

# Conflicts of Interest Disclosure Statement

January 2022



## 1. Introduction

It is a fundamental requirement for a financial services firm to identify and manage conflicts of interest. This is central to the duty of care we owe to our clients. M&G will use all reasonable endeavours to identify conflicts of interest and then take steps to either avoid, or manage, them effectively and to treat clients fairly.

This document seeks to provide a high-level description of how conflicts of interest can arise in our business and how they are managed. M&G has numerous controls, policies and procedures in place to ensure that we effectively identify, prevent and/or manage conflicts when providing services or products to clients. M&G employees, directors and non-executive directors of entities within the M&G Group (together 'Employee') are required to follow them.

As M&G is a business unit within the M&G plc group, actual or potential conflicts arising from that relationship have also been considered as part of this statement.

## 2. What conflicts could arise?

A conflict of interest may arise where competing obligations or motivations may damage the interests of clients.

In identifying the conflicts of interest that may arise when providing services to clients, M&G will consider the following:-

- A client is disadvantaged or makes a loss when simultaneously an employee makes a personal gain or other advantage (*individual versus client conflict*);
- A client is disadvantaged or makes a loss when simultaneously M&G is then advantaged or makes a gain (*firm versus client conflict*);
- A client makes a gain or avoids a loss when simultaneously another client thereby makes a loss or is disadvantaged (*client versus client conflict*); and
- An M&G entity and its clients benefits at the expense of another group entity and its respective clients (*intra-group conflict*).

## 3. How are conflicts managed?

M&G is required to maintain and operate effective organisational and administrative arrangements with a view to taking all appropriate steps to prevent conflicts of interest from adversely affecting the interests of clients.

M&G has a strong culture of managing conflicts of interests, supported by a wide range of processes and policies. All staff are provided with training to ensure awareness and understanding of how conflicts could arise and to enable staff to identify, report and adequately manage such conflicts.

Steps taken by M&G to manage actual and potential conflicts can include, but is not limited to, the following:

- Effective procedures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients;
- The separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict, or who otherwise represent different interests that may conflict;
- The removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities;

- Measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest;
- Reporting lines which limit or prevent any person from exercising inappropriate influence over the way in which a relevant person carries out investment or ancillary services or activities;
- As required by the M&G Personal Conflicts Standard, all employees are required to identify and disclose any personal associations that may give rise to an actual or perceived conflict of interest;
- Internal guidance and training on how to identify, prevent and/or manage potential and actual conflicts of interest;
- Processes to ensure that issues identified are referred to and considered at the appropriate level within M&G.

Overall responsibility for the oversight of M&G's conflicts of interest framework resides with the M&G Conflicts of Interest Committee (the 'Committee'), a sub-committee of the board of M&G Group Limited ('M&G Group'). The Committee assists the board in discharging its responsibility for embedding an appropriate culture and ensuring M&G acts consistently with its duty to deliver fair outcomes to customers. The highest standards of integrity and ethical conduct are expected always from an Employee.

#### **4. Disclosure and Declining to Act**

If the arrangements made by M&G to identify, prevent or manage a conflict of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to a client's interests will be prevented, M&G will make an appropriate disclosure (in accordance with regulatory requirements) to the relevant client before undertaking any further activity.

Where it is not possible to satisfactorily manage a conflict (including where disclosure is not a sufficient option) M&G will decline to act for the client concerned.

#### **5. Scope of Statement**

This statement is issued for and on behalf of the M&G Group, including regulated entities and other relevant operating subsidiaries.