



Fiona Clutterbuck

Interim Chair and Senior Independent Director, M&G plc

Welcome. It has been an extraordinary year for all of us. I am sure we have all been deeply shocked by the economic hardship, illness, isolation and loss that the pandemic has created. I hope that you have all stayed well and safe.

That said, we should not lose sight of some unexpected benefits as well. We have a new, more flexible approach to working, a hybrid of working from home and being in the office and an ability to deliver a more agile response for customers, clients and colleagues, whatever the world in 2021 and beyond may bring.

At M&G, our priority this year has been to support our clients and customers to the best of our abilities and to help our colleagues cope with the exceptional circumstances we've found ourselves in, since last spring. I am very proud of what our people have delivered this year, and I know John will want to say more about that shortly.

But on behalf of the Board, I would like to say a very big thank you to all our colleagues for their continuing commitment and hard work. This hasn't been an easy year for anyone. So I am also very proud of how M&G has supported our communities and the businesses in which we invest.

We've encouraged colleagues to take advantage of our voluntary leave so they can contribute to their local communities. And we have given over £1.3 million to charitable causes helping those most impacted by the pandemic, as part of our £3.2 million community investment programme.

Before I hand over to John, I also wanted to note that despite the external environment, we were pleased to have delivered a resilient performance last year. We generated very strong levels of cash and were able to maintain the dividend, which was paid to you in April. We are very grateful for shareholders' continued support and we look forward to delivering another strong performance in the coming year.

I'll now hand over to John. Thank you.

John Foley

Chief Executive, M&G plc

Thanks Fiona. What a year it has been, certainly the most eventful in my career, yet despite the pandemic we have achieved a great deal in our first full year as an independent business. As our financial results show, this worldwide crisis in public health has demonstrated the resilience of our diversified and integrated business model. The pandemic has also brought out the best in our colleagues. The Leadership team and I are immensely proud of their commitment and hugely grateful for their efforts.

And I want to thank everyone else who has supported us in these difficult times; customers and clients, shareholders and business partners, the communities we serve. Our combination as asset manager and asset owner meant we were well-positioned for the economic and market disruption, which came with the pandemic. It's enabled us to generate high levels of capital and to pay our annual dividend in full, at a time when income from dividends has been difficult



to obtain. Throughout the crisis, the business has remained financially strong with our shareholder solvency ratio of 182%, well above our risk appetite and higher than at demerger.

Over the year, we also made good progress on returning the business to sustainable growth through a number of initiatives. And those included the launch of M&G Wealth in September, following the acquisition of the Ascentric platform earlier in the year. With £28 billion of assets under management and administration, this is a powerful new force in UK financial advice.

And a revamp of our retail funds offering. We took a series of actions to position the business for a return to net inflows, including more competitive management fees, new products and improved performance. We have also seen further growth in our Institutional Asset Management business with continued innovation in fields such as private assets and impact investing.

During the year, we won significant new mandates with £5 billion net client inflows. An expansion of our international presence with new Investment teams in the US and Singapore and more local origination of private assets. We also took majority control of our South African operation. We made good progress on modernisation. We remain on track to achieve annual savings of £145 million in 2022 through our five-year transformation programme.

And we strengthened our culture. I personally led a company-wide programme to create a stronger sense of One M&G built around our core values of care and integrity. Of course, there have been challenges. I am pleased to say that this month we reopened the Property Portfolio Fund after a 17-month suspension in trading.

While we regret the inconvenience this has caused our clients, we do believe suspension was the best way to protect all the fund's shareholders. Suspension allowed us to raise cash through an orderly disposal of assets, selling properties at, or very close, to their net-asset value.

In our Prudential corporate pensions business, lockdown restrictions have had an impact on service levels, but we are working extremely hard to return service to the standard customers expect of us.

By far the most important initiative this year has been the pivot of the entire business to sustainability. Earlier this month, we published our first ever Sustainability Report, setting out our 10-point plan to embed the principles of sustainability throughout M&G. The report includes our commitments on climate, net-zero on carbon emissions for our operations by 2030 and across our investment portfolios by 2050 at the latest.

