175 YEARS
Celebrating Life

PRUDENTIAL

Prudential plc
Environmental, Social and
Governance Report 2022

Creating a better future, together with you

The Prudential philosophy of supporting our customers and communities has remained steadfast over the past 175 years. This report sets out how we delivered on that during 2022.

Contents

ESG at Prudential

175 years of helping people celebrate life

Why we exist

Our markets in Asia and Africa typically have substantial savings and protection gaps, fuelling demand for our products.

The difference we make

Customers are at the heart of everything we do. We help our customers by making healthcare affordable and accessible and by promoting financial inclusion. We protect our customers' wealth, help them grow their assets, and empower them to save for their goals.

Our approach to ESG

We build sustainable businesses and invest responsibly, seeking to integrate ESG considerations into our investment processes and stewardship responsibilities.

Our 2022 highlights

Demonstrating our continuing commitment to making a difference in the markets in which we operate across our strategic priorities.

Making health and financial security accessible

FIND OUT MORE PAGE 19 >

Prudential launched our **dedicated Syariah life insurance entity in Indonesia**

Made for Every Family inclusive family cover provided in our markets

Prudential announced a **strategic partnership with Google Cloud** to enhance health and financial inclusion for communities across Asia and Africa

89% customer retention rate

ESG at Prudential / continued

Supporting climate transition and responsible investment across our markets

FIND OUT MORE **PAGE 29** >

On track to meet

25%

WACI reduction by 2025

Leading Emerging Markets Transition Investment project

within NZAOA

Investee engagement programme across

climate, palm oil and human rights

Included as a partner in the

Just Energy Transition Partnership

for Vietnam

Just and Inclusive Transition

paper published

First Climate Transition Plan

published

Engaging and empowering our people and communities

FIND OUT MORE **PAGES 44 AND 69** >

35%

women in senior leadership

US$6.5m

Covid-19 relief fund since 2020

350

Mental Health First Aiders

18,000

employee volunteering hours in local communities

$12.2m

community investment cash contribution

Our progress is reflected in our ESG ratings

We aim to improve transparency by engaging actively with our stakeholders, including ratings agencies.

Index inclusion and ratings

MSCI:

AA[1]

(2021: AA)

Sustainalytics

18.2[2]

(2021: 15.9)

CDP:

A-

(2021: B)

S&P Global CSA

61/100,

ranked in 84th percentile

(2021: 55/100, 73rd percentile)

ISS:

Prime, 2nd decile[3]

(2021: Prime, 2nd decile)

FTSE4Good:

4.3/5

(2021: 4.1/5)

Included in

Bloomberg Gender Equality Index

for third time

Memberships and signatories

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[1] The use by Prudential plc of any MSCI ESG Research LLC or its Affiliates ('MSCI') data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Prudential plc by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

[2] In September 2022, Prudential plc received an ESG Risk Rating of 18.2 and was assessed by Morningstar Sustainalytics to be at Low risk of experiencing material financial impacts from ESG factors. In no event the ESG Risk Rating shall be construed as investment advice or expert opinion as defined by the applicable legislation.

[3] As of 26 August 2022.

Prudential at a glance

Our Asia and Africa focus

In Asia, we provide savings and protection in markets challenged by low insurance penetration and a pension funding gap. In Africa, we are building businesses in some of the world's most under-penetrated markets.

Our largest businesses are based in the Chinese Mainland, Singapore, Hong Kong, Malaysia and Indonesia.

Developing more inclusive products and services for more customers

46%
of our APE sales are generated repeat purchases

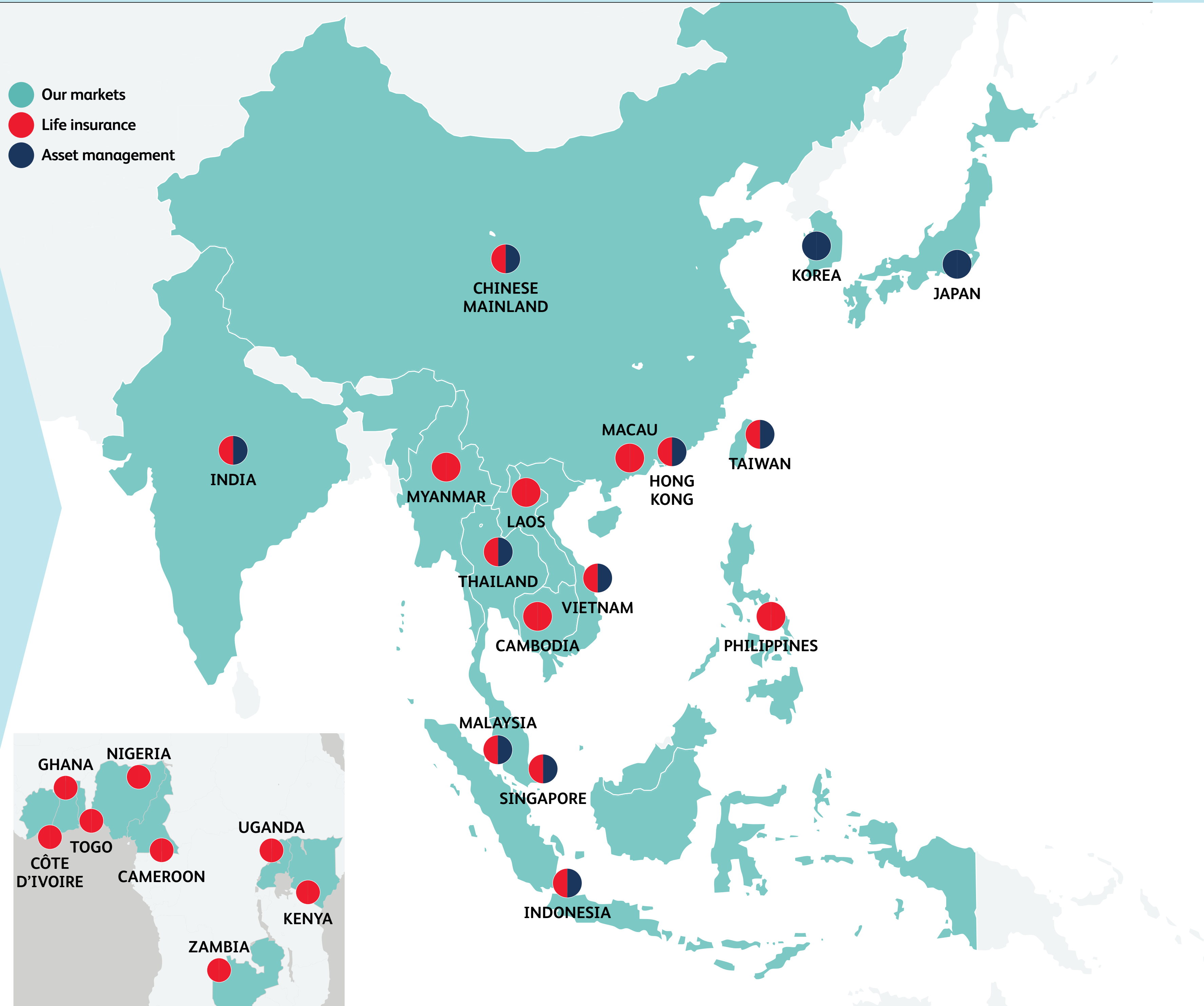
TOP 3
position in 12 Asian life insurance markets

Access to
4.0
billion population

TOP 10
position in 6 Asian asset management markets

#1
in the Syariah market in Malaysia and Indonesia

Macau licence granted in January 2023.



Foreword

> *As we look forward to our next 175 years, nothing could be more important than continuing our work to deliver social good – today and for the future.*

Creating a better future, together with you

It is an honour to join Prudential as we celebrate the company's 175th anniversary.

While 2022 was the first full year for the Group as an Asia and Africa business, Prudential has sought to provide social good through financial protection since 1848. Our company was one of the first to support Great Britain's working classes through innovative and affordable 'penny policies'. While our offering and focus have evolved, our philosophy of being there for our customers and their communities in times of need has remained steadfast. I am committed to increasing this focus as the company embarks on the next phase of growth.

Most of the markets in which we now operate are characterised by relatively low levels of insurance cover and limited social safety nets. Changing demographics, notably ageing populations alongside the rising middle-class, have created a significant and growing health and protection gap. Prudential seeks to close this gap and our ESG efforts are firmly embedded within our strategy.

We are committed to inclusivity in all that we do for our customers, our people and our communities. Our 'Made for Every Family' initiative aspires to make our coverage inclusive of how families live their lives across different parts of the world.

Our people have a distinct opportunity to serve billions of people across Asia and Africa. As an organisation, we are pushing boundaries to remove barriers to inclusion, investing in talent and creating a culture that binds us together to make that real-life impact. I am particularly proud of our work to recognise not only differing abilities but the importance of mental alongside physical health.

As a major asset owner and manager, our most significant contribution to combatting climate change is through the decarbonisation of our investment portfolio. Prudential has the goal of a 25 per cent reduction in emissions intensity from our portfolio by 2025. We have already made significant progress towards this commitment, with sustained reduction in our weighted average carbon intensity (WACI) and substantive completion of our coal divestment.

As Asia and Africa are being challenged by the impacts of climate change, Prudential has a distinctive role to play in the transition to a low-carbon economy. Our decarbonisation strategy acknowledges the nature of the markets in which we operate and seeks to ensure the financial and social burden of the transition is just and inclusive, as set out in our 2022 white paper. More broadly, through our investments, we seek to play a role in the growth of robust capital markets across Asia and Africa. This is critical to sustainable economic development.

I would like to thank Mark FitzPatrick for his leadership as Chair of the Group ESG Committee for the past three years and acknowledge the significant progress made during this time. In reviewing the progress made by the Group in recent years, I am proud to have joined an organisation which places environmental, social and governance values at the heart of its operations. I look forward to building on these foundations and creating a better future for the communities in which we live and work, particularly through initiatives to improve health equity, empower women, and help address climate change.

As we look forward to our next 175 years, nothing could be more important than continuing our work to deliver social good – today and for the future.

Anil Wadhwani
Chief Executive Officer

Prudential's approach to ESG

Our purpose and strategy

The key features of our ESG framework remain its three strategic pillars, which have clear alignment with our business strategy.

Within each of these, specific focus areas have been identified where we believe that there is an opportunity for Prudential to make a meaningful impact, and as such we place greater focus on these.

We have used this framework to structure the narrative sections of our 2022 ESG Report, where we seek to provide a qualitative and quantitative update on our progress in the year across each area.

Our targets, challenges and goals are set in the context of this framework to allow us to measure our progress and set future ambitions.

THE PILLARS AND FOCUS AREAS ARE:

Making health and financial security accessible

- Digital health innovation
- Inclusive offerings
- Meeting the changing needs of our customers

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CORPORATE PURPOSE

Helping people get the most out of life

Building social capital

- Our people responsibility
- Our digital responsibility

READ MORE **PAGE 44**

Stewarding the human impacts of climate change

- Decarbonising our investment portfolio
- Supporting a just and inclusive transition

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THE FOLLOWING STRATEGIC ENABLERS SUPPORT THESE PILLARS:

Good governance and responsible business practices

READ MORE **PAGE 78**

Responsible investment

READ MORE **PAGE 58**

Community engagement and investment

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Targets

We recognise the importance of targets in evidencing our commitment to progress on ESG topics. Our long term target is to become a net-zero asset owner by 2050, in alignment with the Paris Agreement. We publicly committed to this in May 2021, and made a number of related, shorter-term targets.

During 2022, the business has made good progress on each of these as set out in the table below and in the relevant sections of this report.

Target	Board's evaluation of progress	Detail in report
Deliver a 25 per cent reduction in the carbon emissions[‡] intensity of our investment portfolio[†] by 2025 against our 2019 baseline	**On track:** by the end of 2022, we had reduced the weighted average carbon intensity (WACI) of our investment portfolio by 43 per cent	PAGE 31 >
Divest from all direct investments in businesses that derive more than 30 per cent of their income from coal, with equities to be fully divested from by the end of 2021 and fixed-income assets fully divested from by the end of 2022	**Substantively completed:** > In 2021, we fully achieved our divestment from coal equities > By the end of 2022, we had substantively completed our divestment from coal bonds with one holding remaining as a result of market conditions. We continue to seek opportunities to divest from the remaining holding and intend to do so as soon as practicable*	PAGE 31 >
Engage with the companies responsible for 65 per cent of the absolute emissions in our investment portfolio	**Fully met:** This is a continuing annual target, which we have fully met in 2022 for the identified cohort of companies	PAGE 64 >
Deliver a 25 per cent reduction in our operational emissions intensity from a 2016 baseline, abating the remaining emissions via carbon offsetting initiatives, to become carbon neutral across our Scope 1 and 2 (market-based) emissions by the end of 2030	**On track:** We achieved an intensity ratio of 1.21 tCO_2e/FTE for 2022, keeping us ahead of the emissions reduction trajectory required to meet our 2030 target of 1.65 tCO_2e/FTE	PAGE 39 >
Employ 35 per cent women in senior management by the end of 2023	**On track:** at 31 December 2022, the representation was 35 per cent, in line with our 2023 target	PAGE 47 >

The above targets are as at 31 December 2022. The Board will continue to review and evolve these as the Group progresses on its ESG journey to take into account evolving scientific data and stakeholder expectations.

[‡] Carbon emissions refers to carbon dioxide equivalent emissions (CO_2e) per the Greenhouse Gas (GHG) Protocol, including carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3).

[†] Our investment portfolio ('investment portfolio') includes both listed equities and corporate bonds in all shareholder and policyholder assets, while excluding assets held by joint venture businesses and assets in unit-linked funds as we do not have full authority to change the investment strategies of these. Further information is provided in the Basis of Reporting here:

[*] In 2021, we fully divested from equities meeting the policy criteria, which we continue to monitor so as to maintain this divestment position. By the end of 2022, we had substantively completed our commitment to divest from coal bonds meeting the policy criteria: we had divested from 97 per cent of the coal bonds held at 31 March 2021, the date used for our May 2021 commitment. Due to illiquidity in the market, we were unable to fully divest from one remaining holding of $12.1m, which illustrates the degree of challenge in implementing a divestment strategy in our markets. We continue to seek opportunities to divest from the remaining holding and intend to do so as soon as practicable. We also continue to engage with the issuer on other options for us to divest from this holding as we believe we have set our coal policy in a just and inclusive manner. Since 31 December 2022, we have further divested from this coal bond.

Challenges and future goals

There is significant effort required to become a net-zero asset owner by 2050. The journey towards a net-zero economy requires large scale transformation, including for those companies held within our investment portfolio. Although we are making progress on our decarbonisation targets, we are aware that we still have much more to do in both our decarbonisation planning and implementation.

We are aware of specific gaps in our knowledge and processes, and also acknowledge there are unknowns which may arise in the future. We are committed to filling these gaps over time, and updating our approach and reporting on progress.

Specific goals and areas of focus for us in the coming three to five years include:

Targets	> Achievement of our first interim target of 25 per cent reduction in emissions by 2025, for which we are on track > Review of our investment portfolio ambition, including setting a 2030 decarbonisation target by the end of 2024, in line with the NZAOA Protocol > Investigate feasibility of setting net zero Scope 1 and 2 operational targets, acknowledging the lack of renewable energy available within certain of our markets
Data	> Increasing the coverage and quality of our Scope 3 investment book data > Developing specific decarbonisation pathways for asset classes > Increasing the coverage of our Scope 3 emissions for the rest of our value chain (eg supply chain)
Financing the transition	> Exploring innovative opportunities to finance the transition in a just and inclusive manner, in partnership with the private and public sector
Customers	> Continuing to offer inclusive and affordable health and protection products, recognising that protection is itself a climate mitigation measure > Continue to explore the intersection of climate change and adverse health impacts, including through research, thought leadership and product development
Opportunities	> Continue to explore the intersection of climate change and adverse health impacts, including through research, thought leadership and product development > Continuing to offer inclusive and affordable health and protection products, recognising that financial protection is itself a climate mitigation measure
People	> Elevate our people for the future of work, by cultivating a continuous learning culture and build skills for now and the future > Development of a bespoke approach for distinct workforce segments to actively manage the career pathways and build a sustainable succession pool for our most critical roles > Continue to drive sustained performance through D&I, wellbeing, performance and reward
Emerging topics	> Development of policies around nature and biodiversity

As we address these challenges, we seek to balance the need for decarbonisation with sustainable development through a just and inclusive transition. Action will be required from all players across both the private and public sectors. Prudential is committed to working alongside the governments in the markets in which it operates, multi-lateral development banks and others.

We are particularly mindful of the challenges in some of our major markets of India, China, Malaysia and Thailand, which remain highly reliant on coal and other fossil fuels. As such, balancing the interests of all our stakeholders across both developing and developed markets, acknowledging their varying capacity and perspectives, remains an ongoing challenge.

During 2022, as part of our ongoing review of our climate targets, we undertook an internal review of the Science Based Targets initiative (SBTi) and engaged with the SBTi to understand their view of the methodology's application in emerging markets. The SBTi uses global decarbonisation targets and pathways for their verification which do not distinguish between the differing needs for emerging markets and developed markets. Aligned with our approach to a just and inclusive transition, we believe it is critical that we engage with countries and companies to work with them to overcome their transition challenges. A part of this approach is reflecting the nuances of the challenges faced by specific countries, for example in balancing economic growth and decarbonisation. This leads to differences in pace of decarbonisation as accepted in the Paris Agreement through the 'common but differentiated responsibilities' principle, which we try to integrate in our Responsible Investment approach and articulated in our Just and Inclusive Transition paper. We continue to engage with the SBTi and monitor its publications to explore how the methodology can be appropriately applied in our markets, in a manner that is consistent with the needs of emerging markets and our broader philosophy.

Aligning with the United Nations Sustainable Development Goals

The United Nations (UN) Sustainable Development Goals (SDGs), which is at the core of the 2030 Agenda for Sustainable Development, are universally recognised and provide a shared blueprint to provide a more sustainable future for all. In aligning with the SDGs, the Group is focused on those goals where we can make a meaningful contribution given their alignment with our purpose and business strategy.

SDG	SDG target	Intended outcome	How Prudential can support this outcome	Link to our material topics
1. No poverty	1.4, 1.5 1 NO POVERTY	> Increase access to quality healthcare services, and financial services for the poor and the underserved, including microfinance. > Improve resilience of the poor and reduction in their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters, where there are no, or limited, social safety nets.	> Provide affordable bite-sized products for underserved segments. > Enable financial literacy to promote understanding of the need for health and protection products.	INCLUSIVE OFFERINGS* ON **PAGE 22** > FINANCIAL LITERACY ON **PAGE 72** >
3. Good health and wellbeing	3.8, 3.d 3 GOOD HEALTH AND WELL-BEING	> Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all. > Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks.	> Leverage technology to provide people with better access to healthcare services. > Collaborate with community organisations to support health promotion, safety and resilience activities.	DIGITAL HEALTH INNOVATION* ON **PAGE 20** > COMMUNITY ENGAGEMENT AND INVESTMENT ON **PAGE 69** >
5. Gender equality	5.5 5 GENDER EQUALITY	> Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.	> Set and implement targets for female participation rate senior leadership.	DIVERSITY, INCLUSION AND BELONGING* ON **PAGE 46** >
8. Decent work and economic growth	8.3 8 DECENT WORK AND ECONOMIC GROWTH	> Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, including through access to financial services.	> Investments in business and industry underpinning growth and supporting the development of capital markets.	RESPONSIBLE INVESTMENT* ON **PAGE 58** > EMPLOYMENT, RECRUITMENT AND REWARDS ON **PAGE 50** >
12. Responsible consumption and production	12.6 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	> Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	> Continue to publish disclosures regarding our operational emissions and our initiatives to reduce them.	RESPONSIBLE ENVIRONMENTAL PRACTICES ON **PAGE 39** > RESPONSIBLE PROCUREMENT PRACTICES ON **PAGE 79** >
13. Climate action	13.1, 13.2, 13.3 13 CLIMATE ACTION	> Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries. > Integrate climate change measures into national policies, strategies and planning. > Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	> Measure, manage and publicly disclose the carbon footprint of our investment portfolio. Be an active steward of the investments in our portfolio companies, engaging with management and exercising shareholder voting rights. > Incorporate climate change risks into our strategy and business planning. > Advocate for a just and inclusive transition. > Collaborate with community organisations to support resilience and disaster recovery activities.	RESPONSIBLE INVESTMENT* ON **PAGE 58** > CLIMATE CHANGE* ON **PAGE 29** > COMMUNITY ENGAGEMENT AND INVESTMENT ON **PAGE 69** >

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* Considered as priority material topics.

What shapes our approach

Approach to materiality and stakeholder engagement
We recognise that our activities and how they are carried out have impacts on markets, customers and people. To remain successful and sustainable in the long term, we need to engage in societal discourse and find ways to align both our broader business performance and our societal impact with the expectations of our shareholders, stakeholders and the broader society. Our materiality assessment helps us gain a deeper understanding of the issues that matter most to these groups, and how our environmental, economic and social impacts are perceived and translated today and in the longer term into associated risks and opportunities for our business.

This section serves to provide disclosure of the processes and results of our materiality assessment, including the criteria adopted to identify material ESG issues, and the process and results of our stakeholder engagement.

As mentioned in our last report, in 2021, we drove our ESG framework through existing interaction with external stakeholders, including frequent meetings with investors and NGOs. This allowed management to evaluate the appropriateness and relevance of our ESG framework to stakeholders. Following our 2021 review, we adopted a more robust materiality assessment through deeper and more structured stakeholder engagement on ESG issues in 2022.

For the purpose of materiality, we continued to identify our stakeholders as governments, regulators, investors, rating agencies, customers, employees, and distributors. Our stakeholders impact our strategy and are also directly affected by it. Our materiality assessment helps us examine various issues, risks and opportunities as they relate to our stakeholders while focusing on areas where we can create positive impact.

Materiality assessment process

Step 1

Identify and define material topics

Our list of material topics in 2022 is drawn from prior material topics, HKEX and SASB requirements as well as having conducted peer reviews. Biodiversity and broader nature-based considerations, being emerging topics among certain stakeholder groups in 2021, were also incorporated as one of our topics. This resulted in a list of 21 topics.

Step 2

Prioritise topics based on stakeholder views

We gathered views from stakeholders to prioritise the list of topics. These were carried out through normal-course interaction and through ESG surveys that were done for the first time with our customers, employees and agency distributors. The ESG surveys were carried out regionally with nearly 1,000 customers, more than 1,000 employees, and over 7,000 agency distributors.

Step 3

Analyse and evaluate

We analysed and evaluated the information and mapped each topic against a materiality matrix. As part of this process, we held a workshop and carried out interviews with nearly 20 senior internal stakeholders across key functions and businesses who provided inputs from a business impact perspective.

Step 4

Validation and approval by senior management

The final step of our materiality assessment involved getting validation and approval from senior management through the governance of our Group ESG Committee and Responsibility and Sustainability Working Group (RSWG).

Materiality matrix

Materiality matrix
Our assessment resulted in 21 topics which are deemed to be either high, medium or of emerging priority. The topics are mapped according to their relative degree of importance to stakeholders, their relevance to Prudential's business and impact on the economy, environment and society.

Based on the work to date, the top material topics are: responsible investment, fair treatment of customers, customer satisfaction, inclusive products and services, digital health innovation, climate change, privacy and data protection, ethics and responsible business practices, corporate governance and diversity, inclusion and belonging. We deem these 10 topics to be of high priority, and they are also in line with our expectations and aligned with our ESG strategy and areas of focus.

For more details on our material topics and where they are covered in our report, please refer to the visual on the right.

● Inclusive products and services
● Customer satisfaction
● Digital health innovation
● Fair treatment of customers

MAKING HEALTH AND FINANCIAL SECURITY ACCESSIBLE SECTION ON PAGE 19 >

● Climate change

CLIMATE CHANGE SECTION ON PAGE 29 >

● Diversity, inclusion and belonging
● Privacy and data protection

BUILDING SOCIAL CAPITAL SECTION ON PAGE 44 >

● Responsible investment

RESPONSIBLE INVESTMENT SECTION ON PAGE 58 >

● Ethics and responsible business practices
● Corporate governance

GOOD GOVERNANCE AND RESPONSIBLE BUSINESS PRACTICES SECTION ON PAGE 78 >

Understanding our impact

Stakeholder engagement

In order for us to help people thrive, build a greener future and lead by example, we need to maintain proactive dialogue with each of our stakeholders. Understanding their views on the social, economic, environmental and governance topics affecting us as a business will enable us to better address their concerns, exchange constructively and ultimately better manage our business.

Ongoing dialogue and collaboration with our stakeholders are important for creating and maintaining meaningful and mutually beneficial relationships. This keeps us plugged in on changes and focused on staying relevant to our stakeholders. Continual stakeholder engagement also helps us create long-term value where we operate.

Listening to our stakeholders' views

As part of our materiality review in 2022, and in light of activities carried out in the past on stakeholder engagement, we took the following actions to better understand our stakeholders' key areas of interest and concern:

- maintained current engagement with governments, regulators and investors; and
- started engaging with selected key stakeholder groups including customers, employees and agency distributors across major markets in a more structured manner.

The table below provides an overview of the different stakeholder groups we continue to engage with, how we have engaged with them, what their key areas of interest or concerns are and our response to these.

Stakeholder groups	Mode of engagement	Topics of interest or concern in order of priority where indicated by the stakeholder group
Investors	> Regular meetings > Investor conferences > Investor Perception Study	> Climate change > Inclusive products and services > Responsible investment > Digital health innovation > Diversity and inclusion
Rating agencies	> Annual meetings	> Climate change > Inclusive products and services > Responsible investment > Digital health innovation > Diversity, inclusion and belonging
Customers	> Contact centres > Focus groups > Customer survey	> Customer fair dealing > Data privacy and protection > Responsible investment > Customer satisfaction > Financial literacy
Employees	> Employee survey > Collaboration Jam Workshop > Townhalls	> Responsible environmental practices > Workplace health and safety > Responsible investment > Climate change > Employment, recruitment and rewards
Agency distributors	> Agency distributor survey	> Customer satisfaction > Inclusive products and services > Training and development > Digital innovation > Customer fair dealing
Governments and regulators	> Roundtables > Consultations > Regulatory colleges > Regular meetings	> Healthcare access and insurance > Ethics and responsible business practices > Data privacy > Financial inclusion > Climate change > Responsible tax

Further information on our engagement with our stakeholders can be found in our Section 172 Statement in our Annual Report and Accounts.

Managing the process

ESG governance overview
The Board considers ESG to be integrated and aligned with our core business strategy of protecting people's wealth, helping them grow their assets, and empowering them to save for their goals. It recognises the major role that Prudential can continue to play across Asia and Africa, as well as in the long-term success, resilience and health of the communities in which we operate. As such, ESG matters, including climate change, are overseen by the Board, which is responsible for determining overall strategy and prioritisation of key focus areas, and monitoring risks.

In recent years, the Board has included ESG in the strategic priorities for the Group's Executive Directors by way of a specific objective to drive the climate and responsible investment focus across the organisation, both as an asset owner and an asset manager, through embedding the external ESG commitments made in May 2021. In late 2021, the Remuneration Committee decided that a measure aligned with our published commitment to reduce the carbon emissions of all shareholder and policyholder assets by 25 per cent by 2025 should be attached to Executive Directors' 2022 Prudential Long Term Incentive Plan (PLTIP) awards. Carbon reduction targets will also be attached to Executive Directors' 2023 PLTIP awards. Further information can be found in the '*Directors' remuneration report*'.

The Board Responsibility and Sustainability Working Group (RSWG), established in early 2021, continued during 2022. George Sartorel replaced Alice Schroeder as Chair following the AGM in May 2022, and both Arijit Basu and Claudia Suessmuth Dyckerhoff were appointed to the RSWG on joining the Board. In light of his appointment as Senior Independent Director, Jeremy Anderson will step down from the RSWG on 31 March 2023.

In July 2022, the responsibilities of the RSWG were re-positioned to focus on customer, culture, and digital, in addition to people and community matters, having focused a large part of its agenda in 2021 on climate change. Oversight responsibilities for environmental and climate-related issues, including the ongoing implementation of the Group's external commitments to the decarbonisation of its operations and investment portfolio and other climate-focused external responsible investment commitments were transferred to the Group Risk Committee (GRC). Their terms of reference were amended to ensure a holistic approach to these topics. The GRC's additional responsibilities extend to external reporting, via the ESG Report, where it relates to those areas within its remit, including monitoring the progress on the Group's reporting against the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

It is anticipated that the GRC will have a standing item on its agenda in relation to its oversight of climate change, including progress against our climate targets. In setting future targets or commitments, the GRC will consider and make appropriate recommendations to the Board. The revised remit of the GRC is also anticipated to include the consideration of climate-related issues when reviewing and guiding overall strategy, major plans of action, risk management policies, annual budgets and business plans. To support the GRC in executing its duties, the Group's policies and processes supporting significant decisions and transactions have been updated to systematically include consideration of how the matter requiring approval supports and/or impacts the Group's ESG strategy, including setting and overseeing major capital expenditures, acquisitions, and divestitures.

Following this transition of responsibilities, an exercise was completed to map out the material climate and climate-commitment-related activities which support the GRC's new responsibilities, and the supporting governance arrangements including the demarcation in roles of the Board and management committees involved in these activities. The supporting management information and frequency has also been reviewed, including how the management information informs the GRC about climate related matters. The 'ESG, including climate change, governance during 2022' diagram in this section sets out the frequency that the Board, GRC and management committees met during 2022.

In addition to regular course discussion, to further enhance strategic Board-level discussions on climate, a dedicated climate deep dive session was held with the Board in September 2022. Following discussions at the Board on our approach to climate change, the progress towards the Group's externally communicated climate-related commitments, climate-related opportunities, and the evolving expectations of stakeholders, the Board agreed on the need for clear communication around Prudential's role in emerging markets. The latter point has been supported by the publication of Prudential's 'Just and Inclusive Transition' white paper, which sets out the Group's approach to ensuring the transition to a low-carbon economy considers all countries, economies and worker populations by raising awareness on the country-specific challenges for emerging markets in the energy transition.

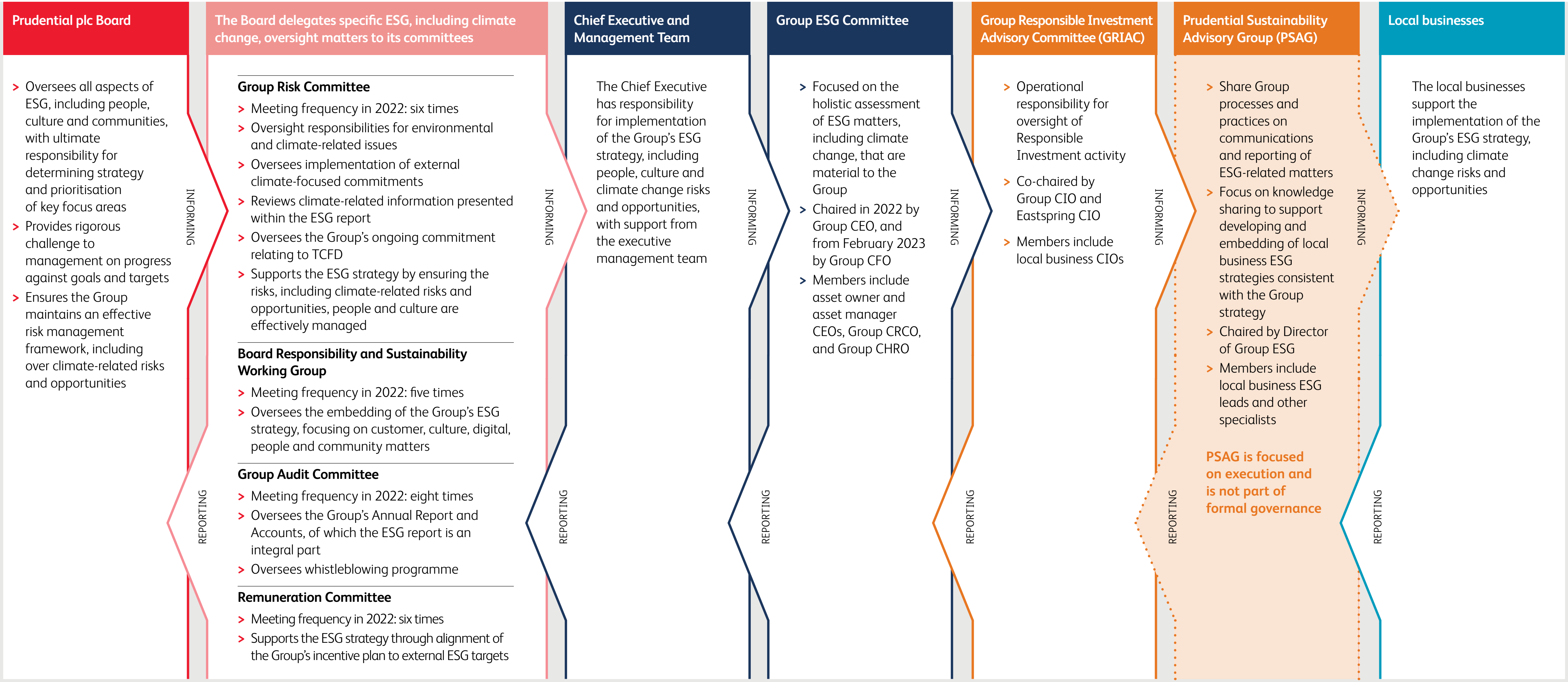
In respect of the review of the FY22 ESG Report:

- The GRC reviewed the disclosures made in the sections of the ESG Report that relate to areas within its remit (including non-climate ESG-relevant areas within its remit such as financial crime and conduct) in detail and confirmed their inclusion in the report to the RSWG.
- The RSWG retained responsibility for reviewing the Group ESG Report in totality and making recommendations to the Group Audit Committee (GAC) and the Board.
- The GAC considered the Group ESG report within its broader review and recommendation of the full Annual Report and Accounts to the Board.
- The Board approved the Annual Report and Accounts, of which the ESG Report is an integral part.

Management oversight
ESG activity, including the impacts from climate change, is overseen at a management level by the Group ESG Committee, which was chaired by the Group CEO in his role as ESG sponsor. Other members of the Committee are the Group Chief Financial Officer, the Group Chief Risk and Compliance Officer, the Group HR Director, both the Chief Executive and CIO of Eastspring, and the Chief Executive of PACS (Prudential's Singapore business). During 2022, the Group ESG Committee was strengthened by the inclusion of the recently-appointed Group CIO and Group Corporate Affairs Director. From 26 February 2023, the Group ESG Committee is chaired by the Group Chief Financial Officer.

One of the Group ESG Committee's responsibilities is to oversee the Group's progress towards fulfilling our commitment to report against the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). In 2022, the Group ESG Committee reported to the Board through the RSWG. Further information on the governance and oversight of our responsible investment activity is provided in the '*Group responsible investment governance*' section.

Governance of ESG, including climate change, during 2022



Prudential plc Board

- Oversees all aspects of ESG, including people, culture and communities, with ultimate responsibility for determining strategy and prioritisation of key focus areas
- Provides rigorous challenge to management on progress against goals and targets
- Ensures the Group maintains an effective risk management framework, including over climate-related risks and opportunities

The Board delegates specific ESG, including climate change, oversight matters to its committees

Group Risk Committee

- Meeting frequency in 2022: six times
- Oversight responsibilities for environmental and climate-related issues
- Oversees implementation of external climate-focused commitments
- Reviews climate-related information presented within the ESG report
- Oversees the Group's ongoing commitment relating to TCFD
- Supports the ESG strategy by ensuring the risks, including climate-related risks and opportunities, people and culture are effectively managed

Board Responsibility and Sustainability Working Group

- Meeting frequency in 2022: five times
- Oversees the embedding of the Group's ESG strategy, focusing on customer, culture, digital, people and community matters

Group Audit Committee

- Meeting frequency in 2022: eight times
- Oversees the Group's Annual Report and Accounts, of which the ESG report is an integral part
- Oversees whistleblowing programme

Remuneration Committee

- Meeting frequency in 2022: six times
- Supports the ESG strategy through alignment of the Group's incentive plan to external ESG targets

Chief Executive and Management Team

The Chief Executive has responsibility for implementation of the Group's ESG strategy, including people, culture and climate change risks and opportunities, with support from the executive management team

Group ESG Committee

- Focused on the holistic assessment of ESG matters, including climate change, that are material to the Group
- Chaired in 2022 by Group CEO, and from February 2023 by Group CFO
- Members include asset owner and asset manager CEOs, Group CRCO, and Group CHRO

Group Responsible Investment Advisory Committee (GRIAC)

- Operational responsibility for oversight of Responsible Investment activity
- Co-chaired by Group CIO and Eastspring CIO
- Members include local business CIOs

Prudential Sustainability Advisory Group (PSAG)

- Share Group processes and practices on communications and reporting of ESG-related matters
- Focus on knowledge sharing to support developing and embedding of local business ESG strategies consistent with the Group strategy
- Chaired by Director of Group ESG
- Members include local business ESG leads and other specialists

PSAG is focused on execution and is not part of formal governance

Local businesses

The local businesses support the implementation of the Group's ESG strategy, including climate change risks and opportunities

Approach to ESG reporting

As a company dual primary-listed in Hong Kong and London, Prudential's ESG reporting follows the Hong Kong Stock Exchange (HKEX) requirements, as well as the UK Listing Rules.

HKEX sets out various reporting principles and they are addressed through the report as follows:

Materiality	Discussion of 2022 approach outlined in 'Approach to materiality' section above.
Quantitative	Consistent with 2021, metrics have been provided in compliance with the HKEX requirements and the voluntary adoption of the SASB Insurance Standard. An index is included at the end of this report for both HKEX and SASB Insurance reporting requirements.
Consistency	The FY22 report has been prepared on a consistent basis to FY21 to support compatibility.
Reporting boundary	Consistent with prior years, the scope of the report, and data therein is as set out in the Basis of Reporting, and excludes joint venture partnerships, notably our joint ventures in India and China, and the Takaful business in Malaysia, unless otherwise stated.

Prudential is a supporter of the recommendations of the Financial Stability Board's (FSB'S) Task Force on Climate-related Financial Disclosures (TCFD). Prudential has included material climate-related financial disclosures in this report consistent with the TCFD's four recommendations and eleven recommended disclosures, noting a small number of items are included in our Climate Transition Plan, given their forward looking nature, or our Basis of Reporting, given their technical nature. In October 2021, the TCFD released additional guidance implementing the "Recommendations of the Task Force on Climate-related Financial Disclosures" (2021 TCFD Annex). We reviewed all the relevant guidance in Section C of the TCFD Annex (Guidance for All Sectors) and relevant sector-specific supplemental guidance during 2022 and have provided disclosures in line with this, including the publication of our first Climate Transition Plan. A TCFD index is included at the end of this report (see the '*TCFD index*' section) to demonstrate how Prudential is meeting the TCFD recommendations.

As well as the work to enhance internal management and reporting of climate-related information, we participate in external benchmarks to provide additional visibility to stakeholders on our climate-related activity. We aim continually to improve the transparency and utility of our reporting. In 2022, we continued to participate in CDP and we were pleased to improve our score to A- (2021: B).

While assurance of ESG data is not required by the HKEX, it is encouraged as part of the HKEX's 2020 update to the ESG Listing Rules. The Group has sought limited assurance on selected indicators within the Group's ESG report, covering Scope 1, Scope 2 and Scope 3 financed emissions, community investment cash contributions and employee diversity.

We appointed EY LLP (EY) to provide limited independent assurance over these selected ESG KPIs within the 2022 ESG Report for the year ended 31 December 2022. EY will be the Group's external auditors from FY2023. Where assurance has been provided, this is clearly indicated throughout the report. The assurance engagement was planned and performed in accordance with the International Standard for Assurance Engagement (ISAE) (UK) 3000 (July 2020), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance report was issued and is available on the Prudential plc website. This report includes details of the scope, respective responsibilities, work performed, limitations and conclusion.

As the maturity of Prudential's ESG reporting continues to develop and in recognition of the increasing demand for and use of Prudential's ESG data, we will keep the scope of ESG data assurance under review.

Climate Transition Plan

Prudential has developed the first iteration of our Climate Transition Plan, which is published alongside this report. Our Climate Transition Plan sets out our long-term net-zero pledge and interim targets, and the progress we have made against them. It describes the actions we plan to take to implement our decarbonisation strategy across our investment portfolio* and operations, as well as highlighting the areas in which we need to strengthen our understanding and approach.

We expect our climate and decarbonisation strategy to continue to evolve as we gain more accurate and in-depth data, deeper insights into the specific challenges and evolutions of our local markets, and knowledge from our engagement and advocacy efforts across our value chain.

We also expect our Climate Transition Plan to adapt to reflect market, regulatory, technological and other climate-related developments affecting the context and pace of the global transition towards net zero†.

We are seeking to utilise this first iteration of our externally disclosed Climate Transition Plan as an engagement mechanism with our investors and stakeholders, to seek feedback as we continue in the current target cycle and begin to think about the next iteration of climate-related targets. We will therefore consider providing our shareholders with an advisory vote on our climate action and updated transition planning in the future.

For more information, see our Climate Transition Plan

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* Our investment portfolio is defined in our Basis of Reporting here.

† In the context of Prudential, net zero and carbon neutral have the following meanings: 1. 'Net zero', with regards to greenhouse gas emissions, refers to a state by which the greenhouse gases going into the atmosphere are reduced as close to zero as possible and any residual emissions are balanced by removals from the atmosphere. When translating these emissions to the activities in the value chain of an organisation, net zero is a state in which the activities of the value chain for an organisation result in net zero greenhouse gas emissions, in a time frame consistent with the Paris Agreement. 2. 'Carbon neutral' for an organisation refers to relying on carbon offsets to balance its value chain's greenhouse gas emissions, whereas net zero refers to prioritising reductions in an organisation's value chain's greenhouse gas emissions as close to zero as possible and only then are any residual emissions balanced by removals from the atmosphere.

Strategic pillars

Strategic pillar:

Making health and financial security accessible

89%
customer retention rate

17.1m
total life segment policies in force

30,000+
users of mental health functions in Pulse

100,000+
active agents, with 7,400+ new agents recruited in 2022

190+
bancassurance partners

32%
Sharia market share in Indonesia, and first international insurer to launch dedicated entity for local Sharia market

Access to social health protection is essential, not just for decent work and sustained economic recovery, but also for enhancing long-term social cohesion.

While our emerging markets continue expanding their social health protection programmes, increased demand, compounded by the pandemic, has exacerbated gaps in coverage.

The low level of insurance penetration in Asia[1] and high level of out-of-pocket health and protection spending[2] drives an estimated $1.8 trillion health protection gap.[3]

The social role of our agents

As well as the digital innovation we are pioneering, we are proud to have a leading agency force across Asia and Africa, with half a million men and women who harness the power of digital to serve 10 million customers. Agents become effective ambassadors for us through developing and nurturing personal relationships, often over generations.

For today's digital savvy customers that move effortlessly between multiple digital and in-person channels, these ambassadors combine our values of honesty, integrity and trustworthiness across multiple touchpoints to interact with customers, where and when they demand.

We believe that the overriding quality that makes a good agent is that they care about the role insurance plays in society, as a contribution to financial sustainability. Our agents seek to do the right thing for their customers, so that they can have better financial futures.

The role of the agent has pivoted from financial advisor to financial influencer, and Prudential continues to support them on that journey.

Notes

1 Swiss Re Institute; Sigma No 3/2021: World insurance – life insurance penetration (premiums as a percentage of GDP in 2020).

2 World Health Organisation: Global Health Observatory data (2019). South-East Asia, Out-of-pocket expenditure as percentage of current health expenditure (CHE).

3 Swiss Re Institute: The health protection gap in Asia, October 2018.

Making health and financial security accessible / continued

Digital health innovation

Across the health and protection value chain, stakeholders are looking for innovative, cost-effective ways to deliver consumer-centric, technology-enabled 'smart' healthcare solutions.

Insurers are a key participant in the healthcare industry value chain, both providing health and protection cover, and meaningfully using the information they collect to develop relevant offerings.

