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# Modern Slavery Transparency Statement 2021

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 within our broader Environmental, Social and Governance ('ESG') strategy which can be found at this [link](#).**

This transparency statement, made under the UK Modern Slavery Act 2015 (the 'MSA'), for the 2021 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 within the scope of the MSA. 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', as set out at the end of this report).

The commitment we set out above extends across our global business where we can exercise management control, and reflects our broader commercial responsibilities, which go beyond the direct scope of the UK-based legislation. Therefore, this transparency statement contains additional commentary on the positive steps we are taking across our business units in Asia and Africa, as well as on our UK activities.

## Our business structure

Prudential plc is an international insurance and asset management 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 India, through our holding in ICICI Prudential Life Insurance. Since 2014, we have had operations in Africa, now covering eight countries across the continent. In September 2021, we completed the demerger of our former US business, Jackson Financial Inc., and its activities are excluded from this statement. 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 at this [link](#).

## Modern Slavery

The MSA defines 'slavery and human trafficking' as the offences of 'slavery, servitude and forced or compulsory labour' and 'human trafficking', which together constitute 'Modern Slavery' for the purposes of this transparency statement. We seek to ensure that there is no Modern Slavery in our

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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 low. We make significant efforts to detect and prevent Modern Slavery occurring within our supply chains which support the Group's UK activities.

## Our policies

We require the highest possible standards of professional and ethical conduct of all our people, which is reflected in the organisational policies that we adopt. Our Group Code of Business Conduct (the 'Code') highlights the ethical standards that the Board of Directors (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 at this [link](#).

The Code sits at the heart of the Group Governance Manual (the 'GGM'), our internal governance framework that sets out the principles by which we conduct our business and ourselves. Our GGM 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. Each business where we can exercise management control must certify annual compliance with the requirements set out in the GGM, 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.

## Modern Slavery Transparency Statement 2021 / continued

**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 risks in our supply chain.**

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

- > In 2021, we conducted an extensive review and launched our new Group Third Party Supply and Outsourcing Policy ("**GTPSO Policy**"), which was approved by our Group Risk Committee and came into effect on 1 January 2022. From that date onwards, all our employees have been expected to ensure that service provider arrangements are entered into in compliance with the GTPSO Policy. The GTPSO Policy supports our compliance with the Guidelines on Outsourcing of the Hong Kong Insurance Authority, our Group Wide Supervisor. It also strengthens our requirements in relation to how we manage and monitor all our service provider arrangements through due diligence and risk assessment activities, selection criteria, procurement probity, contractual requirements, the ongoing monitoring of our relationships, and the reporting and escalation framework that

supports the identification of material service provider risks. Additionally, the new GTPSO Policy introduced our Responsible Supplier Guidelines. These promote the development of a sustainable and ethical supply chain, with a particular emphasis on conducting due diligence on each service provider's position and compliance with human rights and modern slavery legislation (consistent with the United Nations (the '**UN**') Universal Declaration of Human Rights), the adherence to ethical and safe labour practices and compliance with local labour laws and wage standards for spend categories considered to be of higher risk. We are aware that the use of service providers brings with it certain responsibilities. As such, our **Responsible Supplier Guidelines** mandate the following key provisions, where our service providers must:

- Prohibit the use of all types of slavery and forced and bonded labour and give all workers, whether local or migrant, the right and the ability to leave employment when they choose.
- Ensure that child and underage labour is not used and that the employment of young workers adheres to International Labour Organisation standards, the Organisation for Economic Co-operation and Development's Guidelines for Multinational Enterprises, and other applicable local regulations.
- Ensure that wages meet legally mandated minimum levels and industry standards without unauthorised pay deductions.
- Ensure that working hours are in accordance with local regulation and industry practice and that voluntary overtime is at manageable levels.

