

## M&G plc's Communication on Progress to the UNGC-2021

Dear Reader,

I am pleased to confirm our renewed commitment to the United Nations Global Compact principles through this first Communication of Progress (COP). This first COP takes time to explain the current position from which M&G, as a corporate entity (plc), long term savings and annuity business (asset owner) and as an investment manager (asset manager) is seeking to play its part as a UNGC signatory.

M&G plc became a signatory to the UNGC on 31 March 2021, because as a corporate we are committed to make the UNGC principles part of our strategy, culture and day-to-day operation of the business, and to engage in collaborative projects which advance the broader development goals of the United Nations.

We have made good progress since our commitment in March 2021. Some of the actions undertaken by M&G in this period include:

- Publishing our first Sustainability Report which introduces our plan to address long term challenges facing our business and wider society, so we can continue to help generations, now and in the future, to live the lives they want. This publication provides a significant component of how we are incorporating the principles into our business.
- During the reporting period M&G Investments has incorporated UNGC screens into our primary sustainable fund range (Planet +) and expanded the use of UNGC screens in investment decision making for significant investment activities.
- Setting out our first interim targets for our Net Zero Commitment by M&G Investments, whilst our long term savings business joined the UNPRI as an Asset Owner and the Net Zero Asset Owners Alliance.
- Publishing the firm's position statements on Biodiversity and the Just Transition setting out our approach to these issues.
- Publication of M&G Investments\* ESG Investment Policy.
- Publication of the 2020 Modern Slavery Transparency Statement.
- M&G Living Wage Accreditation in 2021.

We submit this COP because we are committed to being good stewards of the capital that our customers and clients entrust to us.

John Foley, Chief Executive.

### Company profile and context of operations:

<http://www.mandgplc.com/>

\*Please note references throughout this document do not include the asset manager for M&G S.A. This entity will be included and considered for all future UNGC publications.

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## Implementing the Ten Principles of UNGC into Strategies & Operations

Please follow the hyperlinks listed under each criterion to access further documents where referenced. The following COP is formed around the four overarching themes of;

- Human Rights Management Policies & Procedures (Principles 1&2)
- Labour Management Policies & Procedures (Principles 3,4,5&6)
- Environmental Management Policies & Procedures (Principles 7,8&9)
- Anti-Corruption Management Policies & Procedures (Principle 10)

## ROBUST HUMAN RIGHTS MANAGEMENT POLICIES & PROCEDURES

**Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;**

**Principle 2: Businesses should make sure they are not complicit in human right abuses.**

M&G plc has:

- Committed to comply with all applicable laws and respect internationally recognized human rights, wherever the company operates (e.g., the Universal Declaration of Human Rights, Guiding Principles on Human Rights) and;
- Contracts that remain refreshed and updated for Modern Slavery provisions and are amended by Legal where needed.

### Human Rights Statement

**M&G plc's Human Rights Statement has been developed in accordance with the International Labour Organisation's Guiding Principles, the International Bill of Human Rights, and Principles for Responsible Investment. [the-human-rights-statement-brochure.pdf \(mandgplc.com\)](#)**

We strive to uphold the UN Guiding Principles on Business and Human Rights. This Statement has also been developed in accordance with the International Labour Organisation's Guiding Principles, the International Bill of Human Rights, and Principles for Responsible Investment. Our Chief Human Resources Officer owns and oversees the Statement as well as its implementation across the M&G plc Group. Key stakeholders have been consulted in the development of M&G plc's Statement of Human Rights and company policies have been mapped and reviewed to ensure alignment with our approach to Human Rights. Our Code of Conduct, 'We are M&G', outlines the expectations we have for our culture, our colleagues, and the ways in which we do business, which includes support of and respect for Human Rights.

The M&G plc Statement of Human Rights is reviewed by our Chief Human Rights Resource Officer annually in line with any legislative amendments. No amendments were made across 2021.

### Modern Slavery Transparency Statement

M&G's 2020 Modern Slavery Transparency Statement was published in May 2021.

### M&G's 2020 Modern Slavery Transparency Statement

We aim to comply with local laws and regulations in every jurisdiction where we operate and strive to uphold the principles and expectations outlined in our Statement of Human Rights.

Annually M&G plc makes a Modern Slavery Transparency Statement, which is published in May of each year. The 2020 Statement outlines the following: "Our Procurement team have applied an additional sustainable procurement questionnaire into our existing RFP process, giving M&G plc increased insight into potential

supplier policies and practices in relation to Modern Slavery. Where suppliers are not seen to have appropriate standards in place, we will work in close collaboration to improve standards.” This was validated through a case study our procurement team undertook across 2020 alongside the commercial ESG initiatives of working with material suppliers.