We view technology as an enabler that allows people to do more and to connect more. At the front end this enables agents, giving them tools to increase productivity so that they can focus on engaging the customer, and data-driven insights to start authentic conversations on health risks for customers. It also enhances back-end processes, such as supporting claims assessors in risk monitoring, and helping underwriters to come to a decision much more quickly by providing artificial intelligence (AI)-backed recommendations.

As the insurance industry integrates technology in its operations and solutions, Prudential strives to harness the power of data to further personalise the experience for our customers. At the same time, we remain acutely aware of the importance of the human touch and the role of our highly skilled agents. We are strong advocates of humanising technologies – using tech not to replace, but to enhance, decision-making and empower authentic human connections.

Pulse is a mobile app designed to bring holistic health and wealth solutions to Prudential customers. It enables Prudential's multi-channel distribution strategy to make healthcare more accessible and increase financial inclusion. Pulse can give users access to services such as health risk assessments and online doctor consultations to help them better manage their health needs, as well as digital wealth tools to make financial decisions simpler. Pulse also seeks to leverage its digital platform to streamline existing Prudential services, such as allowing users to renew their insurance policies. For example, customers in Cambodia will be informed in advance so that they can renew their plans before the cover expiry date, to ensure uninterrupted insurance coverage on their existing policies.

Pulse is active in many of our emerging markets, with offerings tailored to each market in which it is offered. For example, in Malaysia Pulse offers free services such as health assessments, symptom checkers, incentivised health challenges and relevant news articles related to health. In addition, we offer free telemedicine services to all Malaysian Pulse users through our partner, DocOnCall. In 2022, we launched the Medical Booster function, which rewards customers with a non-claim benefit up to $220/RM1,000 for taking action to stay healthy. This reinforces awareness around preventive care, by allowing customers to claim for services such as health screenings, vaccinations, diagnostic tests, and health subscription programmes on Pulse.

Digital partnerships

Across our markets, people are living longer, but not necessarily healthier or better. By harnessing technology, we want to empower people to live well for longer by making it easier for them to take care of their health and plan for their financial futures.

In 2022, Prudential continued to expand the relationships it has built in recent years with digital partners, to provide numerous offerings that combine health, wealth, retirement and lifestyle knowledge and solutions.

In October, Prudential and Google Cloud announced a strategic partnership to enhance health and financial inclusion for communities across Asia and Africa, strengthening Prudential's existing relationship with Google, which began in 2019. Prudential will leverage Google Cloud's data analytics capabilities, secure and sustainable infrastructure, and the broader Google ecosystem to accelerate its digital transformation. This will enhance user engagement on preventative health via Pulse. In the longer term, we will look to adopt Google's AI across a broader digital strategy to make accessing insurance simpler, to drive greater efficiency, and to increase agent productivity.

Our markets in Africa made notable progress in providing affordable insurance to underserved populations, through their partnerships with local telecommunications service providers:

Ghana

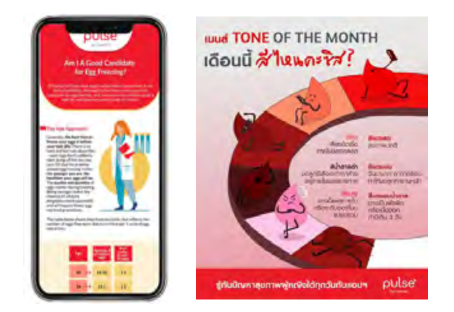
Continuing its collaboration with AirtelTigo, which distributes products by microinsurance specialist BIMA, our Ghana business developed and sold microinsurance to more than 315,000 customers in 2022. Covering hospitalisation, death and accidental permanent disability, the product accepts premium payments via airtime money transfer, to increase affordability, reliability, and inclusivity for underserved and unbanked populations.

Cameroon

Prudential partnered with MTN to offer insurance through a low-cost package called Degree Insurance, which provides protection to students from primary to tertiary level. Premiums are paid through MTN Mobile Money, facilitating insurance policy purchasing for those without bank accounts.

Côte d'Ivoire

Prudential partners with Orange to offer health coverage for workers in the informal sector, guaranteeing payment of hospital expenses for a monthly premium of $0.99. In 2022, nearly 15,000 new policies were sold.



Prudential and Femtech

In South-east Asia, female health and wellness remain underserved by mainstream healthcare, and reliable information on relevant science and services remain limited. Femtech – which refers to a range of health software and tech-enabled products and services addressing female medical and health needs – is a growing industry. Prudential Thailand is focused on ensuring we stay relevant to our female customer base, while being inclusive in working to resolve broader global health issues.

In July 2022, Prudential Thailand launched a menstruation and fertility tracker ('FemHealth Cycle Tracker') on Pulse. The tracker allows users to generate a reproductive health self-assessment, through answering questions on areas such as diet, alcohol consumption, exercise frequency, and family history. These data points enable the content engine within Pulse to create a personalised dashboard for each user, to help them to understand their reproductive health status. Users can also tele-consult with a certified obstetrics and gynaecology expert through the app.

The ultimate aim is for these services to provide data and tools to women, enabling them to make more informed decisions on pregnancy, family planning and fertility treatment.

Making health and financial security accessible / continued

Upgrading personal digital healthcare

In Thailand, Prudential partnered with Garmin, a global designer of fitness trackers, and Qumata, a provider of data-driven algorithms. The partnership enables us to help people manage risk factors associated with the pandemic using the Covid-19 Resistance Score Model. The model estimates a user's likelihood of developing serious health consequences should they be infected, based on their activity and profile data (including a voluntary vaccination input).

For example, in illustrating to users their resistance to Covid-19, the app can recommend action for prevention.

Telemedicine

Telemedicine is the use of digital communication and information technologies to provide clinical healthcare at a distance. Prudential offers numerous ways for customers to conduct medical examinations remotely with ease and convenience. Patients who previously had limited access to healthcare services can now see a physician without leaving their home. Such services also offer customers privacy, more control of their personal time, and the comfort of conducting the examination from a familiar and safe location.

Through Pulse, users in Singapore, Vietnam, and Thailand can access telemedicine services, through partnerships with MyDoc and DocOnCall. In Hong Kong, Prudential launched the Tele-Medical Examination Service and a new Point-to-Point Sample Collection Service. Through its partnership with online platform MedNet, our Taiwan business enables customers to seek doctor consultations, second opinion services and information on cancer examinations and treatment. It also provides home care and health articles to help users better care for themselves and family members.

In Indonesia, Prudential launched a new medical protection product, PRUSolusi Sehat Plus Pro. Among the many benefits provided, such as coverage for pre-hospitalisation, customers can access telehealth services (both locally, and in Malaysia or Singapore) up to three times per outpatient surgery or cancer treatment, before or after discharge from a hospital or clinic.

In Uganda, we continued our partnership with telemedicine partner Rocket Health, to enhance the convenient and cost-effective healthcare we provide to our customers and agents. The partnership's telemedicine service offerings include remote lab sample collection, sharing results digitally and providing explanatory calls, and following up with relevant medication delivery. In 2022, more than 3,600 health insurance customers in Uganda used these telemedicine services.

Mental health

Mental illness is the largest single cause of disability worldwide, and the range of mental health conditions can make addressing this challenge more difficult. The mortality rate of those with mental disorders is significantly higher than the general population, with a median life expectancy loss of 10.1 years.[1]

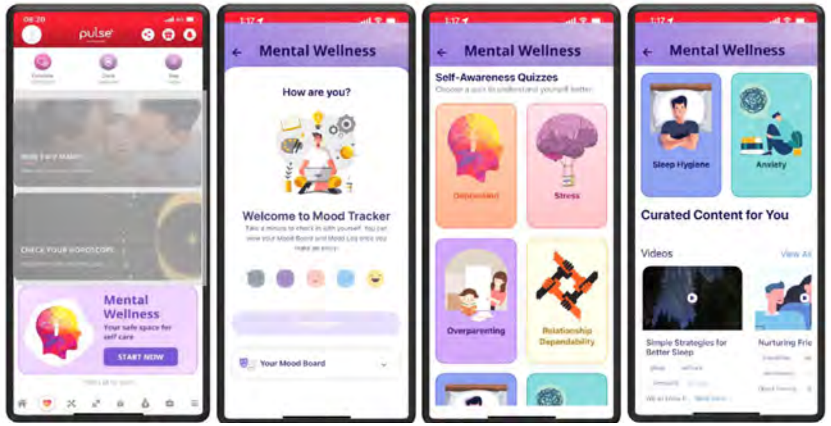
As the pandemic continued to disrupt day-to-day life globally, it became clear that access to mental healthcare is critical for a healthy and productive workforce. According to Mercer Marsh[2], one in two employees in Asia say they highly value insurance coverage for mental health, yet only 1 per cent of Asian insurers regard mental health provision as a key priority.

Lack of awareness, associated stigma and misconceptions about mental illness are a primary challenge in accessing treatment. Supporting the mental wellbeing of our customers is a strategic priority, and we have dedicated products and digital services addressing this critical area in our markets.

In Taiwan, Prudential has partnered with FarHugs to provide discounted remote consultation services for customers. Collaborating with nearly 300 psychologists and counselling specialists, this partnership allows users to manage numerous types of distress through customised coaching sessions. This initiative is a form of early intervention for potential mental health challenges affecting customers, and is especially valuable in the wake of the pandemic that has increased isolation.

In Malaysia, Prudential's critical illness offering 'PRUAll Care' provides additional benefits beyond treatment. These include mental health cover for seven conditions, including severe bipolar disorder, severe major depressive disorder and schizophrenia (for adults), and autism, Tourette Syndrome, and attention-deficit hyperactivity disorder (for children).

We also prioritise the mental wellbeing of our employees, and strive to create a work environment where we demonstrate care for each other, strengthen inclusion and deepen belonging. Further details on our support to employees can be found in the *Prudential's wellbeing pillars* section.



Pulse and mental health

Being healthy is about more than physical fitness and muscular strength. Positive mental health contributes to enhanced decision-making, emotional and social wellbeing, and reducing vulnerability to certain physical ailments like heart disease, stroke and diabetes. Recognising this crucial wellness topic and our customers' active general mobile device use, Prudential has invested in a curated mental wellness offering with our partner Amaha, which is among the top Pulse functions within launched markets.

The app features straddle three health stages: prevention, postponement, and protection. Prevention includes a Healthcheck function, where users answer a digital questionnaire about their lifestyle, diet, mental health and medical history. This generates a health report and provides practical insights into long-term disease risks, which are supplemented by our chatbot that analyses user health conditions.

In addition, Pulse provides customers with tools and information, such as mood trackers, quizzes, and curated content, to better manage their mental health.

In 2022, more than 30,000 unique users from ASEAN used the mental health functions in Pulse. Our mental wellness features resonated particularly well with women and customers between the age of 18 and 45, specifically mood tracker features and overparenting, anxiety and sleep hygiene quizzes.

In September, Prudential Singapore launched a mobile app, Business@Pulse, to help SME employees manage their group insurance. Business@Pulse complements other Prudential wellness initiatives including WorkPLAYce, our corporate wellness programme that offers a variety of activities aimed at promoting physical and mental wellbeing, such as fitness and meditation classes and health screenings.

Notes

[1] Walker ER, McGee RE, Druss BG. Mortality in mental disorders and global disease burden implications: a systematic review and meta-analysis. JAMA Psychiatry. 2015 Apr; 72(4): 334-41.

[2] Mercer: Mercer Marsh Benefits report highlights gap in mental health coverage and outpaced healthcare costs vs inflation in Asia, March 2022.

Making health and financial security accessible / continued

Inclusive offerings

Socioeconomic factors often determine whether an individual is able to access benefits, insurance and health coverage. This means that disadvantaged groups often miss out, despite being the groups that need the most help.

We therefore view the expansion of coverage of our health and financial security products in Asia and Africa as critically important, and strive to develop and re-design our products and services – across our multi-distribution channels – in an inclusive manner. Our objective is to offer underserved communities, including vulnerable populations, protection and savings products that meet their needs. Our multi-channel distribution model, through agency, bancassurance and digital, gives us different ways to serve the diverse needs of our customers in the way that best suits them.

Made For Every Family

Prudential continues to expand its beneficiary list for insurance products, broadening its customer base to better support evolving family structures and societal expectations. During 2022, we launched numerous strategic propositions that celebrate families of every shape and size. These underscore our commitment to making healthcare and financial security accessible and affordable to more people and families, and helping them get the most out of life. Our range of inclusive products recognises that although each family is different, they should receive equivalent protection and coverage.

Over the past year, our businesses across Asia have worked together, collaborating and workshopping ideas that fulfil our customers' needs. Across 11 markets, we rolled out a range of new and extended products that are Made For Every Family.

Within each product, we expanded term definitions (such as 'Beneficiary') to offer more tailored protection for extended family members. For example, in 2021, Prudential Hong Kong's life customers could nominate a more diverse range of family members as their beneficiaries, including grandparents, cousins, and step-children. In 2022, we built further on the extended family definition, by accepting same-sex married couples as the life assured for designated insurance products.

Prudential's long history of adopting financial inclusion

In 1854, we opened our Industrial Branch, providing affordable 'penny policies' to working people. This transformed the insurance industry, as Prudential became one of the first UK firms to provide insurance to the working classes. Two years later, the company introduced another innovation, 'Infantile Insurance', which allowed parents to insure the lives of children younger than 10, in contrast to peer offerings that only insured children older than 10 due to the high infant mortality rate.

Prudential has also historically offered innovative products targeted at women. In 1922, the company introduced the Everywoman Policy, which encouraged independent saving for women. The introduction of this policy and the advertising campaign that accompanied it signalled an important moment in Prudential's history, as the company began to address women as the target, rather than the subject, of insurance advertising.

Industrial Branch. [Form 2 n. 4.] A Division.—SCOTLAND. No. 7993446

Macgregor Agent at Glasgow under the superintendency of Mr Stark

PRUDENTIAL ASSURANCE COMPANY, LIMITED,

CHIEF OFFICE—HOLBORN BARS, LONDON.

INFANTILE PROPOSAL.

The Policy to be issued on this proposal will contain a condition that it will be rendered absolutely void if it be in any way assigned, sold, mortgaged, or otherwise parted with.

DECLARATION TO BE SIGNED BY THE PARENT.

Dated this 24 day of Dec 1887

The father or mother of the child must sign here John Swan

Agent Macgregor

CERTIFICATE OF AGENT.

TABLE OF SUMS PAYABLE FOR ONE PENNY WEEKLY.

Infantile policy (1856)

Inclusive family coverage in our ASEAN markets

Today, over half of the Malaysian population does not own a life insurance policy or family Takaful certificate. In addition, the Life Insurance Association of Malaysia (LIAM) further revealed that of those protected, over 90 per cent do not have sufficient coverage to protect themselves and their families. Closing this protection gap requires equalising access to insurance and Takaful coverage. By making its solutions more inclusive, Prudential Malaysia hopes to reduce the protection gap and to serve more people and more families. Our Malaysia business launched Extended Family Coverage, the first of its kind in the local industry. This initiative extends coverage beyond the nuclear family to include extended family members (eg cousins or grandparents) who fully or partially support the maintenance or education of others.

In the Philippines, Prudential launched PRUHealth FamLove, a life protection plan that includes critical illness cover for up to four family members in one policy, a first-of-its-kind product in the market. This is available for all Filipino families, including same-sex or common-law partners, parents, and adoptive children.

Costs including long-term medication and care can be covered by the plan's critical illness benefits through the System and Organ Function Insurance (SOFI) concept. This feature makes the product unique in the market, as it provides coverage should any major organs require surgery, without the need to consult a long list of critical illnesses for which cover is provided.

In Thailand, Prudential designs insurance products to serve the unique needs of all families, including traditional nuclear families, those in the LGBTQIA+ community, single-parent homes and extended families with adopted children.

For example, Prudential Thailand allows LGBTQIA+ policyholders to designate non-relatives as their beneficiaries, if the policyholder can identify and provide a 'Life Partner' document. They can name their partners as beneficiaries for life and other insurance plans, or add their adopted children.

Diabetes coverage in Thailand

More than four million people have diabetes in Thailand – projected to rise to 5.3 million by 2040 – but only 2.6 million are provided with access to medical treatment, making diabetes sufferers an underserved population.

In November, we launched the PRUNo Worries Diabetes insurance plan, which offers coverage specifically for pre-diabetics and people diagnosed with Type 2 diabetes, up to the age of 70. Applicants do not need to undergo a health examination, but simply answer health-related questions.

On World Diabetes Day in November, Prudential Thailand participated in numerous events in cooperation with the Thailand Health Partnership Network (which includes the Bangkok Health Bureau and the Department of Disease Control). Prudential provided knowledge on preventative care (eg nutrition and exercise), as well as offering free screenings for diabetic retinopathy, a major complication that can cause vision loss.

Prudential Thailand is also partnering with Thailand's leading hospitals to provide exclusive offers to all Prudential customers, such as special vaccinations deals, discounts on cancer screenings, and health check-ups.

Making health and financial security accessible / continued

Products for Women

Women are vulnerable to a range of gender-specific health conditions and associated medical expenses, and the rising cost of healthcare, pregnancy and motherhood increasingly compound affordability and access. Prudential is focused on staying relevant to our female customers, while also being more inclusive in working to resolve broader health issues. A number of our markets offer exclusive plans that cover a wide range of female specific illnesses and conditions.

These include:

Country	Products for Women
Philippines	Prudential launched the first breast cancer-specific life insurance product in the country. Designed to promote women's health protection and aid early interventions, this product can be purchased digitally on Pulse, and comes in two versions with premiums starting at $2.86/PhP 150.
Thailand	Prudential offers various products specifically covering women's health. These include PruLady Cancer Care and PruMum, which are available through Pulse and other digital channels, such as Prudential's partnership with Thailand's largest loyalty programme The 1. Respectively, these products provide protection against numerous cancers (including but not limited to cervical, ovarian, and breast), and against the risk of pregnancy complications and miscarriage from accidents.
Cambodia	Prudential Cambodia launched PRUMyHealth, the first individual medical reimbursement solution in the market from a local life insurer. In addition to providing customer access to cancer and in- and out-patient treatments, this product also provides coverage against actual medical expenses for 10 types of pregnancy complications, including still births, ectopic pregnancies and post-partum haemorrhages that require a hysterectomy. PRUMyHealth accepts cashless payments at more than 200 hospitals domestically and within South-east Asia and has a medical reimbursement coverage amount up to $50,000.

Islamic finance

Islamic finance is seen as a risk-sharing service that works with the community to provide Shariah-compliant products and services across various finance-related areas.

Prudential is committed to playing a leading role in driving the development of Islamic finance in Indonesia. In April, Prudential Indonesia launched PT Prudential Sharia Life Assurance (Prudential Syariah). Prudential is the first international life insurer in Indonesia to establish a dedicated entity focused on serving the growing local Sharia market. The business is dedicated to meeting the Sharia-based health and welfare needs of the Indonesian Islamic population, with a wide range of solutions that are based on 'Sharia for All' principles.

We use our digital technology to provide personalised and accessible Sharia-based solutions, in order to meet the growing need for risk protection. In partnership with leading local digital payment services provider OVO, and our bancassurance partner UOB, we launched PRUTect Care, a Sharia-compliant life insurance product. This was sold on the TMRW app, where customers could sign up for cover for various causes of death, including Covid-19, as well as accidents, hospital care and infectious diseases. Users can choose, register and validate their policies, as well as make claims via Pulse.

We also serve the significant Islamic population in Malaysia. In 2022, Bank Negara Malaysia stated that only 42 per cent of adult Malaysians had at least one life insurance policy or family Takaful certificate, though noting that the majority still remain uninsured against death, disability, or sickness.[1] Prudential's i-Lindung initiative, aimed at promoting the importance of financial protection within the B40 (bottom 40 per cent in terms of income) community, encourages more Malaysians to be financially protected through our inclusive and budget-friendly plans.

Under the i-Lindung initiative, which is delivered in partnership with the Employee Provident Fund (EPF), we have launched four plans: PRUGuard Life, PruBSN Lindung (term protection), PRUCare Life and PruBSN Cegah (critical illness protection). EPF members can sign up for the protection plans by completing a few simple health-related questions and make premium payments directly from the EPF online portal i-Akaun.

Note

[1] Bank Negara Malaysia: Financial Stability Review – First Half 2022, October 2022, p. 23.

Making health and financial security accessible / continued

Bite-sized offerings

While insurance can provide financial support to policyholders during periods of illness, access to financial services can still remain scarce and unaffordable to those in low- and middle-income countries. The process of positive change must start with addressing affordability, by creating and offering relevant, valuable, and essential insurance products at accessible rates.

Prudential's growing portfolio of bite-sized insurance products proves that by designing plans with the right features and price, and distributing them digitally, we can address the needs of underserved and first-time customers.

These products appeal to customers who are unable or unwilling to pay for a comprehensive long-term insurance cover, preferring instead to choose a plan that serves a specific need for a short period, and at an affordable price point. As convenience is an important factor, our bite-sized products are offered on Pulse and our own websites, with some also being sold through our partners' digital networks.

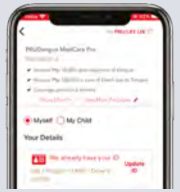
These are already offered in numerous markets:

Country	Bite-sized offerings
Cambodia	Completed an initial launch of insurance selling machines at 50 locations, to make insurance purchases more flexible and convenient for customers. In a country with less than one per cent life insurance penetration, Prudential created these machines – which have their own internet connection and power supply – to streamline customer purchases of bite-sized insurance products (ie those costing less than $10 annually). Customers can obtain receipts of their transactions from the machines, and upon policy issuance, can manage and submit claims through Pulse. Each machine has embedded design elements for a more inclusive user experience, such as larger text display for elderly users. In December, our Cambodia business also launched a new digital savings plan, allowing customers to start saving from $5 per month or $30 per year, and guaranteeing a return of at least 100 per cent of premiums paid as a maturity benefit when set conditions are met. Prudential has also embarked on various partnerships with TrueMoney, uPay, and iCare to further broaden insurance access to its customers.
Malaysia	Flagship programme PRUKasih continues to protect over 33,000 underserved families in Malaysia, and has been helping low-income families and the disabled community with temporary financial relief since 2011 on a not-for-profit basis. We also launched PRUKasih Aman, a microinsurance product on Pulse aimed at safeguarding more individuals and families. PRUKasih Aman is designed to generate modest revenue while meeting a societal need. This new product offers enhanced coverage (up to $3,960/RM18,000) that includes daily hospitalisation allowance, funeral expenses, and both death benefits and extra accidental death pay. Our PRUSimple Care suite of affordable insurance plans, available to all Malaysians aged from 19 to 55 on Pulse from $0.9/RM4 annually, was extended to other digital partners in 2022, broadening our reach to more underserved customers.
Singapore	On Pulse, we launched two new affordable bite-sized microinsurance products: PRUSafe Guard 22, which offers six-month term coverage against Covid-19 and infectious diseases ($19/SGD26); and PRUSafe Sports, which offers 12-month term coverage against bone fractures ($42/SGD58). Separate from Pulse, we also launched PRUFirst Gift II in November, which offers protection for expectant mothers and babies during pregnancy, combined with an investments-linked plan to provide long-term wealth growth for newborns.
Kenya	Rolled out individual pension plan products to the market with no minimum contribution levels.
Cameroon	Signed up six new bancassurance partnerships in 2022 selling credit life and sponsored accounts. These partnerships focus on microfinance, and provide insurance protection to low-income earners who do not have bank accounts.

Affordable products that address infectious disease

There is strong evidence for the impacts of climate change on the transmission and future spread of malaria and dengue, two of the most globally significant vector-borne diseases. Data that illustrates the effect of global warming on the spread of dengue shows the risk is strongest for South-east Asia. This disease is a common cause of hospitalisation in endemic areas of tropical countries, along with increased medical costs associated with treatment facilities and household purchases of over-the-counter medication. These all highlight the increasing need for protection and insurance.

Prudential offers affordable products that protect against infectious diseases in numerous markets, including:

Cambodia	Bite-sized insurance product Moos Som Chanh is available for purchase on Pulse. This plan covers dengue and/or malaria for individuals up to the age of 60, and starts at an annual rate of $4/KHR16,440 or $4.75/KHR19,515 respectively.
Philippines	Prudential offers two packages that provide coverage for dengue. Filipino families can purchase these products via Shopee e-vouchers, which are redeemable in Pulse, to provide coverage for the cost of getting the infectious disease, and an additional amount in case of death. The PRUDengue MedCare offerings cost between $3.16 and $13.54/PhP175 and PhP750. 
Singapore	Prudential offers a microinsurance plan ($3.66/SGD5 with a three-month term) that covers customers against dengue fever.
Vietnam	Prudential offers one product that protects against three common tropical diseases: dengue, malaria, and measles. PRU-Tropical covers customers for overnight hospitalisation from any of the three diseases.

Meeting the changing needs of our customers

At Prudential, we strive to always be customer-led. This means anticipating customers' challenges and questions, and proactively providing solutions and answers.

It means looking at every aspect of our customers' journey, to enable them to get the most out of their relationships with us. In 2022, we further increased our focus on customer centricity, both in our efforts to better understand our customers, and in our endeavours to convert insight into action.

Our customers are core to what we do, and we aim to tailor our products to meet their fast-changing needs, as well as the developing requirements of local markets. Our increasing customer focus has contributed to our customer retention rate remaining high at over 89 per cent[1] in 2022.

Customer success

We have built a framework across the customer life cycle to help us understand our customers, deliver value across all touchpoints, and grow loyalty whilst encouraging advocacy. This framework aligns with the three key pillars of our customer centric strategy: understanding the needs of our customers across different segments; providing high-quality care for our customers' needs in order to deliver value via engagement; and building customer advocacy by understanding and responding to their feedback.

Customer success

Segmentation
Building lifelong relationship and maximising lifetime value

Care
Building emotional connection and delivering value across all touchpoints

Advocacy
Building and nurturing loyalty and growing through advocacy

Helping customers get the most out of their relationship with Prudential

Proactive: from lens of customers

Achieving customers' goals

Optimising value from products

Accessible and relevant connection

Address customer pain points

Intended outcomes

Personalised customer experience by proactively offering relevant solutions to serve their current and future needs. Equipping our agents with skills to stay connected with customers for lifelong relationships, by providing trusted advice and great customer experience.

By listening to customer voices, we implement systems to improve satisfaction, loyalty and market perception of our brand and products. We transcend transactional relationships and align Prudential towards our customers, who advocate us within their markets.

Customer conduct standards

Prudential's Group Code of Business Conduct (see the *'Good governance and responsible business practices'* section for further details) sets out how we do business. In conjunction with the Code, the Group Customer Conduct Risk Policy establishes five Customer Conduct Standards, each with its own key control processes and activities. To support good customer outcomes and fair treatment of customers, these standards inform every aspect of the customer journey, and cover products and services across all lines of business, distribution channels and ecosystems. All of Prudential's businesses are expected to meet these customer standards, which inform every aspect of our Customer Success approach.

Segmentation

1. Treat customers fairly, honestly and with integrity

Within our markets, local customer committees continually review strategic customer initiatives, with the purpose of enhancing customer experience and mitigating risks. Local markets report feedback to Group-level with performance data on numerous statistics, from turnaround time to e-registration to straight processing and customer feedback on key interaction touchpoints. The data and insights are shared and discussed from regional, new business and policy servicing perspectives in various forums with strategic-level guidance to local markets on implementing changes to mitigate risk, improve customer satisfaction, and facilitate best practice sharing across all markets.

2. Provide and promote products and services that meet customer needs, are clearly explained, and deliver real value

Insurance products can be complex from a customer perspective, making it difficult for a customer to understand the costs and value of the product, and how best to utilise products to avoid poor outcomes. We put robust controls in place to mitigate such conduct risks, via regular review and monitoring programmes.

Prudential's Customer Conduct Standards

1. Treat customers fairly, honestly, and with integrity
2. Provide and promote products and services that meet customer needs, are clearly explained, and deliver real value
3. Maintain the confidentiality of our customer information
4. Provide and promote high standards of customer service
5. Act fairly and timely to address customer complaints and any errors we find

Customer proposition

The Customer Proposition Council is the forum for our business and Group-level executives to innovate and institutionalise customer solutions that can be implemented across our markets. During 2022, the Council focused on evolving the young generation and family propositions by developing and refreshing solutions with self-direct purchase, future-proof protection, and an expanded definition of insurable interests in order to promote inclusive offerings across diverse market segments. The Group Product Approval Committee provides oversight to ensure that product-related conduct risks, at both product and portfolio level, are appropriately managed in accordance with Prudential's Customer Conduct Risk Policy. This framework applies to the approvals of new insurance products, alterations of existing products (including the launch of new funds on investment-linked products), and permanent changes in underwriting requirements. The Committee also ensures delegation of approval authority and escalation where appropriate, and reviews and assesses the financial and insurance risks associated with product design, along with risk mitigations and proposed controls.

Note

[1] Excluding India, Africa, Myanmar and Laos.

Making health and financial security accessible / continued

Suitability
All Prudential businesses consider product design, the quality of their communications with customers and the value that products are likely to bring to customers. Any new products which our businesses develop must reflect our key principles, including, but not limited to, meeting customer needs, having a suitable basis for pricing risk and having a consistent process for determining whether the insured event has occurred.

Product design, testing and monitoring controls are implemented to ensure adherence to these principles, and to review product suitability, sustainability, and fairness. In 2022, this process was strengthened with the implementation of a product conduct risk tool, which each business must use to evaluate products. For each insurance product type, the tool asks customised questions, including whether a product has been subject to heightened customer complaints in the past, whether the target customer segment has sufficient familiarity with the product type, and if intended distributors are sufficiently knowledgeable and experienced to understand and distribute the product. The resulting assessment assigns each product an overall conduct risk rating, and justifications and escalations are needed for products with a suboptimal score.

Additional marketing controls are enacted to ensure that any disclosures and communications to customers or other external parties (eg regulators or investors) are fair, clear and not misleading. We strive to ensure responsible marketing practices, including sufficient controls to ensure distributors conduct sales in a manner that considers fair treatment of customers. We also apply these controls to our digital platforms and ecosystems, to ensure the safety and fair treatment of customers within these online environments. This includes ensuring that information on products and services is clear and updated, and that customers using digital platforms understand what they are paying for, including fees that will be charged for using the platform.

Responsible product development

1. Product feasibility assessment
Customer research is first conducted to truly understand customer needs, concerns and pain points on financial security and resilience for different life-stages of various customer segments. Insights from market intelligence and findings from customer needs analysis are included in the feasibility in order to form a holistic review of the concept, proposition and overall viability, together with business strategy, competitive positioning and value to customers. This is an iterative approach from initial ideation to completion of solutions as further input is fed into the development of solutions via focus groups.

2. Product design, pricing and approval
After obtaining approval for the concept taken from the customer perspective, local businesses will further refine the product concept through detailed assessment of financial metrics and operational risk assessments, stress, and scenario tests to understand sensitivity to key risks, and the preparation of disclosure materials to ensure regulatory compliance.

3. Post-launch monitoring
After product launch, local businesses proactively obtain feedback and suggestions from customers and financial advisors on key episodes of the customer's journey. This is to ensure that we deliver the intended services and value, while constantly evolving our solutions and propositions to stay relevant for customers. In addition, a control cycle is in place to regularly monitor product approval conditions and financial viability of currently marketed products, prepare risk reports for currently marketed and legacy products, and provide updates to the relevant governance bodies.

3. Maintain the confidentiality of our customer information
Customers trust Prudential and its representatives with their personal information. We have a duty to ensure we properly collect and safeguard such data, both where we hold it on our systems and where it is handled by our representatives and business partners. All our local businesses must implement controls to support the responsible handling of data, and the use of AI. See the *'Digital responsibility'* section for details on how we take all reasonable steps to ensure that customer data is processed fairly, and in accordance with applicable data protection laws.

Care

4. Provide and promote high standards of customer service
Consistent, ongoing, high-quality service and communication with customers helps ensure products meet their needs and expectations. Our businesses must have in place an appropriate set of customer service metrics, which cover the relevant product life cycle and customer journey. Our central teams work with local markets to examine customer and distributor feedback, and to identify the root causes of pain points and servicing issues. Regular reviews are conducted on existing service delivery mechanisms, enabling us to proactively correct any shortcomings.

We have developed a consistent methodology to standardise customer feedback across each of our businesses, through a customer satisfaction survey conducted by an independent third-party vendor. Through analysing variables such as Net Promoter Score (NPS), we aim to craft more in-depth insights to improve customer service across each touchpoint.

Protecting vulnerable customers

A vulnerable customer is someone who, due to their personal circumstances, is especially susceptible to harm. Each of Prudential's local businesses must define vulnerable customers in the context of their business, and are required to consider local regulatory and industry requirements, as well as the customers' age and education/literacy level. Our businesses customise their definition to meet the local market environment by adding criteria as necessary (eg financial status, physical or mental disability, or other factors as appropriate).

To protect vulnerable customers, appropriate training is incorporated into the sales process on suitability requirements. Mandatory induction training is conducted for all sales staff and external contracted distribution parties, and their understanding is validated after the training. Definitions of vulnerable customers and extra care sales requirements for dealing with them are included into these training programmes.

Acting on customer feedback

Prudential Hong Kong collected feedback on customer satisfaction levels at key interaction touchpoints. The results indicated that customers expected more timely follow-ups and progress updates on their insurance applications, yet were experiencing longer processing times for policy approval. Prudential improved channel support and communication resources, with further enhancements that included the launch of a 25-minute onboarding, and improved stability of the policy application system.

The result was an upward trend in Net Promoter Score (NPS) over the last five months of 2022.

Responding to customer survey feedback on opaque email correspondence with customer care, Prudential Indonesia implemented training and knowledge sharing for relevant employees. Engagement with external trainers (including communication professionals with psychological subject expertise) created bespoke programmes to improve soft skills. The impact on customers has been positive, decreasing the majority of response times to less than two hours, and making emails much easier for customers to understand.

Making health and financial security accessible / continued

Claims

In line with our Group claims promise, all our local businesses must handle claims in a timely, fair, and transparent manner, and promptly disclose product, contractual and other relevant updates. We only ask for relevant information, and strive to explain our decisions simply and clearly, providing updates on claims progress when customers need them.

In 2022, we upgraded and digitised our learning and development programmes for our agents. This will enhance how our agents and partners provide relevant advice and timely service to our customers, and build lasting relationships based on trust.

Improving customer claims

Prudential Malaysia made progress in 2022 on enhancing the customer claims journey. Continuous improvement in upskilling the team, such as training on using simpler language to ensure message clarity, helped drive up service quality and timeliness via more prompt and proactive engagement and communications with customers. This resulted in positive feedback from customers, who cited improvements such as more timely hospital admission and discharge, SMS notification updates, staff helpfulness, courtesy when attending to queries and processing efficiency.

Claims promise

Timeliness
We handle each claim as soon as we receive it, and will keep you informed of its progress.

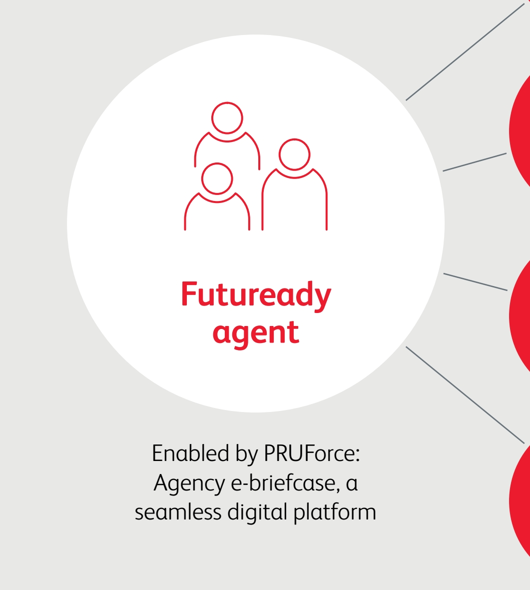
Communication with care
We let you know when we receive your claim, require additional documents, and the outcome of your claim. Our staff and agents are professionally trained to guide you whenever you need help.

Fairness
We understand your claim is important to you. We treat every customer fairly. We ensure our claims process is clear, transparent and without customer bias.

Customer experience
Your feedback is important to help us serve you better. If you have a complaint, we will deal with it seriously.

Privacy
We take your privacy seriously and will protect it at all times.

Futuready Agency



Futuready agent

Enabled by PRUForce:
Agency e-briefcase, a
seamless digital platform

Attracting Tapping talent from target segments and equipping them with capabilities and resources to succeed

Leading Training future leaders for the digital world via coaching and development

Building Defining a premium career path for purpose-driven agents and offering robust professional development

Nurturing Replicating every customer engagement discipline to fit the digital world to drive behaviour-led habits

Agents

Agency continues to be an integral part of Prudential's brand and customer service platform. Across our markets, we have launched and connected a series of agency growth programmes to build capabilities and expand capacity for our agency platform. To stay true to customer success, we are equipping our agency force to stay connected with customers, to build trust and provide personalised advice enabled by digital tools and informed by data analytics. Prudential's Futuready Agency programmes aim to give our agency force a defensible competitive advantage by leveraging technology, behavioural science, and analytics to improve their skill-sets, capabilities, and external positioning for long-term sustainable growth.

Partnership distribution

For customers who choose to access insurance products and solutions via their banking relationships, we are collaborating with our bank partners to enable customers to access affordable healthcare, protect their wealth and empower them to save for goals. To do so, joint working groups are formed to oversee the deployment of strategic enablers, including product solutions, seamless experience, and sales force effectiveness in insurance advice that drive customer success. At regular steering committees, we oversee conduct risk and customer outcomes with our partners, discussing strategy and how to act on persistency, complaints, and other customer outcomes.

Making health and financial security accessible / continued

Advocacy

5. Act fairly and timely to address customer complaints and any errors we find

Prudential takes customer feedback very seriously, particularly complaints. All business units are required to ensure that complaints received from customers are handled in a fair, timely and transparent manner, and that processes for analysing complaints include understanding their underlying cause and mitigating their recurrence.

Our local businesses have independent and dedicated teams tasked with responsibility for managing complaints and maintaining databases of complaints received. Across the Group as a whole, our level of complaints has remained broadly flat at two per 1,000 policies in force (2021: two per 1,000 policies in force).

Our Voice of Customer (VOC) programme has continued into 2022 with rigour and cadence which is aligned with our focus in delivering customer success, by anticipating customer challenges. The two aspects of the programme are:

- Transactional Touchpoint Programme (TPP): In addition to identifying both pain and delight points in our customers' journey and experience, we maintain a disciplined and consistent feedback collection system. Key customer episodes are monitored and studied in a timely and ongoing manner. The programme is managed by an independent internal stakeholder, and largely supported by an automated solutions platform that processes key customer episodes at crucial touchpoints.
- Competitive Benchmarking: This explores how customers in specific markets view Prudential, based on our strategic initiatives. We commissioned periodic studies, conducted by an independent third-party research agency, to confirm the rigour of our results.

Both these initiatives collect timely feedback to identify improvement actions, and illustrate where we stand relative to competitors. The purpose is to prioritise resources in alignment with insights from research, and more fully understand, anticipate, and respond to evolving customer needs.

Voice of the Customer (VOC) deployment in one emerging market business

The main overall focus was to improve reimbursement claims NPS. Through VOC, the business was able to properly identify critical areas, challenges and focus points to then act to improve them. One of the key factors impacting the customer experience included challenges related to system intermittency, which resulted in occasional disruptions and slowness. Focusing on vital areas such as benefit payouts and ease in making claims, the local business took step changes to improve customer experience. These actions included revising the claims settlement letter to be more customer friendly, specifically with details on non-coverable items. Additional action included simplifying the claims submission process, such as accepting soft copies of original receipts for processing.

Strategic pillar:

Stewarding the human impacts of climate change

Ongoing net zero target
for 2050

On track
to meet 25% WACI reduction by 2025

97%
substantive divestment from coal bonds completed by end of 2022

On track
to achieve operational carbon neutral target and 25% reduction per FTE by 2030

Leading the
Emerging Markets Transition Investment project
within NZAOA

Just and Inclusive Transition
paper published

Signed the
2022 Global Investor Statement to Governments on the Climate Crisis

The continued fight to limit climate change, by globally transitioning towards to low-carbon economies, remains one of the greatest challenges of our time. The economic, societal and individual consequences of climate change are expected to only increase, particularly across the Asia and Africa regions in which Prudential operates.

Decarbonising the global economy requires global solutions. Global decarbonisation needs to be managed in a just and inclusive way, which requires considering the specific needs of emerging markets.

The needs of these markets typically include higher dependence on fossil fuels, insufficient means to finance the transition through clean energy and other climate solutions, and unfinanced basic development needs. These markets have also typically contributed less historically to the levels of carbon emissions in the atmosphere, whilst not always being included within mainstream climate discussions and initiatives.

Prudential firmly believes in the need for a just and inclusive transition, in a way that actively places the considerations of emerging markets at the forefront of discussions. As a significant investor and asset owner with long-term investment horizons and liabilities, we believe that we are well placed to support this just and inclusive transition in emerging markets. We are also able to bring an emerging markets perspective to stakeholder discussions to help ensure the need for a just and inclusive transition in those markets is considered in policy and regulation.

We support initiatives for sustainable development and energy transition in all our markets through collaborative and collective engagement. We are actively working with our investee companies to transition to net-zero business models, and we continue to decarbonise our investment portfolio and our own operations.

An index is included in the '*Reference*' section to demonstrate how we are meeting the recommendations of the TCFD. Our first Climate Transition Plan is published alongside this report, setting out further detail on our net-zero commitments, including our targets and actions supporting our transition toward a low-carbon economy.

Stewarding the human impacts of climate change / continued

Climate-related targets and metrics

Targets and progress made
We have set ourselves targets for both our investment portfolio and our operations.

These targets, and our ambition to achieve them, remain unchanged during this period of global energy crisis as the need continues to accelerate the transition to low-carbon energy in a just and inclusive way.

In 2021, we announced pledges through which Prudential will play its part in the transition to a global low-carbon economy and the collective efforts to limit the rise in global warming. Our long-term pledge is to become net zero by 2050, with the short-term investment pledges discussed in the '*Our short-term targets and progress made*' table.

These pledges support the achievement of the Paris Agreement goals to limit the increase in the global average temperature by 2100 to well below 2°C above pre-industrial levels, and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognising that this would significantly reduce the risks and impacts from climate change. Our short-term targets for our investment portfolio include both listed equities and corporate bonds, while excluding assets held by joint venture businesses and assets in unit-linked funds, as we do not have full authority to change the investment strategies of these assets.

In 2020, we set climate targets for our operations to become carbon neutral and deliver operational emissions intensity improvements. We seek to actively reduce our direct impact on the environment in line with our purpose of improving the lives of our customers and their communities. Our progress against this target is summarised in the table below, with more detail provided in the *Management of direct operational environmental impacts* section.