While we are keen to accelerate this transition, we must be thoughtful in our approach to ensure it also is a just transition. And as the stewards of savers' capital, we also have a responsibility and the opportunity to direct investment to those who can make a positive difference.

In February, we announced that our With-Profits Fund is allocating £5 billion to a new strategy we have called Catalyst. This is an international team of investment specialists who are directing customers' savings to private companies and organisations with social or environmental purposes at their heart. We expect Catalyst to be the first of a series of initiatives that will see M&G direct more and more capital to sustainable and impact investments.

So, a year in which we made good progress on our return to growth; overcame a number of challenges; and delivered attractive returns to shareholders.



A year in which we continue to put customers and clients at the centre of our business, while also ensuring the safety and well-being of our colleagues.

And, a year in which we put the business on a more sustainable footing in the belief that a sustainably run and well-governed company will deliver better outcomes for customers and stronger, more resilient returns for shareholders.

Thank you again for all your support.

Now before I finish, I want to pay tribute to our colleague, Roddy Thomson, who died very suddenly last month. Roddy was an exceptional colleague and friend, and he will be greatly missed. Our thoughts are with his family and friends at this very sad time.

And now I'll hand you back to Fiona and look forward to your questions.

Overview

Fiona Clutterbuck

Interim Chair and Senior Independent Director, M&G plc

Good morning, and welcome to M&G's AGM. My name is Fiona Clutterbuck, and I am the Interim Chair of your company. You may have read that our Chair, Mike Evans, took a leave of absence at the start of this year due to stress, and has since stepped down to concentrate on his recovery.

I would like to thank Mike for the very significant contribution that he made to our business, and send him our very best wishes for his recovery.

I joined the Board in October and have been chairing the Board since January. We have started the search for a new Chair and we will update you on that as soon as we have some news. I would also like to welcome Clare Chapman, who joined the Board in March. You can see on screen the other members of the Board as well.

I am here today in our head office in London, observing social distancing rules, but I hope that by the time we meet next year, we will be able to be in the same room.

Explanation of formal business of the meeting

So first, let us now consider the formal business of the meeting. As set out in our Notice of Annual General Meeting, we will ask you to vote by way of poll on each of the resolutions. This is best practice and gives all shareholders the opportunity to participate, including those who vote by proxy rather than live in this meeting.

I will explain how the voting will work, put the resolutions to the meeting and then give you an opportunity for questions. I will shortly open the poll to allow you to vote throughout the meeting and will remind you when the poll is about to close so that everyone has time to vote.

All of the resolutions being proposed today are set out in full on pages six to nine of the Notice dated 14 April 2021, which was sent to you on that date. It is also available on our website.



With your consent, I propose to take the Notice as read.

Thank you. The resolutions being submitted this year include the standard business items for an AGM. Resolutions one to fourteen are ordinary resolutions. These require more than 50% of the votes cast to be in favour of the resolution in order for it to be passed. Resolutions fifteen to eighteen are special resolutions. Passing these resolutions requires 75% of the votes to be cast in favour.

As agreed, I shall take each resolution as read, including the resolution dealing with my own election, and do not intend to refer to each resolution separately. You can vote for or against each proposed resolution, or you may withhold your vote. A withheld vote is not a vote in law and will not count for or against a resolution.

The poll results from today's meeting will be added to the votes of the shareholders already received through proxies lodged in advance.

Explanation of Voting and Declaration of Poll Open

The Board has recommended in the Notice that shareholders vote in favour of all resolutions, and that is what the Directors themselves have done. You should now see a list of the resolutions and voting choices appear on your screen. You can scroll through the list to view all of the resolutions that are being put to the meeting today.

For each resolution, you should press the choice corresponding with the way you wish to vote. When you have selected how you wish to vote, a confirmation message will appear. If you make a mistake or wish to change or cancel your vote, you will be able to do this at any time whilst the poll remains open.

