

M&G plc Modern Slavery Transparency Statement 2019

M&G plc is dedicated to providing savings and investment opportunities to our customers; social and economic benefits to the communities in which we operate; jobs and opportunities to our employees; and financial benefits for our investors. We are committed to ensuring that slavery, human trafficking, child labour or any other abuse of human rights has no place in our organisation or supply chain.

We set out below our transparency statement under the UK Modern Slavery Act 2015 ("**MSA**"), for the 2019 financial year, which details what we have done and are doing to help us deliver on this commitment. This statement is published by M&G plc on behalf of itself and each of its subsidiary commercial organisations carrying on a business in the UK which has an annual turnover in excess of £36 million (each a "**Subsidiary**").

Our business structure

M&G plc is a leading savings and investments business, managing investments for both individuals and for large institutional investors, such as pension funds, around the world.

We have a single corporate identity, M&G plc, and two customer-facing brands: Prudential and M&G Investments. Prudential offers savings and insurance for customers in the UK and Europe and for asset management in South Africa. M&G Investments manages assets for clients globally.

M&G plc serves around 5.5 million customers and has £352 billion of assets under management (as at 31st December 2019). Further detail on the Group can be found [here](#).

During the period of 1st January 2019 to 20th October 2019, M&G plc was part of the Prudential plc Group. On the 21st October 2019, M&G plc demerged from Prudential plc and listed on the London Stock Exchange. This statement refers to the activities associated with M&G plc and subsidiaries during both periods. Corresponding work undertaken by Prudential plc, can be found on their own separate company website at the link [here](#).

Modern Slavery

The MSA defines Modern Slavery as "slavery, servitude and forced or compulsory labour" and "human trafficking" ("**Modern Slavery**"). As a financial services provider, we believe that the risk of Modern Slavery occurring within our core financial services business is relatively low. Therefore, the focus of our efforts in relation to the detection and prevention of Modern Slavery is directed towards our supply chain, which is of a type that will be similar to that of many other financial services and professional services firms. Our supply chain providers include businesses that provide and maintain our Information Technology ("IT") network and systems, businesses that provide specialist professional and advisory services, and businesses that support our staff and their work environment (such as facilities management and office services). Our supply chain procurement activities do not fall in key problem areas of agricultural production and high-volume manufacturing (such as clothing manufacture).

Our governance and policies

Our Group Governance Framework sets out the policies and processes by which the Group operates, taking into account relevant statutory and regulatory matters, including social, environmental and ethical practices adopted across the organisation. It is mandatory for each of M&G plc's divisions, on an annual

basis, to evaluate and certify its compliance with the requirements set out within Group-wide policies as well as other matters. Formal reporting and approval procedures are followed when defining corrective actions to address instances of non-compliance.

Prior to the Demerger, the following Prudential plc policies supported M&G plc in meeting our MSA related responsibilities: **Group Third Party Supply Policy, Group Health and Safety Policy, Group Employee Relations and Resourcing Policies, Group Security Policy, covering confidential reporting**. Further details on these Prudential plc policies can be found on the Prudential plc MSA, at the link [here](#).

After the Demerger, M&G plc created its Group Governance Framework ("GGF"). This sets out the general principles by which we conduct our business and ourselves. It defines our approach to governance, demonstrates our approach to internal controls and helps us meet regulatory requirements. It includes Group-wide policies and governance processes which are key tools in our journey to meet our MSA commitments. Policies are reviewed and updated annually.

The Board is responsible for establishing appropriate systems of risk management and internal control within the Group and for reviewing their effectiveness. To discharge this responsibility, the Board has established a system of governance as well as a Group Risk Framework ("GRF") using the 'three lines of defence' model, which is designed to establish clear accountabilities and to protect the interests of the Group's customers, shareholders and other stakeholders. The Board aims to maintain a sound system of internal control. The Group has established a GGF as an integral part of meeting this objective and complying with the various regulatory regimes under which the Group operates.

Our Group Third Party Supply Policy reflects both internal objectives and regulatory requirements within which our business operates:

- **M&G plc Third Party Supply Policy**

We are committed to ensuring we have a robust, well-managed third party and outsourced supplier network. Our policy addresses risks in the design, delivery and governance of third party arrangements by integrating our framework into the lifecycle of third party arrangements.

As part of minimum standards, all divisions within the Group are expected to take into consideration legislation and adhere to and verify compliance with Policy requirements, including (where relevant) the requirements of the Modern Slavery Act.

Outsourced arrangements are subject to the requirements of the Third Party Risk Management Policy. All outsourced relationships will have an Accountable M&G plc Executive who will update the relevant boards and committees, using management information required under the Outsource arrangement contract.

As part of the selection process for possible critical third party supply arrangements, an assessment will take place to understand the potential risks of the supplier breaching the United Nations Declaration of Human Rights ("UDHR"). All our employees are expected to ensure that third party arrangements are entered into with compliance with our M&G plc Third Party Risk Management Policy. This policy is read in conjunction with the GGF and Risk Management Framework of the Group.