- Ensure that suppliers do not discriminate against any individual or group on religious, social, gender identity, sexual orientation or ethnic grounds or any protected classes covered under the Universal Declaration on Human Rights and any other grounds as may be recognised under local law.
- Ensure that suppliers do not hinder the right of workers to legally organise and join associations such as labour unions.
- Provide clear and uniformly applied disciplinary practices and grievance procedures that include provisions prohibiting mental, physical or verbal abuse.

Our new Responsible Supplier Guidelines have added specific provisions to govern subcontracting by primary service providers. Specifically, we state that:

- Details should be provided on the due diligence undertaken by the primary service provider to assess whether or not Modern Slavery exists in their own supply chain and how often this due diligence is completed; and
  - Service providers should advise if they are aware of any Modern Slavery in their supply chain being conducted by their suppliers or sub-suppliers and, if so, their plans for remediation.
- > Our **Group Resilience Policy** and our **Health and Safety Standards** together set the framework for health and safety across the Group and also ensure a level of workplace safety commensurate with our regulatory and legal obligations. Each business unit where we can exercise management control is required to meet

the requirements of the Group Resilience Policy and the Health and Safety Standards. 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 Resilience Policy can be found at this [link](#).

- > Our **Group Speak Out Policy, covering confidential reporting** – We operate 'Speak Out', our Group-wide whistleblowing programme across all our businesses over which we can exercise management control. 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](#).

## Modern Slavery Transparency Statement 2021 / continued

### Our supply chain

The nature of our business as an international insurance and fund management services group drives our spend towards professional services, IT services and the maintenance of our office infrastructure. In common with our financial services peers, we are not a major consumer of low-cost manufactured or agricultural goods, where Modern Slavery risks are more inherent. Our global supply chain of over 10,000 suppliers is screened using the Fiserv industry-leading tool. We continue to enhance and improve our spend visibility as we continue to scale the use of two leading 'procure-to-pay' platforms, Coupa and Workday, across the Group, providing us with increasing transparency on our approximate US\$800 million annual external global supplier spend.

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 chain in respect of the Group's UK activities does not include those industries at greatest risk of Modern Slavery issues, such as agricultural production and high-volume manufacturing.

However, we 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. Since early 2022 the same techniques are now being deployed across our Asia and Africa supply chain.

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

### 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 risks in our supply chain.

We continue to embed practical controls to meet the requirements of the MSA and our commitment to conducting our business responsibly, with a focus on our external supply chain, as follows:

#### UK

> In the UK, we have continued to invest in both e-procurement and supplier due diligence tools. To that end, the Workday e-procurement tool, which originally went live in July 2019 to support increased visibility and category spend controls, has been further enhanced with new tracking features for requisitions. The Workday system allows spend data to be easily analysed and all supplier due diligence records to be stored and audited. 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, cleaning, catering or guarding).

- > Our third party risk due diligence and risk assessment tool, Coupa Risk Assess, went live in the UK in January 2022. It further strengthens our due diligence as it automates the collection and analysis of responses from our service providers across all third party risk domains. As part of the launch of our Responsible Supplier Guidelines in the GTPSO Policy, we now ask our service providers to respond to specific Modern Slavery-related questions.
- > Our UK 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 reporting threshold themselves are not exempt from our requirements).

- > The contracts entered into in support of the Group's UK activities contain Modern Slavery provisions when we award new work or renew existing agreements.
- > All new contract awards and contract renewals are screened using industry-leading tools for 'negative news' regarding the supplier to detect any adverse media. This highlights any news stories where the supplier has labour malpractices to explain. To date, we have not knowingly used a third party supplier whose screening has uncovered any such negative news stories.
- > 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.

### Global activities

- > During 2021, we continued to scale the deployment of our Coupa e-procurement and supplier due diligence tools across all our markets in Asia. To date, we have deployed these tools across Hong Kong, Singapore, Indonesia, Malaysia, Vietnam, Taiwan, Thailand, the Philippines and Cambodia, our Eastspring Singapore business, and our offices in Shenzhen and Bangalore. We expect the Coupa tools to be deployed to the remaining Eastspring businesses in Asia and Europe, and our life businesses in Laos, Myanmar and all of Africa in the first half of 2022. The Coupa platform provides a common global platform for all our procurement and third party risk management activities and is strengthening our visibility of spend and third party risks across our supply chain.

