

Modern Slavery Transparency Statement 2019

Prudential exists to help people de-risk their lives and deal with their biggest financial concerns, providing the freedom to face the future with confidence. 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.

This transparency statement under the UK Modern Slavery Act 2015 ("MSA"), for the 2019 financial year, details what we have done and are doing to help us deliver on this commitment in relation to expenditure and activities undertaken in support of the UK operations of Prudential plc and its subsidiaries (together, the "Group"). This transparency statement is published on behalf of Prudential plc 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 "Prudential Subsidiary").

Our business structure

Prudential plc is an international insurance and fund management services group. Prudential plc is listed on stock exchanges in London, Hong Kong, Singapore and New York. We serve around 20 million customers and have \$543.9 billion of assets under management (as at 31 December 2019). We have significant operations in Asia and the US consisting of two main business units: Prudential Corporation Asia and Jackson National Life Insurance Company in the United States. Our UK presence is limited to certain head office functions supporting the rest of the Group ("the Group's UK activities"). Further details on the Group can be found [here](#).

On 21 October 2019 we successfully completed the demerger of M&G plc from the Group. Following the demerger, Prudential is an Asia-led group focused on capturing opportunities in structural growth markets. The corresponding work in combatting Modern Slavery (as defined below) undertaken by the demerged entity, M&G plc, can be found on M&G plc's website.

Modern Slavery

The MSA defines modern slavery as "slavery, servitude and forced or compulsory labour" and "human trafficking" ("Modern Slavery"). We seek to ensure that there is no Modern Slavery in our business and we believe that the risk of Modern Slavery occurring within the Group's UK activities is relatively low. We also direct significant efforts to detect and prevent Modern Slavery towards our supply chains. The supply chains in respect of the Group's UK activities do not include industries at most risk of Modern Slavery issues, such as agricultural production and high-volume manufacturing, but include businesses that provide and maintain our 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 policies

We require the highest possible standards of professional and ethical conduct of all our people. In the Group's UK activities we utilise common tools from across our business to embed controls. Our Code of Business Conduct ("Code") sets out the standards that are required across the Group, including each Group entity covered by this transparency statement. This encompasses all UK employees and any individuals and organisations acting on our behalf within the UK. Our core values of prudence, security, integrity and initiative underpin all our activities and, along with the standards required by the Code, are fundamental to the Group's long-term success. The Code can be found [here](#).

A strong governance framework supports the Code, at the heart of which sits the Group Governance Manual ("GGM"). The GGM sets out the policies and processes by which the Group operates within its

framework of internal governance, taking into account relevant statutory and regulatory matters, including social, environmental and ethical practices adopted across the organisation. On an annual basis each part of the Group formally evaluates and certifies compliance with the requirements set out in the GGM. Formal reporting and approval procedures are followed when defining corrective actions to address instances of non-compliance.

The following GGM policies currently support us in meeting our MSA responsibilities:

- **Group Third Party Supply Policy** – We are committed to making sure that we have a robust, well-managed outsourcing and third-party supplier network – in the UK this allows us to focus on our core head office functions supporting the Group. However, we are aware that using third-party suppliers also brings with it certain responsibilities. We have established requirements for the management of third-party supply arrangements, including due diligence/selection criteria, contractual requirements, the ongoing monitoring of such relationships and the reporting and escalation framework that supports the identification of critical supplier arrangements. Part of the selection process for a possible critical third-party supply arrangement includes an assessment of the risks of the provider breaching the United Nations' Universal Declaration of Human Rights ("UDHR"). All of our employees are expected to ensure that third-party supply arrangements are entered into in compliance with the Group's Third Party Supply Policy.
- **Group 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 risk to which our employees, suppliers, customers and visitors are exposed. We are committed to ensuring compliance with all applicable health and safety legislation and standards. We actively work with our suppliers and contractors to ensure they adopt good industry practice wherever they are based. Our Group Health and Safety Policy, applicable to the Group's UK activities, can be found [here](#).
- **Group Employee Relations and HR Policies** – We believe in supporting human rights and acting responsibly and with integrity in everything we do. Our policies are guided by the principles of the UDHR and the International Labour Organization's core labour standards. These are also incorporated into our Code, which sets out the Group's values and expected standards of behaviour for all employees, and in our Group Third Party Supply Policy.

Our Group Employee Relations and HR Policies, applicable to the Group's UK activities, are available on our Group website and can be found [here](#), along with this transparency statement. Specifically our Talent Policy stipulates that staff meet the "legal and regulatory requirements and internal policies in relation to recruitment, including ensuring the prevention of slavery, human trafficking, child and forced labour. This includes maintaining any relevant documentation". The Talent Policy can be found at this [link](#).

- **Group Security Policy, covering confidential reporting** – We operate 'Speak Out', an online and telephone confidential reporting service that encourages employees to raise concerns, including concerns about human rights violations, such as issues relating to Modern Slavery. Every concern submitted is assessed and investigated, as appropriate, with remedial action taken if required. The 'Speak Out' facility is overseen by our Group Audit Committee. For more information please follow this [link](#).

Our due diligence

Prudential remains committed to the continued development of our approach to Modern Slavery including the identification, monitoring and reporting, and proactive mitigation of any identified Modern Slavery risk.

