



# Modern Slavery Transparency Statement 2020

Prudential plc

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Prudential helps people get the most out of life. We make healthcare affordable and accessible, we protect people's wealth and grow their assets and we empower our customers to save for their goals.

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 consider protecting against Modern Slavery and oversight of our supply chain to be an important aspect of our good governance and responsible business practices. Our ESG strategy can be found [here](#).

This transparency statement, made under the UK Modern Slavery Act 2015 (the '**MSA**'), for the 2020 financial year, details what we have done, and are doing, to deliver on this commitment in relation to expenditure and activities undertaken in support of the UK activities of Prudential plc (the '**Group**') and its subsidiaries in scope of the legislation. 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 have a significant pan-Asian operation, with our largest life and protection operations in Hong Kong, Singapore, Indonesia and Malaysia, as well as our joint venture in China. We also operate in Thailand, Vietnam, Taiwan, the Philippines, Cambodia, Laos and Myanmar and have a successful partnership in India. Since 2014 we have operations in Africa, now covering eight countries across the continent. In January 2021, the Board announced that it had decided to pursue the separation of Jackson, our US business, from the Group in the first half of 2021 through a demerger, whereby shares in Jackson would be distributed to Prudential shareholders. 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](#).

## Modern Slavery

The MSA defines 'Modern Slavery' as 'slavery, servitude and forced or compulsory labour' and 'human trafficking'. 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 core business of financial services, and specifically its UK activities, is relatively low. We make significant efforts to detect and prevent Modern Slavery occurring within our supply chains which support the Group's UK activities. The supply chains in respect of the Group's UK activities 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). As such, our supply chains in respect of the Group's UK activities do not include those industries at greatest risk of Modern Slavery issues, such as agricultural production and high-volume manufacturing.

We also strive to ensure that our global supply chains which support our UK activities are protected through common usage of detection methods, such as supplier risk segmentation techniques and negative news monitoring for any labour malpractices.

## Our policies

We require the highest possible standards of professional and ethical conduct of all our people, which is reflected in the organisational policies Prudential adopts. Our Group Code of Business Conduct highlights the ethical standards that the Board expects of itself, our employees, our agents and others working on behalf of the Group, and is supported by a set of Group-wide principles and values that define how the Group expects business to be conducted in order to achieve its strategic objectives. It applies to all Group entities covered by this transparency statement. This encompasses all UK employees and any individuals and organisations acting on our behalf within the UK. The Code can be found [here](#).

Our Group Code of Business Conduct sits at the heart of the Group Governance Manual, our internal governance framework that sets out the principles by which we conduct our business and ourselves. Our Group Governance Manual presents our Group-wide approach to governance, risk management and internal control, and is subject to regular review to ensure that we meet the expectations of our stakeholders. In 2020 the Group Governance Manual was updated to align with our structure and revised operating model following the demerger of our UK business, M&G plc, and now serves as the single governance data source for all colleagues across the Group. Each business must certify annual compliance with the requirements set out in the Manual, including the Code, Delegated Authorities and Group-wide policies. 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:

- Our **Group Third Party Supply Policy** covers how we manage and oversee our third-party arrangements, through 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 new or renewed third-party supply arrangement includes an assessment of the risks of the provider breaching the United Nations' Universal Declaration of Human Rights ('**UDHR**'). All our employees are expected to ensure that third-party supply arrangements are entered into in compliance with the Group's Third Party Supply Policy. We are aware that the use of third-party suppliers brings with it certain responsibilities, and so we are committed to making sure that we have a robust, well-managed outsourcing and third-party network. Our Group Third Party Supply Policy ensures that this is the case.
- Our **Group Health and Safety Policy** details our health and safety core principles, our commitments and the measuring and reporting on our health and safety performance. 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 work actively with our suppliers and contractors to ensure that 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](#).

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— Our **Group Employee Relations and Human Resources Policies** – We believe in supporting human rights and acting responsibly and with integrity in everything we do. Our own Human Resources Policies, such as our Talent Policy, set the tone and 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 [here](#).

— Our **Group Security Policy, covering confidential reporting** – We operate 'Speak Out', our Group-wide whistleblowing programme. Speak Out is available both internally and externally to staff, contractors, vendors, agents, customers and the public, enabling reporters to raise concerns in a choice of languages through web and hotline channels. Matters raised through Speak Out may include concerns about human rights violations, such as issues relating to Modern Slavery. Concerns are recorded by an independent third party and investigated by internal appropriately trained and skilled investigators that are independent of the businesses they investigate. Whistleblowing reporting 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, continues to embed practical controls to meet 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. Workday provides visibility and transparency on any supplier spend that could potentially be in a category that is prone to labour malpractice (such as low-cost manufacturing).
- All new contract awards and contract renewals are screened for 'negative news' regarding the supplier to detect any adverse media. This will highlight any news stories where the supplier has labour malpractices to explain. This mechanism is deployed commonly worldwide, not only for our UK operations, and uses a combination of screening tools from industry leaders Fiserv and Dow Jones.