## Modern Slavery Transparency Statement 2021 / continued

- > Consistent with the new GTPSO Policy and Responsible Supplier Guidelines, effective from 1 January 2022, and as part of our third party risk management processes, we profile and segment our service providers based on business materiality (how critical the services provided to Prudential are and Modern Slavery risk). We ask those service providers that are deemed to be material and/or provide services in areas that are deemed to pose higher Modern Slavery risks to respond to specific Modern Slavery questions, where we seek to understand the service provider's position on Modern Slavery, health and safety and equal opportunities. Service providers in building services (such as facilities maintenance, construction and fit-outs), cleaning services, guarding services, catering services, event management, branded goods not for resale that require low-skilled labour, uniforms for staff and contractors and the manufacture and disposal of IT hardware are specifically targeted with Modern Slavery related questions.
- > We continue to evolve, and in Q1 2022 we embarked on an exercise to map our approximate US\$800 million per annum Group-wide third party spend against categories of expenditure that pose heightened Modern Slavery risks (such as cleaning, catering, guarding). This spend mapping exercise will allow us to target risk assessment and remediation activities with any material service providers with potential Modern Slavery exposures should these become apparent through this work. As part of our service provider onboarding and monitoring activities, all service providers are screened for sanctions using industry-leading tools

at the time of onboarding and whenever we make payments to them. As is the case with our UK businesses, these screening activities seek to identify any service providers who have been the subject of negative news and identify whether there are connections with politically exposed persons. These screening activities cover topics related to Modern Slavery and human trafficking.

- > Our Request for Proposal templates incorporate expectations and provisions with respect to Modern Slavery and these are used in all Group material tender activities. We will further strengthen and embed the use of these templates across our business in Asia and Africa through our e-sourcing platform over the course of 2022.
- > To prevent the direct introduction of labour practice issues into the Group, our own Human Resources department's hiring practices globally prevent the hiring of staff without the proper completion of both right-to-work checks and supporting background checks. This is with a view to ensuring that we do not introduce Modern Slavery issues into the organisation via our own workforce.

### Our risk assessments – Group's UK activities

We recognise that facilities management is a risk area where the Group and workers could face exposure to Modern Slavery. All our facilities management suppliers in the UK 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, which is available globally. A similar level of due diligence will continue to be embedded across Asia and Africa as we complete the enhancement of our Global procurement processes in 2022.

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 2021 supplier spend with UK and international suppliers within the Group's UK activities was carried out in January 2022, 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 2021 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](#).

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 2021, consistent with both 2020 and 2019.

- > Countries ranked 31 to 50 for exposure to Modern Slavery: These countries (Nigeria, Kenya, Cameroon and Togo) accounted for approximately US\$280,000 of service provider 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, and Singapore) accounted for approximately US\$775,000 of service provider spend originating from the Group's UK activities, covering predominantly accommodation costs, market data services, share registration, and IT services and share registration in Singapore. 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 0.5 per cent of Prudential's spend in support of its UK activities for 2021, compared to 2.5 per cent for 2020.

In March 2021 we attended the Walk Free Foundation Investor Roundtable to present and share our examples of due diligence best practice with other financial services organisations.