- **M&G plc Reputational Risk Policy**

We believe that the perception our stakeholders have of our business is shaped by their level of expectation and our ability to meet such expectations. Importantly, it should be recognised that

Reputational Risk is a pervasive risk, which not only arises from process and delivery failures, but also from people's behaviours and/or ineffective communication.

The purpose of the policy is to minimise Reputational Risk by appropriately considering reputational risk in our activities, behaviours and communications. This is pertinent to how we work with our third party suppliers around Modern Slavery exposure and mitigation. This is defined through the allocation of key roles and responsibilities for the identification, measurement, management, monitoring and reporting of reputational risks; and the principles for embedding the consideration of reputational risk into decision making and strengthening responses to reputational crises.

- **M&G plc Health and Safety Policy**

We recognise the importance of managing the health, safety and wellbeing of our employees, and of controlling the level of safety and health related risks to which our employees, suppliers, customers and visitors are exposed to. We are committed to ensuring compliance with health and safety legislation and standards, and working with our suppliers and contractors to ensure they adopt industry best practice in whichever location they are based.

- **M&G plc Employee Relations Policy**

We believe in supporting human rights and acting responsibly and with integrity in everything we do. Our policies are guided by the UDHR and the International Labour Organisation's core labour standards.

- **M&G plc Conduct Risk Policy, covering additional frameworks and underlying policies relating to confidential reporting**

We operate a "Speak Out" online and telephone confidential reporting service which encourages employees to raise concerns such as issues relating to including Modern Slavery, including concerns about human rights violations. This reporting service is extended to raising concerns about our third party suppliers. Each concern submitted is assessed and investigated with remedial activity if required. The "Speak Out" reporting service is overseen by M&G Plc's Audit Committee.

Our due diligence

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.

- 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 Management determine the nature of services provided by suppliers and identify associated risks, including any potential risk exposure to Modern Slavery. Similarly, our Workplace Solutions (previously Corporate Property) team has developed and implemented a supplier segmentation tool to help identify, manage and mitigate risks, including Modern Slavery. This is applied across the lifecycle of the deal at pre-contract, contracting, deployment and ongoing service monitoring.

- During 2019, M&G plc developed a transformation programme to review suppliers where there is a heightened exposure to Modern Slavery (for example, uniform provision) to ensure that we have up-to-date due diligence and can evidence full compliance is being properly maintained. This took the form of a questionnaire which further evidences that we are committed to the continued development of our approach to Modern Slavery related risk identification and proactive mitigation within our Supply Chain. Such activity will continue to be developed throughout 2020.
- M&G plc contracts remain refreshed and updated for Modern Slavery provisions.

Our training

Every year, our employees are required to complete training reflecting our regulatory and legal obligations as a financial services provider.

Additionally, M&G plc have invested in upskilling our Procurement staff and Workplace Solutions teams in Modern Slavery Awareness Training in 2019.

Our effectiveness rating

We are pleased to report for 2019:

- So far as we are aware, 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 2019, 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 2019 which required a contract exit process to be enacted due to any Modern Slavery concerns.
- Prior to Demerger, we attested to the Prudential plc group policies. Post Demerger through to 31st December 2019, we attested to the M&G plc group policies. The Group's divisions have not raised any issues specifically relating to Modern Slavery during 2019 through either policy attestation.

Case Study

In Q2 & Q3 2019 multiple office moves were undertaken to support the demerger of M&G Prudential from Prudential plc. This included Prudential plc staff moving to 1 Angel Court, London and M&G plc staff moving to 10 Fenchurch Avenue, London.

We worked with two Key Facilities Management suppliers to undertake the demobilisation and fit out of the new locations. Both suppliers have strong Modern Slavery prevention practices in place and as a minimum, pay Living Wage (and London Living Wage) to employees who work at any of our business locations. All these elements minimised the exposure of our business to Modern Slavery, in a supply category which could otherwise be higher risk.

In addition, one supplier has introduced an externally (independently) managed system to generate 'Red Flags' which helps their organisation and third-party supplier employees identify indicators of Modern Slavery and promote early reporting of concerns or issues. This scheme has been widely communicated with information displayed throughout their offices and managed client sites. In addition, their control processes flow down to include their third-party suppliers who are required, via a Chartered Institute of Procurement & Supply (CIPS) award winning portal, to confirm compliance to the Modern Slavery Act and that their supply chain does not engage in any anti-human rights activity. The supplier also exercises accountability through a number of measures including mandatory awareness training for employees, compliance certification for all employees and training workshops for their supply chain.

Lastly, the supplier is also included in the FTSE4Good Index and the Dow Jones Sustainability Index (North America) for the fifth year in a row, acknowledging their leadership in environmental, social and governance policies and performance around the world. In February 2019 they were also named, for the sixth year in a row, in Ethisphere Institute's list of 'World's Most Ethical Companies'.

The office moves were incident free and no Modern Slavery concerns were identified or raised.

Approval date

This 2019 statement was approved by the M&G plc Board on 3rd March 2020 and by each of its Subsidiary Boards between 3rd March and 31st May 2020.

Signed

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

Roddy Thomson, M&G plc, Chief Operating Officer