— 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 panel includes members of our Group Risk and Group Legal functions. The Deal Review Board acts as a challenge process to identify any new contracts or renewals that require 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

We recognise that facilities management is a potential key risk area where Prudential and workers could face exposure. 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 our office in the UK. Our suppliers' workers have access to a whistleblowing hotline to report any Modern Slavery concerns.

Our forward-looking due diligence assessments have been enhanced through the deployment of new category spend analytics to identify any problem suppliers, being suppliers known or suspected to be connected to Modern Slavery, for follow-up or exit. As in the prior year, a complete review of all 2020 supplier spend with UK and international suppliers within the Group's UK activities was carried out in January 2021, as evidenced below. The purpose of this review was to reconfirm 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 review used the Walk Free Foundation Index to review the 2020 spend against the defined problem categories and the top 100 countries deemed at risk of Modern Slavery. A link to the Walk Free Foundation can be found [here](#).

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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 2020, consistent with 2019.
- Countries ranked 31 to 50 for exposure to Modern Slavery: These countries (Nigeria, Kenya, Cameroon and Togo) accounted for £592,400 of spend originating from the Group's UK activities, which was spread across professional services, security and employee support. No spend was incurred on manufactured goods or low-skilled services that present a Modern Slavery risk.
- Countries ranked 51 to 100 for exposure to Modern Slavery: These countries (India, Ivory Coast, Zambia, Ghana, Indonesia, Vietnam and Singapore) accounted for £5.05 million spend originating from the Group's UK activities, covering predominantly office-based shared services in India, and IT services and share registration in Singapore (£4.6 million). There was minor expenditure elsewhere on property leases and legal services. No spend was incurred on manufactured goods or low-skilled services that present a Modern Slavery risk.
- The supplier spend across all of the top 100 countries accounted for 2.5 per cent of Prudential plc's spend in support of its UK activities for 2020.

### Our approach to responsible investments

Prudential Corporation Asia has developed Responsible Investment policies with consideration to its asset book and ongoing investment activities. This includes expectations for the ongoing monitoring of global norms on environmental protection, human rights, labour standards and anti-corruption, such as the OECD Guidelines for Multinational Enterprises and the United Nations Global Compact.

Prudential Group's asset manager, Eastspring Investments, has the ability to monitor for egregious violations of global norms by using a third-party data vendor. Outcomes from this monitoring process may lead to additional actions regarding these specific companies, which are dependent on the circumstances. Actions taken by the asset manager may take into consideration its approach to ESG integration in the investment decision-making process, direct company engagement or exclusion and divestment.

### 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 confirm compliance with the Group Code of Business Conduct. During Q4 2020 we rolled out online training to our UK staff to remind them of the importance of the supplier due diligence steps needed to avert any Modern Slavery issues arising, and to test their understanding of the requirements. The online training re-emphasises our established processes to prevent suppliers being engaged without formal processes and the safeguards we have in place for ensuring contracting processes are being followed. This emphasises our zero tolerance of Modern Slavery risk.

### Our support for others

Our work on Modern Slavery extends beyond our own company boundaries. In Q4 2020, Prudential offered free advice to International Justice Mission (IJM) on its Workday system deployment, which is akin to our own. IJM's important work globally helps rescue and restore victims of slavery, prosecute criminals and strengthen justice systems.

Information on the work of IJM can be found [here](#).

### Our effectiveness rating

We are pleased to report for 2020:

- 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.

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**Case study**

The following case study illustrates the steps we took during 2020 as part of a reconfiguration of our UK office, to ensure Modern Slavery is not taking place in our UK supply chains.

During the second half of 2020, we undertook building reconfiguration activities at our London office at 1 Angel Court. In recognition of the inherent risk of using low-cost unskilled workers in the construction industry, we only allowed tender submissions from our shortlist of pre-qualified suppliers, and the awarding of the contract for this work was subject to increased due diligence following the tender submissions. This included understanding the composition of the team and any subcontractor relationships, and setting out a regime of progress meetings to monitor the work for issues.

Our activities included a detailed pre-contract assessment to review the successful bidder's approach to health and safety and the wellbeing of its team. We also reviewed its documented track record on Modern Slavery protections and confirmed that the work proposed was covered by the London Living Wage protections.

As the building reconfiguration work was conducted during the pandemic, we agreed very strict Covid-19 protocols with the selected supplier for the safety of its own workforce. These included the requirements around personal protective equipment and the definition of the levels of social distancing required on site.

The selected supplier has its own process of red flags to help it to identify any indicators of Modern Slavery in its own organisation. This has been widely communicated, with information displayed across its own offices and client sites. The selected 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 considered by the Responsibility and Sustainability Working Group and approved by the main Prudential plc Board on 12 May 2021. Sign off of this statement was conducted in each Prudential Subsidiary board between 7 April 2021 and 30 April 2021, subject to approval of the Modern Slavery Statement by the main Prudential plc Board.

Signed



**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.