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. We have not raised any issues specifically relating to Modern Slavery during 2021 through our policy attestation. We have not identified any problem suppliers during 2021 which required a contract exit process to be enacted due to any Modern Slavery concerns.

### **Code of Conduct**

M&G’s Code of Conduct was published in August 2020. This document details the approach all M&G staff members are expected to operate within explicitly referencing the UNGC’s statement on Business and Human Rights.

We strive to uphold the UN Guiding Principles on Business and Human Rights when we engage with each other, partners, clients and suppliers. We do not tolerate underage or child labour. We do not tolerate any form of forced servitude or indentured, bonded, involuntary prison, military, or compulsory labour. We do not tolerate any form of human trafficking or modern slavery.

### **Company Engagement on Human Rights**

In line with UNGC, as part of ESG data provider and our own research, the asset manager monitors investee activities globally, and where they are found to be in breach of the principles, or potentially in breach, they are flagged respectively as either UNGC red or amber.

Where our investment holdings are flagged, we seek to engage with those companies to understand the nature and validity of the flag in question, and to ensure that best practice remediation efforts and preventative measures are put in place where appropriate.

We seek to identify any modern slavery and human trafficking issues that might arise in our investment holdings. To support this, alongside the bilateral work the team undertakes, the Stewardship and Sustainability team in our asset management business works with external parties, such as the Churches, Charities and Local Authorities (CCLA) initiative - “Find it, Fix it, Prevent it”. We want to ensure that we understand the latest developments in this area and that we are contributing to the broader discussion about how financial services should play its part in tackling modern slavery and human trafficking. M&G has a policy of engagement with companies that we invest in to address the issue head-on. In practice, this means we seek a constructive dialogue with company management on the topic, supporting and encouraging them to find and remedy instances of slavery. Given how widespread the problem is, we expect companies to find cases of modern slavery in their operations or their supply chains. Where it is uncovered, we encourage transparency and effective remediation.

### **M&G Investments ESG Investment Principles and Policy**

#### **M&G Investment’s ESG Investment Policy**

M&G Investments’ ESG Investment Policy published in January 2022 states as Principle F ‘We are committed to working with our stakeholders, including our investee companies, to help fight slavery, human trafficking, child labour or any other abuse of human rights’.

The context of the M&G Investments’ ESG Investment Policy provides a clear intention through stating “M&G is committed to working with our suppliers and stakeholders to help fight slavery, human trafficking, child labour or any other abuse of human rights. M&G believes in supporting human rights and acting responsibly and with integrity in everything it does, and its policies are guided by the Universal Declaration of Human Rights and the International Labour Organisation’s core labour standards. As the asset management business

of M&G plc, the objectives of M&G Investments' activities must be consistent with delivering the group's purpose, priorities and commitments."

The publishing of this comprehensive investment policy by M&G Investments' provides supplementary guidance alongside M&G plc's Human Rights Statement published in September 2020, as a corporate and primary signatory, to deliver a consistent and effective human rights due diligence approach.

M&G Investment's ESG investment principles, published in February 2021, are used to inform and guide all investments M&G makes as an asset manager. These principles are consistent with M&G plc's ESG principles and reflect the firm's purpose and corporate values of Care and Integrity.

Principle F 'As an investor we are politically neutral, we do not engage in political contributions, nor do we have a direct affiliation with any political party in any country. We are committed to working with our stakeholders, including our investee companies, to help end slavery, human trafficking, child labour or any other abuse of human rights. Therefore, we take into consideration politics where they impact human rights, the rule of law, fairness and equality, and where local and/or geo-political risk impacts the risk/return profile of the investment.'

Principle G 'Where an investment, either by the nature of its business or by the nature of the investee company's activities or behaviours, breaches our core values, we will assess the investment under our exclusion process. Where we believe engagement and voting have been or will be ineffective in influencing positive change, we may exclude the company from our portfolios.'

**Action:**

- Publication of the first M&G Sustainability Report
- Implementation and monitoring of supply chain policy and grievance handling via the 'Speak Out' system
- Publication of the 2020 Modern Slavery Transparency Statement
- Annual Review of the Human Rights Policy
- Disclosure of M&G Investments ESG Principles
- Publication of M&G Investment's ESG Investment Policy covering all investments across all asset classes
- Our people managers, including all senior leaders and members of the Group Executive Committee (GEC), have taken part in virtual training on how to lead with respect, care and integrity