If you would like to return to the voting screen whilst the poll is open, you can do so by selecting the voting icon.

I now formally propose that each of the resolutions, as set out in the Notice, be put to the meeting and the poll is open. The poll will remain open for you to vote throughout this session, and I will give you warning when the poll is about to close.

Q&A Session

So to your questions. We will move through this session in three parts:

- First, our pre-registered questions;
- Then any questions typed into the question box today; and
- Finally, any spoken questions from those who wish to speak on the phone.

If you wish to ask a question, it is easiest to do so via the question box. Please select the messaging icon from within the navigation bar, which is at the top of your screen and type your question in the box at the bottom of the screen. Once you have finished, press the send icon to the right of the message box to submit your question. You will see a tick and the word 'received' to show the question has come through to me.

Only shareholders, duly authorised representatives of shareholding corporations and proxies may participate in Q&A. When asking a question, please also state your name in the box. If you have any questions relating to either a personal policy or shareholding with M&G plc, we will of course take your question, but not as part of this meeting. We have



provided, on the screen and in our AGM Notice and on our website, the email for Group Secretariat and you may direct any personal policy or shareholding queries to this address to be dealt with separately.

I would like to begin by taking the first pre-registered question.

Q&A

Alan Porter: Thank you, Chair. The first question is from shareholder John Martin, who asks, the company operates on the basis of care, integrity, diversity and the support of its people. There is a mixed track record of achieving these aims. How is Directors' remuneration enhanced for progress, and conversely penalised for failure?

Fiona Clutterbuck: So thank you, Mr Martin for your question. M&G is committed to providing a safe environment for all our colleagues to work in. And we expect each of our colleagues to treat each other with respect and dignity underpinned by our core values of care and integrity.

We have zero tolerance for inappropriate behaviour. And post-demerger, John initiated a culture programme, which resulted in the launch of a Code of Conduct and training as part of that, so that each of our colleagues understood the relevance of values in the context of the roles that they performed.

In terms of the incentivisation for the ED's, non-financial measures to incentivise the ED's comprised risk management, alignment with our sustainability objectives and also with our customer outcomes, diversity engagement and also culture. And these represent 30% of our short-term incentive scheme and 25% of our long-term incentive scheme.

Alan Porter: So Chair, another question from John Martin. He has noted £250 million was pledged in 2018 for M&G plc's transformation and digital enablement. Since then, the customer service experience of these systems has been poor, requiring significant manual intervention. Are we on track? Will we deliver this digital strategy? And if so, at what cost and timescale?

Fiona Clutterbuck: Again, thank you, Mr Martin, for your question. Yes, we did invest £250 million in a transformation programme, which has a five-year timeframe. As part of this, we have undertaken a digital transformation to deliver more digital options and self-service options to both our IFAs and our customers.

We have experienced some delays in relation to our corporate pension customers and we are working very hard at the moment to ensure that we restore service levels to the sort of levels that our customers are entitled to expect. And we are on track with both our transformation programme and also with the digital transformation programme.

Alan Porter: Thank you, Chair. And there is a similar question from shareholder Wendy Wilson, who noted there are significant and well-documented issues in the press for heritage business around AVCs and customer service. What's been – think it should be being? done to identify and resolve these issues? What actions have been put in place to handle and resolve these significant volumes of outstanding complaints? Are you planning further significant migrations later this year whilst the current situation is still being resolved?



Fiona Clutterbuck: Okay. Thank you very much, Ms Wilson, for your question. I would like to start by apologising profusely to any customer who has not received good service from us over this time. Some customers are having to wait too long to receive their pensions and that is clearly unacceptable.

We are doing everything we can to restore normal service levels. And as part of that, we are deploying additional staff and ensuring that they are trained appropriately. The issue was caused by the introduction of a new administration system, which was impacted by the third lockdown as we were unable to redeploy staff at quite the speed that we intended to do so.

In terms of the question relating to whether or not we are going to have any further migrations, we won't go through any further migration until we are satisfied that we have restored service levels to an appropriate level.

