at April 2020. The mix of Black, Asian and minority ethnic employees and White employees in our UK workforce at that time was 15% Black, Asian and minority ethnic and 85% 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)	9.3	-8.4	15	85	18	82	17	83	10	90	43.6	1.4	91.5	94.8
M&G FA Limited	23.7	5.1	16	84	24	76	26	74	22	78	62.8	18.7	93.4	95.9
Prudential Distribution Limited	-19.5	-35.2	13	87	7	93	8	92	3	97	4.1	11.4	89.6	94.7
Prudential Financial Planning Limited*	8.1	11.2	7	93	5	95	10	90	8	92	3.5	-4.8	92.6	95.3
Prudential UK Services Limited	16.1	-4.0	13	87	23	77	17	83	16	84	61.1	26.2	88.7	90.2

BAME = Black, Asian and minority ethnic W = White

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

Ethnicity pay gap: April 2020 to April 2021

The 2021 data† presented here is for all of our 4,480 UK-based employees. The mix of Black, Asian and minority ethnic employees and White employees in our UK workforce is currently 17% Black, Asian and minority ethnic and 83% 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)	5.7	-11.2	16	84	21	79	19	81	10	90	34.0	2.6	93.3	95.5
Investment Funds Direct Limited (Ascentric)**	23.3	-1.7	9	91	7	93	11	89	0	100	37.4	-67.7	100.0	97.5
M&G FA Limited	18.7	3.2	16	84	26	74	24	76	22	78	53.5	9.1	94.5	95.9
Prudential Distribution Limited	-22.5	-38.8	15	85	8	92	10	90	3	97	-4.8	-37.2	92.9	95.6
Prudential UK Services Limited	11.2	-2.7	13	87	26	74	19	81	18	82	27.8	18.6	90.1	92.9

BAME = Black, Asian and minority ethnic W = White

*Prudential Financial Planning Limited is captured in our 2020 data only as the population of this legal entity dropped below 250 at 31 December 2020.

**Investment Funds Direct Limited did not gather ethnicity data prior to its acquisition by M&G plc and therefore appears only in the 2021 data set.

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

Declaration

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

John Foley

Chief Executive, M&G plc