**Measures:**

- M1 Publication of an annual Modern Slavery Statement (Y/N)
- M2 Publication of the Sustainability Report (Y/N)
- M3 Existence and operation of a Human Rights and Modern Slavery Policy (Y/N)
- M4 Engagement on Human Rights and Modern Slavery matters (17)
- M5 Annual Modern Slavery monitoring programme of supply chain, including through our health and safety compliance, inspection and auditing processes results (2021: No incidents or suppliers flag in 2021FY)
- M6 Grievance Handling system active and audited (2021 no reports to 'Speak Out', our online and telephone confidential reporting service, involving Modern Slavery issues or concerns)
- M7 Board Gender Diversity (2021: 57%)
- M8 Employee Gender Diversity (2021: 45%)
- M9 Equality Accreditation in the UK (2021: M&G plc achieved National Equality Standard)
- M10 Disability Confident Accreditation (2020: Accreditation awarded from 2020-2023)

## ROBUST LABOUR MANAGEMENT POLICIES & PROCEDURES

Principle 3: Businesses should uphold the freedom of association and effective recognition of the right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labour;

Principle 5: Businesses should uphold the effective abolition of child labour;

Principle 6: Businesses should ensure the elimination of discrimination in respect of employment and occupation.

M&G participates and works with employers' organisations (international and national levels) to jointly address challenges related to labour standards in the countries of operation, possibly in a tripartite approach (business – trade union – government). M&G includes reference to International Labour Standards in contracts with suppliers and other relevant business partners.

### Supplier Code of Conduct

Our Supplier Code of Conduct is a framework of acceptable conduct M&G plc expects from its suppliers, vendors, and all other third-party companies that comprise the M&G plc supply chain ("Supplier(s)").

### M&G Supplier Code of Conduct

This document is intended to complement our contracts with suppliers and the rules we set out when we procure our goods and services, which will always take precedence. The guidelines are based upon our commitment to integrity and we regard our Supplier base as a critical and necessary extension of our operations and future success. All work performed for M&G plc by a Supplier must be in full compliance with this Supplier Code of Conduct and all applicable laws, rules and regulations. This document is periodically updated by our Procurement team. Details can be found within the Supplier Code of Conduct on how M&G plc strive to uphold applicable laws i.e. UN Guiding Principles on Business and Human Rights.

M&G have a suite of legal contract templates available for use with third party suppliers depending on the type of goods or service we procure. Several clauses within these contract templates provide terms and conditions for these types of agreement to sign/agree to "Compliance with anti-corruption laws, human rights and living wages commitments". These outline the M&G definition of both "Modern Slavery Commitment" and "Modern Slavery Remediation Activities" in relation to the types of agreements. In our 2020 Annual Report and Accounts we publicly committed to adopt a Modern Slavery policy/standard which defines our Group Governance Framework position and appetite using UK legislation (Modern Slavery Act 2015) as our minimum standard – this was approved and rolled out across M&G in October 2021. This is not in the public domain nor will it be in the future. This is easily accessible to all M&G staff on our internal governance framework hub to provide them with support and guidance on managing Modern Slavery risks within their supply chain.

This newly developed business standard references M&G plc's position in respect of Human Rights and links back to M&G plc's "Statement of Human Rights" and the 'S' or 'Social' in ESG covering an array of issues including, but not limited to human capital management, human rights, diversity, health and safety and modern slavery with alignment to the M&G plc ESG Risk Policy.

While we recognise that governments have the responsibility to protect the rights of their citizens, as a global organisation we are aware that we have a significant part to play in upholding internationally recognised human rights and complying with laws within the countries and regions we work. We are committed to ensuring that our organisational culture reflects the support and respect of human rights as well as care and integrity in avoiding complicity in human rights violations. Our policies are guided by the principles of the Universal Declaration of Human Rights and the International Labour Organization's core labour standards. The

M&G plc employee relations policy contains minimum requirements that apply in all geographies in which we operate to ensure the prevention of slavery, human trafficking, and child and forced labour.

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## **M&G Investments ESG Investment Policy and Investment Principles**

### **M&G Investment's ESG Investment Policy**

M&G Investments' ESG Investment Policy published in January 2022 states 'M&G plc is committed to working with our suppliers and stakeholders to help fight slavery, human trafficking, child labour or any other abuse of human rights. M&G plc believes in supporting human rights and acting responsibly and with integrity in everything it does, and its policies are guided by the Universal Declaration of Human Rights and the International Labour Organisation's core labour standards.'

## **Modern Slavery Transparency Statement**

To be actively alert to tackling any modern slavery and human trafficking issues that might arise in our holdings, the Stewardship team in our asset management business is also working with external parties, such as the Churches, Charities and Local Authorities (CCLA) initiative - "Find it, Fix it, Prevent it". We want to ensure that we understand the latest developments in this area and that we are contributing to the broader discussion about how financial services should play its part in tackling modern slavery and human trafficking.