Our climate journey to date

2018

- Endorsed the TCFD recommendations
- Established ESG Executive Committee
- Eastspring becomes PRI signatory

2019

- Published our first TCFD-aligned disclosure (investments not included)
- Set operational climate targets for 2030

2020

- Undertook scenario analysis and stress testing across three climate scenarios
- Disclosed material climate risks and responses
- New Group ESG Committee established
- Eastspring join Climate Action 100+
- Developed our new Group ESG Strategic Framework

2021

- Established Board Responsibility & Sustainability Working Group
- Committed to net zero by 2050
- Set short-term climate investment targets
- Joined the Net Zero Asset Owners Alliance
- Disclosed weighted average carbon intensity (WACI) & impact of climate scenarios across geographies
- Integrated climate risk into enterprise risk management
- Updated our Group Responsible Investment Policy

2022

- Initiated subtrack within NZAOA: Emerging Markets Transition Investment (EMTI) project
  - EMTI published paper on recommendations of accelerating transition investment in EM
- Launched the 'Just and Inclusive Transition' paper articulating our view on the climate transition for our markets
- Formulated sectoral climate views
- Further enhanced disclosure on metrics, including absolute financed emissions
- Joined the Vietnam Just Energy Transition Partnership working group

Stewarding the human impacts of climate change / continued

Our short-term targets and progress made

Target	Board's evaluation of progress
Deliver a 25 per cent reduction in the carbon emissions intensity of our investment portfolio by 2025 against our 2019 baseline	**On track:** by the end of 2022, we had reduced the weighted average carbon intensity (WACI) of our investment portfolio by 43 per cent
Divest from all direct investments in businesses that derive more than 30 per cent of their income from coal, with equities to be fully divested from by the end of 2021 and fixed-income assets fully divested from by the end of 2022	**Substantively completed:** > In 2021, we fully achieved our divestment from coal equities > By the end of 2022, we had substantively completed our divestment from coal bonds with one holding remaining as a result of market conditions. We continue to seek opportunities to divest from the remaining holding and intend to do so as soon as practicable
Engage with the companies responsible for 65 per cent of the absolute emissions in our investment portfolio	**Fully met:** This is a continuing annual target, which we have fully met in 2022 for the identified cohort of companies
Deliver a 25 per cent reduction in our operational emissions intensity from a 2016 baseline, abating the remaining emissions via carbon offsetting initiatives, to become carbon neutral across our Scope 1 and 2 (market-based) emissions by the end of 2030	**On track:** We achieved an intensity ratio of 1.21 tCO$_2$e/FTE for 2022, keeping us ahead of the emissions reduction trajectory required to meet our 2030 target of 1.65 tCO$_2$e/FTE

We provide additional commentary in this section on the carbon emissions intensity reduction and divestment from coal holdings. We provide a description of our engagement approach and examples of the impact of our engagement in the '*Active ownership*' section in the '*Responsible Investment enabler*' chapter. We also provide further detail on how we are decarbonising our operations in the '*Managing our direct operational impacts*' section.

Reduction in WACI

We operate in both developed and emerging markets in Asia and Africa, and the carbon footprint of investments in these markets, which underlies our WACI, remains higher than in areas such as Europe. Our public target remains to achieve a 25 per cent reduction in the WACI in our investment portfolio by 2025, while continuing to support a just and inclusive transition in the markets in which we operate. We continue to keep all our climate targets under regular review to ensure they take into account evolving scientific data, and remain appropriate for our markets and aligned to our strategy around the pursuit of a just and inclusive transition. Our Climate Transition Plan, published alongside this report, sets out further detail on our net-zero commitments, including scheduled future updates to our targets such as revising our WACI target during 2024.

The WACI of our investment portfolio has declined by 43 per cent compared with our 2019 baseline. The WACI of our portfolio changes due to movements in the carbon intensity of the invested companies, movements in market prices and our own actions to change their weight in our investment portfolio (through strategic asset allocation, portfolio construction and investment selection). The decline to date has been driven largely by the implementation of our coal policy and the implementation of WACI budgets to a number of our equity strategies. However, we believe more real-world impact can be achieved through financing the transition and engagement, rather than simply changing the portfolio to optimise our carbon footprint. Therefore, we do not anticipate that the trend will continue at the same pace going forward. Were the scope of our investment portfolio to change, we would have the opportunity to re-evaluate the progress achieved and the target, in line with the target setting protocol from the NZAOA.

Our focus on financing the transition, for example through green bonds and mechanisms such as the energy transition mechanism and the Just Energy Transition Partnership, may mean that the WACI could increase in the short term as we support companies as they transition. We also believe engagement can be effective, as reflected by our engagement target, but this requires more patience and the decarbonisation achieved by our investee companies will take time to be reflected in our carbon footprint due to the time lag in reported data.

Divestment from coal holdings

In 2021, we fully divested from equities meeting the policy criteria, which we continue to monitor so as to maintain this divestment position. By the end of 2022, we had substantively completed our commitment to divest from coal bonds meeting the policy criteria: we had divested from 97 per cent of the coal bonds held at 31 March 2021, the date used for our May 2021 commitment. Due to illiquidity in the market, we were unable to fully divest from one remaining holding of $12.1m, which illustrates the degree of challenge in implementing a divestment strategy in our markets. We continue to seek opportunities to divest from the remaining holding and intend to do so as soon as practicable. We also continue to engage with the issuer on other options for us to divest from this holding as we believe we have set our coal policy in a just and inclusive manner. Since 31 December 2022, we have further divested from this coal bond.

Data availability

As a data user, we are at the end of the data value chain, using data disclosed by investees through reporting frameworks such as the TCFD recommendations and CDP. As discussed in the Financial Stability Board's 2022 TCFD status report, which describes the global state of alignment of companies' reporting with the TCFD recommendations, the TCFD-aligned reporting by region is notably lower across Asia and Africa, ie the regions where we operate. Data availability therefore remains an ongoing challenge, as is reflected in the coverage level of the WACI and financed emissions for our investment portfolio shown in this section. We continue to work with data providers and our asset managers to improve the availability of data. An increase in data coverage may have the impact of either raising or lowering the WACI of our investment portfolio if the profile of the new companies' data is different to those already included in the current coverage. We expect such limitations to be overcome as more climate disclosures occur in these regions, potentially using established frameworks such as the TCFD or the anticipated standards from the International Sustainability Standards Board (ISSB).

Average percentage of TCFD-aligned disclosure by region

Region	Per cent (%)
Europe	60
Asia Pacific	36
North America	29
Latin America	28
Middle East and Africa	25

Source: https://assets.bbhub.io/company/sites/60/2022/10/2022-TCFD-Status-Report.pdf

Stewarding the human impacts of climate change / continued

Choice of metrics

We continue to review climate metrics used by the financial sector for their appropriateness to our markets and practicality of use, such as data availability (ie coverage). We use a combination of absolute and intensity emissions metrics to measure our exposure to climate-related risks, with the combination recognising the strengths of certain metrics while also addressing their shortcomings. Absolute emissions measure the total carbon footprint associated with the investments held in our investment portfolio, whereas WACI compares that carbon footprint to the revenue also associated with the investments in the investment portfolio.

We use WACI to compare progress in intensity improvements in different portfolios, noting that data availability remains an ongoing challenge as described in the *'Targets and progress made'* section. A key benefit of WACI is that it allows comparisons between different investment portfolios, which is very important in our roles of asset owner and asset manager. By reducing the WACI of our portfolios, we aim to also support the transition to a low-carbon economy. We use the WACI as a proxy for the transition risk in our investment portfolio: a higher WACI normally indicates that an investment portfolio has to transition more extensively to align with the Paris Agreement.

We use absolute emissions to identify the investee companies for our engagement targets, to help reduce absolute levels of carbon emissions. Our belief is that engagement is preferable to divestment in supporting a just and inclusive transition, with divestment considered only in appropriate circumstances as the ultimate course of action. Engagement continues to be a core part of providing effective stewardship and we monitor the progress in meeting this annual target of reviewing and engaging with investees responsible for 65 per cent of the absolute emissions in our investment portfolio. We seek to encourage sustainable business and management practices through constructive engagement, based on our in-depth knowledge of the companies and their business environment.

Movement in metrics	2022	2021
Target-related metrics		
WACI (weighted average of tCO_2e/$mn revenue)	**219***	296
Coverage for the WACI of the investment portfolio	**67%**	69%
Holdings in companies with more than 30 per cent of revenue from coal	**Substantially divested from bonds**	Fully divested from equities
Engagement with the companies responsible for 65 per cent of the absolute emissions in our investment portfolio	**Reviewed 100%** **Engaged 100%**	Reviewed 44% Engaged 31%
Operational emissions intensity (tCO_2e/FTE)	**1.21***	1.47
Our own operations		
Scope 1 (tCO_2e)	**1,645***	1,481
Scope 2 – market-based (tCO_2e)	**16,938***	19,986
Scope 2 – location based (tCO_2e)	**19,880***	21,547
Scope 3 (upstream activities)† (tCO_2e)	**9,487***	8,798
Our financed emissions		
Scope 3: Downstream activities (financed emissions) (tCO_2e) ‡	**3,100,000***	4,700,000

* Within the scope of EY assurance – for further information, see the '*Scope 3 emissions review*' section of this report and the Basis of Reporting (www.prudentialplc.com/~/media/Files/P/Prudential-V13/esg-report/basis-of-reporting-2022.pdf) which notes those Scope 3 categories that were within the scope of EY assurance.

† Includes Scope 3 categories: 3 (fuel- and energy-related activities, 5 (waste generated in operations) and 6 (business travel).

‡ Reflecting the absolute emissions of the assets in the WACI calculation where the underlying data is available as detailed in the Basis of Reporting (www.prudentialplc.com/~/media/Files/P/Prudential-V13/esg-report/basis-of-reporting-2022.pdf)

We have set our coal policy in a way we believe supports a just and inclusive transition in the markets where we operate, as discussed in the *'Supporting a just and inclusive transition'* section. The threshold for our coal policy was set to balance the risk and return, while also allowing companies in our markets to phase out coal in an inclusive manner.

For operations, we use intensity to measure our reduction in per full time employee, to support our target in becoming carbon neutral across Scope 1 and 2 (market-based) emissions by the end of 2030. Further information on our operations is provided in the *'Managing our direct operational environmental impacts'* section.

Forward-looking metrics

In collaboration with our asset management and asset owner businesses, we continue to develop further metrics that are appropriate for our business, support enhanced management of and reporting on climate-related risks, and integrate into investment processes to support our responsible investment framework.

During the year, we reviewed peer practices and industry recommendations regarding forward-looking metrics, such as Climate Value at Risk (C-VAR) and implied temperature risk (ITR). We have identified that these metrics are appropriate for internal use at this stage, despite having limitations surrounding data availability and the level of assumptions underlying the methodologies. As of late 2022, our internal reporting has been enhanced to include the ITR as an indicator of the level of temperature alignment of our investment portfolio, and C-VAR as an indicator of the forward-looking exposure on the investment portfolio's exposure to physical and transition climate change risks. We continue to develop our internal understanding of these metrics, while giving consideration to disclosing them externally when these shortcomings are appropriately overcome or can be mitigated.

The Net Zero Insurance Alliance (NZIA) and the Science Based Targets initiative (SBTi)

We continue to monitor industry initiatives, such as the Net Zero Insurance Alliance (NZIA) and the Science Based Targets initiative (SBTi).

The NZIA's members commit to 'transition their insurance and reinsurance underwriting portfolios to net-zero carbon emissions by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100, in order to contribute to the implementation of the Paris Agreement on Climate Change'. The current scope of this alliance is property and casualty insurance. This scope excludes Prudential, as a life and health business, which does not underwrite carbon intense activities. Therefore joining the NZIA at this time is not a current priority for us, and we will continue to evaluate its appropriateness moving forward.

During 2022, as part of our ongoing review of our climate targets, we undertook an internal review of the Science Based Targets initiative (SBTi) and engaged with the SBTi to understand their view of the methodology's application in emerging markets . The SBTi uses global decarbonisation targets and pathways for their verification which do not distinguish between the differing needs for emerging markets and developed markets. Aligned with our approach to a just and inclusive transition, we believe it is critical that we engage with countries and companies to work with them to overcome their transition challenges. A part of this approach is reflecting the nuances of the challenges faced by specific countries, for example in balancing economic growth and decarbonisation. This leads to differences in pace of decarbonisation as accepted in the Paris Agreement through the 'common but differentiated responsibilities' principle, which we try to integrate in our Responsible Investment approach and articulated in our Just and Inclusive Transition paper. We continue to engage with the SBTi and monitor its publications to explore how the methodology can be appropriately applied in our markets, in a manner that is consistent with the needs of emerging markets and our broader philosophy.

Stewarding the human impacts of climate change / continued

Identifying climate-related opportunities

Our purpose

We help people get the most out of life, by making healthcare affordable and accessible and by promoting financial inclusion. We protect people's wealth, help them grow their assets, and empower them to save for their goals.

We recognise that our business purpose and strategy allows us to generate climate-related opportunities for the Group through the implementation of our strategic ESG framework, including our goal to decarbonise our investment portfolio, while supporting a just and inclusive transition. During 2022 we internally identified the following categories of climate opportunities relevant to our business, which we continue to explore and develop further:

- Financing mechanisms: investment in green bonds, transition financing and adaptation financing;
- Savings and insurance products: increase ESG/impact investment and climate-related health product offerings;
- Technology and innovation: use technology to support sustainability and climate education; and
- Customers and employees: engage, educate and support our customers and employees on sustainability and climate change.

Both as a significant investor and an asset owner with long-term investment horizons and liabilities, the Group continues to be in a position to invest in *financing mechanisms* linked to climate mitigation and resilience. Our strategic asset allocation process allows us to pursue such investment opportunities.

The *'Supporting a just and inclusive transition'* section and the *'Our paper on the just and inclusive transition'* box provides further detail on how we are supporting the development of such financing mechanisms, such as blended finance. We have developed, and continue to implement, our responsible investment framework, with more information available in the *'Responsible investment'* section.

A key input to our strategic asset allocation process is our capital market assumptions (CMAs). The CMAs are our economic assumptions which we use across our financial metrics and asset classes, and they span financial markets around the world with a focus on countries in which Prudential operates and invests. The CMAs are set using a highly controlled process, including the use of comprehensive research studies, economic models and projections of the key drivers underlying the economic variables. This year we have included explicit climate information into our CMAs, covering the impact from both climate-related transition and physical risks. This inclusion required the development and adoption of a Group view of how and when climate policies could plausibly be implemented, and understanding the significance to the CMAs from these potential policies. As the underlying climate financial data and tools are in the initial stage of development, we will continue to review climate-related drivers and their impact on our CMAs on an annual basis.

We focus on life, health and wealth products and therefore do not have carbon emissions intensive activities in our underwriting portfolio. Climate change is creating opportunities for new *savings and insurance products*:

- New savings products could incorporate the financing mechanisms described above, including increasing the green bonds investments in our investment portfolio and our investment-linked products (ILPs), as described in the *'Capital allocation'* section.
- New health and protection products need to reflect the impact of climate change on human health via changes in the frequency, severity and emergence of certain diseases, such as the dengue cover we currently provide.
- Recognising that financial security at all levels is a climate adaptation measure, we are actively developing inclusive insurance products as described in the *'Making health and financial security accessible'* section, which also explains how we are developing more products for underserved sections of the market.

We continue to explore using *technology and innovation* to support sustainability and climate education. For example, our Philippines business released a three-part webisode series in December 2022 via YouTube. The web series proposes financial security to be recognised as a climate adaptation measure with insurance coverage being one way to achieve this. The webisodes, entitled *'Pru Life UK Healthscape Webisodes: The Big Change'*, brought together thought leaders from healthcare, insurance and the government. The webisodes were designed to further raise awareness and educate the public about climate health risks and their impact on financial security. The topics covered in each webisode are:

- Webisode 1: Climate impacts on health and financial security
- Webisode 2: Financial Security as a Climate Adaptation Measure
- Webisode 3: The Role of Insurance in Climate Mitigation and Adaptation

We have initiated new research partnerships during 2022, as described in the call out box. The findings from this research are not only expected to help inform solution design, innovation and development opportunities, but also help us *engage, educate and support our customers and employees*.

Impact on financial and strategic planning

As part of our annual strategy and financial planning exercise, we apply internally developed stresses to the projected strategy to test its robustness. The level of these stresses are more stringent than the impact from the climate scenarios, described in the *'Climate-related scenario testing'* section, over the planning period. Given that the strategy withstands these more stringent tests, we have confidence that the strategy and financial plan remain viable over the period under assessment. We also request local businesses to identify how our ESG strategy and responsible investment initiatives, including climate change, are being taken into account in product development and current products.

Impact on access to capital

We raise capital through the bond or equity markets to pursue strategic opportunities, such as mergers and acquisitions or entering new markets. We raise capital principally from institutional investors, who, in our view, are not expected to have diminished sources of capital for us to access due to climate change. Prudential issued debt in March 2022 and during this and in our historic capital raises, we have not been impacted by the risks from climate change to our business.

Our ongoing access to capital is supported by the continued maintenance of our high credit ratings. In deciding on credit ratings, the credit rating agencies make an assessment of our business profile and financial flexibility, including our ability to access capital markets. ESG factors have not, to date, had a material impact on the creditworthiness of our business or its assessment by the credit rating agencies; however, they have become a topic of regular discussion and interest which features in our annual meetings with the rating agencies.

Research partnerships

In 2022, we embarked on a two-year research partnership with the Earth Observatory of Singapore (EOS) at Nanyang Technological University (NTU) in Singapore to examine the intersection of climate change and health. The Prudential EOS Climate Impacts Initiative will focus on 10 key markets across Asia and Africa including Singapore, Hong Kong, Côte d'Ivoire, Nigeria, Kenya, Indonesia, Malaysia, the Philippines, Thailand and Vietnam. It will be carried out over two phases from 2022 to 2023. The first phase of the research involves reviewing historical records of air quality and health impacts in the countries/cities in the recent two decades. The second phase will entail projecting future air quality and its health impact on individuals that consider several emission scenarios including SSP370 and SSP585. We are hopeful that the outcome and findings of the research will help generate ideas and evaluate market opportunities in terms of investments and products linked to climate resilience.

Additionally, Prudential, via Prudence Foundation (which is described in the *'Community engagement and investment'* section), is funding research by the International Federation of the Red Cross's Climate Centre to examine the compound health risks of heat, humidity, and air pollution, and what effective early actions can be taken to reduce this risk. For more information, visit https://www.prudentialplc.com/en/news-and-insights/all-news/news-releases/2023/06-02-2023

Identifying, assessing, managing and responding to climate-related risks

Identifying and assessing climate-related risks

To enable us to continue to be a long-term and resilient business serving our customers, we actively identify and assess how climate change can impact our business.

The risk identification processes in our Group Risk Framework (described in the *'Risk review'* section in the Annual Report and Accounts) recognise thematic emerging and principal risks. ESG risks, which include climate-related risk, are identified as a Group principal risk. The *'Risk review'* section identifies the principal risks which are also material from a climate perspective. The GRC and the Board receive updates on the principal risks identified, the Group's exposure to these risks and subsequent management activities. Further detail on the governance of climate-related risk is provided in the *'ESG governance overview'* section.

Climate-related risks are considered within our existing risk management processes to determine the relative significance of climate-related risks in relation to other risks. Prudential treats climate risk as a cross-cutting amplifier of the existing standalone risk types. By treating climate-related risk as a cross-cutting risk, we recognise that there could be significant interdependencies with, and impacts on, other established standalone risks, such as credit, market, insurance and operational risk.

Time horizons for climate

Work to further embed ESG considerations into the Group Risk Framework (GRF) has continued through the year to incorporate characteristics associated with climate and ESG risks. The GRF has been updated to include the need to consider the time horizons over which the benefits and/or paybacks of risk-based decisions are expected to be achieved within core strategic processes. Time horizons relating to climate, chosen to reflect the timing over which transition and physical climate-related risks and opportunities could reasonably arise, are defined as:

- short term: zero to three years,
- medium term: three to five years, and
- long term: five to 30 years.

Our holistic process enabled us to identify the following areas of potential exposure to climate-related risks over the short, medium, and long term:

Areas of potential exposure to climate-related risks	Main affected time horizon
Strategy implementation – As the Group implements its ESG strategy and climate-related commitments, there is a continuing need to balance potentially different interests, expectations and objectives, both within and across stakeholder groups.	Short and medium term
Financial resilience – Our assets under management are at risk of physical climate risk in the long term. Some of our assets under management are in high emission, carbon-intensive and carbon-reliant sectors. These assets are exposed to transition risk in the short and medium term, potentially resulting in increased levels of price volatility, reduced levels of liquidity, taxation, regulation and/or reduced demand, which could lead to impairments, downgrades and/or stranding if they fail to adapt, innovate or transition to a lower-carbon business model.	Short, medium and long term
Insurance and product risks – Our strategy focuses on life, health and wealth products, which excludes us from underwriting carbon emissions-intensive activities. Climate change could impact our customers' health and livelihoods, which could result in changes in mortality, morbidity and/or persistency for our life and health underwriting portfolio.	Long term
Operational resilience – Climate change could have physical impacts on our operations. The impact from such climate events on operational resilience, including the impact on third-party providers and the servicing of our customers, is explored in our operational risk scenarios.	Long term
Data and model limitations – Current limitations in financial climate data quality and availability, and asset and liability modelling tools, make it challenging to accurately assess the financial impact on the Group, particularly for longer-term time horizons.	Short and medium term
Regulatory, legislative and disclosure expectations – The pace and volume of new climate-related regulation across the Group's markets could pose compliance and operational challenges that may necessitate multi-jurisdictional coordination. The increasing disclosure expectations of stakeholders heightens the potential for litigation risk associated with external reporting conveying a materially false impression or misleading information.	Short and medium term

Stewarding the human impacts of climate change / continued

Building on the updates made in the previous year to the Group Risk Framework, a number of additional risk characteristics associated with climate and ESG themes, which are not explicitly recognised in more traditional risk management practices and frameworks, have been added to our risk management framework.

Sustainability risk characteristics	Considerations
Cross-cutting risk	Risk has significant interdependencies with, and influence on, other established/traditional risks, including the potential to amplify their impact.
Longer time horizons	Some aspects of ESG/sustainability risks may emerge in the near term, while others may develop over a much longer time period than traditional risks.
Double materiality	Recognises that the company can be both 'impacted by' ESG/sustainability issues, and can have an 'impact on' those issues in the external world.
Dynamic materiality	A topic can rapidly change from being immaterial to material.
Multiple stakeholders	The company's actions can impact a wide range of stakeholders including employees, customers, communities and the environment (ie people and planet).

Other updates to incorporate consideration of the climate and ESG risk characteristics into appropriate areas of the Group Risk Framework include:

- As part of the risk taxonomy refresh, a double materiality lens has been introduced with the inclusion of 'social and environmental responsibility' as a strategic risk;
- The non-financial risk appetite framework reflects a stakeholder-focused approach which supports the Group ESG Strategic Framework and recognises a broader set of stakeholders as one of the key characteristics defining sustainability and climate risks;
- The risk and control self-assessment libraries were reviewed to identify key risks and controls which support the pillars and enablers of the ESG Strategic Framework;
- The tools developed to assist with managing against the Group's external Responsible Investment commitments, including the Weighted Average Carbon Intensity (WACI) calculation and reporting tools, have been included in the Model Risk inventory; and
- Noting increasing stakeholder and disclosure expectations around quantification of climate risk exposure, climate scenario stress testing results were included in the Group Own Risk and Solvency Assessment (ORSA) report.

Managing and responding to climate-related risks

While many climate-related risks are common at Group and business level, the nature, focus and impact of these risks can differ across the Group's markets. Our emerging risk process, at both the Group and the business level, helps ensure that we continue to quickly identify and adapt nimbly to new and evolving climate change and ESG topics. During 2022, we continued to focus on developing our understanding of our exposure to actual and potential climate-related risks and their associated impacts on the Group, focusing on key local markets in Asia. Ongoing engagement with the local businesses is focused on six core areas, four of which reflect the TCFD pillars (internal governance arrangements, local strategy developments, embedding risk management considerations, and appropriate metrics and targets), with the others being training and local regulatory change and engagement.

We recognise the fast pace of climate-related regulatory change. Engagement with the local businesses has included a focus on understanding the current ESG regulatory landscape and internal governance arrangements to help coordinate local responses. As previously noted, while the application of TCFD-aligned reporting in Asia has been lower than in Europe (36 per cent of companies, vs 60 per cent in Europe), some regulators and supervisors in the region are starting to plan for local adoption of reporting against the TCFD framework. We have been providing, and continue to provide, support for these businesses in their adoption plans which to ensure appropriate alignment between Group and any local disclosures.

Stewarding the human impacts of climate change / continued

Climate-related scenario testing

Scenario testing is a key tool to improve understanding and support decision-making.

Scenario testing is particularly useful for raising awareness of climate change risks due to the wide scope and unknown timing of potential mitigation and adaptation actions. We monitored and evaluated developments in climate scenario testing, including publications by our regulators, and global bodies including the International Association of Insurance Supervisors (IAIS) and the Network for Greening the Financial System (NGFS), as well as publications by the Principles for Responsible Investment (PRI), the Transition Pathway Initiative (TPI), United Nations Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA).

Climate scenarios used

Investigating different methodologies appropriate to our nature, scale and complexity supports our ability to engage with our Group and local business regulators on this topic. During the year we have further developed the sophistication of our use of scenario testing, using different scenarios for different purposes based on the business need:

- The orderly transition, disorderly transition and hot house world scenarios from the NGFS provide plausible routes that can be used for testing the continued robustness of strategy, finances and operations, known as 'stress testing';
- The scenarios from the PRI, such as the forecast policy scenario, are designed to assess the economic impact of likely policy developments, which can be used for informing our central market assumptions; and
- The IPCC, IEA and TPI provide science-based pathways for how global and sectoral decarbonisation can be achieved to meet the Paris Agreement goals, which can be used for investee engagement to support achieving real world change, as described in the '*Sectoral decarbonisation pathways box in the Responsible Investment*' section.

For our stress testing work, we use the orderly transition, disorderly transition and hot house world scenarios aligned to those provided by the NGFS, to identify risks over the short, medium and long term. These scenarios are very rich in detail, providing high levels of insight into the financial implications that could emerge from such pathways. The three scenarios provide plausible future outcomes and are constructed to simulate the complex and non-linear interactions between energy, economy and climate systems. They also account for various policy and technology developments, supporting a sophisticated exploration of the different plausible futures and the impacts from trade-offs between the policy and technology options. A key difference between the calibration we use for these scenarios, versus the NGFS's calibration which uses general equilibrium economic models, is the use of non-equilibrium economic models: we believe the non-equilibrium economic models better allow for real-world inefficiencies and decision making that could be expected to be part of the transition to low-carbon economies. The box in this section provides a summary of the scenarios, including the range of climate-related events considered in the scenario testing work.

Summary of the scenarios used for stress testing

- Orderly transition scenario: This below 2°C scenario includes transition impacts as well as physical impacts in line with a 1.6°C increase in temperature by 2100, compared with the average temperature between 1850 and 1900, in line with the IPCC Representative Concentration Pathway[1] (RCP) 2.6, through the orderly introduction of climate policies. Ambitious climate policies are introduced immediately. However, even as emissions are lowered, acute and chronic extreme weather continues to increase compared with today, resulting in increased physical loss and damages. There is a marked reduction in fossil fuel demand, higher carbon taxes and investments in low-carbon electricity generation and manufacturing.
- Disorderly transition scenario: This below 2°C scenario ultimately includes similar levels of transition policy assumptions and physical impacts to the orderly transition scenario, but the policies are introduced in a delayed and disorderly manner resulting in increased market volatility in the medium term. There is particularly increased volatility in the fossil-fuel intensive sectors and regions, but there is also increased volatility in all sectors due to the disorderly nature in which the climate policies are implemented.
- Hot house world scenario: This scenario includes physical impacts in line with a greater than 4°C increase in temperature by 2100. The physical impacts include irreversible damage to the climate, resulting in extreme increases in acute and chronic extreme weather in line with RCP 8.5. For example, many countries suffer extreme droughts and water shortages. Some regions will experience greater levels of warming than 4°C, resulting in certain parts of the world becoming unfit for agricultural production and human habitation. No further climate policies are introduced in this scenario beyond those already announced, resulting in few transition impacts being assessed.

Note

[1] Further detail on the climate-related events from the RCP2.6 can be found in the UN IPCC's reports at https:/www.ipcc.ch/

Stewarding the human impacts of climate change / continued

Carbon prices used in scenario testing

Carbon prices are used in our climate scenario testing work as a proxy for the climate policies that could be enacted by governments. The table below shows the carbon prices from the NGFS transition scenarios for the regions Prudential operates in. These prices show:

- The carbon prices continue to rise as government policies are expected to increase;
- The prices in the disorderly transition are consistently higher than in the orderly transition which results in bigger market impacts; and
- Carbon prices can be set in a way which reflects the different regional needs, for example the Asia and Sub-Saharan Africa carbon prices are lower than the World prices.

Carbon prices in NGFS transition scenarios

Orderly transition scenario (US$/tCO$_2$)

Region	2025	2030	2035	2040	2045	2050	2055
World	85.0	114.6	180.7	255.2	345.1	451.2	493.9
Asia	61.5	87.4	122.7	171.4	237.6	325.4	366.0
Sub-Saharan Africa	25.2	42.2	74.3	127.9	209.4	325.4	366.0

Disorderly transition scenario (US$/tCO$_2$)

Region	2025	2030	2035	2040	2045	2050	2055
World	192.6	261.0	336.1	428.0	545.9	700.8	790.6
Asia	139.7	197.8	276.1	377.0	512.6	698.9	797.8
Sub-Saharan Africa	64.7	105.0	180.0	306.3	479.7	716.3	793.6

Source: NGFS Scenario Explorer at https://data.ece.iiasa.ac.at/ngfs, using the REMIND-MAgPIE 3.0-4.4 model, the Orderly Net Zero 2050 and Disorderly Divergent Net Zero NGFS calibrations.

The implementation of carbon taxes or 'cap and trade' emission trading schemes are expected to increase as they are seen as key tools in preventing climate change. The carbon emissions that Prudential is operationally responsible for, in our up- and down-stream supply chains and in investments, could be a risk to our investments and operational costs were the costs associated with carbon emissions to substantially increase. A consistently applied internal carbon price (ICP) could be used to de-risk the business from such anticipated carbon price increases by lowering emissions from operations as well as to influence investment decisions. During 2022 we reviewed the potential uses of an ICP for Prudential, including how carbon prices can be used internally to bring consistency across operational and investment purposes. Any future ICP for Prudential should focus on values that are relevant to Asia and Africa, for example, different carbon prices for developed markets and emerging markets that increase in a consistent manner over time, to support an orderly just and inclusive transition.

Sectoral and regional impact on our current assets and insurance liabilities

Each scenario is translated into sensitivities to economic factors, which are then applied to the Group's assets and liabilities to quantify the potential financial impacts of climate change relative to our base assumption. The insights from the scenario testing work were reported in the Group's Own Risk and Solvency Assessment report, which continues to be provided to the Board.

The complexity and long-term nature of these climate scenario tests result in the need for some simplifications in the exercises, in line with industry practices, such as using a static balance sheet, and simplifications in estimating the sectoral and regional impacts. These may result in understating the exposures and vulnerabilities, as identified by the FSB and NGFS[1], which we remain aware of when using the output. Our analysis did not take account of the potential actions available to the Group to mitigate the impact, in line with emerging industry practice, and is an area where we expect to consider further the opportunities available. Given the level of development of these models to date, we view them as not appropriate for setting capital requirements at this stage.

Insights into impacts on assets

As a major asset owner and manager, we rely on investment returns to meet the longer-term obligations of our liabilities and remain exposed to risks that could interrupt or impair those returns, which is what we explore through the climate scenarios. Though the Group remains exposed to financial impact from climate change, the results for each scenario were not outside observed market volatility, and therefore do not indicate the need for an explicit allowance for climate change in the assumptions used for the liability valuations or observed market values. The scenario with the largest overall impact on the Group balance sheet remains the hot house world scenario, where physical climate change impacts in the longer term could result in financial market impacts in the medium to longer term. The disorderly transition scenario has the biggest impact in the short to medium term as markets assimilate policy changes. As expected, the orderly transition scenario has the lowest overall impact on the Group balance sheet, which reinforces the case for our strategic objective to decarbonise the investment portfolio.

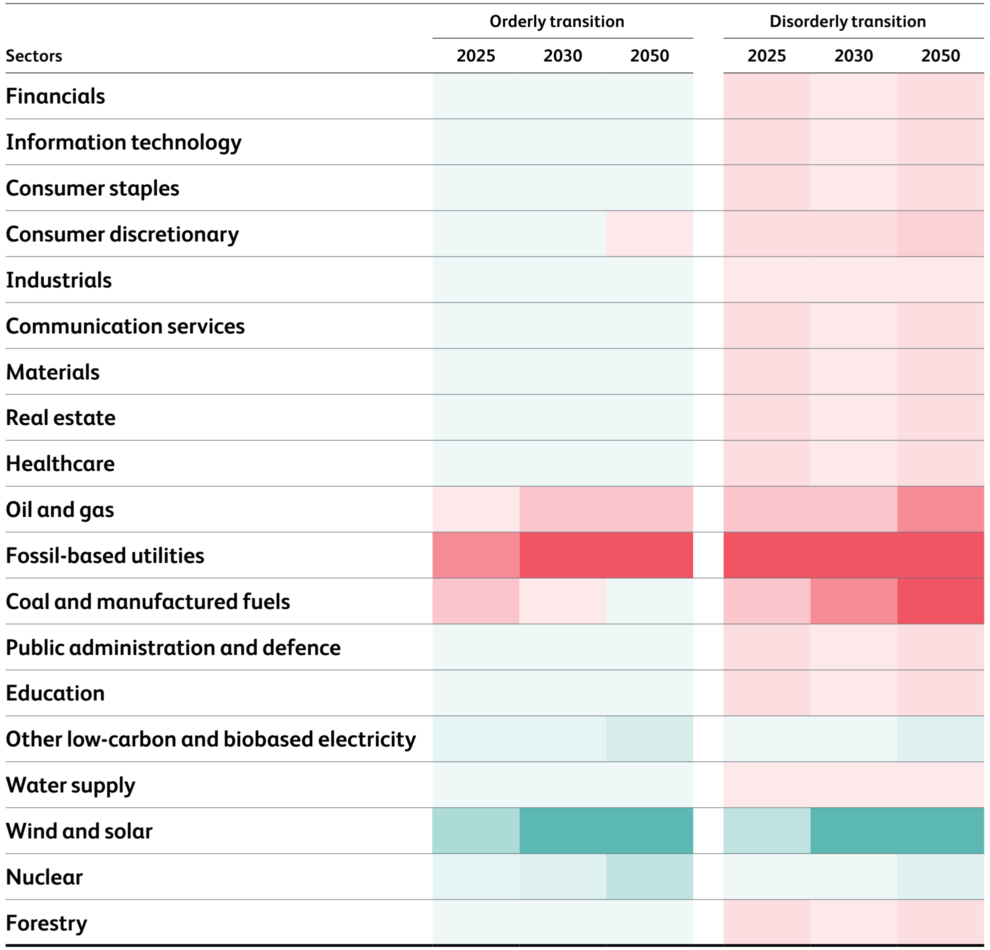
A key insight from the scenario testing is the different sectoral impacts of the different scenarios, as shown in the heatmap diagram below. In the orderly transition scenario, which assumes governments implement climate policies in an orderly manner, the impact is limited to three specific sectors (fossil based utilities, coal and manufactured fuels, and oil and gas). In the disorderly transition scenario, government policies are assumed to be implemented in a manner which results in enhanced market volatility, resulting in impact beyond the three specific sectors. These sectoral impacts are particularly important for Prudential given our operational footprint across Asia and Africa where many countries are involved in manufacturing rather than services. In both scenarios there are also investment opportunities in clean energy and water supply. Prudential is developing its engagement capability, as described in the Sectoral decarbonisation pathways box in the *'Responsible Investment'* section, to support the orderly transition in a just and inclusive manner.

Note

[1] Current climate scenario analysis exercises may understate climate exposures and vulnerabilities, warn FSB and NGFS – Financial Stability Board (https://www.fsb.org/2022/11/current-climate-scenario-analysis-exercises-may-understate-climate-exposures-and-vulnerabilities-warn-fsb-and-ngfs/)

Stewarding the human impacts of climate change / continued

Heatmap of climate scenario impacts on sectors over time



Source: Prudential internal scenario analysis work

Insights into impacts on insurance liabilities
While climate change can impact morbidity, mortality and persistency differently in different global regions, given the nature of the business, the expected impact of climate change does not directly alter the Group's assumptions for its insurance business based on the annual review of experience, which would capture the ongoing impact on our products and any ongoing developments of climate-related products. If experience or exposure were to change, for example due to a step change in long-term morbidity, mortality and/or persistency expectations in a particular region due to climate events, the financial impacts from climate-related risks on our insurance liabilities would be allowed for as part of the regular review and be reflected in the valuation of our insurance liabilities.

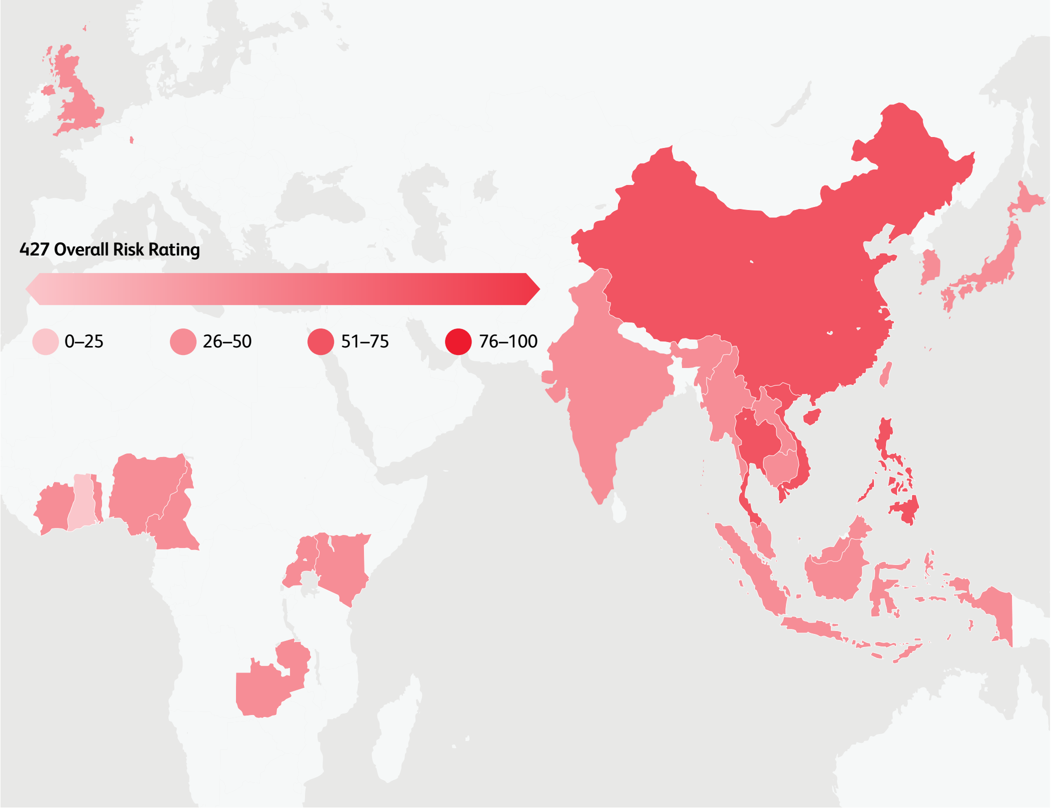
The longer-term impact on the Group should be managed by our ability to develop new products and reflect experience in our pricing structures. As further proposed improvements in our understanding of our exposure to climate-related risks, work continues on plotting significant clusters of customer locations to assess the potential risk from physical climate events to our known customer base. Our Group Risk Framework, which is our enterprise risk management framework through which our management is informed on climate related matters, is described in the *'Risk management cycle'* section in our Annual Report and Accounts.

Regional impact on our operations
Our people and operations are exposed to climate-related physical risk, which may threaten our corporate facilities and infrastructure. We remain focused on maintaining and enhancing our organisational resilience, so as to be able to provide our continued support to address the potential humanitarian, customer and employee impacts from climate change.

Our business continuity management programme assesses the risk to our operating locations and staff from natural disasters, including those caused by potential climate-related impacts, by using our third-party provider's platform. The results of this assessment can be seen in the diagram below. The assessment uses the highest IPCC emissions pathway, known as RCP 8.5, which is predicted to result in significant physical climate-related impacts. The diagram shows the extent to which our operations could be exposed to these physical impacts of climate change from the hot-house scenario, ie if there is no transition to lower-carbon economies or adaptation to the increased physical impacts.

We continue supplementing our business continuity management activities with scenario analysis to identify additional areas of vulnerability that may arise due to climate change, including potential impacts on our operations, third-party supply chains and customers. Utilising our third-party provider's platform, the operational risk scenarios were used to investigate how a severe typhoon and/or flood would cause property damages and business interruption, including operational impacts from additional market volatility following such a climate event.

Impact of RCP 8.5 scenario on Prudential's locations of operation



Stewarding the human impacts of climate change / continued

Managing our direct operational environmental impacts

To help improve the lives of our customers and communities, we actively seek to reduce our operational impact. We measure our environmental performance so that we can understand our impact and take appropriate actions.

Our approach to, and management of, our property footprint aligns with our Group Environment Policy which forms part of the Group Governance Manual, covering the following areas: environmental laws and regulations with respect to emissions, energy consumption, water use, waste disposal, environmental supply chain management and the adoption of risk management principles for all property-related matters.

We have consolidated our property portfolio in 2022 by 7 per cent. We expect to see a further reduction in total floor space in 2023 due to enhanced office fit-outs and space utilisation. It is important to note that this reduction will not be linear, as our premises portfolio is expected to change with our business operations.

As the fall in our 2022 emissions continues to be ahead of the reduction trajectory required to meet our 2030 target for Scope 1 and 2 emissions, we have not purchased any carbon offsets for Scope 1 and 2 emissions in 2022. We have procured renewable energy in Malaysia through green procurement strategies, utilising the Green Energy Tariff (GET) and International Renewable Energy Certificates (I-RECs) programmes. The impact of these actions is reflected in a reduction for Scope 2 market-based emissions when compared with location-based emissions.

Scope 3 emissions review

During 2021, we carried out a review of our Scope 3 emissions. The assessment was carried out in accordance with both the Greenhouse Gas (GHG) Protocol and Partnership for Carbon Accounting Financials (PCAF). It considered all 15 Scope 3 categories and provided us a better understanding of which areas of our value chain contribute most significantly to our overall emissions footprint. The detail is provided on page 32 of our 2021 ESG report.

During 2022 we have focused on improving Scope 1 and 2 data collection from Africa and Scope 3 business travel data from Asia and Africa. For 2022, we are reporting the same operational categories as 2021 while we focus on improving data quality for those categories. We continue to keep expansion of the reported categories under review.

Progress towards operational carbon targets

Our target is carbon neutrality by 2030 across our Scope 1 and 2 (market-based) emissions. We also target an operational intensity ratio of 1.65 tCO_2e per full time employee (FTE) by 2030 from our 2016 baseline of 2.20, representing a 25 per cent reduction. We are currently tracking ahead of plan with our intensity ratio at 1.21 tCO_2e/FTE for 2022. However, we are aware that office closures and operational restrictions imposed to manage the spread of Covid-19 persisted into 2022 and have played a part in the achievement of this reduction. We have seen a partial rebound in emissions for our office functions that have reinstated business-as-usual operations.

We keep our performance under review, and are continuing to develop and implement reduction measures across our operations to enable us to meet our targets.

Data gaps across some of our Scope 3 categories remain and as Scope 3 data accuracy and methodologies continue to evolve, we will seek to align with best practice, and broaden the scope of reported Scope 3 categories.

Movement in our operational emissions

Our 2022 reporting covers the period 1 October 2021 to 30 September 2022, and includes our global property portfolio, which spans Asia, Africa and the United Kingdom.

We have included full reporting for Scope 1 and 2 and selected Scope 3 reporting. Scope 1 emissions are our direct emissions from the combustion of fuel, fugitive emissions and company-owned vehicles. Scope 2 emissions cover our indirect emissions from the purchase of electricity, heating and cooling. We have stated our Scope 2 emissions using both the location and market-based methods in line with the GHG Protocol Scope 2 Guidance.

Our Scope 1 emissions remain a small percentage of our overall operational emissions. In Asia, these emissions are primarily related to vehicle usage. We are looking at purchasing electric or hybrid vehicles in markets where the supporting infrastructure is available, though transitioning to electric cars remains challenging in many of our markets as the necessary supporting infrastructure is currently not in place. In Africa, Scope 1 emissions represent a larger proportion of emissions because our offices continue to have a greater reliance on generator power. We would anticipate these emissions to revert to Scope 2 over time, as utility grid stability improves in the markets in which we operate.

A summary of our Scope 1, 2 and 3 emissions for 2022 and 2021 are provided below. Our global absolute Scope 1 and 2 (market-based) GHG emissions were 18,583 tCO_2e, down 13 per cent from 2021, primarily driven through the benefit of green power and renewable energy procurement. Electricity use in our buildings is the largest contributor to our operational footprint at 16,938 tCO_2e (market-based), making up 91 per cent of our total Scope 1 and 2 emissions.