Alan Porter: Thank you. And I think we have another pre-submitted question. This is from shareholder, Isobel Mitchell who asks, what are the Board of M&G Investments' plans for addressing the systemic risk posed by biodiversity loss? Will M&G Investments make commitments to set portfolio-wide targets for nature and report against them?

Fiona Clutterbuck: We are committed to prioritising biodiversity in terms of the conversations that we have with investors. We believe that the preservation of biodiversity is an integral part of our sustainability agenda, which as you know, we have been very specific in terms of our targets that we have.

It is very necessary in order to reduce greenhouse gas emissions to net-zero and to manage global warming. So it is a very important element of our engagement that we have with our managers. And in fact, on subjects such as deforestation, we have trained our managers to identify what the key drivers of deforestation are. And they will use that in the context of the discussions that they have with the funds in which they invest.

Alan Porter: Thank you, Chair. I think that was the last of our pre-submitted questions. But we have received some live written questions submitted today. The first one is from Brian Barrington Kirkland. And he asks, in terms of the retail fund, what does teams oriented management mean? Does it imply that there is no longer a fund manager responsible for each fund so that each fund is being run by a committee?

Fiona Clutterbuck: So thank you for your question, Mr Barrington Kirkland. Essentially this means that this is a more collaborative way in which to approach the investments making greater use of the expertise of the whole team. It's one of a number of changes we have made this year to improve the performance of our retail business.

John, I don't know whether you would like to comment?

John Foley: I think you have covered it, Chair. But I think there is a view that you should have more of a team orientated approach. So it is not a committee as suggested by the shareholder. It's more of a team orientated approach to ensure that we bring a number of different views to the table when we are considering what is the right approach in any particular fund. And so that's why we have introduced this in the last nine months.

Alan Porter: Thank you. If we could move to the next question. So this is from the same shareholder, Chair, who has also asked, you have established a unit in Chicago. What client base does M&G have in the US? What does progressing the onboarding of US wirehouses mean? Mr Barrington Kirkland is not familiar with those terms.



Fiona Clutterbuck: Again, thank you for your question, Mr Barrington Kirkland. These are broker dealers that we work with as part of our international distribution strategy.

Alan Porter: Thank you. Can we move to the next question please. So this is from Mr Philip Clark, who says it is great that M&G is fully independent and can drive its own future. It is also good to see the number of initiatives underway to push the business forward. What does success look like? What can shareholders expect?

Fiona Clutterbuck: So thank you for that question, Mr Clark. It's an interesting one. You will see from our results that we have built a resilient business and it's based on our key strategic pillars.

I would like to think that as a consequence of the progress that we have made and continue to make that you will see increasing share price and total returns. As you may be aware, post-merger, we have actually increased the total returns by something in the region of about 33%. That's share price and dividend.

And we compare very favourably with our peers in the fund management sector and the asset management sector, and indeed our life assurance peers as well. So I would hope to see an increase in the overall value of the business as we drive our strategic pillars forward. Essentially our strategy is not changing. It is built around the asset owner, asset manager philosophy and the combination of which we see drives significant synergistic benefits.

John, I don't know whether you would like to comment?

John Foley: No, nothing much to add, Chair. Thank you for your question, Mr Clark. We are very ambitious both on behalf of the company and our shareholders. So we hope to achieve good returns for you all over the course of the next four, five years. Thank you.

Alan Porter: Thank you. So we have no more questions coming in on the chat box. I just wanted to ask if there is anybody on the conference line who would like to ask a voice question. Chair, that is all the questions.

Fiona Clutterbuck: That's lovely, thank you. So as there are no further questions, I will allow a few final moments for you to cast your votes. The poll will close very shortly.

The poll is now closed. The Registrars, Equiniti, will verify the votes submitted before final results are announced later this afternoon. The results will be available on our website. I am pleased to say that all of the resolutions put to the meeting have been provisionally passed.

That concludes the business of the AGM this year. And I would like to thank you all for attending virtually today.

Thank you.