We hold our suppliers to the same ethical standards to which we hold ourselves and require our suppliers to remain in full compliance with all applicable laws, rules, and regulations. We have ongoing due diligence and oversight of our supply chain. 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 and we are prepared and vigilant against any situation that may arise.

Our Financial Crime Framework sets out our approach to management of all types of financial crime risks, which also extend to proceeds derived from (or funding of) modern slavery and human trafficking.

During 2020, our procurement teams have completed the Chartered Institute of Purchasing and Supply certified refresher training on best practice in ethical procurement, including identifying modern slavery risk. They are supported by a new supplier segmentation tool to help identify, manage and mitigate supply chain risks including modern slavery, applied across the lifecycle of the deal to precontract, contracting, deployment and service monitoring.

### **Actions:**

- In November 2021, M&G was accredited as a living wage provider by the Living Wage Foundation. Our accreditation commits M&G to ensuring that we both pay the Living Wage to our own directly employed colleagues and also that within our UK based supply chain, our partners, who have contracted staff who meet the Foundation's definition of working for M&G are paid the Living Wage as well.
- Implementation and monitoring of supply chain policy and grievance handling via Speak Out system
- Annual Review of the Human Rights Policy.
- Publication of the 2020 Modern Slavery Statement.
- Mandatory training on Diversity & Inclusion, Code of Conduct and Compliance. Along with periodic training on identifying Modern Slavery.
- Annual One Voice colleague survey in place to capture feedback and track engagement across the Group.
- M&G plc has an internal employee forum which works in partnership with the M&G plc Board and business leaders. The Colleague Forum collectively represents all UK colleagues and acts as an information and consultative body for business change.

- Diversity and Inclusion is a strategic priority for M&G plc. Goal 9 of our 10 point sustainability plan is: Be diverse and inclusive as a business and as an investor.

**Measures:**

- Please see Measures 3,4,5&6 under Principles 1&2

## ROBUST ENVIRONMENTAL MANAGEMENT POLICIES & PROCEDURES

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Businesses undertake initiatives to promote greater environmental responsibility;

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

M&G has committed to robust measures and public disclosure of our sustainability intentions and plans in the first Sustainability Report in May 2021. The Sustainability Report provides a single cohesive communication of the approach M&G will take including the use of precautionary approaches to environmental challenges, initiatives to promote greater environmental responsibility by its suppliers, employees and investments.

We acknowledge the significance of biodiversity for planetary sustainability and the need for a just transition towards more sustainable global production and consumption methods.

By putting sustainability at the heart of what we do, we seek to manage and mitigate long-term risks like biodiversity loss and climate change for our customers, and to make a positive contribution to the environment and society. Our two sustainability priorities – climate change and diversity and inclusion – are both closely connected to the preservation of biodiversity and natural capital such as plants, animals, soils, minerals and ecosystems. Climate change is a contributor to biodiversity loss but can also be addressed by sustainable management of natural capital. We cannot deliver on our commitments to net zero carbon emissions by 2030 as a business and 2050 as an investor without considering actions to protect nature and address biodiversity loss. Equally, without sustainable production and consumption methods which are fair for all, we cannot hope to have a diverse and inclusive society.

### **M&G Sustainability Report**

M&G has committed to robust measures and public disclosure of our sustainability intentions and plans in the First Sustainability Report in May 2021. The Sustainability Report provides a single cohesive communication on the approach M&G will take including the use of precautionary approaches to environmental challenges, initiatives to promote greater environmental responsibility by its suppliers, employees and investments.

### **M&G Sustainability Report**

The Sustainability Report introduces the plan to address long term challenges facing our business and wider society, so we can continue to help generations now, and in the future, live the lives they want. M&G intends to achieve its ambitions by

- Developing our pathway to net zero 2050
- Integrating ESG into our investments and accelerate engagement
- Growing Planet+ fund range
- Setting standards in sustainability and ESG policies
- Setting standards in disclosure and management
- Helping customers and their advisers understand the opportunities, risks and outcomes of sustainable investing
- Leading collective action to deliver change
- Developing pathway to net zero 2030 and set an example with our corporate sustainability practices
- Being diverse and inclusive as a business and as an investor
- Aligning our people behind our sustainability ambition

## **Net Zero Asset Manager Initiative and Net Zero Asset Owner Alliance**

M&G Investments is a signatory to the Net Zero Asset Manager Initiative, an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with efforts to limit global warming to 1.5 degrees Celsius. As an asset manager signatory of this initiative, M&G Investments, the asset management division of M&G plc, set out its interim targets in November 2021.