Scope 3 emissions have increased compared with those reported in 2021 due to the inclusion of Africa business travel and resumption of air travel in the second half of 2022 across Asia and UK operations.

Emissions source (tCO_2e)	**2022**	**2021**	**Change (%)**
Scope 1	**1,645***	1,481	11
Scope 2 – market-based	**16,938***	19,986	(15)
Scope 2 – location-based	**19,880***	21,547	(8)
Scope 3 (upstream activities)†	**9,487***	8,793	8
Total: Scope 1 and 2 using market-based approach	**18,583**	21,467	(13)
Total: Scope 1, 2 and 3 (upstream activities) using market-based approach	**28,069**	30,260	(7)
Tonnes per employee – Scope 1 and 2	**1.21**	1.47	(18)
kg per m^2 – Scope 1 and 2	**54.01***	58.22	(7)
kg per m^2 – Scope 1, 2 and 3 (upstream activities)	**81.59***	82.09	(1)

* Within the scope of EY assurance – for further information, see the '*Scope 3 emissions review*' section of this report and the Basis of Reporting (www.prudentialplc.com/~/media/Files/P/Prudential-V13/esg-report/basis-of-reporting-2022.pdf) which notes those Scope 3 categories that were within the scope of EY assurance

† Includes Scope 3 categories: 3 (fuel- and energy-related activities, 5 (waste, including water, generated in operations) and 6 (business travel)

Driving reductions in our operational energy consumption

Our core focus remains on implementing projects that drive reductions in our operational energy consumption, thereby reducing associated Scope 2 emissions. With the Covid-19 pandemic restrictions being relaxed across most of Asia and Africa, we have seen our office functions starting to resume business-as-usual operations.

In implementing new working environments, we are taking the opportunity to implement best practice environmental performance, including adopting features such as LED lighting, increased lighting controls, lighting zones and climate controls.

Stewarding the human impacts of climate change / continued

Malaysia renewable energy programmes

In 2022, we subscribed to the GET programme for our Malaysia Peninsular operations.

The programme is having a direct impact on supporting a clean energy transition, through greening the utility grid and supplying consumers with renewable energy. The programme is currently fully subscribed.

The GET programme was introduced by Tenaga Nasional Berhad and is evidenced by a Malaysia Renewable Energy Credit (mREC), which is recognised by the I-REC Standard. The I-REC registry is recognised by all major standards and campaigns, including CDP and the Greenhouse Gas (GHG) Protocol, to give assurance that consumers will receive renewable electricity and be provided with the renewable energy generation source.

The programme's funds go towards the Malaysian Electricity Supply Industry Trust Account (MESITA) to support the implementation of Malaysia's renewable energy agenda and initiatives.

In addition to the GET programme, our landlord at Menara Prudential, one of our offices in Kuala Lumpur, is purchasing renewable energy supported by I-RECs and has enrolled in the Sarawak Energy Initiative. We have put in place an agreement with our landlord to ensure transparency and to support the claim that the green energy purchased by the landlord is fully attributed to our facility. This avoids double counting, which enables us to use the emission factors related to this scheme when calculating our emissions relating to the building.

In 2022, we have undertaken several energy reduction projects across a range of diverse markets, including offices in Taiwan, Malaysia, the Philippines, Indonesia and Ghana. The focus of these projects has been on lighting and control upgrades. It is estimated that these completed projects combined will save 317 tCO_2e every year.

In 2022, all our businesses have been issued with tailored environmental roadmaps, detailing their existing Scope 1 and 2 emissions, their 2030 target and the actions required to meet those targets. The roadmaps were developed through the learnings of site surveys undertaken in previous years. The roadmaps will be updated on an annual basis and supporting site surveys will continue to monitor progress.

In addition to actions that reduce the amount of electricity our office operations consume, we also actively look at how we can purchase renewable energy for our office operations, to support our transition to a low-carbon economy. We are faced by two challenges in this:

- Most of the markets in which we operate do not currently offer direct renewable energy procurement; and
- As we are primarily a short-term leasehold tenant in the buildings from which we operate, installing onsite generation capabilities remains challenging.

Despite these challenges, we continue exploring viable renewable energy procurement opportunities. In 2022, we procured renewable energy for the first time, focusing on our Malaysia operations as it has our largest operational footprint. 31 per cent of our total electricity consumption, equivalent to 2,160 tCO_2e, for Malaysia in 2022 was covered through green procurement strategies, utilising the GET and I-RECs programmes, as described in the box. We are aware of the concern that these schemes do not fully guarantee additional renewable energy supply reaching the market and have only selected programmes where the impact is transparent to us.

While online communication and conferencing platforms remain very important to our operations, the opening of international borders is enabling us to hold face-to-face meetings, to better drive engagement across the business after extended periods without face-to-face contact. We are starting to see air travel increase, and we anticipate emissions from air travel will increase further in 2023, towards pre-pandemic levels. In 2022, Scope 3 business travel emissions have risen by 173 per cent compared with 2021 but remains 26 per cent lower than for 2020. We intend to review our business travel policy during 2023.

Hybrid working has been adopted in many of our operations in Asia. The energy consumption associated with our employees working from home has not been captured in our reporting in 2022. We recognise that with the broader adoption of hybrid working, a proportion of our staff will continue to spend part of their week working away from the office, and we therefore need to better understand the emissions associated with this. We have started developing an emissions calculator designed to model Scope 3 emissions associated with staff working from home and we are piloting this in our Singapore life business. The assumptions used in this model are aligned with the framework used by the Department for Environment, Food & Rural Affairs (DEFRA) and aligned with the GHG Protocol.

Monitoring our progress

We have made considerable effort to engage with our businesses on the importance of reporting throughout 2022. There has been a continued focus on improving our data collection programme, and we have seen data quality improve, with greater completeness and fewer accruals. Due to the pandemic restrictions, we placed site-based energy assessments on hold from 2021, limiting our access to relevant data. However, this initiative has now resumed, with reports available in 2023. These will help inform our updated environmental roadmaps.

During 2022, we upgraded the environmental data platform for our property portfolio. This platform allows users to interrogate the emissions performance of our property portfolio down to a single building. This level of granularity enables users to gain a better insight into where potential emission reduction can be found, both at a portfolio and asset level, and can provide local businesses with a tool to measure the impact of their sustainability measures. Our local environment representatives were trained on functionality updates, and on the capabilities and role the platform plays in monitoring our environmental operational progress.

Raising employee awareness and training

Raising employee awareness of the importance of the environment and what we can do to minimise our emissions remains a core aim of our management team. In support of this we have run several initiatives throughout the year including the Group-wide Green Week and training sessions.

Training was delivered to the Africa ESG senior leadership team to help improve capabilities and awareness of the environmental agenda. The focus of the presentation was on clarifying Group targets, mandatory reporting requirements, the actions available to reduce Scope 1 and 2 emissions and furthering our understanding of the challenges our African businesses face, and how these differ from those in Asia.

Ghana LED lighting upgrade

In Ghana, an LED lighting upgrade project has been completed in a significant number of Prudential's offices. It is estimated that the rollout will save 20 tCO_2e every year. Prudential Ghana has linked this project to its launch of energy efficient guidelines and an Energy Efficient League, which gives recognition for operational reduction efforts.

Enforcement actions and other regulatory events

No fines or regulatory actions occurred during the year for environmental incidents (2021: zero).

Prudential Green Week

Prudential's Green Week took place in April 2022 and was an opportunity to engage internally on our alignment, commitment and momentum towards sustainability within investment and operational spheres.

Features of the week included the launch of a video around 'Building a greener future', which highlighted our operational targets for carbon neutrality and the actions that the business and individuals can take to help us reduce our emissions.

Green Week also included a series of interviews with Group leaders covering subjects such as 'Going green as a Group', our commitment to decarbonising our investment portfolio, and what a just and inclusive transition entails.

Stewarding the human impacts of climate change / continued

Supporting a just and inclusive transition

In this section we set out how we have supported the just and inclusive transition in 2022 through our engagement and advocacy globally, regionally and through industry bodies.

A highlight of 2022 was the publication of our paper on a just and inclusive transition, described in the box in this section. A specific example of our active outreach was our integral role in establishing the Emerging Markets Transition Investment (EMTI) project.

The paper highlights the importance that Prudential places on ensuring the transition to a low-carbon economy is a just and inclusive one, and explores case studies and further actions required, both from Prudential and the wider market.

Global advocacy

Alongside our work on the role of investors in a just and inclusive transition across Asia and Africa, our advocacy for emerging market ESG issues in the global context has formed the basis of our outreach with policy and regulatory stakeholders throughout 2022. This has taken shape across specific themes, including regulatory reform, blended finance, harmonisation of standards and taxonomies, and an increasing focus on nature. This section provides more information on our advocacy activities.

Financing the transition

We believe that work on blended finance will be of increasing interest to Asian and African policymakers in 2023, and we will seek to build out our work in this area. The Just Energy Transition Partnerships (JETPs) are an example of blended finance. The JETPs public-private partnership models were launched in 2021 at COP26. They are an example of a project grounded in local knowledge and participation, which is important for ensuring the structures designed are applicable for the market, designed to support a country's energy transition in a holistic manner, bringing together actors across the energy, regulatory, finance, policy and renewables space, with financial and capacity support from the G7 and the private sector.

Vietnam announced its JETP in December 2022 with the International Partners Group. The JETP will support Vietnam in working towards its new targets, including bringing forward the projected peaking date for its GHG emissions, limiting its peak coal capacity and accelerating the adoption of renewable energy. Prudential was the only insurer invited to be one of the members of the private sector working group. We will work with public and private members of the group to ensure that the vehicles established underneath the JETP model are suitable for an insurer/asset manager such as Prudential.

Within the multilateral development bank (MDB) community, reform of their structures is a priority to enable more effective partnerships with the institutional investor community in emerging markets, for blended finance and other vehicles, noting the models and incentives for blended finance still needs development. Prudential will work through its existing memberships in this area to support these conversations where possible. Our other international membership body of note, which is working to connect the insurance sector with the multi-lateral community, is the Insurance Development Forum (IDF), a partnership with MDBs.

Prudential colleagues are on its inclusive insurance workstream, and we have also supported their COP27 activity on the ground.

Through our membership of the World Economic Forum (WEF), Prudential was invited to take part in workshops as part of their 'Fostering Effective Energy Transition' initiative and the Regional Action Group for ASEAN.

Having been involved at its inception, we continue to support the Energy Transition Mechanism (ETM) as a concept, with the priority being to retire coal plants early in a responsible way. Progress on the ETM has continued throughout 2022, in particular in Indonesia where the government and stakeholders are motivated and engaged. Following positive discussion in Q3, where Prudential participated as an observer, the Asian Development Bank announced a memorandum of understanding for its first financing deal to accelerate the phase-out of coal in Indonesia under the ETM. We welcome this development. If, in future, entities established by the ETM issue investible assets, as a long-term investor in those markets we remain interested in them, provided they met our risk and return criteria. Such investment would, under current rules, potentially have an adverse impact on our WACI. This creates a disincentive for companies providing transition financing, which is an issue we highlight in our Just and Inclusive Transition paper.

PRUDENTIAL

Supporting a just and inclusive transition

Our paper on the just and inclusive transition

Prudential's 2022 white paper sets out how we support a just and inclusive transition.

The paper:
- Defines the case for a just and inclusive transition, and its place in meeting the Paris Agreement;
- Highlights the importance that Prudential places on ensuring the transition to a low-carbon economy is a just and inclusive one; and
- Explores case studies and further actions required, both from Prudential and the wider market.

Making sure emerging markets do not fall behind in the energy transition requires both public and private investments, and the mainstreaming of investing in the energy transition.

The paper identifies additional work required for this:
- A review of metrics for portfolio reporting so that climate-oriented metrics do not create a disincentive for companies providing transition financing due to short term carbon portfolio targets;
- The need for emerging market-appropriate harmonised taxonomies and protocols for investing in responsible retirement facilities for fossil fuel utilities or investing in carbon-intensive companies' transition toward carbon neutral practices; and
- Jurisdictional involvement in international standard setting to enable more disclosure, such as that which is encouraged within the latest draft sustainability and climate standards proposed by the International Sustainability Standards Board (ISSB).

The paper received overwhelming positive feedback, including:
- It correctly identifies the need for emerging markets to have a 'seat at the table' during discussions on how the world will reach net zero; and
- It raises the need for global understanding to improve as to why the transition needs to be just and inclusive for emerging markets.

Prudential will continue to work with other like-minded organisations to raise awareness about the unique challenges faced by emerging and developing economies in meeting their needs for climate transition and other sustainable investments. We expect both our position and execution approach to evolve whilst maintaining our objective to influence real-world impact in a just and inclusive way.

Stewarding the human impacts of climate change / continued

Emerging Markets Transition Investment project

Prudential initiated and leads a sub-track within the Net Zero Asset Owner Alliance (NZAOA) on 'Financing the Transition in Emerging Markets', which includes the Emerging Markets Transition Investment (EMTI) project as a key component. The EMTI project was organised to identify practical, near-term solutions to accelerate investment towards the net-zero transition of emerging markets. The project is supported by the NZAOA, the World Economic Forum and the EU-ASEAN Business Council. As part of the project, Prudential organised two webinars and two round tables in 2022. The first EMTI public webinar, with opening remarks provided by Prudential, focused on the ASEAN markets. This was followed by a second webinar, with opening remarks from Prudential's Group Chief Executive, which focused on the role Africa has to play in global decarbonisation. During the first roundtable, participants across the financial industry discussed the main barriers for investing in the energy transition in emerging markets. The outcomes resulted in the publication of a discussion paper ('Code Red: Call for Urgent Action on Emerging Markets Transition Investment'). The second roundtable focused on effective engagement in emerging markets.

The high profile of the supporting bodies within the EMTI project, together with the release of Prudential's 'Just and Inclusive Transition' white paper, combine to raise the external profile of the Group's future actions with regards to 'stewarding the human impacts of climate change'.

Code Red!

Call for Urgent Action on Emerging Markets Transition Investment (EMTI)

Discussion paper for policymakers, regulators, investors and other capital market participants

September 2022

Industry bodies

In her capacity as a board member for the Institute of International Finance (IIF), Prudential's Chair attended the World Bank and IMF Annual Meetings in October 2022, undertaking bilateral meetings with a number of policymakers and regulators from Prudential's markets in Asia and Africa. Discussions focused on financial inclusion, and the role of the financial sector in addressing climate change.

Prudential's Chair of Growth Markets was invited to speak at the IIF's Emerging Markets Sustainable Finance Summit in September on the role of finance in a just transition across Asia.

Prudential colleagues sit on a number of IIF working groups, including the sustainable finance working group and the Insurance Regulatory Committee Asia Pacific subgroup, which has focused on themes related to climate change and sustainability, digital transformation and the implications for financial inclusion.

In July 2022, Prudential submitted a response letter to the International Sustainability Standards Board (ISSB) consultation on its exposure draft on climate-related disclosures. Prudential is supportive of the efforts of the ISSB to secure broad cross-jurisdictional support for the proposals as work is undertaken to finalise the standards. Prudential's view is that the ISSB's proposed approach should clearly reflect developed and established approaches such as those undertaken through the GHG Protocol and the Partnership for Carbon Accounting Financials (PCAF). We expressed that we have a particular concern about GHG emission disclosure: it would be challenging for financial institutions to report emissions for entities and investments that are not under their direct control. This is not currently required by PCAF (which uses the operational control or financial control approach), and therefore represents an expansion to these requirements. To mitigate these issues, it would be important to have some latitude in determining organisational boundaries, as long as the approach is clearly disclosed, and consistently applied.

During 2022, we continued our engagement with the IAIS on climate-related risks, including bilateral meetings with the Chair of its Climate Task Force. The climate-related work forms part of the IAIS's Holistic Framework (HF) and the Global Monitoring Exercise (GME), which assesses and monitors systemic risk in the insurance sector. The IAIS has been incorporating climate-related data in its annual Individual Monitoring Exercise in a qualitative nature. The IAIS continues working closely with other industry bodies, including the NGFS and ISSB. In November 2022, we had the opportunity to speak to members of the IAIS about our paper on the just and inclusive transition (see box in the *'Supporting a just and inclusive transition'* section).

We actively participate in industry forums and networks, such as the CRO Forum Sustainability Working Group, to further develop understanding and support collaborative action in relation to climate and ESG risks, and to remain aware of industry best practice as it develops. The two primary industry developments tracked by the CRO Forum Sustainability Working Group have been:

- The collaboration between the Partnership for Carbon Accounting Financials (PCAF) and the UN-convened Net Zero Insurance Alliance (NZIA) to develop a global standard to measure and disclose the carbon emissions associated with the risk being insured; and
- The initial drafting of the Taskforce on Nature-related Financial Disclosures (TNFD) framework, which has a targeted publication date in 2023. Building upon the work of the TCFD, the TNFD framework is being designed for future alignment with the global baseline for sustainability standards under development by the ISSB.

Net Zero Asset Owner Alliance

In 2021, Prudential joined the United Nations-convened Net Zero Asset Owner Alliance (NZAOA) – a network of institutional investors committed to the decarbonisation of their asset portfolios – to facilitate greater collaboration with global peers. As an active member, and one of the only members with an emerging market footprint, we support their wider policy and outreach work (including the EMTI project, see *'Emerging Markets Transition Investment (EMTI) project'* box). Through the NZAOA we have contributed to consultations and papers on coal and on oil and gas, and regularly engage in their target setting, methodology and reporting workstreams. This has also been one of our main avenues of communication with the UN and their Race to Zero campaign.

In 2022, Prudential's continued focus has helped to ensure that emerging markets feature more prominently in NZAOA communications and discussions. This includes continued efforts to raise awareness on the challenges for emerging markets in the energy transition, to generate thinking on relevant solutions that more actively consider the impact of climate change on developing markets. We believe this represents a key and critical step in acknowledging developing economies in the just and inclusive transition. In 2022, we supported specific NZAOA sub-tracks, advancing progress on:

- Financing the transition: Prudential initiated and leads this sub-track, and started the Emerging Markets Transition Investment (EMTI) project, with the objective of accelerating investment towards the net-zero transition of emerging markets. See the *Emerging Markets Transition Investment (EMTI)* project box in this section for more detail.
- Monitoring, Reporting, and Verification (MRV): Submitting commentary through the public consultation, Prudential advocated for integrating a guiding design philosophy on sovereign bonds into the NZAOA's new protocol. The additions emphasise support of a just and inclusive transition to low-carbon economies, while acknowledging that emerging markets will be more impacted by climate change despite having contributed less to cumulative carbon emissions already emitted.
- Policy: Prudential provided input for the NZAOA's oil and gas position paper, which presents expectations for companies (ie users and producers), governments and investors. The paper adopted our recommendations that more in-depth consideration be given to the unique transition challenges of emerging markets, and how investor engagement can be both impactful and consistent with principles of differentiated responsibilities and a just transition.

Looking ahead to 2023 we will be taking more of a leadership role in NZAOA's emerging market thematic workstreams.

Stewarding the human impacts of climate change / continued

Regional advocacy

Asia

Given our footprint, we monitor and engage with ASEAN-wide financial services policy. Our markets in South-east Asia have increased their focus on green finance and ESG throughout 2022, both at the policy and regulatory level. Prudential's local teams have therefore supported consultations, workshops and events even more regularly than in prior years.

We collaborated on an EMTI ASEAN webinar in spring 2022 in partnership with the NZAOA and EU ASEAN Business Council, at which the Cambodian government joined in their capacity as 2022 Chair of ASEAN and spoke on behalf of both Cambodia and the region. We attended the ASEAN Leaders' Summit in November at which we spoke at a UK-ASEAN Business Council convened session on a just and inclusive transition.

Our Singapore business provided inputs to the development of a best practices disclosure document, which sets out pathways for financial institutions (specifically banks, asset managers and insurers) to adopt and put in place TCFD recommendations based on the different stages they are at in their sustainability reporting journey. Our Group CEO spoke on climate financing at the Singapore Fintech Festival.

We submitted a response to Indonesia's regulatory requirements on a Sustainable Finance Action Plan (SFAP).

Our team participated in the Mayor of Shanghai's annual International Business Leaders' Advisory Council meeting, with a paper on the role of corporate ESG practices in facilitating green and low-carbon transformation.

Africa

Prudential is a founding member of the Nairobi International Financial Centre, an initiative brokered by the UK High Commission in Kenya, through which sustainability issues are raised.

In Kenya, Prudential Africa sponsored the yearly Kusi ideas festival where the theme was "Climate Changes: Exploring Africa's Response and Solution". As a panellist, Prudential Africa's Chief Operating Officer spoke about our position regarding a Just and Inclusive Transition.

Another important global policy voice for Prudential, especially across our African markets this year, has been the Commonwealth. In 2022, Prudential attended the Commonwealth Heads of Government Meeting (CHOGM) in Rwanda which had a strong focus on post-pandemic recovery and sustainability, spoke at the financial services roundtable on the role of the sector in building resilience and sustainability. In Q4 2022, Prudential spoke on the role of sustainable finance in development at the financial services roundtable at the Commonwealth Trade and Investment Forum.

United Kingdom

Prudential has had ongoing engagement with the United Kingdom (UK) government, both in the UK and overseas, on ESG issues throughout 2022. During the final months of the UK's COP Presidency this included engagement on key themes such as transition finance and the role of the private sector in supporting an inclusive transition. Throughout the year we have engaged with the Foreign Commonwealth & Development Office, the Department for International Trade, HM Treasury, the COP unit and British embassies. This included the British Embassy in Cairo in the run-up to COP27 to support UK-Egypt work in green finance.

We have retained our membership of the CBI's Sustainable Finance Working Group, through which we have discussed issues such as the government's transition plans, green taxonomies and the role of the UK as a centre for green finance.

Prudential was represented at an event in the UK Parliament to launch the Climate Policy Initiative (CPI)'s 'Landscape of Climate Finance in Africa' report.

Prudential at COP27

Throughout 2022, we engaged with the UK government in its role as COP26 chair on key themes of importance for them, contributing to preparatory work on the Vietnam Just Energy Transition Partnership (JETP) and their work putting finance at the heart of solutions. As we drew closer to COP27, we also engaged with the UN infrastructure, especially the Climate Champions Team, the Glasgow Financial Alliance for Net Zero (GFANZ), and non-governmental partners such as FSD Africa, ODI, Business Fights Poverty and CPI as they planned their COP programmes (Financial Sector Deepening Africa, Overseas Development Institute, Climate Policy Initiative). Ahead of COP27, Prudential signed the 2022 Global Investor Statement to Governments on the Climate Crisis, which calls on governments to implement the policy actions needed to address the climate crisis and accelerate the transition to a net zero emissions economy.

Prudential was represented in Sharm el-Sheikh for COP27 by the Chief Operating Officer of Prudential Africa, who also has held senior roles in our Asia businesses, and is thus well-positioned to join discussions on the role of global finance in promoting a just and inclusive transition.

Prudential's main positioning at COP27 aligned with the Egyptian host priorities in many ways, putting emerging markets at the heart of the conference and how the finance sector plays a valuable role in supporting the net-zero transition. Prudential spoke at an event on the possible partnerships for institutional investors in mobilising domestic capital in emerging markets to support a just transition. We also joined a GFANZ coordinated meeting with the Vietnamese government and partners to discuss next steps on their own JETP.

Through our membership of the IIF, we joined events on the role of private finance in closing the climate gap, and through our membership of the IDF (Insurance Development Forum) we attended insurance-specific events, including a meeting with the UN High Level Champions. Through our relationships with some key non-profit organisations such as FSD Africa we joined the launch of pan-African initiatives of interest.

Prudential also attended events hosted by our governments, regulators and partners, especially the NGFS, MAS and multi-lateral development banks, to discuss the ways in which the finance community can support emerging markets on their transition.

We are particularly interested in the next steps on multilateral development bank (MDB) reform and possible new blended finance opportunities for institutional investors in Asia and Africa.

For COP27, Prudential has built a relationship with the UN's High Level Champions and their team who hope to expand the role of private finance in closing the climate finance gap. This is an area of ongoing engagement. As COP27 this year demonstrated, governments around the world are increasingly focused on this area, both in developed and emerging economies. We look forward to supporting this policy work bilaterally, regionally and through our memberships and associations. In 2023, we will be supporting existing partnerships such as the NZAOA, IDF and High Level Champions team on themes of importance as we look ahead to COP28.

Strategic pillar:

Building social capital

14,681
total employees

35%
women in senior management

350
certified Mental Health First Aiders

87%
ShareAction Workforce Disclosure Initiative score

43%
reduction in total number of cyber security incidents escalated in 2022

Implementation of a
Unified Data Platform
in eight of our core businesses

2,700
employees attained AI certification

We build social capital by building trusted relationships with our employees, on whom our success depends, and we seek to safeguard our customers' trust in us through our rigorous approach to digital responsibility.

OUR PEOPLE RESPONSIBILITY
READ MORE ON PAGE 45 >

OUR DIGITAL RESPONSIBILITY
READ MORE ON PAGE 52 >

Building social capital / continued

Our people responsibility

In fulfilling our people responsibility, we continued to lean on our Group Culture Framework which outlines who we are, why we exist, and how we conduct our business and ourselves.

As an employer, we have promised to make Prudential a place where our people can connect, grow and succeed. Our people strategy and roadmap guide our work to fulfil this promise, and include areas such as culture, diversity, inclusion and belonging, learning, leadership, performance management, reward and recognition.

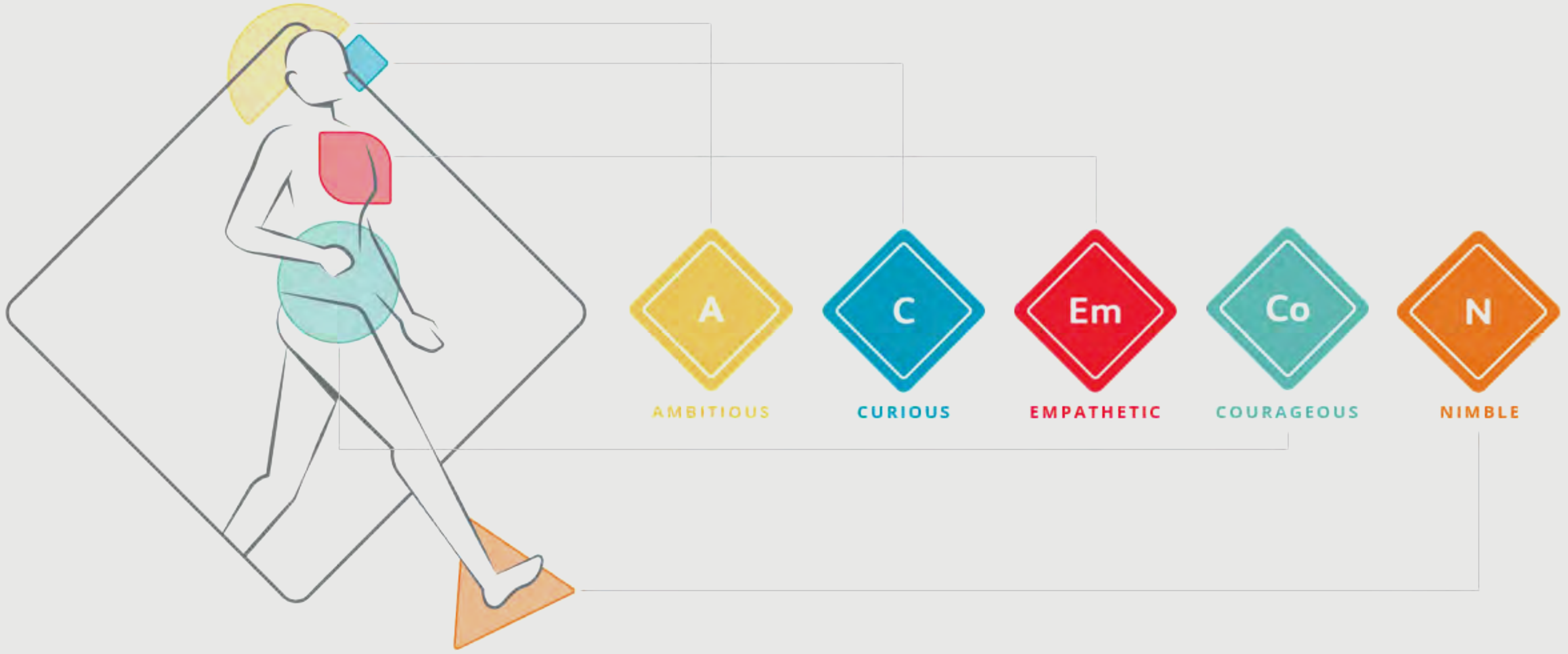
Connect	Providing a diverse, inclusive and flexible work environment where ideas are welcomed, contributions valued, and everyone is encouraged to bring their true self to work	> Culture > Diversity, inclusion and belonging > People experience
Grow	Giving our people the time to grow and develop, with support and feedback when it's needed and a culture that encourages them to challenge themselves and learn new skills	> Learning > Leadership > Talent and succession
Succeed	Recognising our people for their skill sets and contributions and looking after their health and wellbeing	> Performance management > Reward and recognition > Future-ready workforce

The four components that make up our culture framework are purpose, principles, values and future-ready skills. Prudential's purpose is to help people get the most out of life and we aim to do this for our employees, one of our greatest assets.

Connect

Culture and people experience

We are guided by our five values, ambitious, curious, empathetic, courageous and nimble, in terms of how we carry ourselves in the workplace. They are an essential part of our culture framework, and this is reflected in the way we interact with one another.



Building social capital / continued

Values	How we live our values
Ambitious A	Our business is competitive. We push ourselves and each other to greatness, but not at all costs. Being a team player and doing the right thing comes first.
Curious C	The world is changing faster than ever. No one has all the answers. We are humble and always listen and seek to learn and understand.
Empathetic Em	There's an age-old wisdom in walking a mile in another's shoes. We do that every day, whether it is with our customers or colleagues.
Courageous Co	Prudential's success and culture belongs to all of us – it's our shared legacy. We do the right thing and bring our full selves to work to build it together.
Nimble N	Being agile and adaptive is the norm. We approach our work iteratively, with carefully designed experiments that help us fail fast and fail forward.

Since 2020, we have been conducting people surveys to evaluate progress on our three-year culture journey and assess how our values show up at work. Our fourth global people survey took place in January 2023 with the participation and input of 95 per cent of our workforce. Overall engagement stood at 79 per cent, an improvement of 4 per cent from the previous survey conducted in December 2021, as well as 5 per cent against industry benchmarks. Company confidence has the highest favourable score of 89 per cent, demonstrating the strong belief from our staff about the future of Prudential. Our core values received an 86 per cent favourability score, a testament to our strong and cohesive culture, while the score for inclusion and belonging, social connection, and support from management was at 85 per cent, indicating a deep sense of belonging.

While work and life blend with a 70 per cent favourability score, improved by 6 per cent in this survey, we continue to enhance our efforts in this area to support our people through flexible or hybrid work arrangements. Overall, the improvements seen in 2022 follow the introduction of a number of initiatives aimed at enhancing wellness, building capabilities, strengthening inclusion, and deepening connections with our leaders, which we will continue to build upon in 2023.

In 2021, our first Collaboration Jam – a three-day inclusive online conversation – yielded inputs from colleagues across our businesses on the different skills needed to be future-ready. Since then, we have invested significantly in equipping our people with the appropriate skills to embrace the future of work.

In 2022, we held our third Collaboration Jam where more than 8,000 colleagues shared their views about belonging at Prudential. Over 130,000 comments were contributed during the 72-hour period, exceeding our expectations and external benchmarks and demonstrating enthusiasm, engagement and interaction across the Group. The conversations centred on belonging at a local level, and how feeling valued was a driver of feeling a sense of belonging; the requirement for opportunities to broaden and strengthen internal networks including with leaders; and the need to further embed our commitment to connect, grow, and succeed across the business.

In response to the Collaboration Jam, and to enable our people to build social connections, we launched Mystery Coffee, an initiative that enables our people to grow their network, learn from each other and reach their professional goals through peer connections and support. Participants registered for a Mystery Coffee are matched with a mystery partner from a different location to share skills, expertise and develop personal connections over a virtual coffee conversation. To date, we have had over 1,800 employees registering for Mystery Coffee. This initiative will, over time, enable all our people to expand their network and create a sense of belonging within the larger Prudential Group.

We continued to drive a human-centred, digitally-enabled people experience to help people connect with colleagues and our culture, take ownership of their career and performance, and make work more engaging. Our employees can also access the latest company information on 1-hub, our company intranet, including information on company performance, heritage, and our leaders' profiles. On myHR, employees can manage leave requests, development plans, performance reviews, and more.

The Board uses a range of formal and informal methods to engage, communicate and understand the views of the workforce. In May 2021, the Responsibility & Sustainability Working Group assumed responsibility for leading the programme of workforce engagement and, along with other Non-executive Directors, the Working Group continued to participate in workforce engagement activities during 2022. In addition to its direct engagement with the workforce, the Board and Working Group reviews the output from the annual employment engagement survey and the Collaboration Jam and discusses follow-up actions with management, and also receives regular updates on employee matters from the Group Chief Executive and Group HR Director. Key workforce engagement activities during 2022 include the Board visit to Singapore in April, the Collaboration Jam, as well as attendance at Transformative Journey Graduation sessions and Diversity & Inclusion Council meetings. Further information can be found in the Section 172 Statement.

Diversity, inclusion and belonging

Our goal is to empower our people and deepen belonging at Prudential by respecting and appreciating differences. We maintain a culture where diversity is celebrated, and inclusion assured for our people, customers and partners.

Our Global Diversity & Inclusion (D&I) Council continues to define our global D&I strategy and action plan, while driving D&I initiatives across our businesses. The Council provides updates to the Board twice a year and the Responsibility & Sustainability Working Group (RSWG) receives quarterly D&I updates. In 2022, we onboarded new members to the Council to focus on inclusion of neurodiversity, disability, culture and religion. The Council continues to be guided by its Charter and adhere to the principles of empowering our employees, fostering transparency and creating communities. Building on the local endorsement of the United Nations Women's Empowerment Principles in a number of our markets in 2021, our Group Chief Executive signed a Group-wide support statement for them in 2022.

Building social capital / continued

In 2022, we continued our focus on increasing inclusion awareness, complementing the work with our leadership outlined in the section on *'Leadership'*. One of the key initiatives was the implementation of our Global Inclusion e-learning courses, which aim to build awareness, nurture inclusion and promote inclusive leadership mindsets and behaviours. The Global Inclusion e-learning was completed by approximately 86 per cent of the workforce in 2022, which sets the stage for our work to further deepen belonging in 2023.

To bring change throughout our organisation and processes, our approach to D&I also extends to the way we positively impact our customers through accessible solutions and services. We address diverse needs and profiles with inclusive, rewarding and innovative propositions such as our We DO Family campaign, as set out in *'Making health and financial security accessible'* section. The campaign extended to our employees, with a storytelling campaign where over 100 employee stories were shared internally, demonstrating the diversity of their families. We also embed D&I principles in our Third Party Supply and Outsourcing Policy, with the requirement to review our suppliers' approach to diversity.

Following the launch of PRUCommunities in 2021, our employee-led networks continued to enhance connections and are key to deepening belonging at Prudential. In 2022, we saw the global launch of various communities including PRU Women Empowered, PRU Young Professionals, Women in Tech, Mental Health First Aiders and the intersectional We DO Wellness, joining the well-established PRUPride. Local businesses have also established their own PRUCommunities to further strengthen connection and collaboration around interests, identities and ideas.

In 2022, PRUCommunities articles were viewed by more than 10,000 employees, including nearly 2,800 views on the Community Connections page, and nearly 3,500 views of our We DO Wellness page.

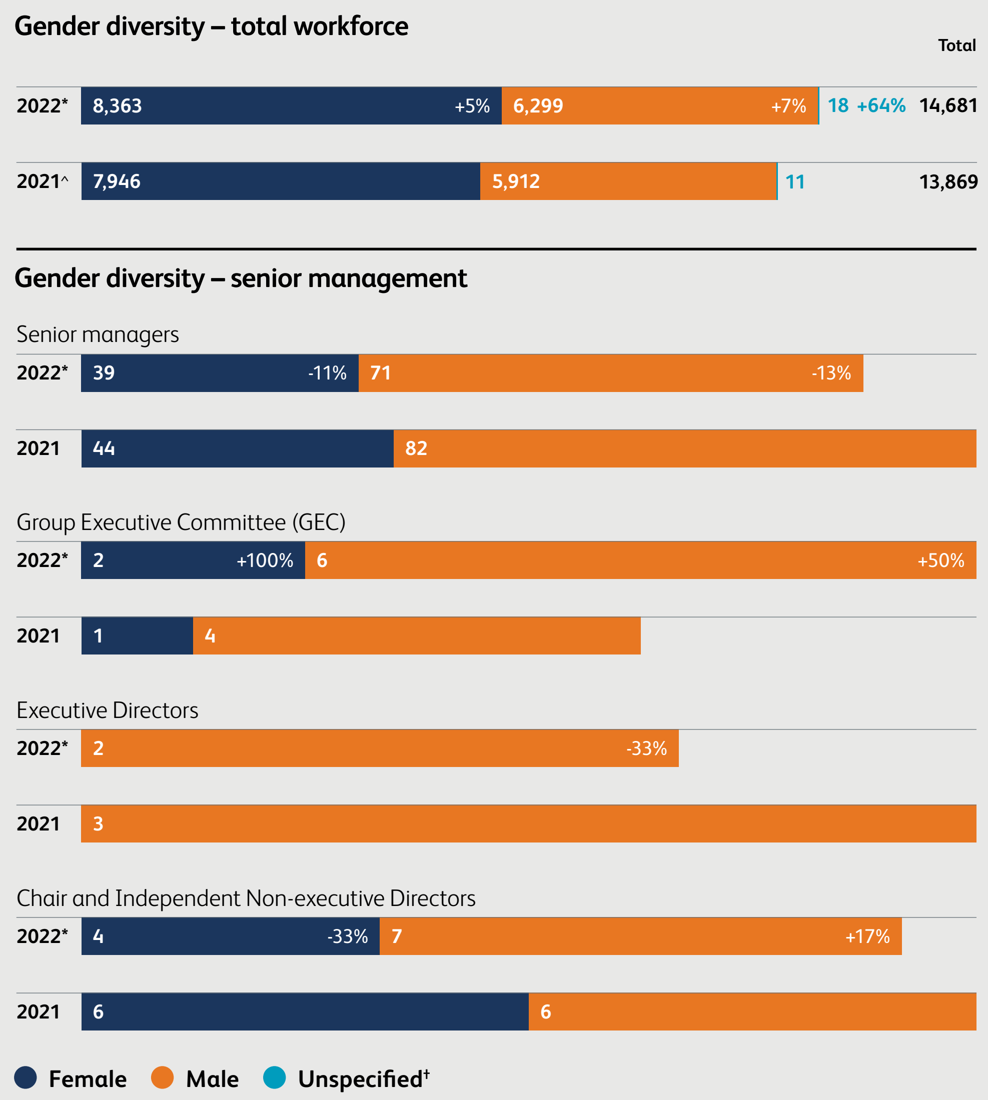
In 2022, Prudential signed the Neurodiversity in Business Membership Charter as part of our commitment to further strengthen inclusion and deepen belonging in the workplace. This includes challenging and removing both physical and perceived barriers to inclusion, while celebrating neurodiversity and the value of neurodiverse individuals, and providing accommodations where necessary to enable these individuals to perform their roles at Prudential.

A summary of our D&I performance is included below. While our diversity figures have mostly improved year-on-year, we recognise that we have more to do in this area.

- At 31 December 2022, the representation of women on our Board was 31 per cent; following Board changes on 1 January 2023, representation was 38 per cent.
- We have exceeded the recommendation of the Parker Review for the FTSE 250 to have at least one non-white director on the Board by 2024, with six of our 13 directors meeting these criteria. We are one of only five FTSE 100 companies with a non-white Chair. Non-white representation on our Group Executive Committee (GEC) has also improved in 2022, with 63 per cent of members meeting these criteria compared with 20 per cent in previous years, following our restructuring of this body to better reflect the communities we serve.
- As a signatory to the HM Treasury Women in Finance Charter since 2016, we set a target of 35 per cent women in senior management by the end of 2023, building on our earlier target of 30 per cent set in 2021. At 31 December 2022, the representation was 35 per cent, in line with our 2023 target.

As part of our ongoing commitment to transparency, we continued to submit responses to the ShareAction Workforce Disclosure Initiative in 2022, where we achieved a score of 87 per cent (2021: 88 per cent). We have also been included in the Bloomberg Gender Equality Index 2023, being listed on the index for the third successive year.

In 2022, we saw a total turnover of 22.6 per cent for employees, including our call centre staff, representing an improvement compared to the 2021 rate of 24.4 per cent. This improvement relative with 2021 was driven by our continuous focus on initiatives for improving people engagement, wellbeing and culture across our businesses. The total voluntary employee turnover, excluding call centre staff, remained broadly stable at 16.7 per cent (2021: 16.2 per cent). The employee turnover reflects the number of employees who leave employment voluntarily or due to dismissal or retirement during the reporting period. Employees include permanent and contract (fixed term) employees but exclude contingency workers and interns. A breakdown of our employee turnover rate by gender, age group and region is reflected in the *'Reference tables'* section.



* Within the scope of EY assurance – see 'Basis of reporting' here.

^ The 2021 balances have been restated to reflect the consistent treatment of local sales agents in our Africa markets who are not permanent employees.

† No specification or information is captured on gender for an immaterial number of our employees. These employees are regarded as 'unspecified'.

Building social capital / continued

Employee relations

Prudential is committed to fostering an inclusive, diverse and open environment for our employees. Our Group governance human resources policies, guided by the principles of the Universal Declaration of Human Rights and the International Labour Organization's core labour standards, provide an overarching framework and principles for everyone in the organisation. Our Group Third Party Supply and Outsourcing Policy sets out how we work with suppliers and our expectations of them. Our Discrimination and Harassment Policy prohibits any form of discrimination, harassment, bullying and other types of misconduct where the behaviour is contrary to Prudential's values and standards.

Our people have always been our most important asset, and our Employee Relations Policy governs the way we engage with them. This, we believe, is fundamental to our ability to attract the people we want, retain our current employees and motivate them to achieve success for themselves and the Group.

Each local business is required to have an effective approach in place to promote positive relationships with our employees and their representative organisations. We encourage a positive and constructive relationship with collective employee representative bodies in order to ensure our colleagues' rights to freedom of association and collective bargaining.

Given the diverse marketplace we operate in, trade union representation and collective bargaining practices vary by market. Our businesses have trade union representation in Malaysia, Singapore, Vietnam, Zambia, Côte d'Ivoire, Togo, and Cameroon.

We are an organisation that strives to promote inclusive employment, and provide opportunities for growth and career progression. We give fair consideration to applications, regardless of gender, nationality, age, race, ethnicity, religion, physical or mental disability, or sexual orientation. We make appropriate arrangements for continuing the employment of employees who become disabled, and we seek to promote training, career development and progression for people with disabilities, making appropriate adaptations where required.

To build a diverse, equal and inclusive workplace, where employees can speak openly, we take grievances seriously and have strong grievance policies and procedures in place to ensure timely and fair investigation of any grievances raised.

Further information on activities to support employee wellbeing are included in the *'Responsible working practices and health and safety procedures'* section.

Grow

Learning

A significant part of our connect, grow and succeed pledge to employees is preparing them for the future of work, so that they can participate in and contribute confidently to our business transformation and are well equipped for wherever their careers may take them.

In February 2022, we launched our Future of Work six-part webinar series. The webinars are designed around our values, with each looking in-depth at the future-ready skills that were explored in our 'New Ways of Working' webinar in 2021. For more detail, see the *'Future-ready workforce'* section. These ways of working are based on well-established practices developed by places including the UK Design Council, LUMA Institute, the Stanford d.school, and IDEO, a renowned consultancy. Each one has been defined by a set of enabling values and micro skills, which form the basis of our peer-to-peer feedback and our curated learning paths on Udemy.

Our partnership with the LUMA Institute, to help develop our innovation and design thinking capability, continued through 2022. Over 300 people from across the Group are now LUMA Practitioner certified. Design thinking skills from LUMA Institute have been applied to solve a broad range of business challenges, from hybrid working to helping propel agency growth. A new partnership with Udemy, a company that provides online learning and teaching, enables us to host curated learning paths on future-ready and digital skills.

