

## Prudential Group Modern Slavery Transparency Statement 2016

Prudential plc is dedicated to providing protection, 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 clear – 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 2016 financial year, which details what we are doing to help us deliver on this commitment. This statement is published on behalf of Prudential plc and each of its subsidiary commercial organisations carrying on a business in the UK which has a turnover in excess of £36 million<sup>1</sup>.

### About us

Prudential plc is an international insurance and fund management services group ("**Group**"). We have significant operations in Asia, the US and the UK and Europe. In recent years, we have also expanded our operations in Africa. We serve around 24 million insurance customers and have £599 billion of assets under management (as at 31 December 2016). The Group is divided into four main business units: Prudential Corporation Asia, Jackson National Life Insurance Company in the United States, Prudential UK and M&G. Further detail on the Group can be found at <http://www.prudential.co.uk/>.

### 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 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 IT network and systems, businesses that provide specialist professional and advisory services and businesses that support our staff and their work environment (such as cleaners, security staff and property maintenance and catering personnel).

### Our existing governance framework

We require the highest possible standards of professional and ethical conduct of all our people. Our Code of Business Conduct ("**Code**") sets out the standards that are required across the Group, by all employees and any individuals and organisations acting on our behalf. Our core values of prudence, security, integrity and initiative underpin all of our activities and, along with the standards required by this Code, are fundamental to the Group's long-term success. A copy of our Code can be accessed at <http://www.prudential.co.uk/investors/governance-and-policies/code-of-business-conduct/>.

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. It is mandatory for each of Prudential's business units, 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 where one of our business units identifies in advance that it will be unable to comply, or identifies an area during the year where it has not been in compliance with a particular requirement.

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

- **Group Outsourcing and Third-party Supply Policy** – We are committed to making sure that we have a robust, well managed outsourced and third-party supplier network, not least as it allows our businesses to focus on their core business strengths. However, we are aware that outsourcing

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<sup>1</sup> This statement does not apply to investee companies held by equity investment businesses within the Prudential Group.

and using third-party suppliers also brings with it certain responsibilities. We have established requirements for the management of outsourcing and third party supply arrangements across the Group, including as to the due diligence/selection criteria, contractual requirements, the ongoing monitoring of such relationships and reporting and escalation. Our business units may also adopt their own supporting policies and reporting procedures at a local level.

As part of these minimum standards, all business units are expected to take into consideration local legislation, including (where relevant) the requirements of the MSA. As part of the selection process for a possible critical outsource or third party supply arrangement, this would include an assessment of the risks of the provider breaching the United Nations Universal Declaration of Human Rights. Under our Code, all of our employees are expected to ensure that third-party supply arrangements are entered into with consideration of the content of the Code and in compliance with the Group's Outsourcing and 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 health and safety legislation and standards to which our businesses are subject and we actively work with our suppliers and contractors to ensure they adopt good industry practice wherever they are based.
- **Group Employee Relations and Resourcing Policies** – Our policies are guided by the principles of the UN's Universal Declaration of Human Rights and the International Labour Organisation's core labour standards. We believe in respecting human rights and acting responsibly and with integrity. We require our business units to implement policies and practices that aim to ensure compliance with statutory and regulatory requirements in the local labour market and the prevention of slavery, human trafficking, child and forced labour.
- **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 Modern Slavery. Speak Out is overseen by our Group Audit Committee and every concern submitted is assessed and investigated, as appropriate, with remedial action taken if required.

### **Steps we are taking**

We are committed to developing our approach to Modern Slavery-related risk identification, monitoring and reporting going forward.

#### *Group-wide policies*

For our core businesses, our Code, Group-wide policies and reporting procedures play (and will continue to play) a vital role in helping us to meet our MSA responsibilities. The content of the GGM, including all Group-wide policies, is subject to regular review to reflect developments in both the internal and external environment. This year, we performed an initial assessment of our current policies against our MSA obligations. We will continue to assess whether such policies and procedures require updating and amending as we develop our approach to the prevention of Modern Slavery.

#### *Supply chain - Due diligence and managing Modern Slavery risk*

Our business units (and their respective procurement teams) are expected to undertake due diligence before engaging a new supplier, especially critical suppliers. Once approved, the relationship with such suppliers is then actively managed, at the appropriate level, through combinations of ongoing due diligence, review meetings, annual attestations given by the suppliers and, if required, audits conducted on the relevant supplier. This year, our procurement and legal teams across our UK businesses have begun to build a co-ordinated response to the requirements of the MSA, with a focus on our external supply chain.

- Our UK businesses have been looking to develop more of a standardised approach to the MSA with respect to their external, material supply chains. The steps our UK businesses are taking include the following: evaluating potential Modern Slavery risks for any new suppliers (in particular through questions specific to the MSA during the tender processes), standardising contractual obligations for inclusion in new agreements, bringing in annual (and, in some cases, more frequent) supplier attestations regarding compliance with the MSA, extending existing audit rights for reasons related to the MSA, and including progress against compliance with the MSA in information packs provided to senior management.
- In addition, senior managers in certain of our UK businesses have initiated a review of their current material supply chains to identify any areas of concern in our due diligence processes or as regards any particular supplier's circumstances with respect to the requirements of the MSA. These reviews include assessments of existing suppliers at on-going review meetings (so as to understand the steps they themselves are taking to identify instances of Modern Slavery in their operations and supply chains).

#### *Training and awareness-building*

Every year, our employees are required to complete mandatory training reflecting our regulatory and legal obligations as a financial services provider. We also require our employees to comply with the Code. This year, additional training and awareness-building of the requirements of the MSA has started across the Group.

- Senior management has been made aware of the Group's obligations under the MSA. Briefings have also been provided to directors of other Group companies as part of the process to approve this statement.
- Training is being undertaken by certain of our key UK procurement personnel relating to the requirements of the MSA. The training includes: (a) highlighting the key indicators to identify when Modern Slavery might exist and (b) the reporting steps to be undertaken if any concerns are identified.
- Further training relating specifically to Modern Slavery is also being developed by certain of our UK teams for inclusion in next year's annual training programmes for employees.

#### **Evaluating our progress in 2016**

During the 2016 financial year:

- So far as we are aware, no Modern Slavery concerns were identified as part of current monitoring procedures of our supply chain.
- We had no reports to 'Speak Out', our online and telephone confidential reporting service, or its predecessor, involving Modern Slavery issues or concerns.
- Through the annual GGM policy attestation, there have been no reports of non-compliance with Group-wide policies related to Modern Slavery.



Mike Wells

Group Chief Executive

Prudential plc