M&G's Asset Owner is a signatory to the equivalent Net Zero Asset Owner Alliance, and this membership was made in the reporting period. An interim Net Zero target is being set in the coming year and will be communicated in the next UNGC COP.

## **Thermal Coal Position Statement**

M&G plc published its Position Statement on Thermal Coal which commits us to reducing our exposure to unabated coal by 2030 in OECD and the EU and by 2040 across the rest of the world. By adopting a forward-looking approach as an active investor we can support companies as they transition their businesses towards net zero and phase out coal from the energy system in line with the IPCC, and enable M&G to align with a 1.5 degree warming trajectory in line with the Paris Agreement. We will apply restrictions to coal-related investments to achieve real-world positive change, by supporting the just transition towards a more sustainable economy.

## **Biodiversity Position Statement**

M&G plc published its first biodiversity position statement clarifying the role that the plc, Asset Manager and Asset Owner will play.

As a responsible long term asset owner, on behalf of our policyholders and customers we:

- Design our investment mandates to include consideration of the drivers and causes of biodiversity loss, as well specific mandates which directly support the transition to nature-positive outcomes;
- Appoint asset managers that can screen and analyse investment strategies and portfolios for drivers and causes of biodiversity loss, identify risk mitigating investment actions, and engage with investee companies to bring about positive change;
- Monitor the biodiversity impacts of mining, deforestation, pollution and carbon emissions;
- Are willing to ask our asset managers to divest from investees which cannot or will not engage on this issue.

As a responsible active asset manager integrating consideration of environmental, social and governance risks and opportunities into our investment processes, M&G has a strong record of engagement and leading collective action to bring about positive change. As such, M&G is well placed to support investee businesses in their transition to more sustainable production and consumption methods which protect nature and biodiversity. We believe that targeted engagement is preferable to divestment because as an investor we have an opportunity to effect change responsibly, rather than passing the issue on to someone else. M&G

- Includes assessment of sector-specific biodiversity loss indicators in our proprietary ESG Corporate Scorecards, which are used to evaluate ESG risks and opportunities and inform investment decision making by our public equities and fixed income teams;
- Engages with investee companies to encourage adoption of credible transition plans which protect biodiversity and natural capital. This includes using our vote and leading and joining collective action with other asset managers to achieve positive change;
- Makes targeted investments in public and private companies tackling climate change and biodiversity loss;
- Is working to identify, in partnership with our clients, how nature-related considerations are integrated in the construction of their mandates;

- Is increasing thematic research on biodiversity issues and continue to educate ourselves on assessment methodologies and evolving concepts in the biodiversity space to help us implement nature-positive solutions in our investment process.

### **M&G Investments' ESG Investment Policy and Principles**

M&G Investments' published their ESG investment principles in 2021 which is used to inform and guide all investments made as an asset manager. These principles are consistent with M&G plc's ESG principles and reflect the firm's purpose and corporate values of Care and Integrity.

*Principle A* For all investments, we take into consideration environmental, social and governance (ESG) factors that have the potential to have a material financial impact. In addition, for ESG-labelled funds/ mandates we take into consideration ESG strategies as necessary to deliver the specific objectives as defined in the fund documentation/investment mandate.

*Principle B* For all investments, we believe consideration of the implications for society and the environment to be part of investment stewardship and in line with our fiduciary duty to our customers.

*Principle D* We identify ESG themes and risk factors and integrate them into our general investment and risk management processes.

*Principle E* We are active investors and believe in active management, preferring stock selection, engagement and voting (where relevant) over exclusion. Our aim is to invest in the solution not the problem. Therefore, as a responsible investor, we seek to support companies transitioning towards the creation of a more sustainable economy.

*Principle J* We recognise the complexity in identifying and addressing the drivers of ESG issues, given the interdependence of ESG factors, some of which are inherently subjective and where available data may not be of high quality. In such cases we adopt a pragmatic approach, balancing the implications for the economy, society and the environment where available information is not objective or reliable.

### **Resource Offsetting**

As a corporate entity we are reducing our absolute energy consumption and identifying efficiency opportunities, whilst sourcing renewable electricity across our estate. As signatories of RE100, a renewable energy initiative in partnership with CDP, we are committed to setting ambitious targets in 100% renewable energy and maintaining our certification. We also offset all business travel and estimated commuting consumption in 2020. We have recognised the impact of home working on our emissions, and have begun to offset our estimated home-working energy use. We also continue to address use of other resources across our business. Our focus remains to improve our operational environmental performance, such as waste and recycling practices and eliminating single use plastics.