Our local businesses also developed learning programmes to support the future-ready skills initiative. Prudential Thailand hosted a Learning Festival to support employees in upskilling and preparing for new ways of working. The festival covered the benefits of Prudential's future-ready skills and how to apply each skill, with the sharing of real experiences from our Thai colleagues. They delivered four events to some 400 people, both virtual and on-site, in 2022.

Our learning also included annual mandatory compliance training on key topics such as anti-bribery and corruption, anti-money laundering, privacy and competition law, with employees completing an average of 16 hours' training during 2022.

Average training hours completed per employee by gender	2022	2021
Male	**16.04**	11.22
Female	**15.58**	12.44
Unspecified	**8.43**	5.65

The total training hours per employee is likely to far exceed this as the number of hours that employees take to complete their non-mandatory training courses are not wholly captured in our system.

Leadership

Across Prudential, as our business evolves, we are continuing to maximise our collective expertise and skills while becoming even more focused on our customers and adapting our multi-channel distribution model to changes in our markets. We recognise that it is more important than ever that we live our values and remain nimble and innovative in how and where we choose to develop our products and services.

In line with this objective, we are drawing on strengths and best practices across our Group's leadership to continue to deliver the best outcomes for our customers, colleagues, communities and broader stakeholder groups. In May 2022, we announced changes to the structure and composition of our Group Executive Committee (GEC), whose responsibilities are now specifically designed to allow for much closer and more continuous engagement with our market CEOs.

Continuing the effort to raise awareness and embed our values and inclusiveness, our GEC and leadership teams across our businesses also hosted numerous sessions to showcase the expected mindsets, behaviours and capabilities of authentic and empathetic leaders. To drive a more courageous and entrepreneurial mindset throughout the organisation, we continued to deliver Transformative Journey, a contemplative four-month part-time deep experiential programme aimed at developing more human-centric and self-aware leaders and change agents for the Group. The programme taps into curiosity, humility and courage, encouraging participants to take ownership of their personal development and actualise their desire to drive sustainable change.

Talent and succession

In a continued effort to provide our diverse talent with accelerated growth opportunities, we expanded the scope of our Talent Sponsorship Programme to 60 employees in 2022, focusing on underrepresented groups in our talent pool based on gender, cultural background and experience. The programme matches our diverse talent with senior executives who act as sponsors and build a critical pipeline for our future. This programme aims to provide employees with greater visibility in the organisation, increasing their impact in their existing roles, and accelerating their career progression. The programme continues to be a learning experience for both sponsors and talents, who build trusted relationships across the organisation, gain a greater understanding of other functions, develop their personal leadership and deepen belonging.

Building social capital / continued

Creating transparency of internal growth opportunities to all employees continued in 2022 by embedding the democratised mentoring and gig marketplace platforms that were piloted in 2021. myMentor provides an opportunity for employees to seek and connect with mentors through independently established mentoring relationships. There are over 200 mentoring relationships across the organisation, and 85 per cent of these are cross-functional. The prevalent focus of mentoring has been on career growth; however, recognising the importance of mental health in the organisation, myMentor is also leveraged to enable employees to connect with our Mental Health First Aiders so that they can reach out directly for any mental health support and guidance.

Our employee-centric Opportunity Marketplace was fully implemented across all businesses in 2022. The marketplace provides our people with transparency and tailored recommendations of full-time and gig (project-based) opportunities across the Group. Over 20 businesses have posted gig opportunities in the marketplace, resulting in over 150 of our people contributing to projects that are of their choosing.

Succeed

Performance management

The connection between our values and remuneration outcomes continues to be reinforced through the company's performance management framework, with reward decisions strongly linked to performance outcomes. We support our people in achieving peak performance so that they can fulfil their professional aspirations while delivering on the company's business strategy.

This can only succeed if performance is managed in a balanced and holistic manner. Therefore, our performance management model focuses both on results, and how they are delivered. People managers are expected to support the performance and career development of their teams in a purpose-led, collaborative culture where Prudential's values are consistently demonstrated.

At Prudential, we are committed to helping our employees achieve optimal performance so that they can continue to connect, grow, and succeed in their career. Our people strategy and performance are strongly linked, and we enable performance by leveraging our Group-wide COACH framework, as set out above.

Driving optimal performance through our COACH framework

Connect

Grow

Succeed

A redefined purpose-led culture

- Focus on what and how
- Continuous feedback
- Support meritocracy
- Empower values-driven behaviour

Enable performance

C **Continuous**
Frequent exchange of constructive feedback

O **Ownership**
Take responsibility of your own development

A **Authentic**
No fear, no judgement, 100% honesty

C **Clear**
Clarity of goals and alignment with business strategy

H **How and What**
Assessment against clear criteria – How and What

> ***If you're thinking of getting mentoring but unsure of the time commitment, mentoring doesn't have to be an onerous formal activity. I believe it can be as simple as sharing and constructively challenging each other's views. I benefited from that process and am thankful for that learning.***

Donna Buckland,
Senior Director, Controllership;
Group Head Office, Hong Kong

> ***The recent gig I hosted was completed but the outcomes and relationships we formed with those who participated are experiences we will surely bring with us in time to come.***

Veronica Tan,
Gig Host and Head, Operations
Strategic Initiatives; Philippines

> ***My mentorship journey has been an amazing one so far. My mentor has challenged me beyond my comfort zone and helped me navigate through challenges I never dreamt I could. She has helped me recognise how showing up as my authentic self can help build my confidence, influence leaders, and manage engagement with senior stakeholders more assertively. I am more confident and positive over my work, now more than ever.***

Astridah Hampongo Musonda,
Head, HR & Administration; Zambia

> ***For a new employee like me and with the strong support from my line manager, joining this gig was a great opportunity to meet people and showcase my expertise. Virtual reality was one of the key learnings I had from this gig, a skill which I never thought I would be exposed to. I also learned the value of teamwork and how having a shared goal to make this gig a success is important.***

Emily Tsai,
Gig participant and Specialist,
Policy Services; Taiwan

Prudential's wellbeing pillars

Helping you get the most out of life

Health & wellness

- We create a workplace that fosters a healthy lifestyle
- We provide competitive protection benefits for employees and their family

Mental health

- We promote mental health through access to services and support when and where our people need them, within an environment of psychological safety at work

Financial

- We support our employees to achieve financial security through innovative financial tools, financial literacy and planning

Work-life blend

- We recognise different ways of working and provide an inclusive, family-friendly work environment
- We promote community work opportunities

Reward and recognition

In 2022, we continued to instil wellbeing at work by promoting a culture of inclusion and health achieved through shared goals, company-wide initiatives, and employee communities. Our initiatives are built upon four wellbeing pillars of health & wellness, mental health, financial and work-life blend.

Our 2022 initiatives included:

- **Health & wellness:** Company- and employee-initiated promotion of wellness practices and events were held by the We DO Wellness PRUCommunity. Initiatives included monthly wellness webinars, weekly workout posts and Friday wellness feeds.
- **Mental health:** We have approximately 350 certified Mental Health First Aiders (MHFAs) across all our markets in 2022. Through the MHFAs, the programme is intended to help employees with mental health issues by reducing stigma, recognising support needed and promoting a culture of psychological safety and wellbeing at work. The MHFAs are trained by professional bodies to look out for, assess and assist with mental health crises; listen and communicate non-judgmentally; keep interactions confidential; and help get appropriate professional help. We have developed a guide to help our MHFAs connect colleagues to professional health support, including referral to our Employee Assistance Programme. Our MHFAs are identified on our intranet and the myMentor platform, and use email signatures stating 'I am a Certified Mental Health First Aider'.
- **Financial:** We continued to actively encourage employees' share ownership and engagement through several share plans, such as PruSharePlus, where employees receive a free matching share for every two shares purchased at the end of a two-year holding period. Participation rate remains steady with one in three employees participating in the plan. In October 2021, to mark the demerger of Jackson, we gave a Celebration Award of US$1,000 of restricted shares to our permanent employees. This award was released equivalent to 50 shares in October 2022.
- **Work-life blend:** We continued to promote work-life blend by introducing wellness leave into local policies in 2022. The policy calls for employees to take at least five consecutive days of leave without access to work so that they can fully disconnect and rest. Following positive feedback from employees, we held our second Group Wellness Day, a synchronous day off for colleagues to rest, recharge and spend time with loved ones, on 26 August. Additionally, we continued to offer hybrid working, sabbatical leave and volunteer leave across all our businesses.

Prudential recognises the dedication and contribution of our employees, and we are committed to a fair and transparent system of reward. Our Remuneration Policy ensures that we pay our employees a fair and competitive wage in all markets which is benchmarked annually with our peers. Given the cost of living pressures across many of our markets, cost of living payments have been made to more junior people in the UK and benefit improvements have been made for people in some locations to ensure that we continue to provide our staff with competitive packages which protect them and their families. Prudential has been paying the London Living Wage since 2010.

Below is a summary of our wellbeing proposition with mental health being a notable area of progress in 2022 as highlighted.

Prudential's wellbeing proposition

1 Life protection

- Choice of 48 times monthly base salary (MBS) life insurance and six times monthly guaranteed cash to aid with living expenses

2 Mental health

- Psychiatrist and clinical psychologist included in local medical plans
- **Mental health first aider (MHFA) certification programme (+300 certified MHFAs in 2022)**

3 Employee Assistance Programme (EAP)

- 24/7 counselling services for employees and their dependants
- **Work and people management coaching services (one in four employees used EAP services in 2022)**

4 PruCare fund

- Provision of financial assistance in the event of hardship with a total of ~US$250,000 dispensed to the families of 42 agents and employees

5 Hybrid work/ wellness days/ leave

- New ways of working such as hybrid work and time for employees to re-energise, eg Group Wellness Day, wellness leave, volunteering leave and sabbatical leave
- Parental/partner leave piloted in some markets to create an inclusive and supportive workplace
- Early finish on the eves of special holidays

6 Group-wide wellbeing framework

- Introduction of 23 wellbeing enablers under each pillar including mental healthcare, wellness leave and sabbatical, with the aim of providing a consistent benefit and employment experience for employees

● 2022 programmes

Building social capital / continued

We DO wellness – This is Me campaign

To coincide with World Mental Health Day in October 2022, our employees participated in a two-week-long This is Me campaign, a global initiative that started in 2014 to normalise conversations about those with different abilities and mental health.

Our then Group Chief Executive, Mark FitzPatrick, launched the campaign, sharing his personal story on the intranet. This was then followed by the sharing of personal stories by leaders and employees on their own experiences with mental health. The campaign was also about living our values by being courageous and empathetic, and enabled our employees to learn from one another across all levels of the organisation. The campaign closed with a message from Lilian Ng, Managing Director, Strategic Business Group, that brought all the stories together to create an accessible resource for the organisation going forward.

This initiative sent an important signal to our people and other stakeholders that we care about their mental and overall wellbeing, and aim to create a more open, supportive and inclusive work environment, including a robust support system and platform to raise awareness and normalise discussions on mental health issues.

Having different abilities and managing mental health issues need not create barriers to people's professional or personal development. We also took the opportunity to emphasise that support is available at Prudential through our Employee Assistance and Mental Health First Aider programmes, medical benefits and PRUCommunities, among other initiatives designed to help.

The Group's executive remuneration arrangements continue to reward the achievement of Group, business, functional and individual targets, provided that performance is aligned to the Group's risk management framework and appetite and that our conduct expectations, as well as those of our regulators and other stakeholders, are met. Information on executive remuneration and its alignment with the pay of other employees is provided in the Directors' remuneration report within the Annual Report and Accounts.

As reported in the 2021 Directors' remuneration report, the UK headcount of Prudential Services Ltd is below the 250-person threshold which triggers mandatory publication of the gender pay gap and the CEO pay ratio. Both the 2021 gender pay gap and the CEO pay ratio data were disclosed on a voluntary basis. After due consideration, we have decided that the UK gender pay gap and CEO pay ratio are not meaningful, given our small employee populations in the UK.

Future-ready workforce

To embrace the future of work, we believe it is vital to develop a workforce and a workplace where we practice being more innovative, inclusive, risk-savvy and customer-centric daily. To do this, we developed our future-ready skills in 2021 – a set of six skills that are well-established, international practices, tailored to our colleagues who live our values.

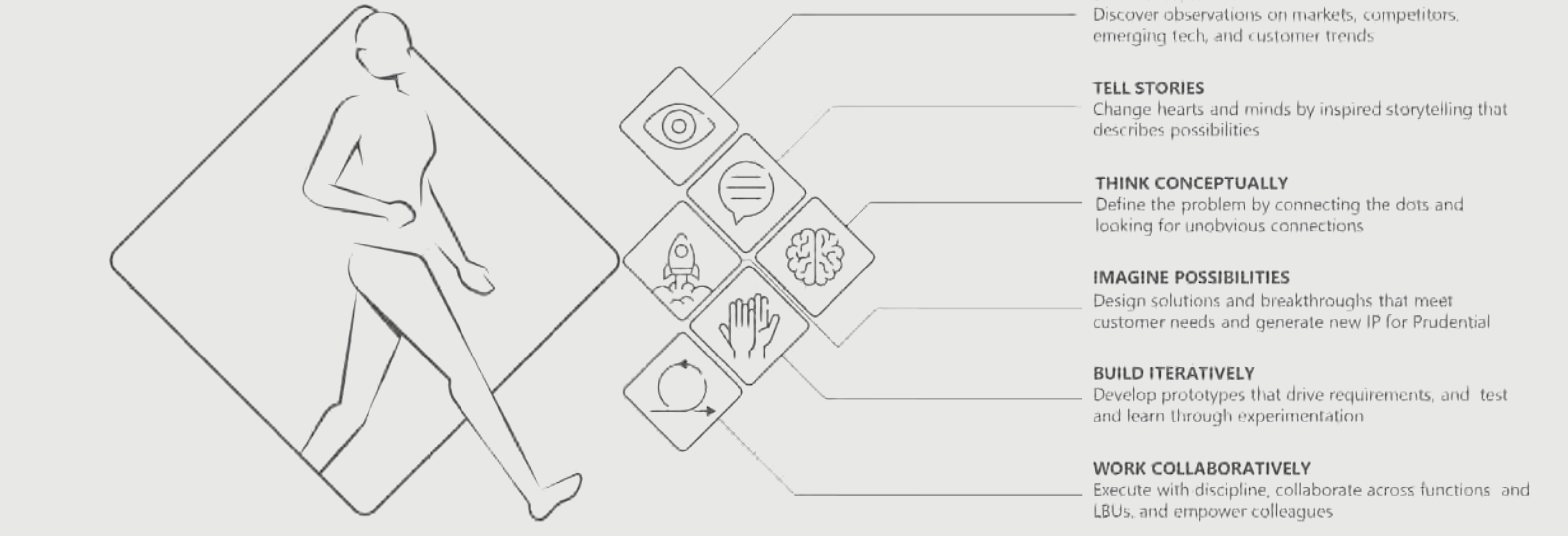
In 2022, we held a series of Future of Work webinars with 68 per cent of our workforce either attending live or watching the recorded sessions. The webinars were themed around these six topics, featuring external experts, internal leaders and employees who shared candidly what it means to innovate, practice inclusiveness, manage risks and maintain customers at the core of all that we do. Among the experts were Mariano Suarez-Battan, CEO of Mural, who shared tools for effective collaboration; Anita Schjøll Brede, co-founder of Iris.ai and Forbes World's Top 50 Women in Tech, who spoke on using technology to get to know our customers better; and Dr Ayesha Khanna, co-founder and CEO of ADDO AI, who shared on innovative problem solving. The sessions, hosted by members of our GEC, are made available in seven languages on our learning system.

Looking ahead

Moving forward, sustained performance and deepened belonging through wellbeing will be a focus for us in 2023. We will continue to develop our leaders, drive high-performance teams, and provide wellness support through the provision of tools and programmes that help our workforce connect, grow, and succeed in a safe, inclusive and healthy workplace.

- Work: Elevate our people for the future of work. We will cultivate a continuous learning culture, and build skills for now and the future, through a new Prudential Skills Framework that will underpin our skill-building initiatives in 2023. As part of the implementation, functional leaders and subject matter experts will work together to co-create Learning Academies for functional skills development. We also aim to launch a Leadership Skills Booster to prepare our managers to lead change in the new era of work.
- Workforce: Bespoke development approach for distinct workforce segments. We will actively manage career pathways and build a sustainable succession pool for our most critical roles. Understanding the individual and collective capabilities of our leaders will allow us to improve our succession planning efforts. For the rest of our employees, self-directed, flexible career paths will be made available.
- Workplace: Sustained performance through D&I, wellbeing, performance and reward. We will continue to take a proactive approach to wellbeing by focusing on collective and individual resilience. We will refresh our performance principles, enabling employees to achieve optimal performance through the Group-wide COACH framework, and we will continue to review our existing reward plans to ensure they attract, retain and motivate our people to succeed as our work practices evolve.

Our future-ready skills



Building social capital / continued

Our digital responsibility

Digital innovation is key to our aim of helping our customers to become healthier and wealthier, so that they can get the most out of life.

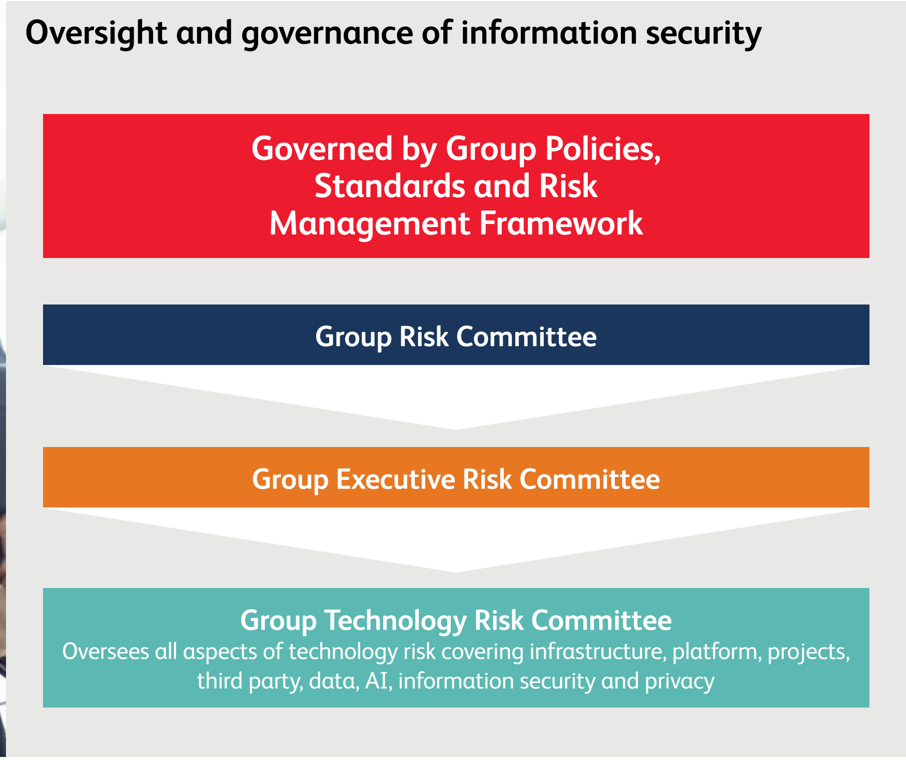
We are ambitious and we act with integrity when it comes to digital responsibility. Our approach to the design, governance and operation of our digital ecosystem is managed with the utmost care and attention to safety, fairness, and transparency.

Group-wide Information Security Framework

Given the increasing dependence on technology in delivering our business objectives, it is vital that we manage the associated information security and privacy risks effectively in Prudential. We remain committed to protecting our customer data and preserving the privacy of our customers through our rigorous information security management framework.

Global security operating model

The Group information security team operates globally, leveraging skill sets, knowledge, experience and resources across our geographical footprint to optimise our security defences and responses across Asia, Africa and the UK. In 2022, the operating model was further enhanced to consolidate cyber security operations into a single Integrated Cybersecurity Operations group responsible for security threat detection and incident response, threat intelligence, vulnerability management and ethical hacking. As part of the optimised model, all security engineering activities have also been aligned under a single Security Architecture & Engineering discipline. We continued to work collaboratively across the Group to consolidate and optimise information security technologies and processes, enabling security services to become more effective and efficient.



Oversight and governance of information security

Governed by Group Policies, Standards and Risk Management Framework

Group Risk Committee

Group Executive Risk Committee

Group Technology Risk Committee
Oversees all aspects of technology risk covering infrastructure, platform, projects, third party, data, AI, information security and privacy

The Group Technology Risk Committee (GTRC), established in September 2021, continued to operate effectively in 2022 to provide strong risk governance over cyber security and privacy issues across the Group.

The GTRC, chaired by the Group Chief Technology and Information Security Officer (CTISO), is a sub-committee of the Group Executive Risk Committee (GERC). It provides regular updates to GERC and the Board-level Group Risk Committee (GRC) on cyber threats facing the organisation and progress of our security programme. The Group CTISO also holds dedicated sessions with the GRC and Group Audit Committee (GAC) on cyber risks facing Prudential where required. Furthermore, the Group Technology Risk Management (GTRM) team and Group-wide Internal Audit (GwIA) provide second-line and third-line assurance over the robustness of information security and privacy controls across the Group.

In 2022, with the increased regulatory interest in digital transformation and technology risk management, we conducted dedicated sessions with our Group regulator and the Regulatory College to share best practices and lessons learnt.

According to a Trend Micro report the global financial industry experienced a 1,318 per cent increase in ransomware attacks in 2021. With ransomware continuing to be the most widespread worldwide threat for financial institutions, we have also identified security incident simulation in October 2022 with the Group Executive Committee (GEC) to test our ability to respond to plausible cyber risk scenarios.

Group Information Security Policy

The Group Information Security Policy (IS Policy) is central to how Prudential governs and manages information security. All relevant businesses in Prudential are covered by the IS Policy, which is developed with reference to numerous international and local standards including:

- ISO 27002;
- NIST Cyber Security Framework;
- The Hong Kong Insurance Authority Guideline on Cybersecurity;
- The Monetary Authority of Singapore's Guidelines on Technology Risk Management; and
- The Bank Negara Malaysia's Policy Document on Risk Management in Technology; and
- The Bank Negara Malaysia's Policy Document on Management of Customer Information and Permitted Disclosures.

The policy is also supported by a set of technical standards to enable consistent implementation. Our global security function retains its comprehensive commitment to protect the business, comply with all applicable laws and regulations, and support the growth of the Group.

As the organisation transitions to a hybrid multi-cloud environment, we are also investing in the adoption of Google Cloud Platform (GCP) security services to complement our existing Microsoft Azure service services. We are also developing further technical standards as well as conducting an extensive architectural review as part of our integration of GCP based security services.

Building social capital / continued

Group data governance

In order to fulfil our long-term digital aspirations, we are creating ecosystems that are getting us closer to our customers. Part of this entails collecting and using large volumes of data from various customer touchpoints so that we can continue to bring value to our customers and our ecosystem partners. This process requires strict oversight, and we have established strong data governance processes so that our customers continue to entrust us with their personal information.

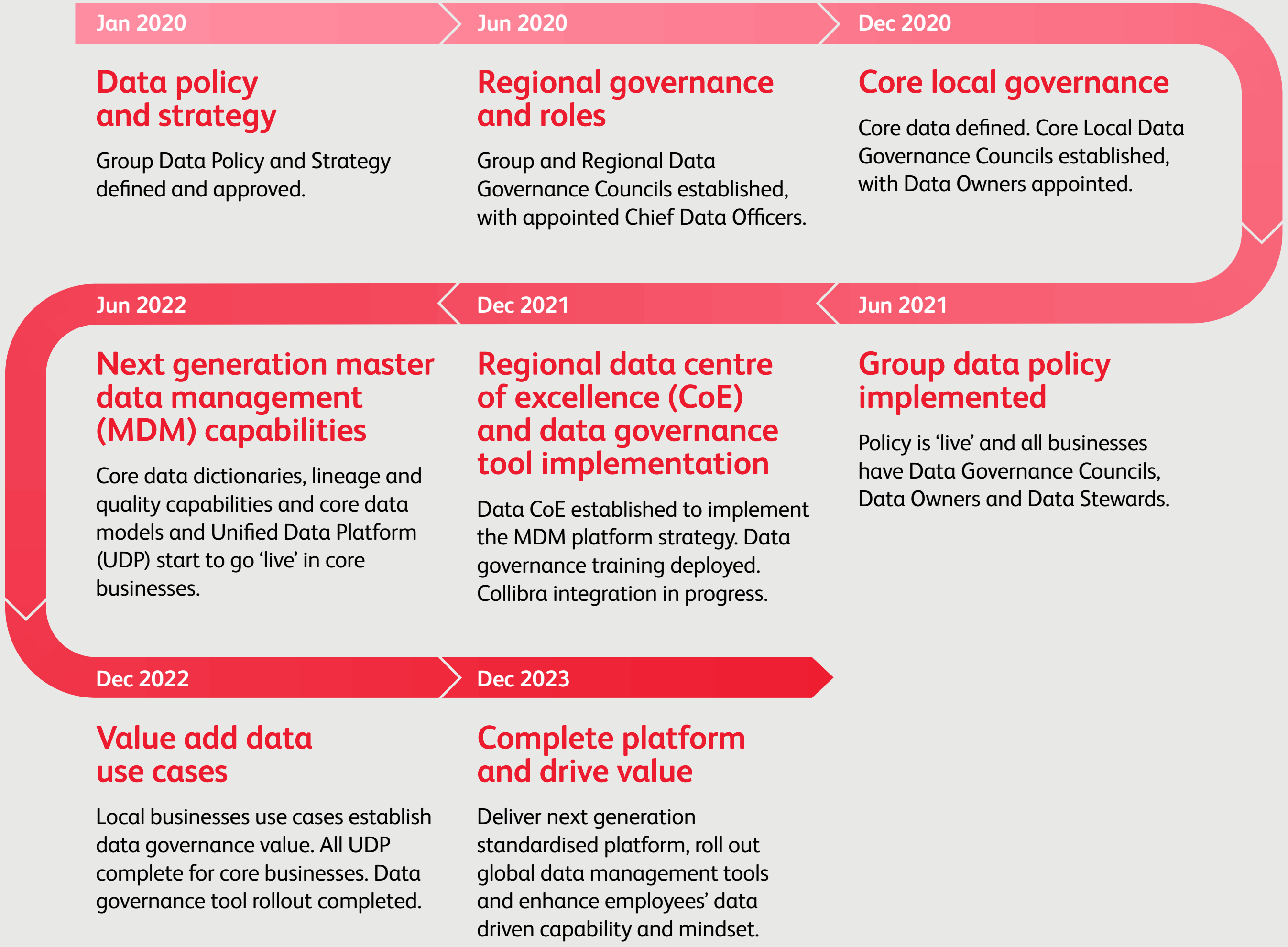
At Prudential, data governance covers data stewardship and data quality, both of which enable us to gain better control over data assets, including methods, technologies, behaviours and training around the proper management of data. It also addresses security and privacy, integrity, usability, compliance, and the overall management of the internal and external data flows within our organisation, among other matters.

To support our Data Governance Strategy, we have a Group Data Policy that is centred on the key principle that data must be well governed and effectively managed throughout its life cycle. The data life cycle includes acquiring the right data, sharing and using it, storing it, and transforming it so that it can be used by applications to support AI, business intelligence and operational use cases. The final step is ensuring that we retain the data in accordance with regulatory requirements.

Our aim is to democratise access to data, turning data into an organisational asset which can be leveraged to help make our customers healthier and wealthier. The policy also provides a governance framework that enables us to build a data culture where ownership and accountability are clearly defined.

We have taken a number of steps since 2020 to implement our data strategy and policy, and enhanced our processes with the latest tools and platforms.

Summary of our data governance journey



Jan 2020

Data policy and strategy

Group Data Policy and Strategy defined and approved.

Jun 2020

Regional governance and roles

Group and Regional Data Governance Councils established, with appointed Chief Data Officers.

Dec 2020

Core local governance

Core data defined. Core Local Data Governance Councils established, with Data Owners appointed.

Jun 2021

Group data policy implemented

Policy is 'live' and all businesses have Data Governance Councils, Data Owners and Data Stewards.

Dec 2021

Regional data centre of excellence (CoE) and data governance tool implementation

Data CoE established to implement the MDM platform strategy. Data governance training deployed. Collibra integration in progress.

Jun 2022

Next generation master data management (MDM) capabilities

Core data dictionaries, lineage and quality capabilities and core data models and Unified Data Platform (UDP) start to go 'live' in core businesses.

Dec 2022

Value add data use cases

Local businesses use cases establish data governance value. All UDP complete for core businesses. Data governance tool rollout completed.

Dec 2023

Complete platform and drive value

Deliver next generation standardised platform, roll out global data management tools and enhance employees' data driven capability and mindset.

In 2022, our key highlights included:

- Implementation of a Unified Data Platform (UDP) in eight of our core businesses; and
- The Data Centre of Excellence, established in January 2021, has been accelerating the development of the Master Data Management Platform and data governance tools by consolidating engineering and data skills from across Prudential into a single delivery-focused team.

Cyber strategy and risk management

We have developed our global information security programme to deliver our cyber security strategy and to drive continuous improvement across people, process and technology. In 2022, the programme continued to focus on the four strategic pillars to protect our customer data against heightened cyber threats, while enabling digital transformation of the business. The four pillars are: enabling secured digital platform and ecosystems; uplifting the cyber defence capabilities; automation and continuous improvement; and transformation of the security organisation.

Overall, the 2022 security and privacy programme continued to improve our cyber hygiene, enhance the responsiveness and preparedness of cyber incidents and heighten the awareness of our staff to minimise the surface of attack. Additionally, the Group is covered by cyber insurance to cater for a catastrophic cyber event as a risk management mechanism.

Building social capital / continued

Security metrics

Cyber Security Awareness Month 2022

More than 2,000 employees participated in our Cyber Security Awareness Month in October, with over 1,700 earning themselves GISP Cyber Security Champion badges. Participants had to read and watch the weekly cyber security content covering topics such as the importance of multi-factor authentication approvals, phishing prevention, software updates and best practices for remote working. The participation rate for this second annual event rose by 71 per cent over 2021.

	2022	2021	Change (%)
Employee participation	**2,450**	1,428	71

The total number of cyber security incidents escalated in 2022 represents a 43 per cent reduction, due to enhanced cyber hygiene, more proactive threat hunting, and reduced surface of attacks eg geolocation blocking implementation. Nonetheless, it should be recognised that the volume of cyber attacks has increased globally, along with increased sophistication of cyber threats and related impacts. On this note, the number of security events such as attacks that have been automatically blocked and not escalated as an incident in Prudential have also increased. We will continue to focus on managing malware attacks, particularly those that are ransomware, despite the reduction of cyber incidents.

The top three types of data breaches were related to:

1. Data disclosed to incorrect recipient by email, post or other means;
2. Unauthorized data disclosure by financial consultants; and
3. Data breach originated from bank partner or internal data update or access issue.

Out of the total data breaches reported, one of the data breach incidents involved sensitive health information that affected one individual.

Compared with 2021, the total number of data breaches has increased by 11 per cent in 2022. However, the total number of customers and employees affected by company's data breaches has decreased significantly by 49 per cent, while the total number of (privacy) data breaches involving sensitive health information has been reduced by 83 per cent. This can be attributed to the continued development and optimisation of the organisation's cyber security defensive controls, increased maturity in the software development life cycle across our businesses, early eradication of vulnerabilities, and improvements made to remediate gaps across our businesses. While the incidents do not represent any systemic issue, mitigation actions have been taken promptly to prevent recurrence.

Regular external security audits are carried out as and when needed, and we work closely with regulators to ensure this is effectively done. We also conduct monthly scanning of our external environment for vulnerabilities. All public-facing applications undergo penetration testing, which includes vulnerability assessments as part of the application launch. They are also regularly reviewed as part of our governance process.

Privacy

As we increasingly adopt digital technology in our operations, the data we generate creates an opportunity for us to enhance customer engagement while maintaining a responsibility to keep our customers' personal data safe. It is therefore critical that we continue to ensure the robustness of our privacy governance, and that our personal data processing activities are conducted within lawful bases such as consent, contract, legal obligation or legitimate interests. We also adhere to data minimisation and 'privacy-by-design' principles, ensuring that we only collect and use data for its intended purpose and do not retain it longer than necessary, and that privacy elements are present both at the onset and throughout our entire data processes. Privacy impact assessments are conducted by relevant businesses on their processing activities, including the deployment of any new or enhanced technologies and practices affecting personal data.

As an international company, Prudential must navigate multiple privacy laws. In 2022, several of our significant markets either issued new laws or enhanced existing regulations. For example, in Thailand, the Personal Data Protection Act (PDPA) came into effect in June 2022 while Vietnam's Decree 53/2022/ND-CP (VN Decree 53) called for data localisation for domestic companies.

Meanwhile, both Singapore and the Philippines increased the financial penalties for data breaches, signalling more severe consequences for companies. We have ensured that our privacy systems and controls and our personal data processing activities respect these regulatory requirements. For example, we revised our privacy impact assessment to include transfer impact assessment and legitimate interest assessment, where applicable under local regulations. A specific application of this was in Vietnam where, following the introduction of VN Decree 53, we took immediate steps to successfully transfer our customers' and employees' personal data to local storage in Vietnam.

A key focus in 2022 was to further embed privacy across the Group, and ensure that the protection and compliant use of personal data is considered a key component during new projects and initiatives. In addition to global training focusing on the requirements of the Group Privacy Policy (GPP), localised training to raise employees' awareness of their local privacy laws was rolled out across our businesses, alongside the appointment of privacy champions. We also reviewed data retention practices across the Group. Following the privacy maturity reviews that were conducted in 2021, the Group Privacy Office has since followed up on remediation and revisited the maturity assessment across Asia, Africa and the UK to further strengthen our Group-wide privacy controls. While Asia and the UK continue to demonstrate high privacy maturity, Africa has demonstrated clear improvements since the reviews.

Cyber security incident metrics

	2022	2021
Total number of incidents escalated[*] to the Security Incident Response Team (SIRT)	**39**	69
Total number of incidents confirmed[**] by the SIRT	**12**	30
Total number of incidents that are related to ransomware	**2**	0

[*] Total incidents reported by employees to the Security Operations Centre.
[**] Total incidents confirmed by the Security Operations Centre.

Data privacy breach metrics

	2022	2021	Change (%)
Total number of (privacy) data breaches	**20**	18	11
Total number of (privacy) data breaches involving sensitive health information	**1**	6	(83)
Total number of customers and employees affected by company's data breaches	**24,250**	47,266	(49)
Total number of customers and employees affected by company's data breaches involving sensitive health information	**1**	113	(99)

Building social capital / continued

The Group Privacy Office continues to have oversight of privacy compliance through implementation of the Group-wide Operational Standard, which sits within the Group Privacy Policy, and regularly reports to the Group Executive Risk Committee on privacy compliance. The Group Privacy Office works closely with privacy officers across Asia and Africa to offer guidance on ongoing privacy compliance, as well as to provide a point of escalation for resolving data privacy issues. In 2022, the office enhanced its supervision of our businesses with monthly privacy roundtables, and will explore similar collaborative activities in the future.

Data subjects are notified about their rights via the Privacy Policy, and they can contact the relevant entities to exercise data subject rights such as access and correction. Clear and accessible mechanisms for data subjects to raise their concerns about data privacy have been implemented across our businesses.

Protecting privacy on Pulse

We approach data within our digital ecosystem in the same manner as all data in our organisation. When it comes to our Pulse app, Prudential continues to prioritise security protection and customer data by ensuring tight security controls are effectively implemented. These include having multi-factor authentication, setting minimum standards for mobile device operating systems, preventing jailbroken and rooted devices from using Pulse, and securing transmission and storage of data. The Pulse team also continued to adopt a robust secure development life cycle, and carry out independent penetration testing by an external party where appropriate.

Business partners, who make up a key aspect of our Pulse ecosystem, undergo strict due diligence to ensure that they meet our high standards of data protection and security. At the same time, we use our in-house security monitoring tool to detect any vulnerabilities and keep Prudential and our ecosystem partners safe.

We continued to rely on the OnePulse Privacy Framework (OPF) to standardise the implementation of privacy controls. This framework also helps us to address the different regulatory requirements and expectations across our businesses in regard to customer privacy. Referencing the General Data Protection Regulation (GDPR) requirements, the OPF outlines the mandatory and configurable controls to be built into our Pulse app, covering data subject rights, customer consent and privacy notices. Additional controls are being considered as regulatory requirements evolve, for example China's Personal Information Protection Law, Thailand's PDPA, Indonesia's Data Protection Act and VN Decree 53.

Data within our digital ecosystem is governed by the Group-wide Information Security Policy and Group-wide Privacy Policy. To provide suitable services to users, Pulse collects information about them, and this is done transparently through the Privacy Notice provided prior to registration. Overall, Pulse is subjected to robust governance processes and risk oversight to ascertain all controls mentioned above are operating effectively.

Bringing value to customers through responsible AI

We continued to lean on our eight artificial intelligence (AI) Ethics Principles developed in 2020 to guide our use of AI in Pulse, and across our insurance business processes. The principles are shown in the graphic below.

The Ethics Working Group, which was governed by the Global AI Council until the end of 2022, continues to play a significant role in upholding our AI Ethics Principles. Its main responsibilities include reviewing all AI initiatives and prototypes and maintaining a record of all assessments and certifications.

From 2023, the Global AI Council has been replaced by the AI Governance Working Group (AIWG), which is one of the working groups that report into the Data and AI Governance Council (DAGC).

Our eight AI ethics principles

Value
Design AI with a clearly defined purpose, and aligned with customer values

Transparency and explainability
Be transparent that AI is used as part of our products and services, explain this simply and be prepared to justify decisions made

Fairness
Treat people fairly, avoiding bias and unfair discrimination

Accountability and responsibility
Accept accountability and responsibility transparently for the outcome of the use of AI

Compliance
Comply and respect relevant regulations, including human rights laws

Reliability
Design AI that is highly reliable and robust

Privacy and security
Respect user privacy and security

Assurance
Continuously review and monitor our AI deployment and outcomes to continually meet all principles

In 2022, the Ethics Working Group continued to review AI systems that were in production for compliance with our principles, based on real-world system performance. Overall, the Ethics Working Group takes one of four decisions for every AI system it reviews. They are:

- Approved – The system is in alignment with our AI ethics principles and is permitted to remain operational.
- Conditional approval – The system is in alignment with our AI ethics principles and is permitted to remain operational, but there are some follow-up actions to be conducted while the system remains in use.
- Rejected – The system violates our AI ethics principles and must be removed from use.
- Conditional rejection – The system is conditionally rejected, but in certain conditions ongoing use may be permitted, eg use in specific countries or demographics. For example, our symptom checker is not to be applied to paediatric use cases.

Among the newly approved AI systems were predictive underwriting for new policy applications; a system to identify healthcare claims that are potentially subject to fraud, waste and abuse; and a portfolio optimisation tool based on genetic machine learning algorithms in our wealth business.

Since it was established in 2021, the Ethics Working Group has approved 47 per cent of AI systems, conditionally approved 18 per cent, rejected 23 per cent and conditionally rejected 12 per cent. We expect the rejection rate to decrease as our AI engineers and business owners take our AI Ethics Principles on board increasingly early in the development process.

Our AI ethics governance has enabled us to build and implement AI systems thoughtfully, by considering all aspects that promote the responsible and ethical use of AI.

Building AI and digital capabilities across the organisation

AI Certifications – Prudential provides regular AI training to all employees, and they have the option to certify the skills attained during the training. To gauge our organisation's interest in AI, we opened the certification to all employees and more than 2,700 completed the certification in 2022. Of these, 600 scored higher than the pass mark and 150 achieved the top score. This provides a solid base of AI literacy across the company that we want to build on.

Code; Without Barriers – In 2022, Prudential signed a memorandum of understanding with Microsoft to provide women with greater access to opportunities in technology through digital skilling and connected communities. Through this partnership, our female employees can participate in a programme called Code; Without Barriers where they will be trained and certified in cloud, data and AI technologies. The programme also provides a platform for female employees to upskill themselves and connect with business leaders and a network of mentors. With this partnership, our aim is to support our women in tech to connect, grow and succeed.

AI community – In 2022, we created a company-wide AI community of more than 200 professionals who are involved in AI-related activities both in our central teams and our local businesses. All functions are represented, from digital technology to marketing, operations, finance, actuarial and beyond. The community meets every month to share knowledge which aids adoption and implementation, while enabling our community members to remain at the leading edge of the fast-paced AI field.

Strategic enablers

Strategic enabler:

Responsible investment

65%
Engaged with the companies responsible for 65 per cent of the absolute emissions in our investment portfolio

744
corporate engagements conducted in 2022

97.7%
Eastspring voted in 97.7% of the total number of proxy votes in which it was eligible to vote

87%
of Eastspring's international funds (SICAV) received EU SFDR Article 8 status

As a life insurer, asset owner and asset manager, Prudential is a long-term steward of its clients' assets. We have a responsibility to our clients, the communities and environment in which we operate, to apply ESG considerations into our investment decisions and our fiduciary and stewardship duties.

Our asset manager, Eastspring Investments, incorporates relevant ESG issues into its responsible investment process. It seeks to identify and account for such issues into both its investment decision-making processes and the way it conducts stewardship activities.

Group responsible investment governance

Our responsibility to steward our client's assets is reflected both in our governance and in our Group Responsible Investment Policy, which outlines our expectations of all our businesses.

At the Board level, the Group Risk Committee (GRC) has assumed additional oversight responsibilities for environmental and climate-related risk, and the Group's ongoing external commitments to the decarbonisation of its operations and investment portfolio, and other climate-focused external responsible investment commitments. The Board-level Responsibility & Sustainability Working Group (RSWG) oversees overall embedding of our Group ESG strategy.

The Group ESG Committee oversees responsible investment activity, with operational responsibilities being delegated to the Group Responsible Investment Advisory Committee (GRIAC).

Co-chaired by Prudential's Chief Investment Officer (CIO) and the CIO of Eastspring, the GRIAC provides a regular forum for the main asset owner and asset management businesses to consider responsible investment approaches. The GRIAC meets monthly to monitor the implementation of current responsible investment activities, in addition to assessing new initiatives. During 2022, the GRIAC met 10 times and discussed a range of responsible investment topics, including:

- Progress updates on coal divestment;
- Eastspring's progress on engaging with companies on climate change;
- New classification frameworks for fund products with ESG characteristics;
- Expanding third-party toolkits for Eastspring investment teams, such as templates to assess sectoral decarbonisation pathways;
- Developing and integrating forward-looking metrics for climate risk into Eastspring's investment process;
- Prudential's active involvement in the Net Zero Asset Owner Alliance; and
- Developing internal carbon pricing for consistent use between our investments and our operations.

With our responsible investment practices now developed, it is anticipated that the remit of the GRIAC will be brought into the Group Investment Committee during 2023.

Responsible investment / continued

ESG is embedded in our governance

Group Risk Committee (GRC)

Board Committee, which reviews the Group's material risk exposures, including climate-related exposures, and monitoring progress of the Group's reporting against the recommendations of the TCFD.

In 2022, the GRC started overseeing ongoing external Group commitments to decarbonise its operations and investment portfolio, and other climate-focused external responsible investment commitments.

Responsibility & Sustainability Working Group (RSWG)

Board-level working group, which oversees overall embedding of the Group's ESG strategy.

In 2022, the RSWG repositioned to focus more on customer, culture and digital matters, transferring its climate, decarbonisation and responsible investment oversight to the Group Risk Committee (GRC).

Group ESG Committee

Focused on the holistic assessment of ESG matters material to the Group.

Group Responsible Investment Advisory Committee (GRIAC)

Operational responsibility for oversight of Responsible Investment activity.

Responsible investment approach

Prudential is uniquely positioned as both a global and a local asset owner, which affects our approach towards ESG and engagement, as well as how we work with our asset managers. Our position of being a local asset owner within many emerging markets in Asia and Africa means that we invest the large majority of our assets within the countries that we operate in. Whilst this has benefits from a capital growth perspective, this also means that we must take local circumstances into account.