Our Procurement team in the UK, covering the Group's UK activities, has further embedded a co-ordinated response to the requirements of the MSA, with a focus on our external supply chain, as follows:

- We continue to invest in e-procurement tools and, to that end, the Workday® Procurement tool went live in July 2019 to support increased visibility and category spend controls that enable appropriate supplier due diligence to be undertaken for key suppliers. This allows spend data to be easily analysed and supplier due diligence records to be stored. All onboarded suppliers are sanction-screened prior to any usage.
- Our Procurement team uses a Service Criticality Assessment (segmentation) tool, which was originally deployed in 2018. This is used to test for new supplier contracts where there may be a potential risk exposure to Modern Slavery and is used to trigger due diligence steps as an early warning alert.
- All new contracts and renewals in respect of the Group's UK activities are reviewed on a weekly basis at a Procurement Deal Review Board. This expert panel acts as a challenge process to identify any deals requiring additional due diligence.
- Our Procurement team highlights expectations around Modern Slavery within all tender activity. This is undertaken regardless of the supplier's statutory position (therefore suppliers under the £36 million threshold are not exempt from our requirements).
- Our contracts are refreshed and updated for Modern Slavery provisions when we award and renew contracts.

Our risk assessments

Our forward-looking due diligence has been enhanced through the deployment of new category spend analytics to pinpoint any problem suppliers, being suppliers known or suspected to be connected to Modern Slavery, for follow-up (or exit). A complete review of all 2019 spend within the Group's UK activities has been carried out in January 2020 (as evidenced below) to re-confirm that no suppliers fall into those categories of goods and services that are known (or suspected) to be prone to Modern Slavery abuses ("problem categories") nor present a reputational and humanitarian risk. This analysis reviewed spend with UK and international suppliers.

Using the Walk Free Foundation Index, we undertook a forensic spend review of the 2019 supplier spend within the Group's UK activities against problem categories and the top 100 countries deemed at risk of Modern Slavery. A link to the Walk Free Foundation is found [here](#).

The results from this detailed analysis are:

- Countries on the Walk Free Foundation Index ranked as highest risk and graded 1 to 30 for exposure to Modern Slavery abuse: No spend activity whatsoever in relation to the Group's UK activities during 2019.
- Countries ranked 31 to 50 in the risk of Modern Slavery: These countries (Nigeria, Kenya and Cameroon) accounted for £355,000 of spend for the Group's UK activities, which was spread across legal services, IT systems and property rental. No spend was incurred on manufactured goods or low-skilled services which present a Modern Slavery risk.
- Countries ranked 51 to 100 in the risk of Modern Slavery: These countries (India, Ivory Coast, Zambia, Egypt, Ghana, Vietnam, Israel and Singapore) accounted for £5.8 million spend for the

Group's UK activities, covering predominantly office-based shared services in India (£1.9 million) and IT contracts and services in Singapore (£3.2 million). There was minor expenditure elsewhere on property and legal services. No spend was incurred on manufactured goods or low-skilled services which present a Modern Slavery risk.

- The supplier spend across all of the top 100 countries accounted for 2 per cent of Prudential plc's spend in support of its UK activities for 2019. Recognising that we must not become complacent, we are therefore pleased that our exposure remains low across our 950 active suppliers.

Our training

Every year, our UK-based employees are required to complete mandatory training reflecting the regulatory and legal obligations of the Group. We also require our UK employees to comply with the Code.

Additionally, all Procurement and Accounts Payable staff supporting the Group's UK activities have undertaken training on Modern Slavery issues in 2019 to increase understanding of both countries and industries that may be considered to have a high risk of Modern Slavery abuses. The training covered the steps we have put in place to prevent this through supplier due diligence, appropriate contracting and supplier monitoring.

Our effectiveness rating

We are pleased to report for 2019:

- So far as we are aware, no Modern Slavery concerns were identified in respect of the Group's UK activities as part of current monitoring procedures of our supply chain, including through our health and safety compliance, inspection and auditing processes.
- 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 requiring a contract exit process to be enacted due to any Modern Slavery concerns.
- No issues specifically relating to Modern Slavery were raised through the annual GGM policy attestation.

Case study

The following case study illustrates the steps we took during the 2019 year, as part of our UK office relocation, to ensure Modern Slavery is not taking place in our UK supply chains.

Office Relocation 2019

In Q2 & Q3 2019 office moves were undertaken ahead of the anticipated demerger. Prudential plc moved to 1 Angel Court London and M&G plc to 10 Fenchurch Avenue.

We worked with our key facilities management suppliers to exit and decommission our old offices and mobilise our new locations. Recognising the risk inherent in the removal industry around the exposure to both Modern Slavery and low levels of pay in the removals category, our Procurement team took steps to minimise Modern Slavery issues with the result that the office decommissioning and mobilisation projects were incident-free and raised no Modern Slavery concerns.

All our facilities management suppliers must have strong Modern Slavery prevention practices and score well in our due diligence activity during their appointments and contracting. In addition, we require all facilities providers to our UK head office functions to pay the Living Wage (and London Living Wage) to all employees who work at any of our offices within the UK. Our suppliers' workers have a whistleblowing hot line to report any Modern Slavery concerns and we also run training courses for our suppliers' management teams.

As part of the tender process for the office relocation, we made sure that all of our selected suppliers had strong Modern Slavery monitoring and control processes in place. The lead supplier for our office relocation has a process of red flags to help their own organisation to identify indicators of Modern Slavery. This has been widely communicated, with information displayed across their own offices and client sites. This same supplier is also included in the FTSE4Good Index and the Dow Jones Sustainability Index (North America), which were important factors during the supplier selection process.

Approval date

This transparency statement was approved by the Prudential plc Board on 21 April 2020 and by each Prudential Subsidiary board between 22 April 2020 and 8 May 2020.

Signed

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

Mike Wells, Group Chief Executive, Prudential plc

This statement covers the following entities: Prudential plc, Prudential Holdings Limited, Prudential Services Limited, Eastspring Investments (Luxembourg) Société Anonyme.