### **Climate change**

As a corporate we aim to buy 100% renewable electricity at our offices internationally, with all of our UK offices (where we have operational control) on green tariffs, accounting for around 89% of electricity use in 2019 and 78% in 2020, with reduced consumption in the UK linked to COVID-19 restrictions. For the remaining electricity we procure verified energy attribute certificates where available in the local market, in accordance with RE100 criteria. Moving forward we are looking to increase the proportion of our offices on a green tariff.

We are also targeting to reduce our absolute energy consumption by improving energy efficiency, focusing on our larger sites, as well as reviewing energy use in new leases and addressing new ways of working.

As an office based business our operational impacts are relatively low in context of our investment activities. However, as a responsible business we have set a near term net zero by 2030 target for our corporate operations. Within the scope of our net zero target we are targeting at least a 46% reduction in building emissions and at least a 46% reduction in travel emissions. With our supply chain we have set an engagement

target of 67% of emissions (estimated from spend) focused on encouraging suppliers to set their own science based targets, aligned with limiting warming to 1.5°C.

In 2021 we set up a renewable energy switching service for UK mainland colleagues to support sustainable choices at work and at home.

### **Resource use**

As a corporate we operate an environmental management system (EMS) certified to ISO14001 across our larger UK offices, with an Environmental Policy which operates across our entire estate. The EMS helps us to set targets to reduce our environmental impact e.g. reduce energy and water use, minimise waste generation and increase recycling rates.

Where we have operational control we have a zero waste to landfill policy in place and this is a requirement in our contracts with our facilities management teams.

In 2021 our Events Teams have focused on reducing impacts from virtual and in person events and have developed sustainable events principles to be applied, practical measures include looking at provision of resources, food options and type of events travel.

### **Biodiversity**

As a corporate we support biodiversity through our off-setting programme. We off-set emissions linked to business travel and commuting across a variety of Verified Carbon Standard and Gold Standard programmes, including several REDD+ conservation projects.

### **Communication**

In 2021 we provided colleagues with a series of sustainable training modules to all staff, which are aimed at raising everyone's awareness and understanding. We have also developed a central intranet resource which hosts a variety of sustainability information and resources.

### **Actions**

- M&G plc Net Zero 2030 commitment to 4.2% year on year (office estate and travel) emissions reductions (% emission reductions)
- M&G plc engagement with supply chain to achieve progress on their science based climate targets
- M&G plc publication of its Thermal Coal, Biodiversity, and Just Transition Position Statements
- M&G Investments Publication of a comprehensive ESG Investment Policy
- M&G Investments' Interim Net Zero target commitment
- Asset Owner signatory to Net Zero Asset Owners Alliance
- M&G Plc has a zero waste to landfill policy in all offices with operational control

### **Measures:**

- M11 M&G Plc % of supply chain engaged to set SBTI's from the committed Net Zero value chain emissions (67% of emissions) (% of supply chain or % of 67% of value chain emissions)
- M12 M&G Plc near term Net Zero 2030 progress (based on 46% emissions reduction target by 2030) (% achieved of 46%)
- M13 M&G has committed to achieve a 50% reduction in carbon emissions by 2030 on behalf of £58 billion in assets managed on behalf of Prudential UK, its internal client. This represents 20% of the £296 billion of assets managed by M&G Investments as at 30 June 2021, the assets in scope are public equities and public fixed income mandates directly managed on behalf of the Prudential With Profits Fund
- M14 M&G Plc % renewably sourced energy (2020: 99.7% of office electricity consumption)
- M15 M&G Plc % of landfill waste diverted from landfill in offices with operational control (2021: 100%)

## Environmentally Friendly Technologies

We manage a number of funds and strategies that have an explicit mandate to invest in companies developing or diffusing environmental solutions. These strategies cover both private and public markets and invest in a range of solutions to environmental challenges including climate change, natural resource scarcity, biodiversity loss, excessive waste and pollution to land, sea and air. While we also have numerous environmentally friendly investments across our range of 'mainstream' funds, we have focused here on providing an overview of these funds with an explicit environmental mandate, as well as a number of their underlying holdings.

M&G Positive Impact Fund was launched in 2018 and has grown significantly in AUM during the past year. The fund's objective is to address the Sustainable Development Goals by investing in businesses intentionally tackling major social and environmental challenges. The fund invests in environmental solutions across three broad categories: climate action, environmental solutions and the circular economy. Individual investments include the global leader in renewable energy generation from offshore wind which has been a major driver in scaling up offshore wind power generation by employing the technology and know-how to implement large scale projects globally (Orsted); the leading manufacturer of PV invertors needed to improve the scalability and efficiency of solar power generation (Solaredge); a global producer of sustainable and recyclable packaging for e-commerce helping to cut both emissions and virgin material use (DS Smith); a global provider of energy management and automation solutions whose software simplifies the collection and efficiency of analysis of data from devices around an organisation (Schneider Electric); a software developer whose products enable the dramatic reduction of waste and emissions from the design, engineering and manufacturing processes (Ansys).