We believe it is critical to respond to the challenge of transitioning towards a low-carbon economy in a way that reflects both geographical and sectoral challenges, as well as considering the social implications of our plans in a just and inclusive manner. Above all, Prudential is focused on real world impact that is meaningful for our stakeholders. To view Prudential's long-term ambitions on tackling climate change, see our first Climate Transition Plan, published alongside this report here.

During 2022, we made updates to our Group Responsible Investment Policy, requiring our asset managers to screen the portfolio on additional themes. These include assessing exposure to unsustainable palm oil, as well as companies violating the United Nations Global Compact (UNGC). More detail on these processes can be found in the *'Screening the Portfolio'* section below.

The objective is to enhance overall Group-level expectations related to responsible investment, and better guide our local businesses and asset managers on how to consider ESG factors in investment activities. Our recent updates build on the six implementation strategies introduced in 2021 (see diagram below, and for more information, the policy can be found on our website here.

Our six implementation strategies

Screening the portfolio

Maintaining an awareness of the potential risks to the Group's reputation arising from investment activities

Exclusion

Excluding a company from the investment portfolio if its products or conduct is considered to be unacceptable

ESG integration

Incorporation of ESG information into our parts of the investment process:

- Asset allocation
- Manager selection
- Portfolio management
- Risk management

Active ownership

Maintaining a dialogue with the companies in which we invest about ESG risks and opportunities

Voting policy that supports long-term performance by taking account of relevant ESG issues

Capital allocation

Shifting capital from harmful activities towards environmental or social needs

- Portfolio decarbonisation
- ESG investments

Market influence

Influencing the market with regard to responsible investment by contributing to sustainable initiatives

Responsible investment / continued

This section describes our activities across each of the implementation strategies, with the exception of market influence which is addressed in the *'Supporting a just and inclusive transition'* section.

Screening the portfolio

Screening is the first stage for any new responsible investment at Prudential, as our local businesses are required to maintain an awareness of ESG risks within their investment portfolio. Screening informs follow-up actions such as engagement, reallocating invested capital to other companies, or complete divestment as a last resort. Eastspring uses screening as a foundation for investment, its approach to active ownership, and driving long-term strategic change.

Prudential has exclusion policies for tobacco, controversial weapons, and companies with coal revenue exceeding a certain threshold. These are covered below, and are also found in our Group Responsible Investment Policy, available here.

Portfolio's exposure to palm oil

Our asset managers screen for exposure to palm oil, specifically for the degree of Roundtable on Sustainable Palm Oil (RSPO) certification. This gives us insight into companies producing unsustainable palm oil in the portfolio, so that we can engage with them to encourage more sustainable manufacturing. The engagement requirements cover the entire palm oil supply chain, including buyers and other relevant stakeholders, as all actors in the supply chain have a responsibility to encourage sustainable palm oil production.

As the RSPO certification focuses primarily on palm oil producers and not the wider supply chain, additional tools are used to close this gap, such as SPOTT, a public online platform that scores palm oil, tropical forestry and natural rubber companies. These insights highlight areas requiring deeper assessment including traceability, certification and commitment to non-deforestation and labour rights. We also use information from sources such as the companies' palm oil policy and ESG ratings from our data suppliers to supplement our assessment of individual companies.

Companies are assessed based on their exposure, and defined as 'worst performers', 'improvement needed', and 'best in class'. In line with the Group's Responsible Investment policy, those in the 'worst performers' and 'improvement needed' categories are selected for engagement, both bilaterally and through collaborative engagement. Eastspring also engages with buyers of palm oil and industry bodies, recognising that the unsustainable practices linked to palm oil are a supply chain issue.

On an annual basis, both Prudential and Eastspring evaluate the engagement of each holding. Should engaged companies fail to indicate progress on meaningful sustainability commitments, further actions are taken. These can include divestment as a last resort, if identified material risks are deemed to sufficiently impact investment conviction, and if any future engagement is likely to fail.

In 2022, Eastspring identified 22 different players within the palm oil industry (17 plantations and supply-chain companies, four fast-moving consumer goods companies, and RSPO itself) for engagement on sustainable palm agriculture practices. The purpose is to assess and engage, in order to elevate the standards of growing or sourcing, to meet all material aspects of the RSPO and SPOTT index. To conduct its initial assessment, Eastspring developed a set of criteria required to assess all the different players in the palm oil industry. Thus far, Eastspring has reviewed 100 per cent of the companies, and commenced engagement with 95 per cent of the same group. Eastspring will continue these engagements into 2023 and beyond.

Portfolio's exposure to companies violating the UNGC

The UNGC is a voluntary United Nations pact to encourage businesses to adopt sustainable and socially responsible policies, and to report on their implementation. The 10 principles of the UNGC are derived from international agreements on four topics: human rights, labour, environment and anti-corruption. Screening for violators of the UNGC is needed to encourage companies to change their conduct and comply with international agreements brought together in the UNGC.

Using third-party vendor data, Eastspring classifies companies into three categories: violating the UNGC (and thus deemed as failing the screening); close to violating the UNGC (and placed on a watch list); or not violating the 10 UNGC principles (and passing the screening). In line with the Group's policy, Eastspring engages with UNGC violators, both bilaterally and through collaborative engagement.

This policy was introduced during 2022. Eastspring have identified 14 companies that have failed the UNGC screening (ie, flagged as failure by our third-party data vendor) and will engage them as a result. The majority of these 14 companies are from the mining sector. Given the timing of the policy introduction, Eastspring have reviewed 21 per cent of the companies during 2022, will continue its review and commence engagement with the balance of the identified companies in 2023. Eastspring will escalate if they do not receive a satisfactory response.

Exclusions

Prudential has an exclusion policy for certain industries, including controversial weapons, tobacco, and companies that derive more than 30 per cent of their revenue from coal. When considering a Group-wide exclusion, an assessment is made on the expected risk versus return impact of the investment portfolio.

Prudential does consider exceptions, such as for certified green bonds for coal, which can be granted on a case-by-case basis. These bonds must contribute to a transition consistent with (or better than) the Paris Agreement. The portfolio manager must also seek reasonable assurance that funding provided by the green bond is not freeing up additional financial capacity for that issuer, or related companies in the market, that will be used to fund non-sustainable alternatives. Our robust and continuous control processes help to mitigate the implementation complexities which exceptions introduce.

Proposals for exceptions, or for additional exclusions (eg, companies outside these three industries), need to be approved and follow our responsible investment governance process.

Coal

In May 2021, Prudential pledged to divest from all direct investments in businesses which derive more than 30 per cent of their revenue from coal mining and/or electricity generated from coal. In setting our threshold for divestment, we take great care in balancing our stewardship duties in developing markets with our dedication to the low-carbon transition. We firmly believe that the foundation for a truly just and inclusive transition lies in the dedication to work with companies to phase coal out more quickly and effectively, as opposed to strict divestment that diverts necessary financing for the transition. As such, we believe that the 30 per cent revenue threshold appropriately balances this perspective, and are continually monitoring this decision.

In 2021, we fully divested from equities meeting the policy criteria, which we continue to monitor so as to maintain this divestment position. By the end of 2022, we had substantively completed our commitment to divest from coal bonds meeting the policy criteria: we had divested from 97 per cent of the coal bonds held at 31 March 2021, the date used for our May 2021 commitment. Due to illiquidity in the market, we were unable to fully divest from one remaining holding of $12.1m, which illustrates the degree of challenge in implementing a divestment strategy in our markets. We continue to seek opportunities to divest from the remaining holding and intend to do so as soon as practicable. We also continue to engage with the issuer on other options for us to divest from this holding as we believe we have set our coal policy in a just and inclusive manner. Since 31 December 2022, we have further divested from this coal bond.

Tobacco

We exclude companies classified as 'Tobacco' under the Global Industry Classification Standard (GICS) level 3, which is a global classification standard used by market participants. Prudential completed its divestment from this category by the end of 2021, and in 2022 continued to exclude such holdings from its investment portfolio.

Controversial weapons

Based on verification from our data provider, we exclude companies involved in cluster munitions, anti-personnel mines, biological weapons, chemical weapons and nuclear weapons outside of the UN Treaty on the Non-Proliferation of Nuclear Weapons.

Prudential completed divestment from this category by the end of 2021, and in 2022 continued to exclude such holdings from its investment portfolio.

Responsible investment / continued

ESG integration

We aim to integrate ESG factors into all our investment decisions. This complements the traditional financial analysis we conduct, in order to better manage risk and generate sustainable long-term returns for our customers. ESG integration applies to the entire investment process. All relevant Group investment teams are expected to demonstrate how ESG considerations are embedded into investment decisions. This includes our asset manager Eastspring, which recently updated its Responsible Investment Policy to align more closely with that of Prudential, while also allowing flexibility for the investment strategies of third-party clients (ie non-Prudential clients).

Prudential is supportive of further regulation around ESG integration in investments. The European Union's Sustainable Finance Disclosure Regulation (SFDR) is a prime example of such development. In 2022, 87 per cent of Eastspring's international funds (SICAV) received Article 8 status. These funds 'promote, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices.' For more information, see the *'Global advocacy'* section.

Asset allocation

Prudential aims to integrate ESG into its asset allocation process, reflecting our belief in the added value of ESG and ensuring asset owners' decisions on ESG are reflected accurately in the investment process.

During 2022, we created climate-informed capital market assumptions, which are an important input for the strategic asset allocation (SAA) process, and we have changed some SAA benchmarks to ESG benchmarks. This enables us to incorporate a view on climate change into our asset allocation, including the impact of relevant transition and physical risks, and government policies responding to these factors.

Our SAAs are based on different decarbonisation targets that vary depending on region. For example, Prudential Hong Kong and Singapore have changed some of their SAA benchmarks to ESG benchmarks, which align closely to Prudential's responsible investment efforts. As we prefer to take a gradual approach to gain experience over time, the two businesses noted above have started with the more ESG-mature markets of Europe and the United States.

Manager selection

Eastspring has integrated ESG considerations into its sub-fund manager screening, due diligence, selection and ongoing monitoring processes, in order to give confidence that those managers are sufficiently aligned to Prudential's ESG requirements.

During the due diligence stage, sub-fund managers are assessed regarding the ESG aspects of their investment process. This ensures that the ESG policy of each manager sufficiently aligns with the sustainability objectives of the Prudential Group. This phase involves:

- A **qualitative** evaluation with the sub-fund manager to gain a thorough understanding of how ESG is integrated with the team's philosophy and process; and
- A **quantitative** evaluation of ESG, which is conducted as part of a broader assessment of various aspects of the manager's team and process.

Portfolio management

Eastspring is responsible for ensuring that Prudential's Responsible Investment policy is correctly implemented for assets under its mandate. Each of our investment teams has its own approach to integrating ESG matters, which is dependent on the characteristics of each asset class and investment strategy. Accordingly, investment teams have developed, or are in the process of developing, environmental, social, and corporate governance policies that formalise their specific approach to ESG issues and are explicitly integrated into investment processes.

Eastspring has incorporated ESG into its formal research programme. Using available historical data, investment teams identify and validate ESG alpha factors that may improve the returns of its strategies, and ESG factors that may mitigate risk. Over time, the aim is to enhance data-driven approaches to strengthen environmental and broader ESG capabilities, to generate alpha or reduce proven risks for clients.

Risk management

Prudential actively identifies how ESG risks can impact its business, including operational and investment activities. Our management of climate-related risks is a key example of this ESG integration, as highlighted in our *'Stewarding the human impacts of climate change'* section. Such risks are managed through an overarching risk framework, which identifies interdependencies and amplifiers, time horizons, materiality and multiple stakeholders. We develop bespoke climate scenarios to test the resilience of different business functions and model carbon pricing where relevant as a proxy for enacted government climate policies. These insights help determine potential disruptions to the investment returns needed to meet the long-term obligations of our liabilities.

Sectoral decarbonisation pathways

During 2022, we established an internal sectoral decarbonisation working group, with members from both Prudential and Eastspring. The aim is to formulate sectoral approaches to inform investment decisions and engagement on climate change.

In many decarbonisation models, a company in an emerging market (eg Indonesia) is expected to decarbonise at the same rate as a company operating in a developed market (eg Germany). This does not do justice to the local circumstances, such as availability of clean energy in an electric grid. In addition, Prudential faces the challenge of data coverage, which is generally poorer in emerging markets than in developed markets.

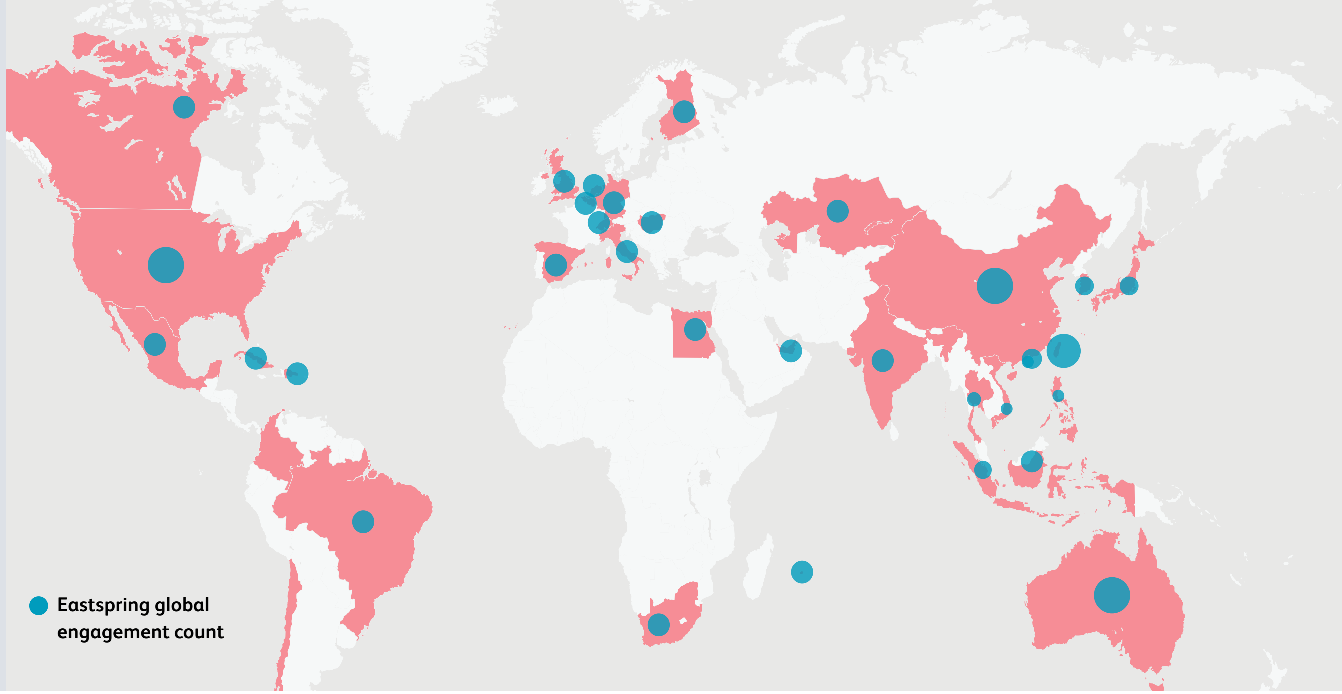
The working group explored a range of sectoral decarbonisation pathways and toolkits, and chose the Transition Pathway Initiative (TPI) tool. This tool allows the assessment of companies based on an IEA-aligned 1.5°C scenario, a below 2°C scenario, and a national pledges scenario (which combines all global pledges on net zero). To address the data coverage challenge, we are developing an internal tool to complement the TPI tool, which will be made available across the organisation to investment teams within our local businesses.

Additionally, the working group assessed sectoral engagement questions from leading industry sources. Based on this analysis, the working group focused on developing a list of sector-specific engagement questions for the utilities sector, designed to elicit a higher quality engagement response, and ultimately greater decarbonisation progress. Moving forward, the working group aims to formulate further sector-specific engagement approaches for the five most carbon-intensive sectors in the investment portfolio, which are utilities, oil and gas, cement, steel and metals and mining.

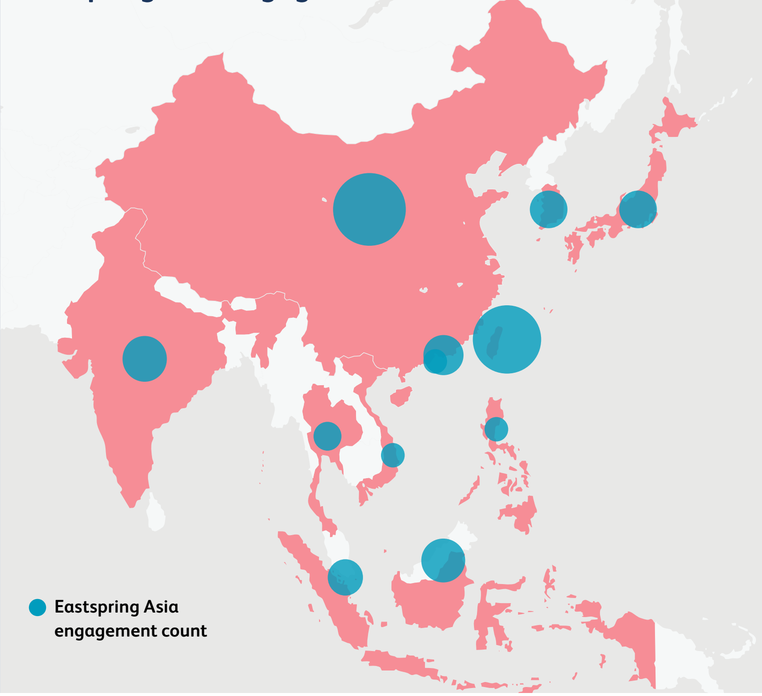
Geographic distribution of engagement

The charts below show the location of companies Eastspring has engaged, based on where they are incorporated. While our engagement activities span the globe, our strongest focus was on companies in China, Taiwan and India. This reflects the Asia-centric nature of Eastspring's stewardship strategy, which we believe is a differentiating factor as a local asset manager.

Eastspring global engagement count 2022



Eastspring Asia engagement count 2022



Eastspring approaches climate risk at the company level, which is covered in greater detail in the next section on active ownership. As a response to the Monetary Authority of Singapore (MAS) guidelines on Environmental Risk Management, which came into effect in June 2022, Eastspring Singapore took key internal preparation steps. This included creating an internal working group to assess progress against guideline requirements, and reporting through the Risk Workstream and into the Sustainability Committee, to ensure clear visibility of project updates. As part of initial scoping, the working group conducted a gap analysis across all four segments of the framework and had set up regular check-ins on progress for addressing the identified gaps. The completion of this project was marked by producing a public response to MAS and the creation of an internal Environmental Risk Management framework.

Active ownership

Prudential recognises the importance of acting in ways consistent with our stewardship responsibilities. This ensures that underlying beneficiaries, including shareholders and policyholders, see their capital protected and enhanced over time.

Our asset manager Eastspring adopts an active and impactful approach to asset ownership, focusing on reducing investment risk and enhancing returns, in addition to driving positive impact. This approach emphasises direct and constructive dialogue with companies on sustainability and governance issues that have a material impact on long-term performance.

Eastspring aligns its stewardship approach with the International Corporate Governance Network (ICGN) Global Stewardship Principles and ICGN Global Governance Principles.

Prudential also considers voting as a crucial element of being an active shareholder. This important part of the investment process is covered below in the *'Voting'* section.

Engagement process

As mentioned in the *'Screening the Portfolio'* section, engaging investee companies is a critical component of responsible investment.

Engagement with companies in the real economy is key to encouraging responsible business practices, ultimately leading to changes in company behaviour that contribute to sustainability goals.

Prudential defines active ownership as actively engaging with the companies in which we invest, and using our voting rights.

Such activities represent a core part of effective stewardship, which can support robust financial performance and generate positive changes for society and the environment.

Prudential's corporate engagement is carried out by Eastspring, which engages portfolio companies through three channels:

- Central engagement: A central sustainability team conducts specific engagement on discrete themes (including decarbonisation and climate change, palm oil and UNGC violations);
- Collaborative engagement: Where investment teams actively participate in industry working groups on sustainability topics; and
- Investment teams for equity and fixed income drive investment-led engagements (eg on earnings, corporate governance etc).

Across all three channels, Eastspring has conducted a total of 744 engagements with companies in 2022.

Responsible investment / continued

Central engagement programme
Eastspring's sustainability team engages investee companies to both enhance positive material ESG traits, and mitigate material ESG risks. This complements the fundamental research process of Eastspring's investment team, in both active equity and fixed income.

Eastspring's central engagement capability helps attract and retain clients by meeting rising stakeholder expectations. The process also ensures alignment with strengthening regulatory expectations, such as those of MAS, who notably urged asset managers to directly address environmental and climate-related risks in its May 2022 policy update.

These efforts focus primarily on ESG themes, initially targeting companies who are not disclosing in line with global initiatives. Currently, the central sustainability team at Eastspring primarily engages on the theme of climate change and decarbonisation, and how portfolio companies can take relevant action. Other thematic engagements include palm oil, and violations of the UNGC.

In planning for engagement, Eastspring seeks to directly communicate with target companies using the process summarised in the diagram below. The written letter and email follow-up process introduces Eastspring and its overall stewardship approach – including its alignment with ICGN principles – before delivering targeted questions.

A process is in place to monitor and report progress to the asset owner (Prudential) and other stakeholders. Continuous engagement allows for incremental improvements and achievement of milestones at portfolio companies to be recognised, as well as escalation and intervention for relevant businesses. The 'Eastspring's engagement on climate change and decarbonisation' box provides further detail on the milestones used.

Eastspring monitors and reports on the engagement progress with each target company, based on five levels, as set out in the 'Eastspring's engagement on climate change and decarbonisation' box on page 64.

Eastspring strives to engage each company until it has satisfactorily resolved the relevant outstanding sustainability issue. This is likely to be a multi-year process, where Eastspring continues to engage until satisfied the issue is resolved. Judgment is applied to all engagements, and the strategy for escalation will be determined on a case-by-case basis. Escalatory actions can vary, including divestment as a last resort. More information can be found in Eastspring's Responsible Investment Policy, available here.

Throughout this process, the sustainability team integrates research insights – from both Eastspring investment professionals and third-party platforms– to inform its ongoing engagements.

Eastspring central engagement process

1. Identify topic for engagement
2. Identify companies that are in scope for the engagement topic
3. Cross-check company disclosures against selected standards, initiatives, targets, and strategy
4. Assess quality of management targets, and strategy to shortlist target companies
5. Compose engagement letter and email to target companies
6. Monitor progress

Responsible investment / continued

Climate change and decarbonisation
Prudential fully supports the urgent need to reduce global carbon emissions to limit climate change, in line with the Paris Agreement. We therefore believe in using our influence to limit the impact of climate change, benefitting our policyholders through reduced impact on their daily lives, and limiting the financial impact on the portfolios we manage for them.

Eastspring currently engages with companies responsible for 65 per cent of our Absolute Carbon Footprint, defined as the absolute GHG emissions associated with an investment portfolio (expressed in tonnes of CO_2e). Eastspring utilises third-party data to calculate this footprint of portfolios and securities in scope, and identify the top carbon-emitting companies that correspond to this 65 per cent.

Throughout their monitoring process, Eastspring will use its judgment to determine whether a company is progressing adequately on decarbonisation. If further engagement is deemed as likely to fail, Eastspring will exit the investment as a last resort.

In 2022, Eastspring engaged holdings representing 65 per cent of absolute emissions in Prudential's portfolio. This translates to 72 companies. Eastspring's key assessment metrics include disclosure, on CDP and TCFD, availability of short-, medium-, and long-term targets, and details on strategy to achieve these goals. This involves cross-checks on disclosures of information relevant to the engagement topic, and utilises third-party resources, including public databases, subscription-based ESG ratings, company sustainability reports and prior engagements from Eastspring portfolio managers and analysts.

Engagement milestone levels

1 Raised awareness of issue(s) with the company

2 Dialogue in progress

3 Company has agreed to address the issue(s)

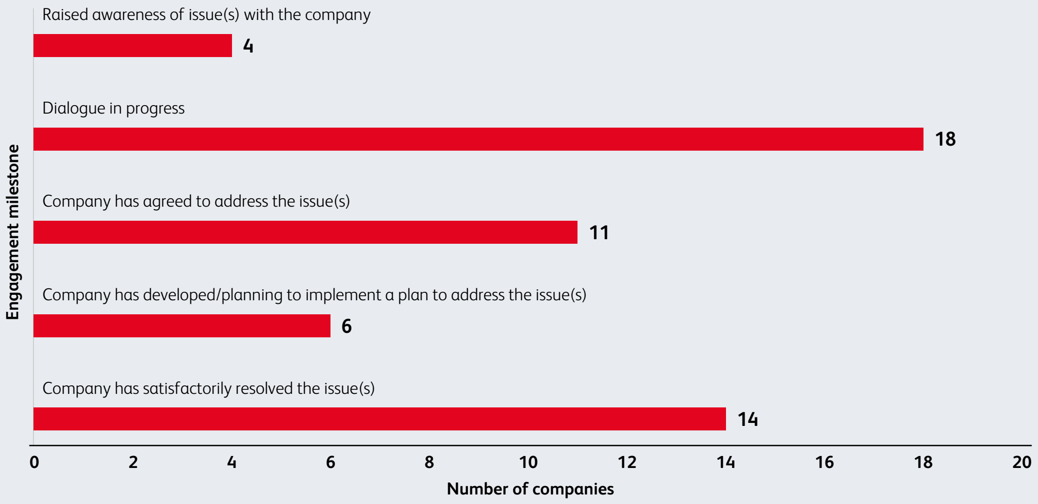
4 Company has developed/planning to implement a plan to address the issue(s)

5 Company has satisfactorily resolved the issue(s)

Eastspring's engagement on climate change and decarbonisation

- Assessed 86 holdings that are responsible for 65 per cent of absolute emissions in Prudential's investment portfolio. This related to 72 companies at June 2022.
- 19 companies fulfilled all our criteria. Eastspring has written letters to these companies, and will continue to monitor them.
- For 53 holdings, there were identified climate-related data items that were not in their public disclosures. To address this, Eastspring engaged at least once with these companies, writing emails individually tailored to each holding.

Engagement milestones for 53 companies



The questions posed in the letters to investee companies differed depending on observed information gaps, and focused on data disclosure, short-, medium- and long-term targets for carbon emissions reduction (from Climate Action 100+, an investor initiative that engages large corporate GHG emitters to improve their climate performance), and overall strategy to achieve these goals.

In cases where, after our rigorous assessment of their climate change and decarbonisation strategy, companies fulfil or even exceed our criteria, we nevertheless write to advise the company that they are part of our ongoing monitoring under thematic climate engagement.

We encourage the company to strive for further progress and, where applicable, make suggestions in relation to pursuing industry-leading best practices.

As Prudential has carried out its divestment from companies who obtain more than 30 per cent of their revenue from coal, these companies are no longer included in the list for our climate engagement target. However, as we believe it is important for these companies to reduce their coal revenue, Eastspring continues to engage with them, given that they have a particularly long-standing relationship.

Over time, as these companies transition and their coal revenue declines, Prudential hopes to be able to invest in them again to support their transition to a low-carbon economy.

Eastspring was selected to participate in CDP's Climate Transition Champions Pilot, an engagement project that worked with target companies to define transition plans and improve disclosures. Eastspring worked with the procurement teams of numerous multinational corporations to assess the resilience plans of their key Tier 1 suppliers (if listed and disclosed to CDP). Several other global asset managers conducted similar engagements with other companies. As the only asset manager from the Asia region, Eastspring shared and collected insights on how climate transition strategies of emerging market companies compared with their developed economy counterparts.

In addition, Eastspring has participated in CDP's Non-Disclosure Campaign, an initiative that encourages companies to respond to CDP environmental data disclosure requests. As part of this programme, Eastspring wrote to approximately 2,000 portfolio companies that currently do not disclose basic GHG data.

Eastspring engagement case studies

A Chinese cement company (Milestone level 2)

The company was initially assessed on its climate change strategy in 2021. It did not meet any of our climate criteria, including not disclosing to CDP, having targets to reduce carbon emissions, nor explaining its decarbonisation journey.

We arranged a virtual meeting and conducted the engagement in Mandarin. During the engagement, we explained that investors mainly want to see the company disclose for the first time and do not mind if the score is poor. We encouraged the company to submit its first-ever disclosure, which was completed in 2022.

After engaging the company, we contacted CDP, who were pleased to see successful contact made, given that they and other investors had tried to engage with the cement company since 2010.

We rate the engagement with the company as Level 2 Milestone because, while progress has been made, the company has yet to set targets for carbon emissions reduction and there is no concrete plan for decarbonisation in place yet.

B Asia Pacific steel company (Milestone level 4)

Upon assessment, the company had fulfilled most of our criteria on climate change as it has set medium-term and long-term targets and shared extensive details of its decarbonisation journey.

It has also conducted scenario analysis and explained the key drivers and assumptions for each scenario. In addition, its senior management, including its Chief Executive Officer and Chief Sustainability Officer, have a part of their variable incentives linked directly to emissions reduction.

The company's only information gap is its disclosure to CDP. Initially, the company was reluctant to disclose to CDP, as the sustainability team had focused on enhancing its TCFD reporting. During our engagement, we explained the benefits of disclosing to CDP, which include improving its reputation as a transparent company, improving access to capital, moving ahead of regulatory changes on environmental reporting, identifying previously overlooked risks and benchmarking against industry peers.

Five months later, the company informed Eastspring that it acknowledged our expectations and would participate in CDP's disclosure cycle for 2022.

Collaborative engagement

On certain issues, Eastspring may express concerns to companies' management collectively with other investors. Such collaborative engagement seeks to maximise investor influence and ensure consistent messaging is delivered to businesses on enhancing their sustainability practices.

Eastspring has aligned its stewardship approach with the ICGN Global Stewardship Principles and believes that investors should be prepared to collaborate with other investors to communicate areas of concern. This is intended to more effectively engage with investee companies to preserve or enhance value on behalf of beneficiaries or clients.

Eastspring's Japan Equity Team is part of the Japan Working Group at the Asian Corporate Governance Association (ACGA). The organisation is an independent non-profit dedicated to working with investors, companies and regulators in the implementation of effective corporate governance practices throughout Asia. Together with other global asset managers, Eastspring engaged a large multi-national bank through one of the Japan Working Group's five sub-groups, each of which focused on a separate Japanese blue-chip stock.

The objective was to establish a long-term working relationship focused on improving corporate governance, capital management (ie reduction of cross-share holdings to increase return on equity), and sustainability disclosures. Eastspring engaged with the bank twice in 2022 as a sub-group member of ACGA's Japan Working Group. The bank has committed to significantly increase the amount of cross-shareholding to be unwound during the course of its three-year mid-term plan. It also intends to expand the scope of sectors for which it sets 2030 interim GHG reduction targets in its financed portfolio (ie beyond power and upstream oil and gas) and strengthen its corporate disclosures as part of its membership of the Net-Zero Banking Alliance.

Collaborative engagement leads to fast-tracking of sustainable energy

Eastspring continues to participate actively in industry working groups on sustainability. Through The Asia Investor Group on Climate Change (AIGCC) Asian Utilities Engagement Programme, Eastspring collaboratively engaged a major Malaysian utility company.

After Eastspring participated in two further engagements via the AIGCC in 2022, the utility company issued a public statement on its approach of fast-tracking the pursuit of its sustainability aspirations.

This included a commitment to integrate sustainability key performance indicators (KPIs) into management level remuneration packages. This emerged from numerous engagements since 2021, where Eastspring's local equity investment team requested the company publicly state specific ways of meeting its net-zero ambitions.

Responsible investment / continued

Investment-led engagement

Eastspring's investment teams evaluate material risks to holdings, which may differ across companies, sectors and asset classes. The level of engagement with portfolio companies will vary based on materiality, investment size and the nature of the risks themselves. These ongoing dialogues focus principally on long-term factors that determine companies' earnings. Eastspring's process incorporates a range of milestones reflecting time-bound expectations, including strategy development, reporting and disclosures, and implementation.

Voting

Prudential considers voting as a crucial element of being an active shareholder. This important part of the investment process represents an opportunity to influence the company. Eastspring's voting and engagement activities are closely aligned, and seek to change a company's behaviour on areas of concern. Only in appropriate circumstances will Eastspring consider divestment as the ultimate course of action.

Eastspring engages Institutional Shareholder Services (ISS), a fellow signatory to the United Nations-supported Principles for Responsible Investment (PRI), to provide administrative assistance in connection with voting proxies. These services include votes processing and recommendation. Eastspring reviews these and decides whether to follow or apply its judgment to vote differently. Given the paramount importance of its shareholders' long-term interests, Eastspring do not always support the management of companies and may vote against management from time to time.

In 2022, Eastspring voted on 97.7 per cent of the total number of proxy votes in which it was eligible to vote. Eastspring voted with management recommendations 89.3 per cent of the time and voted against management recommendations 10.7 per cent of the time.

Capital allocation

Capital allocation refers to the strategic distribution, re-distribution, and investment of our financial resources to environmental or social needs appropriate to the markets in which we operate. Such activities work in tandem with securing the required returns from such opportunities that meet the long-term needs of our customers and investors.

We aim to channel capital to companies that align more closely with our values, as we believe this incentivises companies to operate more sustainably, especially when combined with engagement. As described below, we do this for both our investment portfolio and our investment-linked products (ILPs), where the investment risk associated with the product is usually borne by the policyholder.

Additional Eastspring engagement examples

A Utilities company

Engaged on climate strategy and transition financing

Given the increased impact of transition risk to high emission industries such as the energy sector, the Singapore Equity team contacted the company to clarify its capital expenditure plans for decarbonisation between 2022 to 2026, to provide confidence on the near-term risks and opportunities that the company can mitigate and capitalise on, respectively.

We asked for clarity on how the company is positioning itself to specific opportunities, such as new transition technologies. The company demonstrated that it is building capacity to assess and invest in future energy diversification projects, including the creation of a fund and a dedicated research centre featuring a combined portfolio of projects focusing on biofuels hydrogen and offshore wind.

Through the engagement we attained a better grasp of the company's governance of its climate strategy, which features board oversight as well as executive implementation under a committee overseeing firmwide ESG initiatives. We also provided feedback to the company on emerging topics, such as biodiversity, to which the company noted they will factor in when scaling their future programmes.

With a clearer understanding and comfort of the company's level of preparation for its climate commitments, we will continue to monitor the implementation of its transition strategy.

B Port operating company

Engaged on environment (climate change and adaptation) and social (occupational health and safety (OHS))

Going into the engagement, the Singapore equity team observed that a third-party ESG rating agency has awarded the company a bottom-quartile rating. We utilised this opportunity to advise the company on enhancing disclosures and remediating identified issues. The company was receptive to our feedback, revealing that they had already been conducting an environmental impact assessment before modifying natural areas.

When we questioned the company about its readiness for adapting to physical climate risks, the company demonstrated awareness, such as conducting an expert review and increasing the height of several flood gates. The company also disclosed that it is currently working on modelling climate physical risk scenarios.

We continued encouraging the company to set relevant, quantitative OHS targets, and to have group-level oversight on OHS measures. We also advised on key metrics by benchmarking with leading industry peers. The company was receptive to our feedback, setting up an ESG committee to oversee all sustainability aspects. We will continue to monitor their progress in addressing targeted issues, and work with the company to improve communication with the third-party ESG rating agency.

Responsible investment / continued

Eastspring will invest in labelled bonds issued by companies when suitable investment opportunities are available. Labelled bonds include green bonds, and are considered by Eastspring only where the companies produce documentation that attests the funding provided solely funds sustainable alternatives. These exist where investee companies issue a debt instrument that finances decarbonisation targets, and is certified by a globally-recognised standard. As of December 2022, Eastspring's portfolio contained $1.5 billion in green bonds, a 25 per cent year-on-year increase.

We also see interesting developments in our frontier markets, such as Cambodia. Together with other global insurers, Prudential invested in a bond issued by a local railway infrastructure conglomerate in Q4 2022. Proceeds will support strategic transport infrastructure development, which will increase capacity, lower costs, and ensure safer and quicker deliveries. This ultimately seeks to improve Cambodia's growing logistics needs, facilitating trade, and reliably connecting local communities. While not a labelled bond, this investment illustrates how we allocate capital towards sustainable business activities.

In January 2023, we were able to invest in a separate Cambodian green bond, verified by an internationally recognised second party. The green bond was issued by the largest local banks to finance eligible green projects and/or loans. Cambodian green bonds only started to be issued in 2022, marking a positive sustainable finance development in the region.

Investing amid data uncertainty

Globally, asset managers are heavily dependent on publicly-available sources of ESG data, which is often historic in nature and only disclosed once or twice a year.

In our emerging markets, the availability of reliable business-level sustainability metric data, whether from portfolio companies or third-party vendors, continues to pose challenges. When encountering such information uncertainty, our local investment teams are required to establish ESG risk assessment frameworks, and overcome data gaps. Using a framework established in 2021, Eastspring Vietnam continues to leverage industry standards and consolidate company-level assessments obtained through engaging management.

In addition, an independent market data provider assists in identifying companies that are considered to have failed to meet UNGC standards. This data can be difficult to validate, particularly any remediation of historical cases, and as such it is considered in conjunction with Eastspring's own research.

ESG investment classification framework

During 2022, Prudential and Eastspring established a new framework to classify ESG investments.

Having agreed this classification, Prudential and Eastspring intend to collaborate to increasingly allocate Prudential assets to ESG and UN SDG promoted funds over time, subject to appropriate investment governance.

This investment framework classifies investments into the following three categories of ESG funds:

- **ESG screened**, which incorporate ESG considerations into the decision-making process and include a minimum threshold on ESG, aligned to our existing investment processes;
- **ESG promoted**, which include ESG in its KPIs; and
- **SDG promoted**, which consider real-world impact consideration, along with strategies that aim for sustainability.

ESG investment classification framework

ESG screened

Objective:
Risk/return and minimum threshold on ESG

Prudential has continued to integrate a minimum threshold on ESG into its investment management agreements for mandates.

ESG promoted

Objective:
Specific ESG objective alongside risk/return

Eastspring classifies a range of strategies, developed in 2022, as ESG promoted. These are funds managed against one or more ESG KPIs, such as lower carbon footprint, a lower exposure to fossil fuel reserves, and gender diversity indicators.

In 2022, Prudential introduced WACI budgets into certain current funds or mandates, which allows these funds to be considered as ESG promoted. A phased approach for WACI budgets into current funds and mandates was approved by the Group ESG Committee during mid-2022, subject to appropriate investment governance.

SDG promoted

Objective:
SDG alignment alongside risk/return

Eastspring is currently developing funds with the objective of targeting alignment with the UN SDGs. These funds will look at investing in listed companies that have evidence of addressing one or more UN SDGs through their products and services.

Responsible investment / continued

ESG and UN SDG promoted funds are Eastspring strategies that have ESG or SDG targets alongside risk and return targets, that have been introduced within the Prudential portfolio. These targets were carefully selected and tailored to each market after consideration. For example, in the case of portfolio carbon intensity, risk factors, expected volatilities, the size of the market, and the carbon intensity of the market overall have been considered.

In the future, Prudential may consider setting targets around the proportion of its assets to be classified as ESG- or SDG-promoted. Targets would be set with full consideration of investment objectives, risk tolerance, and overall strategy.

ILP funds

Investment-linked products (ILPs) are insurance products coupled with an investment fund managed by a professional fund manager. At Prudential, our ILPs provide both protection and wealth accumulation for policyholders. As the investment fund selection is set by the policyholder, (ie Prudential does not set the investment mandate), these funds are not included in our WACI calculations.

Following their 2021 launch, Prudential Singapore continues to operate its two sustainable ILP funds. Local clients can invest more sustainably while also growing capital in the long term. Both funds use the MSCI All Country World Index as a benchmark.

Managed by GMO Investment Management Company (Ireland Limited), the *PRULink Global Climate Change Equity Fund* has assets under management of $13.2 million as of 31 December 2022. This fund's investments aim to address environmental challenges presented by global climate change, or improve the efficiency of resource consumption.

Managed by Wellington Management Company LLP, the *PRULink Global Impact ESG Equity Fund* has assets under management of $4.3 million as of 31 December 2022. Through this fund's investments, we seek to improve the quality of and access to basic life essentials, reduce inequality, and mitigate the effects of climate change.

Further information is provided in each fund factsheet:

- > PRULink Global Climate Change Equity Fund
- > PRULink Global Impact ESG Equity Fund

Investing in healthcare impact

Prudential Singapore launched a new US$1 billion global private equity fund in October 2022. Managed by Eastspring, this fund makes commitments to private equity funds and co-investments, with part of its strategic allocation being directed towards impact investments.

In February 2023, Eastspring completed a commitment to an impact-focused fund, ARCHIMED MED Platform II, which makes mid-market investments in healthcare companies in Europe and North America. ARCHIMED has fully integrated impact and ESG into its investment process and strategy, with regular reviews of progress achieved against impact objectives at each of its underlying companies. ARCHIMED's fund is classified as SFDR Article 9 and the manager has set up a charitable foundation that receives 5 per cent of its performance fees.

Prudential expects to make further impact-focused investments going forward as part of its fund's strategy.

Strategic enabler:

Community engagement and investment

$12.2m
total community investment cash contributions

18,000
employee volunteering hours

$6.5m
Covid-19 relief fund (since 2020)

1.2m
students reached through Cha-Ching curriculum (since 2020)

37,000+
teachers trained by Cha-Ching (since inception)

176,000+
students trained and benefitting from Safe Schools programme (since inception)

Our mission and vision for community investment is to create a better future for our communities by making them safer and more resilient to life's risks, and to provide families with essential life skills that help them have a better, more secure future and get the most out of life. By leveraging our key strengths as a business, including our long-term approach and geographical scale, we are creating a better future for our communities.

Prudence Foundation

Prudence Foundation, a subsidiary of Prudential plc and a Hong Kong-registered charitable entity, was founded in 2011 to develop and deliver integrated regional community investment programmes, and to help our local businesses align and improve their individual community investment strategies. The Foundation's goal is to maximise positive outcomes in the regions where we operate, and help underserved communities to get the most out of life.

Our approach to community investment

Prudence Foundation's activities centre on the significant needs of vulnerable communities across our markets in Asia and Africa. We worked with strategic partners and leveraged the knowledge and local expertise of colleagues in our local businesses to initiate our key programmes.

In setting our community investment strategy, Prudence Foundation focuses on the following guiding principles:

- Addressing major societal needs relevant to both Asia and Africa that are priorities for our communities and stakeholders in our markets;
- Leveraging Prudential's core strengths of providing health and financial security with a long-term lens; and
- Leveraging partnerships to drive impact and scale.

Key ESG awards

Money Awareness and Inclusion Awards (MAIA)
Highest scoring entry

International Business Awards®
Silver Stevie Award for Cha-Ching

Our global strategic partners and stakeholders

Cartoon Network
Plan International
FIA
National Geographic
iRAP
IFRC
unicef
Save the Children
JA Africa
JA Asia Pacific

Community engagement and investment / continued

Following these principles, we develop and deliver programmes that fill gaps not being sufficiently addressed, reaching millions of people at scale with the aim of improving lives and making vulnerable communities more resilient. Our programmes are aligned to the Sustainable Development Goals (SDGs) and our three ESG strategic pillars: making health and wealth more accessible, stewarding the human impact of climate change and building social capital.

We focus on health issues that are relevant to our communities, financial education, and building community resilience against natural disasters and climate-related risks. We continue to build on the long-term relationships we have with our community partners, offering both financial and skills-based support.

We are also actively involved in major disaster and crisis recovery programmes and in 2022, Save the Children's Emergency Fund, which is supported by Prudential plc and helps prevent and respond to crises across the world, provided essential support to children and families in Ukraine and its neighbouring countries with food, clothes and medicine as well as child protection services and education kits.

The emergency fund also responded to other natural disasters in our markets, including an earthquake in Cianjur, Indonesia and famine in East Africa.

Our employees have also contributed around 18,000 hours of volunteer service in the local communities we operate in.

