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M&G plc (“M&G”) Anti-Money Laundering (“AML”) Comfort Letter

M&G is an international savings and investment company that has subsidiaries and branches in 28 locations globally. M&G takes fighting financial crime seriously and takes every effort in its prevention. This letter accompanies the M&G plc Wolfsberg Questionnaire and the M&G plc Anti-Financial Crime Statement and encompasses all subsidiaries globally of M&G plc.

M&G has no appetite for financial crime but acknowledges that criminals will attempt to use services and products to launder funds and defraud the Group and its clients. Risk based controls and procedures are designed and applied to mitigate this risk as well as to detect, prevent and disrupt financial crime activity. It ensures that we best serve genuine consumers and the financial services industry in a proportionate manner, whilst complying with all applicable regulation and legislation.

In the UK, where headquartered, M&G is supervised by the Financial Conduct Authority (‘FCA’), the Prudential Regulation Authority (‘PRA’) and His Majesty’s Revenue and Customs (‘HMRC’). Part of their supervision of M&G is to ensure procedures and controls are in place to defend our business, our customers and the community from financial crime. The UK’s Money Laundering Regulations (‘MLRs’), as well as various anti-financial crime laws we are subject to, have extra-territorial reach, meaning our international centres and person(s) who represent us are also bound by them.

A strong financial crime governance and control framework ensure this is achieved, across all of M&G. Our financial crime operations, compliance and audit functions operate within a three-lines of defence model, with defined escalation routes to senior management, including maintaining an open and transparent relationship with our supervisors and/or regulators.

In terms of investment and customer due-diligence, a risk-based approach applies, as set out in our Financial Crime Compliance Policy (the Policy) documentation. M&G performs identification and electronic or document-based verification of relevant parties, in compliance with the MLRs. Corroboration of Source of Wealth (‘SOW’) and Source of Funds (‘SOF’) is one of the key considerations in higher risk situations. M&G uses all reasonable efforts to satisfy the requirements, where they apply, to ensure the risk of handling the proceeds of financial crime is mitigated. Together with the business, compliance sign-off mechanisms are in place as appropriate, in line with Policy.

M&G utilises industry recognised tools to conduct screening against applicable sanctions regimes, including but not limited to OFSI, OFAC, EU, UN and sanction authorities in jurisdictions where M&G operates or is licenced. Screening is also used to identify Politically Exposed Persons (‘PEPs’), Relatives or Close Associates (‘RCAs’) and adverse information in relation to new and existing customers and investments. Where any financial crime activity is outsourced, or a subsidiary acts independently, oversight and assurance activities are undertaken to ensure ongoing compliance with M&G’s financial crime Policy.

M&G has processes and procedures in place to monitor its clients’ transactions throughout the course of the business relationship, to ensure that the transactions conducted are consistent with M&G’s knowledge of the clients, their business and risk profile.

If M&G becomes suspicious of any criminal activity, it investigates and reports under the appropriate disclosure regime.

David Powers
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