M&G Climate Solutions Fund was launched at the end of 2020 with a mandate to invest in companies providing solutions to the challenge of climate change. This fund has a more focused remit, specifically focusing on climate solutions on climate change across climate action, environmental solutions and circular economy. In addition to the above-mentioned examples, investments in environmentally friendly technologies include an innovative fuel cell technology and engineering business that brings cleaner and cheaper energy to businesses, homes and vehicles (Ceres Power); a recycler of meat-derived products and cooking oils, aiding the conversion back into food, feed, pharma products and low carbon fuel (Darling Ingredients); and a manufacturer of building materials made entirely from recycled materials thereby cutting both natural resource use and waste (Trex).

In our Private Asset business, we have launched M&G Catalyst, committing to make a £5bn investment over 5 years across the capital spectrum in innovative, sustainable and impactful companies. Investments within this strategy include a UK business that is pioneering carbon reduction and removal through developing infrastructure across the carbon ecosystem; a domestic off-grid solar project bringing low carbon and affordable energy to individuals and communities in Africa; a highly energy efficient new data centre with commitment to source only renewable energy; and a company that transforms household waste, including all organics, into the most climate-positive thermoplastic material on the market. More broadly across Private Assets we are significant investors in private debt and infrastructure assets that could be classified as 'environmentally friendly technologies'.

Across the M&G fund range, we also employ stewardship and engagement strategies to promote the adoption and use of environmentally friendly technologies across businesses and industries. This involves, for example, encouraging power utilities firms to accelerate the transition to low carbon power generation; industrial and mining companies to source renewable power sources where possible and to reduce emissions from their production processes; and for Real Estate and construction firms to adopt more sustainable practices and materials. We are an active participant in collaborative engagement initiatives such as Climate Action 100+ which encourages companies across industries and geographies to adopt Net Zero goals and clear decarbonisation strategies, and IIGCC's Paris Aligned Investor Initiative which outlines strategies and solutions for investor and corporate alignment with the goals of the Paris Climate Agreement.

**Measures:**

- M16 Number of funds distributed under M&G Planet+ fund range (2021 20 funds)
- M17 M&G Investments AUM within Planet+ product range (2021 GBP£5 bn)

## ROBUST ANTI-CORRUPTION MANAGEMENT POLICIES & PROCEDURES

### Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

We're committed to the highest levels of integrity and business conduct and have a zero tolerance approach to bribery and corruption. We require all employees to adhere to the M&G plc Anti-bribery and Corruption Policy and to carry out their duties with openness and transparency. Periodic training and reporting requirements ensure that employees are aware of their obligations under the M&G plc Anti-bribery and Corruption Policy as well as its supporting standards.

M&G plc has an established Group Financial Crime Compliance team that is responsible for implementing a framework to enable the organisation and its employees to manage the legal and reputational risks associated with financial crime, including bribery and corruption. The team is overseen by our Director of Financial Crime who also acts as the Anti-Bribery and Corruption Officer and Group Money Laundering Reporting Officer for all UK regulated entities.

Group Financial Crime Compliance, in partnership with the dedicated Compliance Monitoring team within the Regulatory Compliance function, performs routine monitoring and deep-dive activities across the Group, and also undertakes regular enterprise-wide financial crime risk assessments which cover all of our global activities.

M&G plc has begun a programme of work to verify that the controls that operate across the Group are sufficiently comprehensive and resilient to mitigate the risk of the facilitation of financial crime in line with all relevant legal and regulatory requirements.

#### **Actions**

- M&G Employees have regular, updated training in the topic of anti-corruption and bribery
- M&G plc Engagement with UNGC red flags associated with corrupt activities
- M&G Investments Publication of a single cohesive ESG Investment Policy
- M&G plc Annual Accounts audited and appraised with unqualified audit response
- M&G plc Yearly Compliance training
- M&G plc Finalisation of a Group Risk Framework

#### **Measures**

- M18 M&G Plc % of employees trained in code of conduct/ compliance / Anti Money Laundering & Know Your Customer (2021: 100% completion based on % of employees which excludes employees on leave)
- M19 M&G Plc Total (£) contributed to and spending for political campaigns, political organisations, lobbyists or lobbying organisations, trade associations or other tax-exempt groups (2021: £0.00)
- M20 M&G Plc % of business relationships we apply Customer Due Diligence (CDD) to. This is done in accordance with anti-financial crime policies and business standards underpinned by guidance issued by the Joint Money Laundering Steering Group (JMLSG) (2021: 100%)