Prudence Foundation ESG objective: Creating a better future, together with you

Three pillars

- Making health and financial security accessible
- Stewarding the human impacts of climate change
- Building social capital

Community investment programmes supporting our strategy

Making health and financial security accessible

Financial Education

World-class award-winning children's financial education programme

SDG link: 4 17

Children's health Wellbeing

Partnerships with UNICEF and CDRF focused on the first 1,000 days of a child's life. Improving holistic parenting and care-giving

SDG link: 1 2 3 4 17

Community health Wellbeing

Prudential's Covid-19 relief and recovery fund

Stewarding the human impacts of climate change

Climate, health and safety Resilience

Climate adaptation and school resilience programme looking at risks, frameworks and solutions for global school and child safety

SDG link: 1 3 4 11 13 17

Climate research focused on upcoming health impacts, and identifying solutions and implementing with Red Cross

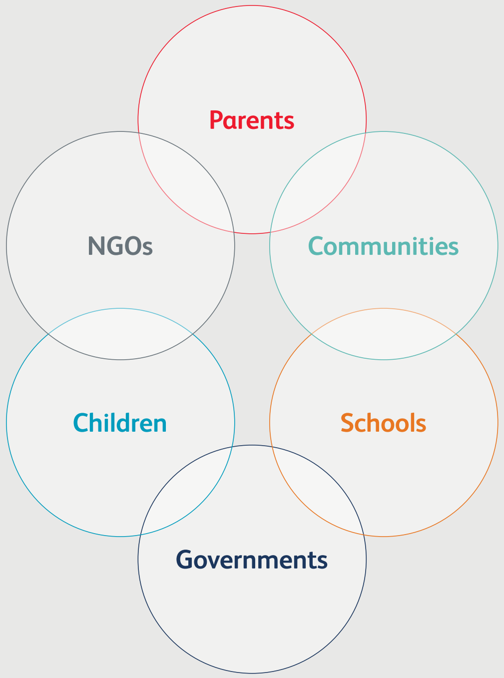
SDG link: 3 13 17

Mass scale awareness and education campaigns focused on disasters, road safety, Covid-19, first aid and mental health, with global partnership ambassadors

SDG link: 1 3 11 13 17

Disaster Tech Awards, developing networks and partnerships to develop and drive solutions

Building social capital



Leveraging staff regional and local volunteering

SDG link (See https://sdgs.un.org/goals for more information about the SDGs.)

Community engagement and investment / continued

Monitoring and measuring community investment

In 2022, in our continuous effort to improve our data disclosures, we made some changes to our reporting process. In 2021, we reported only on cash donations made to charitable organisations.

From 2022, to reflect fully our actual community investment commitment, we are reporting broader spend related to our community initiatives, including spend with non-profit organisations, NGOs, social enterprises and other third-party suppliers, and the 2021 spend has been restated on the same basis.

In 2022, the Group spent $12.2 million on our community investment programmes (2021 (restated): $9.9 million).

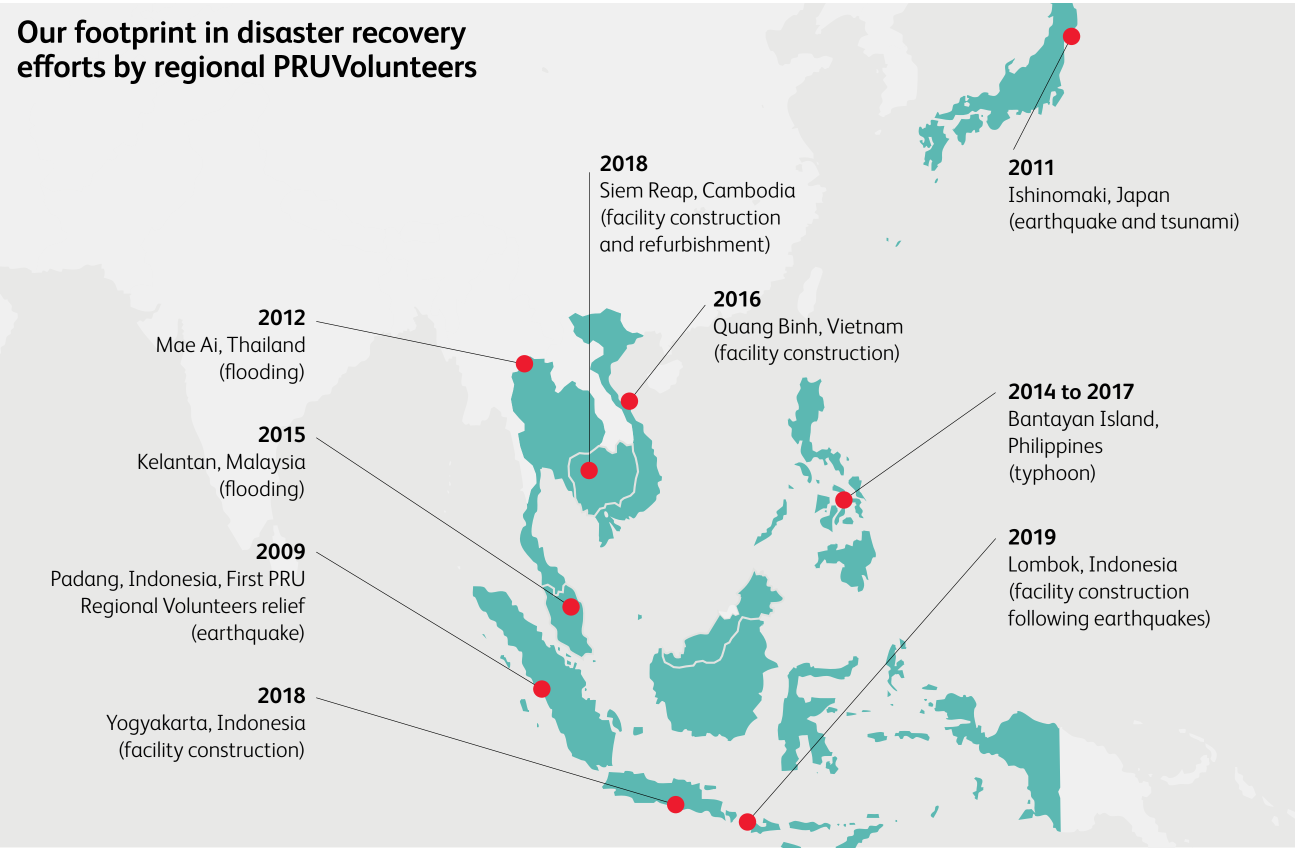
Our community investment spend has been defined, calculated and categorised using the internationally-recognised Business for Societal Impact (B4SI) Framework.

	2022*	2021 (restated)†	2021
Cash donations to charities	**$7.9 million**	$4.7 million	$5.9 million
Cash donations to other community investment partners	**$4.3 million**	$5.2 million	Not reported
Total cash contribution	**$12.2 million**	$9.9 million	$5.9 million

* Within the scope of EY assurance – see the Basis of Reporting for details

† The 2021 figures have been restated to reflect a change in the broader disclosure of charitable spend as outlined above. See the Basis of Reporting for details

Our footprint in disaster recovery efforts by regional PRUVolunteers



Timeline of Prudence Foundation

2011
- Prudence Foundation was formed
- Cha-Ching financial education for children programme launched

2013
- Commenced partnership with Save the Children and supported first ECD programme 'First Read'
- Commenced the Safe Schools programme

2014
- SAFE STEPS programme launched

2016
- Cha-Ching Curriculum developed and rolled out

2019
- Launched SAFE STEPS D-Tech, SAFE STEPS Kids and SAFE STEPS Road Safety Africa
- SAFE STEPS Kids is launched and aired across Asia via Cartoon Network channels
- Commenced partnership with China Development Research Foundation (CDRF) and supported child health and nutrition programme
- Launched Comprehensive School Safety Ecosystem project in partnership with Save The Children and the Philippines' Department of Education

2020
- Commenced partnership with UNICEF

2022
- Over one million students reached through Cha-Ching school curriculum programme
- Launched Cha-Ching Money Adventures
- Funded the revision of the Global Comprehensive School Safety Framework

Community engagement and investment / continued

Our governance structure

The Responsibility and Sustainability Working Group (RSWG) oversees Prudential plc's community engagement and investment activities on behalf of the Board. Prudence Foundation, our charitable subsidiary, is governed by a statutory board of directors that meets regularly to review community investment strategies, initiatives and budgets. Prudence Foundation is also guided by the Group's ESG strategy framework.

Prudential's Group-wide Community Investment Policy guides our approach to community investment and engagement and sets out minimum standards, including not permitting any investment or contribution that is prohibited by law or regulation, that falls under the Political Donations Policy, or that is made to any religious organisation whose principal aim is to propagate a particular faith.

It is the Group's policy neither to make donations to political parties nor to incur political expenditure, within the meaning of those expressions as defined in the United Kingdom Political Parties, Elections and Referendums Act 2000. The Group did not make any such donations or incur any such expenditure in 2022.

Our corporate social responsibility and sponsorship anti-bribery and corruption guidelines state that Prudence Foundation or local business community investment programmes or activities should not be leveraged for sales opportunities.

Financial education

Cha-Ching

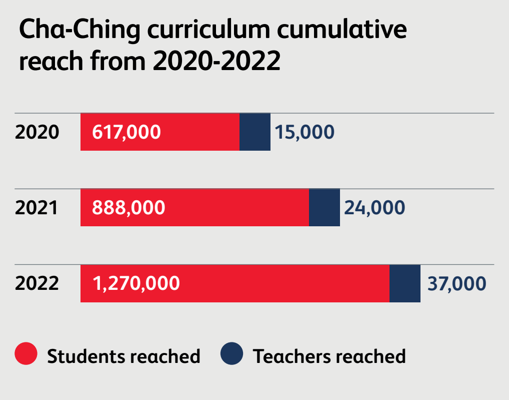
Cha-Ching is Prudence Foundation's flagship and award-winning global financial literacy education and responsibility programme, which provides a tailored curriculum for children aged between seven and 12. The programme aims to address financial literacy gaps across our markets, by providing a blended learning approach, leveraging digital tools and platforms and implementing a classroom-based programme which can be taught by trained teachers in schools. Our focus is to cultivate strong financial literacy foundations, and make the programme freely available and easily accessible to millions of children, parents and teachers.

Prudence Foundation entered into a partnership agreement with Junior Achievement (JA) Asia Pacific in 2016 to develop the Cha-Ching Curriculum. Through government collaboration and strong NGO collaboration, the curriculum has been implemented in schools across Asia and Africa.

The teacher-led Cha-Ching curriculum is now taught in eight markets across Asia: the Philippines, Indonesia, Malaysia, Vietnam, Taiwan, Cambodia, Thailand and Laos. In Singapore, through a volunteer-led approach, we have reached over 16,000 children to date. Our teacher-led Cha-Ching Curriculum programme continued in Africa, where we worked with Junior Achievement Africa to bring this to primary school students in six countries: Kenya, Ghana, Nigeria, Uganda, Côte d'Ivoire and Zambia.

In addition to our partnership with Junior Achievement, to ensure continued mass outreach to our targeted audience, we entered into partnership with Cartoon Network in 2011 to broadcast Cha-Ching cartoons, reaching over 36 million households daily. Cha-Ching content continues to be available online via the website and through digital channels including social media, receiving over 98 million views to date in Asia and Africa.

Cumulatively in Asia and Africa, more than 37,000 teachers have been trained to deliver the Cha-Ching Curriculum in schools, and over 1.2 million primary school students have learnt the lessons of earn, save, spend and donate.


Cha-Ching curriculum cumulative reach from 2020-2022

Key awards received in recognition of our continued efforts in the communities we serve:

- Cha-Ching won Best Non-Profit in a Developing Economy award at the 2022 Money Awareness and Inclusion Awards (MAIA) which recognises exemplary work raising awareness on problems caused by poor financial literacy. It was the 'highest scoring entry in the whole of the MAIAs this year'.
- Cha-Ching was awarded ESG Initiative of the Year – Hong Kong at the Insurance Asia Awards 2022, for its commitment to increase financial literacy among young people globally.
- Cha-Ching in the Philippines won silver at the 2022 Annual International Business Awards® in the Best Communications or PR Campaign of the Year category, together with Pru Life UK and Junior Achievement.

Community engagement and investment / continued

Cha-Ching Money Adventures

In 2021, a web-based interactive learning game 'Cha-Ching Money Adventures' was developed by Prudence Foundation to complement the Cha-Ching curriculum, foster greater financial literacy for children and encourage family dialogue about financial decisions. It was created in partnership with Two Moos (an Australian-based educational media design studio) and Education Development Center (a US-based not-for-profit organisation).

In January 2022, Education Development Center (EDC) researchers conducted an evaluation study in the Philippines on the game to determine its appeal and effectiveness. Key findings from the study suggest that 'Cha-Ching Money Adventures is fun and engaging for eight- to nine-year-olds; is effective in improving their financial literacy and helps catalyse parent-child conversations about money'.

In October 2022, Cha-Ching Money Adventures was launched globally, following the success of a soft launch in the Philippines in conjunction with Cartoon Network in July and August. Work is currently under way to ensure the game is available in multiple languages.

Digital initiatives

In 2022, we continued to actively drive digital initiatives as part of our efforts to increase the reach and impact of Cha-Ching.

- The Cha-Ching Financial Literacy Global Conference 2022 was hosted virtually in February 2022. The purpose of the two-day conference was to highlight the importance of financial literacy and explore key global questions around the topic. Educators, policy makers, academics and industry experts came together to provide insights on the role financial education plays in enhancing individual and collective development and the opportunities this presents. Over 1,000 people attended via Zoom, with over 5,000 more people viewing through other social media platforms.
- The virtual 2022 Global Money Week campaign led by the Organisation for Economic Co-operation and Development (OECD) celebrated its tenth anniversary. Ten of our markets participated, including Indonesia, the Philippines, Vietnam, and Uganda, holding Cha-Ching webinars, competitions and digital campaigns to raise awareness of the importance of financial literacy for young people.
- Roll-out of the online Cha-Ching Financial Accreditation (CCFA) programme continued in 2022. This online assessment is endorsed by education authorities and was developed in alignment with the OECD Core Competencies Framework on Financial Literacy for Youth and the ASEAN Teachers Competency Framework. The Cha-Ching teacher network was strengthened through the CCFA programme, and online CCFA webinars were held in the Philippines and Indonesia. To date, over 14,000 teachers have registered and 8,700 have completed the CCFA online assessment since its inception in 2020. 8,000 teachers have passed the CCFA and have received accreditation.
- Cha-Ching videos and parent resources have been made available for free on the Pulse app across markets including Singapore, Vietnam, Cambodia and the Philippines.

PRU e-FinLit

We continued to provide our support for financial literacy programmes via our Online Professional Certification Training Program (PRU e-FinLit) for Philippines and Indonesia in 2022. In Philippines, we expanded the certification programme to cover government workers from the Metro Manila Development Authority (MMDA). In Indonesia, in collaboration with Sharia Economic Community (MES), Prudential Indonesia held a series of financial literacy webinars with the objectives of increasing women's knowledge of basic financial management and increasing awareness of sharia-based financial services.

Our local communities update

Markets	Development	Impact
Vietnam	> Continued curriculum implementation, including a series of edutainment and online/offline communication activities launched. > A Smart Kids Smart Money Competition and Cha-Ching Day were held.	> Accessible to students and mass public. > 4,600 students participated in the competition.
Thailand	> Collaborated with Human Capital Excellence Center under the Ministry of Education.	> 4,000 teachers and master teachers trained. > Over 76,000 students taught.
Malaysia	> Cha-Ching programme approved by Minister of Education. > Partnership with Junior Achievement; > Digital materials and video distribution to teachers and students.	> Increased outreach to public school students. > Over 16,000 students completed all six modules in the programme and over 400 teachers were taught the curriculum.
Kenya	> In September 2022, we partnered with Akili Kids free-to-air TV Network to air Cha-Ching's 18 episodes. (#1 TV channel in Kenya in households with children and youths under 18 years of age).	> Audience of 6.7 million children and 4.9 million adults with children weekly.
Nigeria and Ghana	> Cha-Ching Money Show, a Cha-Ching TV programme discussing financial education, was developed, filmed and launched in 2022 in conjunction with Junior Achievement Africa and Ultima Studio in Nigeria. The programme features two teenage hosts, a live audience, the Cha-Ching videos, games and interviews with special guests including the Chief Commercial Officer, Prudential Zenith Insurance.	

Community engagement and investment / continued

> *The Cha-Ching curriculum has been one of the best avenues in providing life-long lessons to our learners regarding an important life skill – financial literacy. The Cha-Ching network in the Bicol Region has continuously worked to innovate and improve the 360-degree implementation approach of the programme, in coordination with the schools and educators of the programme. This is why it is one of our proudest moments and achievements to receive the news that the percentage of educators with loans in the Bicol Region has decreased from 90 per cent to 70 per cent since Cha-Ching's implementation. This prestigious and international recognition has only fuelled our hopes and drive to decrease this number even further in the coming years, as well as to reach more beneficiaries of the programme.*

Gilbert Sadsad,
Regional Director, Department of Education, Philippines

> *I volunteered myself to teach Cha-Ching. Today I don't regret taking that step. Just the training alone when the Prudential team were taking us through the Cha-Ching curriculum, by the end of the day there was such a paradigm shift. I took two classes, Grades 5 and 6, about 100 out of the 400 learners of the school. When we started the first session, the children were so excited. It has been received so well. I went an extra mile to make sure their parents are aware of what we are doing and they support their children. I will use the opportunity and the training that I have received to invest in the incoming generation so that I can make a change, because it doesn't cost much to share knowledge and to help young people come to a place of financial literacy.*

Madam Benter Okuku,
Teacher in Mombasa, Kenya

Community engagement and investment / continued

Safety

SAFE STEPS

To promote the resilience of communities we run SAFE STEPS, a global programme that provides education, awareness and life-saving tips, including information on climate and disaster risk preparedness, road safety, first aid and Covid-19. Developed in partnership with the International Federation of Red Cross and Red Crescent Societies (IFRC) and National Geographic, the programme continues to reach millions of people in Asia and Africa through our many media partnerships and government collaborations.

The programme's reach continues to be significant:

- SAFE STEPS programmes reach over 136 million people in Asia and Africa via various media partnerships in 2022;
- SAFE STEPS Kids has a TV reach of 36 million households every day via Cartoon Network; and
- On social media, SAFE STEPS Kids has reached over 33 million people, and its videos have been viewed over 12 million times across all digital platforms since its launch in 2019.

SAFE STEPS Kids

Following our new SAFE STEPS Kids Health educational series 'Be Cool Be Clean' video campaign, launched in 2021 to teach children the importance of good hygiene, Prudence Foundation continued to work with Cartoon Network and IFRC to introduce a 60-second public service video in 2022, titled 'Stress Busters'. The new video focused on addressing children's mental health and wellbeing by providing easy-to-understand and relatable tips for children to overcome stress and anxiety.

Covid-19 Risk Communication and Community Engagement (RCCE) programme

During the pandemic, Prudence Foundation worked with IFRC Africa to implement a Covid-19 Risk Communication and Community Engagement (RCCE) programme. This was designed to help reduce the spread of infection in Africa by supporting the development of information materials and messages to address misinformation and fears about Covid-19 and vaccines. The RCCE activities were informed by local community insights, and accurate information was disseminated through accessible and trusted mass media channels. The Red Cross National Societies of Cameroon, Côte d'Ivoire, Ghana, Kenya and Togo worked closely with Prudential businesses to develop critical risk communication activities, each informed by local context. The programme used a multi-pronged approach to engage communities through perception surveys, webinars, mass media broadcasts, home visits, community meetings and focus groups, and reached over four million people across five countries in 2022.

International Road Assessment Programme (iRAP)

In 2022, Prudence Foundation entered a new partnership with the International Road Assessment Programme (iRAP), a global charitable organisation with the objective of international promotion of road safety improvement and road quality. Prudence Foundation provided funding support to its global Star Rating 4 Schools (SR4S) programme, with an evidence-based tool for measuring, managing and communicating children's exposure to risk on a journey to school. It supports quick interventions that help save lives and prevent serious injuries. Road crashes are the biggest killer of young people aged from five to 24, and the SR4S programme leverages the iRAP Pedestrian Star Rating to create safer journeys to school.

> “*The National Traffic Safety Committee highly appreciates the long-term commitment from the donor – Prudence Foundation and Prudential Vietnam. The SAFE STEPS Kids Road Safety project delivered meaningful messages, established a safe environment in and surrounding the school, and at the same time provided traffic safety education for students.*”
>
> **Ms. Trinh Thu Ha,**
> Deputy Chief of the National Traffic Committee Office, Vietnam

Our local communities update

Markets	Development	Impact
Vietnam	Prudence Foundation renewed its partnership with AIP Foundation for a second term, running from August 2021 to March 2022. The programme aims to improve road safety for the benefit of communities in Hoa Binh and Quang Ngai provinces in Vietnam. Our work included stakeholder engagement, workshops and training for teachers, distribution of good-quality cycle helmets to students, school-based education, infrastructure improvement, communication campaigns, monitoring and evaluation.	Average helmet-wearing rate of students across the project schools increased from 22 per cent to 76 per cent in Hoa Binh and 40 per cent to 97 per cent in Quang Ngai; Students' road safety knowledge improved from 36 per cent to 80 per cent in Hoa Binh and from 61 per cent to 89 per cent in Quang Ngai. Improvement in safety levels from two stars in Hoa Binh and one star in Quang Ngai to four stars in both provinces.
Cambodia	Prudence Foundation expanded its partnership with AIP Foundation in 2022 to implement a SAFE STEPS Kids Road Safety programme in Cambodia.	
Uganda	In partnership with Uganda Red Cross and Boda Boda Association of Kampala region, we rolled out a SAFE STEPS Road Safety campaign focusing on motorbike boda boda drivers. The programme provides monthly training in road safety and first aid, and those who complete the training receive new international standard helmets.	Aims to train 10,000 boda boda drivers by the end of the first quarter of 2023.
Zambia	Partnerships with Road Traffic Safety Authorities, Zambia Red Cross, Cycling Association of Zambia, Zambia Road Safety Trust and Zambia Motorsports to roll-out SAFE STEPS Road Safety programme, leveraging radio and digital media. A cycling event was also hosted, to promote road safety and health and wellness.	Reaches eight million Zambians
Kenya	In late 2021, Prudence Foundation, with support from Prudential Kenya, signed a partnership with Nation Media Group, one of the largest media groups in East Africa, to distribute SAFE STEPS Road Safety in Kenya. The campaign ran for 12 months. In 2022, Prudence Foundation has engaged Social Impact, a US-based research organisation, to carry out an impact evaluation of the campaign, which will help inform future media strategies for the programme. The report is expected to be completed in Q2 2023.	The media campaign reached 6.7 million viewers through TV, radio, print and social media platforms.

Community engagement and investment / continued

Safe Schools

Since 2013, Prudence Foundation, in partnership with Save the Children and Plan International, has been supporting the implementation of Safe Schools in our communities. The programme aims to address the objectives of the Comprehensive School Safety Framework (CSSF) which is supported by the Global Alliance for Disaster Risk Reduction and Resilience in the Education Sector (GADRRRES). CSSF is a global disaster risk management framework that focuses on the importance of safe learning facilities, school disaster management and risk reduction and resilience education. This partnership also supports the objectives of the Sendai Framework for Disaster Risk Reduction.

In 2021, Prudence Foundation supported a global initiative led by GADRRRES and Save The Children, to revise and strengthen the CSSF. The revised Global Comprehensive Safe School Framework 2022-2030 is an all-hazards, all-risks approach in educating and protecting children, offering governments a practical framework to make significant progress across a multitude of children's rights and the sustainable development agenda. The CSSF 2022-2030 was launched globally on 12 September 2022 via an online webinar attended by over 400 participants, including representatives from governments, NGOs, United Nations agencies and the private sector, galvanizing more action and investment to ensure education is resilient against all hazards and risks.

In recognition of our efforts and partnership with the Philippines' Department of Education, our partner, Save the Children Philippines, was recognised as one of the United Nations Sasakawa Award winners for Disaster Risk Reduction (UNDRR) in 2022.

At COP27 in Egypt, the Executive Director of Prudence Foundation, presented the new CSSF 2022-2030 plan, where he shared insights on our support of CSSF and how the framework is an effective climate adaptation solution to protecting education systems. Our Comprehensive Safe Schools Ecosystem project was highlighted as an example of CSSF large-scale implementation in the Philippines, with the aim of garnering more support from global actors in its implementation.

Our local communities update

Markets	Development	Impact	Looking forward
Philippines	> Prudence Foundation partnered with Save the Children and the Philippines' Department of Education to implement the Comprehensive Safe Schools Ecosystem project. This includes the development of the Disaster Risk Reduction Management Information System (DRRMIS) designed as a digital platform to gather data for analysis and effective planning to reduce disaster risk, along with training and capacity-building for teachers and local government officials. > The system consists of three key components. The Rapid Assessment of Damages Report (RADaR), launched in 2021, is a tool that provides timely and accurate reports to the Department of Education to enable efficient recovery response and ensure minimal disruption to education. The core CSS system, the second component, was launched nationwide in June 2022. And the last component, a Students Watch App was rolled out in two regions, allowing students to participate in the Disaster Risk Reduction planning.	> Rapid Assessment of Damages Report (RADaR) was used in 17 hazard events by more than 28,000 schools since its launch. > The programme will be rolled out to over 47,000 schools nationwide.	> An external independent impact evaluation of the programme is currently under way with the intent to share evidence-based impacts and build a case study for other governments to reduce disaster risk and potentially replicate this approach in other countries.
Thailand	> In partnership with PLAN International, Prudence Foundation had successfully developed and implemented a Safe Schools Model with a minimum standards checklist and certification scheme aligned with CSSF in Chiang Rai Province since 2013.	> The programme benefited 50 schools directly.	> Target to roll out Safe Schools to 3,600 schools in 12 provinces in northern Thailand from 2022 to 2025. > Aim to develop and pilot a CSSF platform to facilitate e-learning and CSSF certifications, build CSSF capacity for these 3,600 schools and enhance education policies and actions to address children and young people's needs on school safety. > Goal is to have CSSF platform ready for national scale-up within the programme time frame.
Cambodia	> Extended our support and partnership with PLAN International to Cambodia, with the overall goal that children in the most at-risk communities would increase their resilience to react to disasters and have a safe and secure learning environment.	> The project has benefited 60 schools in Stung Treng province. > Provided training and technical support to sub-national educational duty bearers to take on roles and responsibilities to ensure that schools are safe for students.	> Continue to support the roll-out of the Safe Schools Programme to new schools in Siem Reap and Ratanak Kiri provinces in the new phase from 2022 to 2025.
Indonesia	> In 2022, Prudence Foundation expanded its partnership with PLAN International to implement the Safe Schools programme. In collaboration with Ministry of Education and National Disaster Management Office, the three-year partnership will aim to equip two provinces, Yogyakarta and Bali, with minimum standards aligned with CSSF.		> We plan to launch the programme in 2023 and aim to reach over 170 schools in both provinces.

Community engagement and investment / continued

Early childhood development

Prudence Foundation believes that early childhood care and development runs from birth through to eight years of age, and is critical for a child's cognitive, social, emotional and physical development. To set the child on the right path for future years, it is imperative that quality education, adequate nutrition, healthcare and protection are provided at a young age.

We work with our strategic partner, UNICEF, to implement a regional early childhood development (ECD) programme that advances ECD as part of the Nurturing Care Framework. With funding support from Prudence Foundation in 2021, UNICEF completed country rapid assessments on Nurturing Care ECD services in four countries; Cambodia, Indonesia, Thailand and the Philippines.

The findings from the assessments resulted in the following actions:

- Informed and supported the development of the regional ECD strategy, 'Growing Steady and Strong', which set up the vision for ECD in the region. This will ensure it is relevant and appropriate to the needs of the countries, and will ultimately result in better outcomes for children and their families;
- We decided to continue our partnership in Indonesia to rebuild ECD centres which were shut during the pandemic, and to support the integration of the Nurturing Care Framework into these centres; and
- A new ECD partnership was signed in late 2022 in Thailand to improve ECD outreach to children and caregivers by integrating and championing nurturing care as well as affordable and quality childcare services, and strengthen the quality of Early Childhood Education.

Prudence Foundation also renewed its support and partnership ECD programmes with China Development Research Foundation (CDRF), which will be implemented for three years from 2021 to 2024 in Guizhou, China; a region with a population of 10 million. Bi Jie in Guizhou is the first state-level experimental reform zone, aiming to explore new development paths to accomplish poverty alleviation and green development.

The two early childhood development programmes are:

- China Rural Education and Child Health (China REACH) programme: the country's first integrated ECD programme targeting children in low-income rural areas. Elements of the programme include nutrition and parenting interventions, randomised controlled trials and follow-up assessments.
- Schools Nutrition Improvement programme: aims to improve nutritional outcomes for students in rural and poverty-stricken areas.

Covid-19 relief fund

In October 2022, Prudential plc donated an additional $2 million to Prudence Foundation's managed Covid-19 relief fund, to continue supporting our communities through the pandemic. In total, $6.5 million has been invested in the fund since its launch in 2020. Our local businesses have used the funds to support vulnerable communities, with activities including communications on the importance of hygiene and sanitation, providing nutrition, and educational programmes.

Key initiatives are:

- Indonesia: A holistic Covid-19 relief programme which includes funding to provide vaccinations for children, personal protection equipment and sanitation for schools, Covid test kits for high-risk groups and skills training in vulnerable, hard-hit areas.
- Malaysia: Prudential Malaysia and Eastspring Investments partnered with local NGOs in four projects to provide food aid and relief to vulnerable communities in Malaysia. A total funding of $181,000 was distributed to overcome challenges caused by the pandemic.
- Uganda: Prudential Uganda is addressing mental health and food insecurity through a partnership with local NGO StrongMinds, to raise awareness around mental health issues brought on by the pandemic and provide support through free teletherapy for 1,500 vulnerable working adults suffering from depression.

Other community investment activity: Taiwan

In 2020, the 'Protecting Children and Making Their Future' programme was launched with the aim of engaging the public, the government and NGOs to work together to establish a safe and healthy environment in which children can grow and develop. In partnership with academics and field experts from local Taiwan universities, three white papers and a child health index with continuous tracking, which focused on children's health, mental health and education, were developed and published. The white papers aim to promote a healthy environment for children and instil a healthy lifestyle when they are young, to help build the framework for an entire lifetime of healthy habits, both physically and mentally.

In 2022, we leveraged influencers and key opinion leaders to increase awareness, generating close to 92,000 views and reaching more than 253,000 people on social media (Facebook and YouTube). To foster and encourage innovation in the younger population, Prudential partnered with Impact Hub Taipei, a social NGO startup, to kick off a unique cultivation and incubation programme 'Innovation for Wellbeing' in December 2021. This programme, themed around health, wealth and community investment, has not only created a platform for young college students to transform their innovative ideas into reality, but also provided them with the resources for implementation. In 2022, twenty teams were selected to join the hack days, doubling the number of 2021 participating teams.

Strategic enabler:

Good governance and responsible business practices

$1bn+
tax paid in the communities where we operate

Group Third Party Supply and Outsourcing Policy
in force

c10,000
suppliers supporting our businesses

Coupa Risk Assess
materially rolled out across our businesses

At Prudential, the way we do business is informed by our purpose. This purpose applies to our entire company – from our work with customers and business partners to how we manage environmental, social and governance risk. Prudential operates in a highly regulated financial marketplace where it is imperative to have strong governance processes to provide the foundation for our business operations and to maintain trust with our stakeholders.

Our business is overseen by strong governance structures, from our Board of Directors at the highest level and throughout our Group and local business management structures. At all levels of the company, we recognise that managing our business responsibly is paramount, and we ensure that our people are clear about the standards of behaviour we expect and how these inform their work.

We have clear policies and systems in place to ensure high standards across fundamental issues such as anti-bribery and corruption, fighting financial crime, responsible tax practices, our expectations of our suppliers, the upholding of human rights, and supporting employee rights and wellbeing.

Our Governance Framework

Our Group Governance Manual (GGM) sets out our framework for ethical business practices, governance, risk management and internal control. Our Commitment to ethics and integrity is deeply embedded in our values. Central to this is our Group Code of Business Conduct, which provides a consolidated view of how we conduct our business and the expectations that the Board sets for itself, our employees, agents, suppliers and others working on behalf of the Prudential Group, in order to ensure that we adhere to the highest professional and ethical standards of conduct. This code is further supported by a set of Group-wide principles and values that define how the Group expects business to be conducted ethically in order to achieve its strategic objectives and purpose.

The GGM contains our full suite of policies and is designed to ensure that we comply with all applicable laws and regulations. Given its importance, the GGM is subject to regular review to ensure that we continue to meet the expectations of our stakeholders, and each business must certify annual compliance with the requirements set out in the Manual, including the Code of Conduct, Delegated Authorities and Group-wide policies.

In 2022, we invested in a refreshed Group mandatory training programme that is consistent across our Asia and Africa businesses and is reflective of our current structure and focus. It is mandatory for all employees to complete the 2022 Group Code of Business Conduct – All Employee Declaration attestation to confirm that they have completed all relevant e-learning and have read, understood and adhered to the individual obligations presented in the Group Code of Business Conduct.

Prudential's Annual Report and Accounts includes a comprehensive Governance section, which provides further information on how the Governance Framework operates, the Board of Directors, the Board committee reports, and an overview of the risk management and internal control system.

Good governance and responsible business practices / continued

Supply chain management policy

Prudential uses third-party suppliers and outsourcing providers to allow us to focus on our core business strengths and reduce costs. We believe that the conduct of our suppliers reflects on us, and has the potential to impact our standing, branding and reputation within the communities in which we operate.

Our Group Third Party Supply and Outsourcing Policy forms part of the GGM and is considered a core part of our system of governance. The Policy specifies our position on supply chain management, setting out our approach to due diligence, selection criteria, contractual requirements, and ongoing monitoring of our supplier relationships. Effective implementation of this Policy will help us meet the expectations of our stakeholders and our legal and regulatory requirements.

Following an extensive review, our new Group Third Party Supply and Outsourcing Policy came into effect on 1 January 2022. This Policy has further strengthened our guiding principles for onboarding suppliers responsibly, as well as requiring ongoing risk assessment and service monitoring to enable the sustainable supply of services throughout the duration of a supplier's relationship with Prudential.

Our new Policy also introduced responsible supplier guidelines which include additional considerations for a supplier's environmental, social and governance practices in addition to existing supplier qualification requirements tied to their capabilities, competitiveness and assessment of third-party risks. These additional considerations are applied to suppliers that are material to the Group, or those suppliers that operate in industries where base-skilled labour is often employed, including cleaning services, catering, security services and low-cost manufacturing, or in geographies affected by conflicts, countries with a weak rule of law and countries with a high number of migrant workers.

In 2022 we materially completed the Group-wide deployment of our third-party risk assessment platform, Coupa Risk Assess, to provide a single system for the performance of supplier risk assessment and due diligence activities. This system continues to strengthen our visibility of third-party risks such as information and technology security concerns, data privacy, anti-bribery and corruption and business continuity and resiliency risks. Through this system we also issue due diligence questionnaires aligned to the principles of the responsible supplier guidelines, which are covered further below. To date, Coupa Risk Assess has facilitated the assessment of 1,900 suppliers across the Group which represents close to 20 per cent of all our suppliers across the Group. As the deployment of this tool was materially completed within 2022, we expect to see coverage increase in the coming years as the platform continues to be embedded and operationalised across our businesses, and as we refresh our due diligence with suppliers on a periodic basis in line with our policies and procedures.

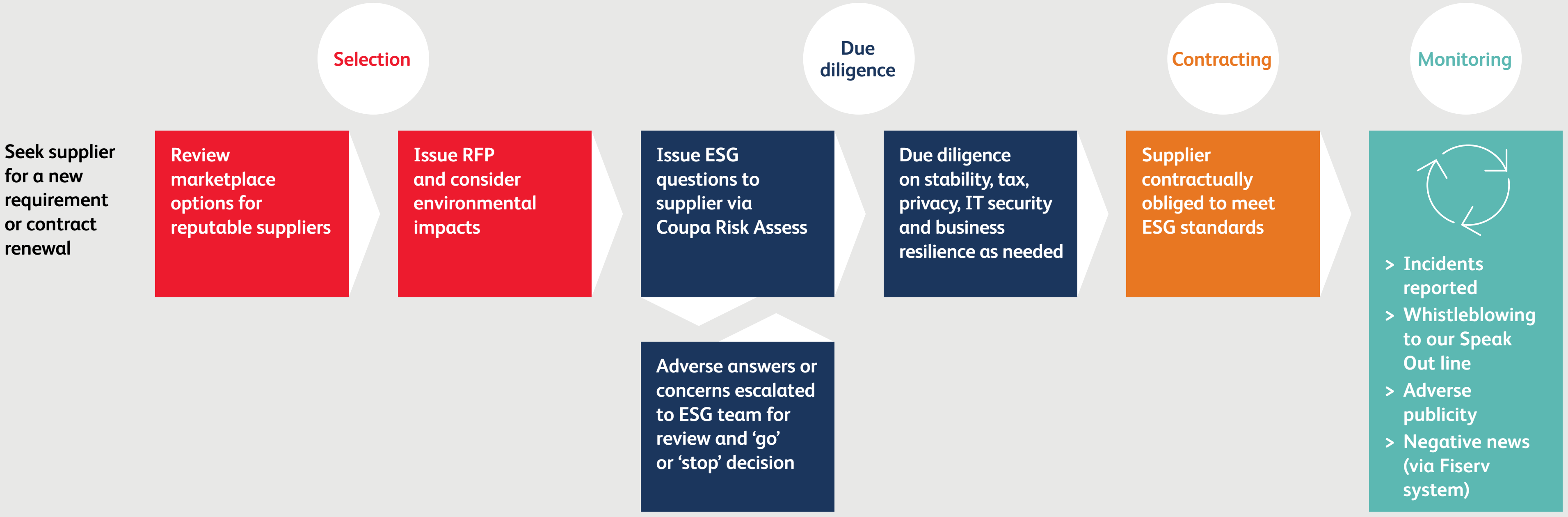
Supply chain onboarding due diligence process

Our businesses conduct due diligence before engaging with and ultimately selecting a new supplier. We perform regular due diligence, review meetings and audits where required, and our policies and procedures are supported by regular employee training exercises. All our employees are required to complete annual mandatory training reflecting the regulatory and legal obligations of the Group. We also require our employees to confirm compliance with the Code of Business Conduct.

Our stringent supplier onboarding measures start from the vendor selection process. Rigorous due diligence checks, third-party contract evaluation and post-onboarding monitoring activities ensure that controls are in place at Group and business levels. Our selection processes take into consideration a supplier's track record in delivering goods and services to a high standard and stable financial performance. We also assess suppliers' data security control procedures to ensure they have proper data privacy and personal data security protection controls in place.

To ensure alignment of our suppliers with our ESG strategy, we use the Coupa Risk Assess system to specifically target ESG-related questions on suppliers that provide services in high-risk labour categories as well as on suppliers that are material to our business. To assess compliance across all our markets and as a form of control, we require all our suppliers to undergo due diligence activities, which include human trafficking, anti-money laundering and anti-bribery and corruption checks. Lastly, we encourage our employees, contractors and third-party suppliers to raise any concerns they may have in relation to our vendor relationship via our Speak Out whistleblowing platform.

Supply chain onboarding



Good governance and responsible business practices / continued

Our responsible supplier guidelines provide further detail of our expectations:

Theme	Summary of responsible supplier guidelines
Environmental	Given the planet's finite resources, Prudential encourages our suppliers to build sustainable businesses by having sound environmental management principles in place, and working towards reducing negative external impacts on the environment within which they operate. In our assessment check, we review suppliers for: > Written environmental and/or sustainability policies and governance systems in place, appropriate to the size and nature of their operations; and > Compliance with relevant laws and legislation.
Social	In line with Prudential's values and standards, we expect suppliers to respect the human rights of their employees and to comply with all relevant legislation, regulations and directives in the countries and communities in which they operate. In the United Kingdom, we require our suppliers to pay their employees the London or United Kingdom Living Wage, as set by the Greater London Authority and the Centre for Research in Social Policy respectively. Key requirements include: > Prohibition of forced and child labour practices; > Paying legally mandated minimum wages and/or industry standards; > Prohibition of any form of discrimination, harassment, bullying and other types of misconduct; > Providing safe working environments and abiding by local laws and regulations; > Support fair trade and ethical sourcing practices; and > Promote diversity and inclusion within their operations.
Governance	We expect suppliers that we have regular and recurring dealings with to have good ethical and management governance processes in place, to ensure compliance with the responsible supplier guidelines. Suppliers must make reasonable efforts to monitor their supply chain, ensuring that their own suppliers are aware of, and compliant with, the aims of our guidelines.

Combatting modern slavery

Prudential is committed to ensuring that slavery, human trafficking, child labour and any other form of human rights abuse have no place in our Group or in our supply chain of close to 10,000 suppliers globally.

Our most recent Modern Slavery Transparency Statement, issued in May 2022, elaborated the steps we are taking to identify, monitor, report and proactively mitigate any modern slavery risks in our supply chain. Under the UK Modern Slavery Act 2015 we are not required under UK law to detail our activities in Asia or Africa, but we have decided to provide this detail on a voluntary basis.

In October 2022, we engaged The Remedy Project to review our supplier onboarding and modern slavery due diligence risk assessment procedures and practices in our Vietnam market as part of gathering any additional lessons we could deploy in order to enhance the effectiveness of our onboarding procedures in identifying and mitigating modern slavery risks universally across all our markets in Asia and Africa. Vietnam was identified as an ideal market for this review as this represented a sizable and mature business operating in a region where modern slavery related risks are relatively more prevalent. The engagement with Remedy Project included a review of our policies and procedures, comparing Prudential's best practices to those of other pan-Asian insurers and identifying documentation and training improvements.

As a result of this engagement and over the course of 2023, we are making improvements to our policies, procedures, and increasing the comprehensiveness of our risk assessment criteria for assessing suppliers so they continue to be closely aligned with our Responsible Supplier Guidelines. Furthermore, we will be focusing on increasing awareness and training for modern slavery and broader human rights issues within our supply chain across our procurement and risk teams in the Group. We will also be making corresponding enhancements to our Coupa Risk Assess system to ensure consistency in application across all our markets.

No incidents of modern slavery were reported or detected in 2022. While our global supply chain is predominantly related to IT systems and professional services and we have a limited exposure in low-cost labour areas, we are not complacent and maintain extra scrutiny in selecting suppliers.

For more information around how we are identifying and managing our risks in relation to modern slavery, human trafficking, child and forced labour, please read our most recent Modern Slavery Statement on the Prudential plc website.

Good governance and responsible business practices / continued

Responsible tax strategy practices

Prudential believes that maintaining a fair and transparent approach to tax management is critical to conducting a responsible business in the communities where we operate.

Our tax strategy considers a range of different stakeholders, and is supported by the Group Tax Risk Policy, which sets out the standards for managing and reporting a broad range of tax risks across the Group. Our Group Tax Risk Policy is reviewed annually to ensure it reflects evolving risk management practices and the expectations of relevant stakeholders.

We strive to be a responsible and compliant taxpayer through consistent implementation of our tax strategy amid rapidly changing domestic tax laws and international tax standards. We understand the importance of paying the right amount of tax on time in all the markets in which we operate. We manage our tax affairs in a transparent, responsible and sustainable manner and seek to build constructive relationships with tax authorities in all our jurisdictions.

In 2022, we made a total tax contribution of $1,009 million (2021: $1,071 million), demonstrating our commitment to paying the right amount of tax and thus helping to contribute to the health and development of the communities in which we operate.

Our Tax Strategy Report is published annually and provides further information on how we meet this commitment, through disclosures demonstrating the clear link between our business footprint and our tax footprint. The Tax Strategy Report published in May 2022 marked the tenth year in which Prudential provided information on its tax payments, and showed that over $8 billion of total tax payments were made in the communities where we continue to operate between 2012 and 2021.