## Modern Slavery Transparency Statement 2021 / continued

### Our six implementation strategies

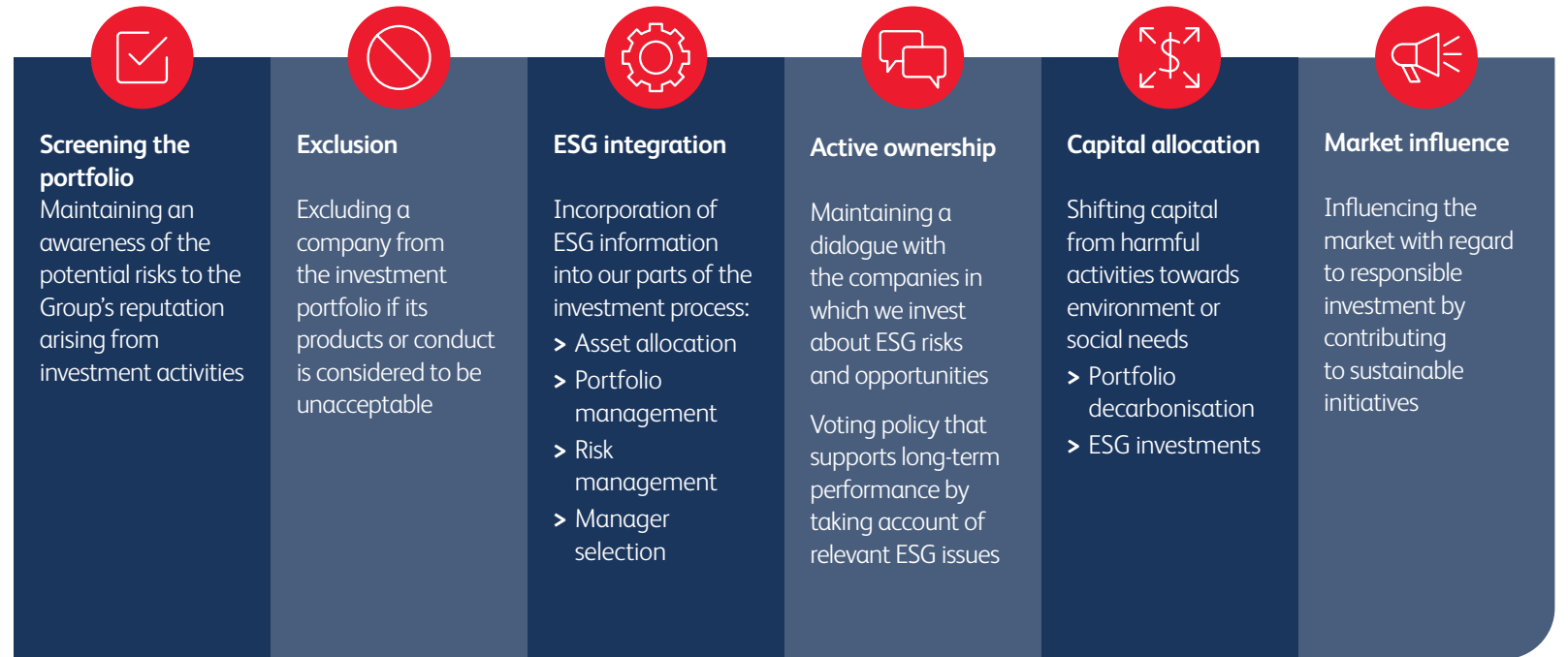
#### Our approach to responsible investments

As a significant allocator of capital in financial markets, our commitment to responsible investments encompasses our role as both asset owner and asset manager. We seek to apply ESG considerations more broadly in our investment decisions and in our stewardship duties, including by ensuring that our investment decisions are aligned with our values.

We see responsible investment as the dual responsibility of both the asset owner and the asset manager. Our life insurance businesses (as asset owners) and Eastspring (as an asset manager, including its advisory activities through Eastspring Portfolio Advisers) therefore work closely together on all aspects of responsible investment. This dual responsibility is reflected both in our governance and in our Group Responsible Investment Policy, which outlines our expectations. Our Responsible Investment Policy can be found at this [link](#).

In 2021, we made significant updates to our Group Responsible Investment Policy. The purpose of the policy is to articulate the Group's expectations relating to responsible investment and guide our local businesses and asset managers, including Eastspring Portfolio Advisers (EPA), on how to consider ESG factors in investment activities. The updated Group Responsible Investment Policy is structured across six different implementation strategies, as shown in the diagram below. This implementation strategies approach was developed in 2021 as part of the policy update.

