

CRD IV Country by Country Reporting

Financial Year Ended: 31 December 2016



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1. Directors' Responsibilities Report in relation to the Country by Country Reporting (CBCR) Information

The CBCR Information comprises the information disclosed on pages 6 to 8.

The Directors of the Company are responsible for preparing the CBCR Information for the year ended 31 December 2016 in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013. In preparing the CBCR Information, the Directors are responsible for:

- interpreting the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013;
- determining the acceptability of the basis of preparation set out in note 3.1 to the CBCR information;
- making judgements and estimates that are reasonable and prudent; and
- establishing such internal control as the Directors determine is necessary to enable the preparation of CBCR Information that is free from material misstatement, whether due to fraud or error.

The CBCR information does not constitute the company's statutory accounts for the financial year ended 31 December 2016. Statutory accounts for 2016 have been delivered to the registrar of companies. The auditor has reported on these accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under s498 or of the Companies Act 2006.

The CBCR information was approved by the Board and signed on its behalf on 22 November 2017 by:



Grant Speirs
Group Finance Director

2. Independent Auditor's Report to M&G Group Limited

We have audited the accompanying Country by Country Reporting information ('CBCR Information') as at and for the year ended 31 December 2016, which has been prepared based on the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013 as interpreted by the Directors of the M&G Group Ltd Subsidiaries ("the Company") as set out in the basis of preparation in note 3.1.

This report is made solely to the Company, in accordance with the agreed terms of our engagement. Our audit work has been undertaken so that we might state to the Company those matters we have agreed to state to it in this report, and to facilitate the Company's compliance with the requirement for audit of the Company's CBCR Information set out in Regulation 2(7) of the Capital Requirements (Country-by-Country Reporting) Regulations 2013, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our audit work, for this report, or for the opinions we have formed.

Directors' responsibilities for the CBCR Information

As explained more fully in the Statement of Directors' Responsibilities, set out on page 3, the Directors of the Company are responsible for the preparation of the CBCR Information in accordance with, and for interpreting the requirements of, the Capital Requirements (Country-by-Country Reporting) Regulations 2013, for determining the acceptability of the basis of preparation as set out in note 3.1, and for such internal control as the Directors determine is necessary to enable the preparation of CBCR Information that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express an opinion on the CBCR Information based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the CBCR Information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the information being audited. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the information being audited in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by the Directors, as well as evaluating the overall presentation of the information being audited.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the CBCR Information as at and for the year ended 31 December 2016 has been properly prepared, in all material respects, in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013 as interpreted by the Directors as set out in the basis of preparation in note 3.1.

Basis of preparation

Without modifying our opinion, we draw attention to note 3.1 to the CBCR Information, which describes the basis of preparation. The CBCR Information has been prepared for the purposes of the Capital Requirements (Country-by-Country Reporting) Regulations 2013 and may not be suitable for another purpose.



Richard Hinton

for and on behalf of KPMG LLP
Chartered Accountants

15 Canada Square,
Canary Wharf,
London E14 5GL

22 November 2017



3. Introduction

3.1 Basis of Preparation

3.1.1 This document has been prepared in accordance with The EU Capital Requirements (Country by Country Reporting) Regulation 2013, which came into effect on 1 January 2014.

The information below is prepared on the following basis for the year ended 31 December 2016:

UK turnover represents the management fees and performance fees which are the Group's primary source of revenue. Overseas branch and subsidiary turnover represents Intercompany charges to M&G Group companies in respect of marketing and promotional services provided.

The average number of employees is an average of monthly total full time equivalent employees, based on employees legally employed by M&G Limited and M&G International Investments Limited.

Corporation tax paid on profits represents the total amount of corporation tax paid to the tax authorities in the 2016 financial year. An element of the payments will relate to tax liabilities of prior financial years and therefore the figures will not represent either corporation tax charged in the financial statements or the corporation tax liability for the 2016 financial year.

3.2 Scope

3.2.1 All M&G Group (M&G) CRD IV entities are included within this disclosure. M&G is one of the largest discretionary active investors in the UK with £264.9bn of funds under management as at December 2016.

3.2.2 This disclosure is related to the following entities regulated by the FCA ("the CRD entities") on a solo basis:

M&G Investment Management Limited

M&G International Investments Limited (including its branches and subsidiaries)

M&G Financial Services Limited

4. Disclosure

4.1 M&G International Investments Limited³

Country by Country Reporting (CBCR) of a solo CRD firm—disclosure for the financial year ended 31 December 2016

Legal Entity/ Subsidiary/ Branch	Geographical Location	Nature of Activity	Turnover £000's	Profit or Loss before tax £000's	Corporation tax paid £000's	Public subsidies received £000's	No. Staff*
Branch	France	Marketing and distribution of collective investment schemes	5,965	498	158	–	14
Branch	Germany	Marketing and distribution of collective investment schemes and operational support services	9,365	3,674	1,886	–	29
Branch	Italy	Marketing and distribution of collective investment schemes	12,119	4,345	2,018	–	21
Branch	Spain	Marketing and distribution of collective investment schemes	3,149	273	172	–	9
Branch	Finland	Marketing and distribution of collective investment schemes	522	45	12	–	1
Branch	Sweden	Marketing and distribution of collective investment schemes	905	80	13	–	1
Branch	Netherlands ¹	Marketing and distribution of collective investment schemes	1,960	242	–	–	5
Subsidiary	Switzerland	Marketing and distribution of collective investment schemes	3,855	349	35	–	7
Subsidiary	Japan ²	Marketing and distribution of collective investment schemes	1,180	106	–	–	1
Legal Entity	UK	Marketing and distribution of collective investment schemes	46,518	5,478	9,970	–	3
Total			85,538	15,090	14,264	–	91

* All UK based staff were employed during the year by the immediate parent company, M&G Limited.

¹ M&G International Investments Limited Dutch Branch, was established on 1 January 2016.

² M&G International Japan Co., Ltd, was incorporated on 1st April 2016.

³ 2016 is the final reportable year under CRD IV for this entity as the Company was authorised by the Financial Conduct Authority (FCA) to transition to CRD III regulations from February 2016.

4.2 M&G Investment Management Limited¹

Country by Country Reporting (CBCR) of a solo CRD firm – disclosure for the financial year ended 31 December 2016

Legal Entity/ Subsidiary/ Branch	Geographical Location	Nature of Activity	Turnover £000's	Profit or Loss before tax £000's	Corporation tax paid £000's	Public subsidies received £000's	No. Staff*
Legal Entity	UK	Provision of investment management services	426,448	93,956	21,148	–	–

* All UK based staff were employed during the year by the immediate parent company, M&G Limited.

¹ 2016 is the final reportable year under CRD IV for this entity as the Company was authorised by the Financial Conduct Authority (FCA) to transition to CRD III regulations from February 2016.

4.3 M&G Financial Services Limited¹

Country by Country Reporting (CBCR) of a solo CRD firm – disclosure for the financial year ended 31 December 2016

Legal Entity/ Subsidiary/ Branch	Geographical Location	Nature of Activity	Turnover £000's	Profit or Loss before tax £000's	Corporation tax paid £000's	Public subsidies received £000's	No. Staff*
Legal Entity	UK	Management of individual savings accounts	486	328	2,306	–	–

* All UK based staff were employed during the year by the immediate parent company, M&G Limited.

¹ 2016 is the final reportable year under CRD IV for this entity as the Company was authorised by the Financial Conduct Authority (FCA) to transition to CRD III regulations from February 2016.