## Sustainable Development Goals (SDGs)

Which of the following Sustainable Development Goals (SDGs) do the activities described in your COP address? **Selected with a ✓ those that apply**

-	SDG 1: End poverty in all its forms everywhere
-	SDG 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture
-	SDG 3: Ensure healthy lives and promote well-being for all at all ages
-	SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
	SDG 5: Achieve gender equality and empower all women and girls
-	SDG 6: Ensure availability and sustainable management of water and sanitation for all
-	SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all
✓	SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
✓	SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
✓	SDG 10: Reduce inequality within and among countries
	SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable
-	SDG 12: Ensure sustainable consumption and production patterns
✓	SDG 13: Take urgent action to combat climate change and its impacts
✓	SDG 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development
✓	SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
✓	SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
✓	SDG 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development

With respect to your company's actions to advance the Sustainable Development Goals (SDGs), the COP describes: **Selected with a ✓ those that apply**

✓	Opportunities and responsibilities that one or more SDGs represent to our business <i>Please see our annual Sustainability Report for a full response to this question.</i>
✓	Where the company's priorities lie with respect to one or more SDGs <i>Please see our annual Sustainability Report for a full response to this question.</i>
✓	Goals and indicators set by our company with respect to one or more SDGs <i>Please see our annual Sustainability Report for a full response to this question - SDG13</i>
✓	How one or more SDGs are integrated into the company's business model <i>Please see our annual Sustainability Report for a full response to this question.</i>
✓	The (expected) outcomes and impact of your company's activities related to the SDGs <i>Please see our annual Sustainability Report for a full response to this question.</i>
✓	If the companies' activities related to the SDGs are undertaken in collaboration with other <i>Please see our annual Sustainability Report for a full response to this question.</i>
✓	Other established or emerging best practices <i>Please see our annual Sustainability Report for a full response to this question.</i>

## Tabulated Measures

Principle	Measure	2021FY
1,2,3,4,5,6	M1 Publication of an annual Modern Slavery Statement (Y/N)	Y
	M2 Publication of the Sustainability Report (Y/N)	Y
	M3 Existence and operation of a Human Rights and Modern Slavery Policy (Y/N)	Y
	M4 Engagement on Human Rights and Modern Slavery matters (Number)	17
	M5 Annual Modern Slavery monitoring programme of supply chain, including through our health and safety compliance, inspection and auditing processes results (2021 No incidents or suppliers flag in 2021FY)	0
	M6 Grievance Handling system active and audited (2021 no reports to 'Speak Out', our online and telephone confidential reporting service, involving Modern Slavery issues or concerns)	0
	M7 Board Gender Diversity (2021 50%)	50%
	M8 Employee Gender Diversity (2021 45%)	45%
	M9 Equality Accreditation in the UK (2021 M&G plc achieved National Equality Standard)	Accredited
	M10 Disability Confident Accreditation (2020: Accreditation awarded from 2020-2023)	Accredited
7,8,9	M11 M&G Plc % of supply chain engaged to set SBTi's from the committed Net Zero value chain emissions (67% of emissions) (% of supply chain or % of 67% of value chain emissions)	67%
	M12 M&G Plc near term Net Zero 2030 progress (based on 46% emissions reduction target by 2030) (% achieved of 46%)	46%
	M13 M&G Investment's Net Zero Commitment M13 M&G Asset Owner (TIO) Net Zero Commitment	50% of £58bn 20% of total £296bn
	M14 M&G Plc % renewably sourced energy (2020 99.7% of offices)	99.7%
	M15 M&G Plc % of landfill waste diverted from landfill in offices with operational control (2021: 100%)	100%
	M16 M&G Investments Funds specifically providing climate solutions (2021: 20 Funds)	20
	M17 M&G Investments AUM within Planet+ product range	GBP £5bn
10	M18 M&G Plc % of employees trained in code of conduct/ compliance / Anti Money Laundering & Know Your Customer (2021: 100% completion based on % of employees which excludes employees on leave)	100%
	M19 M&G Plc Total (£) contributed to and spending for political campaigns, political organisations, lobbyists or lobbying organisations, trade associations or other tax-exempt groups (2021 £0.00)	GBP£0.00
	M20 M&G Plc % of business relationships we apply Customer Due Diligence (CDD). This is done in accordance with anti-financial crime policies and business standards underpinned by guidance issued by the Joint Money Laundering Steering Group (JMLSG) (2021 100%)	100%