Screening is the starting point for any new policy on responsible investment and it informs our follow-up actions, such as engagement or shifting invested capital away from the company, with complete exclusion as a last resort. Examples of screening the investment portfolio include assessments of our exposure to violators of the UN Global Compact and other severe incidents relating to conduct, including Modern Slavery violations.



## Modern Slavery Transparency Statement 2021 / continued

### Case study

The following case study illustrates the steps we took during 2021 to award work for the reconfiguration of our UK office and illustrates the care we take to ensure that Modern Slavery is not taking place in our UK supply chain.

Our selected supplier is the world's largest commercial real estate service company and an S&P 500 company. During the selection process, we noted their strengths on Modern Slavery protection and this was crucial in our decision to award continued work. Specifically, we noted that:

- > They have a publicly available Modern Slavery statement, which recorded no incidents of note.
- > They have clear standards on business conduct allied to a human rights policy on forced labour aligned to UN principles.
- > They have a clear supplier code of conduct, which highlights their intolerance of child labour and human trafficking, combined with their fostering of freedoms against discrimination or prejudice within their supply chain. Additionally, they promote safe workplaces, working hours and wages, and freedom of association.
- > They deploy their own supplier assessment tools to screen for issues and recognise their own hot-spot problem areas (namely subcontracted services for cleaning, catering and security). They also demonstrated a zero tolerance policy to the products they purchase for construction projects, with 98 per cent of their supply chain in the UK now recorded as signed up to their supplier code of conduct.

### Our training

Every year, our employees worldwide are required to complete mandatory training reflecting the regulatory and legal obligations of the Group. We also require our employees to confirm compliance with the Code.

All staff in our UK office engaged in supplier activities have completed the online training we provide and this is tracked to confirm their full and successful completion. This 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.

As part of our new GTPSO Policy, we have conducted broad-based training activities which include Modern Slavery elements. During the second half of 2021, we trained over 200 people across our Group-wide procurement and risk teams on the new policy, with supplementary training for our procurement managers to upskill them in identifying the signs of Modern Slavery.

### Our reporting and governance

Our Board Responsibility and Sustainability Working Group oversees all our ESG initiatives, commitments and obligations, including of the production of this statement and related work.

Our reporting throughout 2021 confirms we have no incidents of Modern Slavery to report, either detected directly or reported via our Speak Out 'Whistleblowing' service.



## Modern Slavery Transparency Statement 2021 / continued

### Our effectiveness rating


We are pleased to report for 2021:

- > 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.
- > So far as we are aware, no Modern Slavery occurrences were identified in our supply chain in Asia and Africa.
- > We had no reports to 'Speak Out', our online and telephone confidential reporting service, involving Modern Slavery issues or concerns anywhere in our Group.
- > 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.
- > Consistent with the previous five years, we have not been investigated or prosecuted by any outside parties, nor have we needed to instigate an investigation specific to slavery, trafficking or child labour offences.
- > In the event that we discover any malpractice, we have a range of approaches ready to invoke with the supplier involved, depending on the infringement severity, which include:
  - Immediate contract termination
  - Contract suspension (while the service provider receives coaching and the gaps are closed and formally recorded as addressed)
  - Coaching and assistance for the supplier and monitoring of gaps (to successful closure).

### Approval date

This transparency statement was considered by the Responsibility and Sustainability Working Group and was approved by the main Prudential plc Board on 25 May 2022. Sign-off of this statement was conducted in each Prudential Subsidiary board between 2 May 2022 and 16 May 2022, subject to approval of the statement by the main Prudential plc Board.

Signed



### Mark FitzPatrick

Interim Group Chief Executive, Prudential plc

For the purposes of the MSA, this statement covers the following entities: Prudential plc, Prudential Holdings Limited, Prudential Services Limited, Eastspring Investments (Luxembourg) Société Anonyme.