In delivering our tax strategy through our day-to-day operations, we follow a set of guiding principles:

- We act responsibly and with integrity in all of our tax matters;
- We seek to comply fully with all our tax obligations, including paying the right amount of tax in each jurisdiction;
- We apply rigorous management over tax uncertainties and risk through our Group Code of Business Conduct, Group Governance Manual and Group Tax Risk Policy;
- Where the tax treatment of a particular transaction or activity is unclear, we will follow the generally understood interpretation of tax law, which means the common view across the informed tax community of how the tax laws and regulations are interpreted and applied;
- We deal with tax authorities in an open and constructive manner; and
- We provide transparent disclosure of our tax affairs to better inform our stakeholders on the amount and type of taxes we pay and our tax governance processes.

We actively monitor developments in the tax transparency agenda. The Tax Strategy Report published in May 2022 was expanded to include an overview of our key Asian markets. In each of the key jurisdictions in which we operate, additional disclosures were made on the amount of tax remitted, the type of tax, the relevant effective tax rate and an explanation of the rate.

Our updated Tax Strategy Report, which will include information on the tax we paid in 2022, how we manage our tax affairs and the governance and management of tax risk, will be published by 31 May 2023. Information on our tax charge and effective tax rate can be found on pages 306 to 308 (note B3) of our 2022 Annual Report and Accounts.

Fighting financial crime – bribery, money laundering and fraud

As a financial services provider with a significant international presence, Prudential is, like its peers, exposed to financial crime risks. These risks include sanctions, money laundering, terrorist financing, fraud, bribery, and corruption. Prudential's global financial crime risk management approach has been developed to prevent, detect and respond to these risks. We conduct periodic risk assessments with all our businesses to identify and evaluate these risks and subsequently develop proportionate measures to mitigate them. The effectiveness of these measures is overseen through ongoing monitoring and enhancement of the control environment at a local level. Our progress in tackling these risks and our overall performance in effectively managing financial crime risk is overseen by the Group Risk Committee.

Prudential recognises that any involvement in any financial crime will undermine our financial integrity and reliability, and will reflect adversely on our image and reputation. Throughout 2022 we continued to enhance our anti-bribery and corruption control framework. In collaboration with our businesses, we reviewed and re-communicated our policy and standards. We have also strengthened our anti-bribery and corruption risk assessment methodology, allowing us to identify and track risks in a more consistent and informed fashion across the jurisdictions in which we operate.

Our Anti-Bribery and Corruption standards include a commitment to fostering a culture in which bribery is never acceptable. This commitment applies to all our staff, business partners and vendors, wherever they are based. We encourage our employees to be vigilant, and to ensure sensitive information is treated appropriately and professionally. We encourage employees to report any suspicion of bribery by providing them with suitable channels of communication, and we conduct training for employees so that they can recognise and prevent bribery.

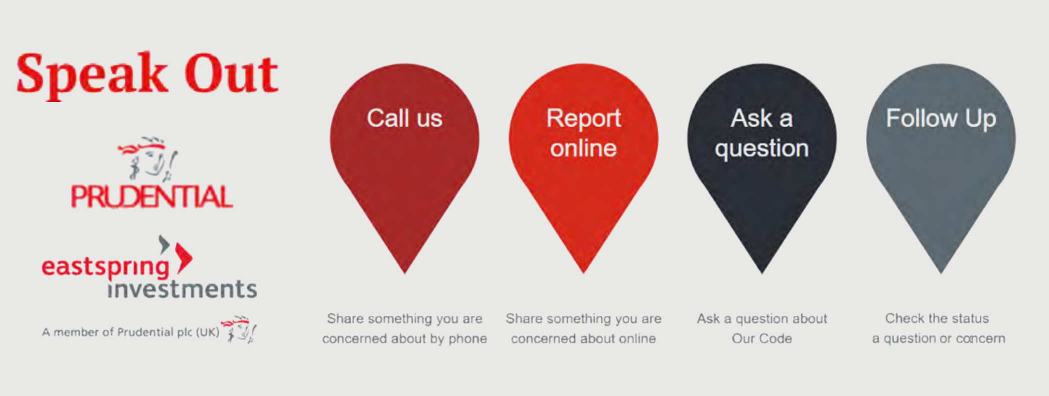
Under our Corporate Political Engagement and Political Donations Policy, political contributions and facilitation payments are not allowed.

Our Anti-Money Laundering (AML) and Sanctions Policy outlines the framework and requirements for our businesses to deter the use of the Group's products and services by money launderers, terrorist organisations, sanctioned individuals and organisations, and other criminals. This policy includes detailed standards which were holistically refreshed in 2022, and contain governance and control requirements designed to ensure our full compliance with national and international directives concerning the fight against money laundering and terrorism financing. These requirements include having appropriate processes, systems and controls for risk identification and assessment; conducting due diligence; screening of customers, third parties and investments against applicable sanctions and watchlists; ongoing monitoring; and suspicious activity reporting. The policy requirements form part of the Group Governance Framework and businesses are required to attest their compliance every year.

Good governance and responsible business practices / continued

During 2022, we enhanced our name screening and transaction monitoring system effectiveness through initiatives to improve the quality of data processed and system-generated alerts. In October 2022, Myanmar was added to the Financial Action Task Force (FATF) list of High-Risk Jurisdictions subject to enhanced due diligence measures, and in response, we have further strengthened our risk-based enhanced due diligence framework. Our financial crime team remains committed to professional development and regularly participates in industry conferences and seminars across Asia.

In addition to training all new joiners on AML and sanctions, annual refresher training is mandatory for all staff, to ensure their awareness of the applicable regulatory and Group policy requirements and their roles, responsibilities and obligations. Heightened geopolitical tensions continued in 2022, and the conflict in Ukraine triggered financial sanctions on Russia and various Russian entities and individuals. While Prudential does not operate in either Russia or Ukraine, we continue to comply with international sanctions requirements by monitoring sanctions developments and geopolitical changes closely. To mitigate the risk of undertaking business with individuals and entities on the lists of international sanctions regimes, we conduct risk assessments on all our businesses to identify, understand and assess the risks; prohibit or restrict business activity in high sanctions risk countries and regions; and conduct regular screening of our customers, business partners and vendors.



Whistleblowing

We want our people to feel safe and confident to speak out openly, and to raise concerns about actions and behaviours that go against Prudential's values and principles, or breach regulations or policies. Our Group Speak Out Policy sets out our framework and controls relating to whistleblowing. Our employees are encouraged to raise any concerns through their managers, human resources or our Group-wide whistleblowing programme, Speak Out.

Speak Out, is a third-party managed, dedicated channel designed to receive all manner of concerns, including those relating to any violation of human or labour rights, or unethical behaviour within the Group. This platform can be accessed both internally and externally by all our stakeholders in multiple languages. Speak Out provides a range of reporting channels including web, a telephone hotline and a mobile app, as well as post, email and in-person.

Reporters are able to log concerns – anonymously, if they prefer – on a range of issues such as anti-bribery and corruption, compliance breaches, discrimination, harassment, health and safety or any concerns about behaviour and conduct that is not in keeping with our values and business ethics.

Concerns are received by an independent third party and then managed by an internal team, independent of the business. These concerns are then investigated by appropriately trained and skilled investigators. On an annual basis, all employees are required to complete a computer-based training module on Speak Out. The programme is also supported by regular communications containing useful resources.

The Speak Out programme is overseen by the Group Audit Committee, and local business audit committees through quarterly and annual reporting. Operational oversight is exercised by the Group Chief Security Officer through the Investigations Advisory Committee which reports to the Group Chief Risk & Compliance Officer who chairs the Investigations Risk Committee. These committees have access to analysis of case trends, root cause, and an annual assessment of the effectiveness of the Speak Out programme which is benchmarked externally. Any material issues are reported to the Board.

The annual external benchmark is independently conducted by an external third party and an overall score is applied based on an aggregate of the three scored elements: Governance (which considers the structure and oversight of the programme), Engagement (how well staff are trained and engaged), and Operations (practical effectiveness of the programme).

The 2022 overall score for Speak Out is 86 per cent, an improvement of five percentage points from 2021, and higher than industry benchmark of 70 per cent. Scores for the three elements are: Governance: 95 per cent; Engagement: 69 per cent; Operations: 92 per cent.

The greatest volume of reported issues remains those related to conduct matters, and breaches in Group policies. Reported concerns to Speak Out have risen in 2022 by 1 per cent compared with 2021. All reports were investigated with one in three being substantiated.

In June and July 2022, a Group-wide, multi-language Speak Out communications campaign reinforced key messages around confidentiality, zero tolerance to retaliation, and reassurance that action would be taken in response to reported concerns. The campaign, which was jointly led by the Group Chief Risk and Compliance Officer and the Chair of the Group Audit Committee, included high-profile external speakers, and coincided with World Whistleblower Day.

Responsible working practices and health and safety procedures

We recognise the importance of health, safety and wellbeing in fulfilling our Purpose of helping people get the most out of life. We believe in creating a safe workplace by protecting our employees from physical and mental health risks as well as promoting a healthy work-life balance.

The Group Resilience Policy and its health and safety standards provide a framework for our local businesses to establish, implement and maintain comprehensive health and safety measures that prevent work-related physical injury and mental illness. The Group Chief Security Officer has overall responsibility for the Group health and safety programme, which is coordinated by the Group Security and Resilience team. Health and safety representatives in our local businesses are responsible for implementing and managing the programme and measures on a daily basis, and for reporting progress in quarterly management information reports and annual attestations. The Group Security and Resilience team consolidates the data from local businesses and reports findings to the Group Chief Security Officer, cross-functional working groups, and ultimately the Group Risk Committee.

Our policy and standards are aligned with the international standard ISO 45001:2018 occupational health and safety. This alignment ensures:

- A risk-based approach to health and safety management;
- Compliance with current legislation worldwide;
- That risks are identified, assessed and controlled; and
- That our programmes adapt, improve, and tackle changing workplace risks and contexts.

These measures improve our reputation as a safe place to work, raise employee morale and help us meet our strategic and business objectives.

In 2022, following the easing of Covid-19 pandemic restrictions, Prudential's health and safety priority shifted to hybrid working and improving mental, physical and neurodiversity health. To further help our colleagues connect, grow and succeed, we designed and aligned our programmes with the Diversity & Inclusion strategy in collaboration with local businesses and corporate property teams, to ensure that appropriate controls are implemented, and reasonable accommodations are made. Our colleagues can access information concerning health and safety best practice, news, support and advice on our intranet, and through our 24-hour Employee Assistance Programme offered by an external provider.

More information on our approach to employee wellbeing is available in the *'Building social capital'* section.

Reference tables

Reference tables

Hong Kong Stock Exchange requirements

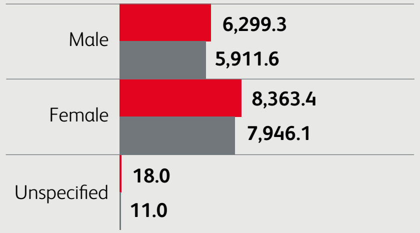
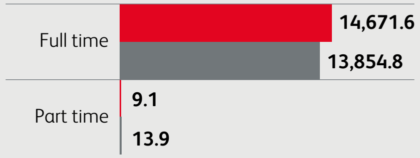
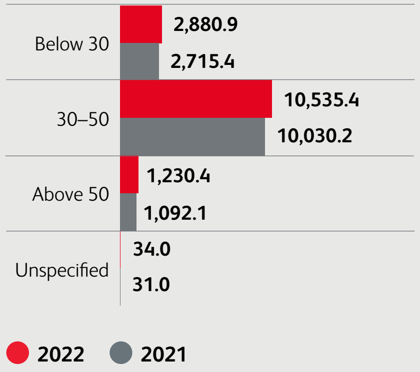
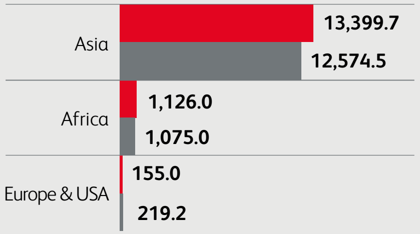
<table>
<tr><th>HKEX KPI Requirement</th><th>Indicator</th><th>Disclosure</th></tr>
<tr><td colspan="3">Environmental</td></tr>
<tr><td>Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</td><td>A1</td><td>Our Group Environment Policy applies to our operational properties worldwide, guiding our approach to the management of the direct impacts of our businesses.
In 2022, there were no confirmed instances of non-compliance in relation to such laws and regulations that would have a significant impact on the Group.</td></tr>
<tr><td>The types of emissions and respective emissions data.
Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.</td><td>A1.1, A1.2</td><td>Prudential provides full reporting for Scope 1 and 2 emissions and selected Scope 3 reporting. More information is provided in the <i>Group emissions data</i> section on page 39.
<table>
<tr><th></th><th>2022</th><th>2021</th></tr>
<tr><td>Direct Scope 1 emissions (tCO$_2$e)</td><td>1,645</td><td>1,481</td></tr>
<tr><td>Direct Scope 1 Emissions (tCO$_2$e /FTE)</td><td>0.11</td><td>0.10</td></tr>
<tr><td>Direct Scope 1 Emissions (kgCO$_2$e /m^2)</td><td>4.78</td><td>4.02</td></tr>
<tr><td>Direct Scope 2 (market based) Emissions (tCO$_2$e)</td><td>16,938</td><td>19,986</td></tr>
<tr><td>Direct Scope 2 (market based) Emissions (tCO$_2$e /FTE)</td><td>1.11</td><td>1.37</td></tr>
<tr><td>Direct Scope 2 (market based) Emissions (kgCO$_2$e /m^2)</td><td>49.23</td><td>54.21</td></tr>
</table></td></tr>
<tr><td>Total hazardous waste produced (in tonnes) and, where appropriate, intensity.</td><td>A1.3</td><td>As a life insurer, the production of hazardous waste is not applicable to our operations.</td></tr>
<tr><td>Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.</td><td>A1.4</td><td>
<table>
<tr><th></th><th>2022</th><th>2021</th></tr>
<tr><td>Total non-hazardous waste produced (tonnes)</td><td>357</td><td>222</td></tr>
<tr><td>Total non-hazardous waste produced (tonnes/FTE)</td><td>0.02</td><td>0.02</td></tr>
</table>
Waste associated with our operations includes office waste and limited food waste from canteens. As we occupy leased assets and smaller offices, waste is commonly controlled by the landlord or the municipal government via direct roadside collection. It therefore it is not always possible to obtain waste data.
We continue to work with our landlords in all the areas in which we operate to enhance the coverage of our reporting. During 2022, we increased the scope of reporting of waste data to cover 82 per cent of our occupied floor area.</td></tr>
<tr><td>Description of emissions target(s) set and steps taken to achieve them.</td><td>A1.5</td><td>We have set a target to become carbon neutral across our Scope 1 and 2 (market-based) emissions by the end of 2030. We aim to deliver a 25 per cent reduction per full time employee (FTE) in our operational emissions from a 2016 baseline, then abating the remaining emissions via carbon offsetting initiatives. To date the steps we have taken are:
> Carrying out site assessments for the highest consuming assets in our portfolio to identify measures to reduce our carbon intensity.
> Issuing our local businesses with tailored environmental roadmaps, which are updated on an annual basis and detail existing Scope 1 and 2 emissions, 2030 targets, and actions required to meet these goals.
> Actively examining how we can procure renewable power for our office operations for certain markets.
To date, we are ahead of the emissions reduction trajectory required to meet our target. More information is available on page 31.
We have also set a target to reduce the carbon emissions of our portfolio of shareholder and policyholder assets by 25 per cent by 2025. Our ambition is that the assets we hold on behalf of our insurance companies will be 'net zero' by 2050. During 2022 we reduced the WACI of our portfolio by 43 per cent against the 2019 baseline. More information is available on page 31.</td></tr>
<tr><td>Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.</td><td>A1.6</td><td>Non-hazardous waste is sorted in our offices and where possible recycled. The waste generated by our operations is managed by the landlord of the premises we occupy and therefore we are restricted in materials we can recycle by their operations.
The waste we produce is not material to the overall environmental impact of our operations and as such, we do not currently have any targets in place to reduce the waste associated with our operations. We continue to encourage waste reduction across our operations and we have implemented initiatives such as providing staff with reusable cups and lunchboxes to reduce consumption of single use plastic.
As a life insurer the production of hazardous waste is not applicable to our operations.</td></tr>
<tr><td>Policies on the efficient use of resources, including energy, water and other raw materials.</td><td>A2</td><td>Our Group Environment Policy applies to our operational properties worldwide, guiding our approach to the management of the direct impacts of our businesses.</td></tr>
<tr><td>Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity</td><td>A2.1</td><td>
<table>
<tr><th></th><th>2022</th><th>2021</th></tr>
<tr><td>Total Consumption (kWh)</td><td>41,200,175</td><td>42,131,700</td></tr>
<tr><td>kWh/FTE</td><td>2,688.60</td><td>2,891.48</td></tr>
</table>
More information is available in the SECR report on page 98.</td></tr>
</table>

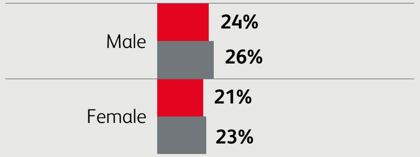
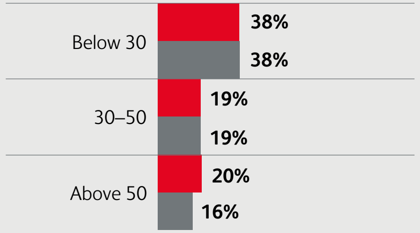
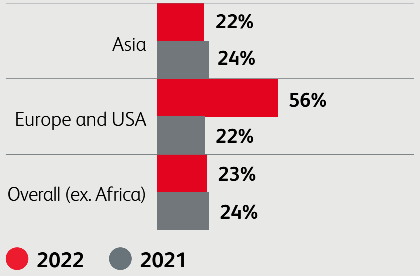
Hong Kong Stock Exchange requirements / continued

<table>
<tr><th>HKEX KPI Requirement</th><th>Indicator</th><th>Disclosure</th></tr>
<tr><td>Water consumption in total and intensity</td><td>A2.2</td><td>
<table>
<tr><th></th><th>2022</th><th>2021</th></tr>
<tr><td>Total water withdrawal (m^3)</td><td>163,720.17</td><td>123,025.82</td></tr>
<tr><td>Total water withdrawal (m^3/m^2)</td><td>0.48</td><td>0.33</td></tr>
</table>
We are not currently able to report the water consumption of all our assets as some sites do not have water submetering or water is charged as part of the service charge.
During 2022, we increased the scope of reporting of water data to cover 79 per cent of our occupied floor area.</td></tr>
<tr><td>Description of energy use efficiency target(s) set and steps taken to achieve them.</td><td>A2.3</td><td>We do not have explicit energy efficiency targets in place. However, 91 per cent of our Scope 1 and 2 carbon emissions are from the use of electricity. Thus, to achieve our carbon reduction targets the implementation of energy efficiency measures are key.
We have carried out site assessments across our asset portfolio and identified measures to reduce our impact. We have in turn developed roadmaps for our businesses with measures to implement to generate energy savings. We will continue to carry out these assessments and identify savings opportunities to reduce our energy consumption.</td></tr>
<tr><td>Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.</td><td>A2.4</td><td>As a life insurer with office-based operations, water consumption and water efficiency are not material to our business.
Currently, we do not have any targets in place to reduce the water used in our operations.</td></tr>
<tr><td>Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.</td><td>A2.5</td><td>As a life insurer, the use of packaging material is not applicable to our business.</td></tr>
<tr><td>Policies on minimising the issuer's significant impact on the environment and natural resources.</td><td>A3</td><td>Our Group Environment Policy applies to our operational properties worldwide, guiding our approach to the management of the direct impacts of our businesses.</td></tr>
<tr><td>Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.</td><td>A3.1</td><td>The most significant impact of our activities on the environment is through our investment portfolio. More information about how we are reducing the weighted average carbon intensity footprint of our investment portfolio is available on page 31. More information is available in the <i>Responsible investment</i> section on page 58</td></tr>
<tr><td>Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer</td><td>A4</td><td>More information is available in the <i>Identifying and assessing climate-related risks</i> section on page 34.</td></tr>
</table>

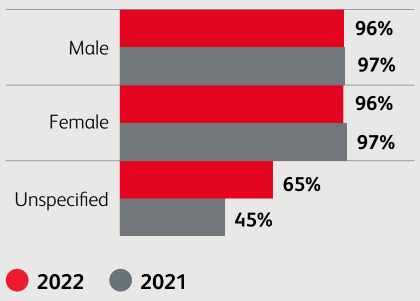
HKEX KPI Requirement	Indicator	Disclosure
Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	A4.1	Different scenarios, including below 2°C scenarios, have different potential impacts on our businesses, strategy, and financial planning, as described in the *Climate-related scenario testing* section starting on page 36. We have identified short-, medium- and long-term climate-related issues as described in the *Time horizons for climate* section starting on page 34. We have taken actions, including integrating our processes for identifying, assessing, and managing climate-related risks into our overall risk management, as described in the *Identifying, assessing, managing and responding to climate-related risks* section on page 34. We also identified climate-related opportunities, as described in the *Identifying climate-related opportunities* section on page 33.
Social		
Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	B1	Prudential's policies protect our employees by formalising its responsibilities and those of everyone in the organisation. More information on the following policies is available on page 96: > Discrimination and Harassment Policy > Diversity and Inclusion Policy > Employee Relations Policy > Recruitment Policy > Remuneration Policy > Talent Policy In 2022, there were no confirmed instances of non-compliance in relation to such laws and regulations that would have a significant impact on the Group.

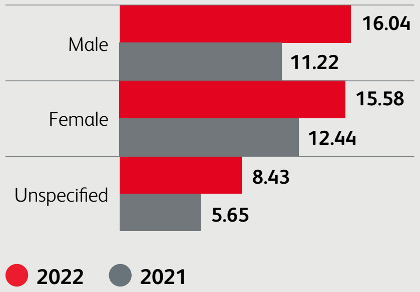
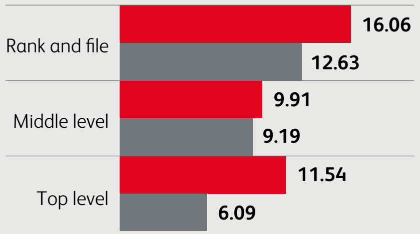
Hong Kong Stock Exchange requirements / continued

HKEX KPI Requirement	Indicator	Disclosure
Total workforce by gender, employment type, age group and geographical region. Note: The 2021 balances have been restated to reflect the consistent treatment of local sales agents in our Africa markets who are not permanent employees.	B1.1	**Total workforce by gender**  **Total workforce by employment type**  **Total workforce by age group**  **Total workforce by region** 

HKEX KPI Requirement	Indicator	Disclosure
Employee turnover rate by gender, age group and geographical region. Note: These numbers are representative of the total turnover including our call centre staff. We also have a second category for total turnover excluding call centre staff and this can be found in the section on *'Building social capital'*.	B1.2	**Employee turnover rate by gender**  **Employee turnover rate by age group**  **Employee turnover rate by region** 
Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	B2	The Group Resilience Policy and its Health and Safety Standards set the governance framework for our local businesses to establish, implement and maintain comprehensive health and safety measures that are focused on the physical and mental health and wellbeing of our employees, contractors, visitors, and others who may be affected by our operations. Our policy and operational standards are aligned with the global ISO 45001:2018 standards and include prescriptive minimum requirements for health and safety governance, legal requirements and programme framework.
Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	B2.1	There were no work-related fatalities in the reporting year (2021: nil; 2020: nil).
Lost days due to work injury.	B2.2	30 incidents resulting in 43 days lost to work-related injury.

Hong Kong Stock Exchange requirements / continued

HKEX KPI Requirement	Indicator	Disclosure
Description of occupational health and safety measures adopted, and how they are implemented and monitored.	B2.3	Occupational health and safety measures employ a framework and methodology based on ISO 45001 using predictive and reactive management tools that are centrally coordinated and locally executed. The measures are implemented and monitored using: > Defined policies, roles, responsibilities, and governance frameworks; > Legal registers to ensure compliance with relevant laws, regulations, rules, guidelines and codes issued by relevant regulators; and standards and codes issued by industry bodies where appropriate; > A comprehensive and sound risk management and internal control systems to identify, quantify, prevent and reduce risk faced by our people and the business; > Incident reporting and investigation protocols; > Programmes for managing third party risks in the procurement of equipment and provision of services; > Provision of appropriate information, instruction, and training; > Employee communication and consultation mechanisms; > Workplace welfare and wellbeing facilities and programmes; and > Mechanisms for monitoring, reviewing, reporting and improving performance.
Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	B3	Our Performance and Learning Policy sets out the importance of our people and frames how we invest in their development to deliver against our strategy and the future success of the organisation. This includes our Performance Management Framework. More information is available in the *Learning* section on page 48.
The percentage of employees trained by gender and employee category	B3.1	**Percentage of employees trained by gender**  **Percentage of employees trained by employee category** 

HKEX KPI Requirement	Indicator	Disclosure
The average training hours completed per employee by gender and employee category. Note: The total training hours per employee is likely to far exceed this as the number of hours that employees take to complete their non-mandatory training courses are not wholly captured in our system.	B3.2	**Average training hours completed per employee by gender**  **Average training hours completed per employee by employee category** 
Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	B4	We are committed to ensuring that slavery, human trafficking, child labour or any other abuse of human rights has no place in our organisation or supply chain. The nature of our business means that main risk would be in our supply chain. More information is available in the *Modern slavery* section on page 80. In 2022, there were no confirmed instances of non-compliance in relation to such laws and regulations that would have a significant impact on the Group.
Description of measures to review employment practices to avoid child and forced labour. Description of steps taken to eliminate such practices when discovered.	B4.1, B4.2	We believe in supporting human rights and acting responsibly and with integrity in everything we do. Our Group Governance Human Resources Policies are guided by the principles of the Universal Declaration of Human Rights and of the International Labour Organization's core labour standards. These are also reflected within our Group Code of Business Conduct, which sets out the Group's values and expected standards of behaviour for all employees, and in our Group Third Party Supply and Outsourcing Policy which describes how we work with suppliers. The nature of our business means that main risk would be in our supply chain. More information is available in the *Modern slavery* section on page 80.
Policies on managing environmental and social risks of the supply chain.	B5	Our Group Code of Business Conduct outlines the values and standards that are required by each of our suppliers. Our Group Third Party Supply and Outsourcing Policy is core to our supply chain governance and our responsible supplier guidelines cover a range of ESG topics. More information is available in the *Supply chain* section on page 79.
Number of suppliers by geographical region.	B5.1	Asia 7,362 Africa 2,103 Europe 485 **Total 9,950**

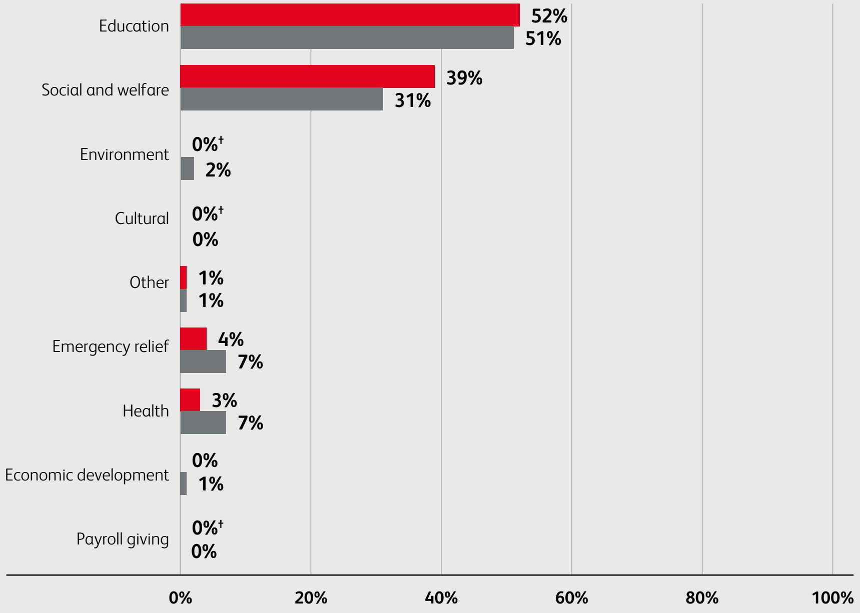
Hong Kong Stock Exchange requirements / continued

HKEX KPI Requirement	Indicator	Disclosure
Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	B5.2	In 2022 we materially completed the Group-wide deployment of our third-party risk assessment platform, Coupa Risk Assess, to provide a single system for the performance of supplier risk assessment and due diligence activities. This system continues to strengthen our visibility of third-party risks such as information and technology security concerns, data privacy, anti-bribery and corruption and business continuity and resiliency risks. Through this system we also issue due diligence questionnaires aligned to the principles of the responsible supplier guidelines. More information is available in the *Supply chain due diligence* section on page 79.
Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	B5.3	More information is available in the *Supply chain due diligence* section on page 79 and the *Modern slavery* section on page 80.
Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	B5.4	In line with the Group-wide Third Party Supply and Outsourcing Policy, we have introduced responsible supplier guidelines. Our responsible supplier guidelines cover a range of ESG topics. More information is available in the *Supply chain* section on page 79.
Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	B6	Our Customer Conduct Risk Policy includes our Customer Conduct Standards and sets out the core values and standards that the Group expects all employees and persons acting on behalf of it to observe. More information is available in the *Customers* section on page 25. Our Group Data Policy defines how we should manage data throughout its life cycle and employ the technology best suited for the business use cases. More information is available on page 53. Our Privacy Policy governs the protection of data and complies with the General Data Protection Regulation. More information is available on page 54.
Percentage of total products sold or shipped subject to recalls for safety and health reasons.	B6.1	As a life insurer, this is not applicable to our business.
Number of products and service related complaints received and how they are dealt with.	B6.2	37,589 (2021: 42,038) In 2022, complaints per 1,000 policies have remained broadly flat at 2 (2021: 2 complaints per 1,000 policies in force). More information on how we deal with customer complaints is available on page 28.
Description of practices relating to observing and protecting intellectual property rights.	B6.3	Prudential's brands, being the Prudential and Eastspring names and the Face of Prudence, are considered as our intellectual property. These are protected by a comprehensive process to maintain registered trademarks in the brand across all of the markets in which we operate. This is supported by a brand Co-existence Agreement with Prudential Financial and M&G plc. Where we see infringements of our brand, we take active steps to enforce our rights against third parties.
Description of quality assurance process and recall procedures.	B6.4	A description of our quality assurance procedures is available in the *Customers* section on page 25. As a life insurer, product recall procedures are not relevant to our business.
Description of consumer data protection and privacy policies, and how they are implemented and monitored.	B6.5	Our Group Data Policy defines how we should manage data throughout its lifecycle and employ the technology best suited for the business use cases. More information is available on page 53. Our Privacy Policy governs the protection of data and complies with the General Data Protection Regulation. More information is available on page 54. Our Information Security Policy supports our resilient information security programme across the organisation and our commitment to protecting the data entrusted to us by customers.
Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	B7	More information on the following policies is available on page 97: > Anti-Bribery and Corruption Policy > Anti-Money Laundering and Sanctions Policy > Group Escalation Policy > Group Counter Fraud Policy In 2022, there were no confirmed instances of non-compliance in relation to such laws and regulations that would have a significant impact on the Group.
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	B7.1	Nil (2021: Nil).
Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	B7.2	More information is available in the *Whistleblowing* section on page 82.
Description of anti-corruption training provided to directors and staff.	B7.3	We provide training to our staff to ensure that they are familiar with international standards and best practice, as well as being well equipped to implement our policies in their respective markets. Training completion levels are monitored throughout the year.
Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	B8	Our Community Investment Policy covers how we are committed to working with the communities in which we operate as active and supportive members. It also outlines our strategy for investing in the community and how we make investments and report against them.

Hong Kong Stock Exchange requirements / continued

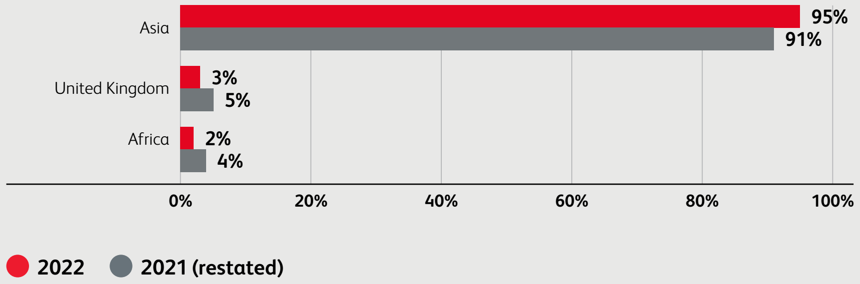
<table>
<tr><th>HKEX KPI Requirement</th><th>Indicator</th><th>Disclosure</th></tr>
<tr><td>Focus areas of contribution</td><td>B8.1</td><td>

Total cash contribution by area of focus %



† While each rounds to 0% on an individual line basis, the sum of environment, cultural, and payroll giving contributes to 1% in total.

Total cash contribution by region %



</td></tr>
<tr><td>Resources contributed to the focus area.</td><td>B8.2</td><td>

In 2022, in our continuous effort to improve our data disclosures, we made some changes to our reporting process. In 2021, we reported only on cash donations made to charitable organisations. From 2022, to reflect fully our actual community investment commitment, we are reporting broader spend related to our community initiatives, including spend with non-profit organisations, NGOs, social enterprises and other third-party suppliers. In 2022, the Group spent $12.2 million on our community investment programmes (2021 (restated): $9.9 million).

More information is available in the *Community Investment* section on page 71.

</td></tr>
</table>

SASB Insurance Standard

SASB Topic	Accounting metric	Code	Disclosure
Transparent Information & Fair Advice for Customers	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customer	FN-IN-270a.1	$0.2m (2021: nil)
	Complaints-to-claims ratio	FN-IN-270a.2	Total number of complaints received / total claims raised x 1,000 = 17 (2021: 25) Prudential believes that this metric is less applicable to the life insurance sector, and that a more appropriate metric is the number of complaints per 1,000 policies in force, which has remained broadly flat at 2 (2021: 2 complaints per 1,000 policies in force)
	Customer retention rate	FN-IN-270a.3	89 per cent (2021: 89 per cent) (Excluding India, Africa, Myanmar and Laos)
	Description of approach to informing customers about products	FN-IN-270a.4	More information on the way we communicate with customers and our approach to responsible marketing is available in the *Customers* section on page 26.

SASB Topic	Accounting metric	Code	Disclosure		
Incorporation of Environmental, Social, and Governance Factors in Investment Management	Total invested assets, by industry and asset class	FN-IN-410a.1	**Total invested assets by asset class ($ million)**	**2022**	**2021**
			Debt	**63,359**	81,540
			Loan	**2,481**	2,367
			Equity securities and portfolio holdings in unit	**46,308**	48,448
			Other financial instruments	**0**	0
			Derivatives	**(462)**	212
			Deposits including items classified as cash equivalents	**8,977**	5,351
			Cash (as defined under IFRS)	**1,275**	1,112
			Property	**67**	56
			Total	**122,006**	139,086
			Total invested assets by industry ($ million)	**2022**	**2021**
			Basic materials	**1,311**	1,435
			Communications	**3,621**	3,879
			Consumer, cyclical	**2,585**	2,452
			Consumer, non-cyclical	**4,807**	4,913
			Energy	**3,081**	3,302
			Financial	**18,433**	20,016
			Funds	**6,024**	9,261
			Government	**34,473**	46,102
			Industrial	**2,515**	2,578
			Other	**40,912**	40,205
			Technology	**1,673**	1,807
			Utilities	**2,571**	3,136
			Total	**122,006**	139,086

SASB Insurance Standard / continued

SASB Topic	Accounting metric	Code	Disclosure
Policies Designed to Incentivize Responsible Behaviour	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies	FN-IN-410a.2	We integrate ESG factors into all our investment decisions. This complements the traditional financial analysis we conduct, in order to better manage risk and generate sustainable long-term returns for our customers. ESG integration applies to the entire investment process, and all relevant Group investment teams are expected to demonstrate how ESG considerations are embedded into investment decisions. This includes our asset manager Eastspring, which recently updated its Responsible Investment Policy to align more closely with that of the Prudential Group, while also allowing flexibility for the investment strategies of third-party clients (ie non-Prudential clients).
	Net premiums written related to energy efficiency and low-carbon technology	FN-IN-410b.1	As a life insurer, this metric is not applicable to our business.
	Discussion of products and/or product features that incentivize health, safety, and/or environmentally responsible actions and/or behaviors	FN-IN-410b.2	As a life insurer, this metric is not applicable to our business.
Environmental Risk Exposure	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	FN-IN-450a.1	As a life insurer, this metric is not applicable to our business.
	Total amount of monetary losses attributable to insurance payouts from (1) modeled natural catastrophes and (2) non-modeled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance)	FN-IN-450a.2	As a life insurer, this metric is not applicable to our business.
	Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firm-level risks and capital adequacy	FN-IN-450a.3	As a life insurer, this metric is not applicable to our business.

SASB Topic	Accounting metric	Code	Disclosure
Systemic Risk Management	Exposure to derivative instruments by category: (1) total potential exposure to noncentrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives	FN-IN-550a.1	(1) Total potential exposure to noncentrally cleared derivatives $28,375m (2) Total fair value of acceptable collateral posted with the Central Clearinghouse $1,459m (3) Total potential exposure to centrally cleared derivatives $17,306m
Activity Metric	Total fair value of securities lending collateral assets	FN-IN-550a.2	$0.12m
	Description of approach to managing capital and liquidity-related risks associated with systemic non-insurance activities	FN-IN-550a.3	A description of our approach is covered in the Risk Report of our Annual Report and Accounts, under the discussion of the Group's principal risks.
	Number of policies in force, by segment: (1) property and casualty, (2) life, (3) assumed reinsurance	FN-IN-000.A	Total policies in force, all in life segment: 17,058,744

TCFD index

TCFD recommendation	Prudential Group response	Location
Governance		
a. Describe the Board's oversight of climate-related risks and opportunities		
Guidance for All Sectors		
The processes and frequency by which the Board and committees are informed about climate-related issues	The Board and committees oversee all aspects of ESG, including climate-related risks and opportunities, and provide rigorous challenge to management on progress against goals and targets. The 'ESG governance overview' section sets out the climate-related responsibilities which have been assigned to Board and committees, including the processes and frequency by which they are informed about climate-related issues. Our governance for responsible investment is disclosed in the 'Group responsible investment governance' section. Prudential treats climate risk as a cross-cutting amplifier of the existing standalone risk types in our enterprise risk management framework, as described in the 'Identifying, assessing, managing and responding to climate-related risks' section. Our enterprise risk management processes, which is how the Board and committees are informed on climate related matters, is described in the 'The risk governance' section.	ESG governance overview section on page 15 Group responsible investment governance on page 58 Identifying, assessing, managing and responding to climate-related risks on page 34 Risk governance on page 51 in the Annual Report and Accounts
How the Board and committees incorporate climate-related issues into decision-making	The Board and committees oversee all aspects of ESG, including climate-related risks and opportunities, with the Board having ultimate responsibility for determining strategy and prioritisation of key focus areas, as discussed in the 'ESG governance overview' section.	ESG governance overview on page 15
How the Board monitors and oversees progress against climate-related goals and targets	The Board and committees ensure the Group maintains an effective risk management framework, which enables them to monitor and oversee progress against the Group's climate-related goals and targets as described in the 'ESG governance overview' section.	ESG governance overview on page 15
b. Describe management's role in assessing and managing climate-related risks and opportunities		
Guidance for All Sectors		
Climate-related responsibilities and accountability	Management play an active role in assessing and managing climate-related risks and opportunities. Climate-related responsibilities have been assigned to management-level positions and committees, as described in the 'Managing the process' section. These committees report to the Board and Board committees, as described in the same section. Our governance for responsible investment is disclosed in the 'Group responsible investment governance' section.	Managing the process on page 15 Group responsible investment governance on page 58
Organisational structure	The climate-related organisational structure is included in the 'Management oversight' section.	Management oversight on page 15

TCFD recommendation	Prudential Group response	Location
How management is informed about climate-related issues	We have implemented appropriate processes by which management are informed about climate-related issues, as discussed in the 'Management oversight' section. Prudential treats climate risk as a cross-cutting amplifier of the existing standalone risk types in our enterprise risk management framework, as described in the 'Identifying, assessing, managing and responding to climate-related risks' section. Our enterprise risk management processes, which is how management is informed on climate related matters, is described in the 'The risk governance' section.	Management oversight on page 15 Identifying, assessing, managing and responding to climate-related risks section on page 34 Risk governance on page 51 in the Annual Report and Accounts
How management monitors climate-related issues	Our management committees actively monitor climate-related issues, as described in the 'Management oversight' section. Prudential treats climate risk as a cross-cutting amplifier of the existing standalone risk types in our enterprise risk management framework, as described in the 'Identifying, assessing, managing and responding to climate-related risks' section. Our enterprise risk management processes, which is how the management monitors climate related matters, is described in the 'Risk governance' section.	Management oversight on page 15 Identifying, assessing, managing and responding to climate-related risks section on page 34 Risk governance on page 51 in the Annual Report and Accounts
Strategy		
a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term		
Guidance for All Sectors		
Definition of short-, medium-, and long-term time horizons	We have defined the relevant short-, medium-, and long-term time horizons, as described in the 'Time horizons for climate' section.	Time horizons for climate on page 34
Climate-related issues potentially arising in each time horizon	We have identified the specific climate-related issues potentially arising in short-, medium- and long-term time horizons, as described in the 'Time horizons for climate' section.	Time horizons for climate on page 34
Processes used to determine which risks and opportunities could have a material financial impact on the organization	Our risk and strategy processes have identified climate-related risks and opportunities which could have a material financial impact on our organization, as described in the 'Identifying and assessing climate-related risks' section and the 'Identifying climate-related opportunities' section.	Identifying and assessing climate-related risks on page 34 Identifying climate-related opportunities on page 33
Description of risks and opportunities by sector and/or geography	We have identified specific risks and opportunities by sector and geography, as described in the 'Sectoral and regional impact on our current assets and insurance liabilities' section, the 'Regional impact on our operations' section and the 'Identifying climate-related opportunities' section.	Sectoral and regional impact on our current assets and insurance liabilities on page 37 Regional impact on our operations on page 38 Identifying climate-related opportunities on page 33

TCFD index / continued

TCFD recommendation	Prudential Group response	Location
b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning		
Guidance for All Sectors		
How identified climate-related issues have affected our business, strategy, and financial planning	We have considered the impact on the following: > products and services as described in the 'Identifying climate-related opportunities' section > supply chain and/or value chain, including carbon prices, in the 'Managing our direct operational environmental impacts' section, and the 'Carbon prices used in scenario testing' section > adaptation and mitigation activities in the 'Targets and progress made' section > investment in research and development in the 'Research partnerships' box > operations (including type of operations and location of facilities) in the 'Managing our direct operational environmental impacts' section > access to capital in the 'Impact on access to capital' section We did not have major strategic acquisitions or divestments during the year.	Identifying climate-related opportunities on page 33 Managing our direct operational environmental impacts on page 39 Carbon prices used in scenario testing on page 37 Targets and progress made on page 30 Research partnerships on page 33 Managing our direct operational environmental impacts on page 39 Impact on access to capital on page 33
How climate-related issues serve as an input to our financial planning process	Climate-related issues serve as an input to our financial and strategic planning, as described in the 'Impact on financial and strategic planning' section. These risks are prioritised using the processes described in the 'The Group's principal risks' and 'The risk governance' sections.	Impact on financial and strategic planning on page 33 The Group's principal risks on page 54 in the Annual Report and Accounts Risk governance on page 51 in the Annual Report and Accounts
The impact of climate-related issues on financial performance	We assess the potential impact of climate-related issues on our financial performance, as described in the 'Climate-related scenario testing' section. We use scenarios to assess the robustness of our financial and strategic planning, as described in the 'Impact on financial and strategic planning' section.	Climate-related scenario testing on page 36 Impact on financial and strategic planning on page 33
Our plans for transitioning to a low-carbon economy	We have made GHG emissions reduction commitments, as described in the 'Targets and progress made' section. We have identified specific activities for transitioning to a low-carbon economy, as set out throughout our Climate Transition Plan, given the forward looking nature of the activities.	Targets and progress made on page 30 Climate Transition Plan: www.prudentialplc.com/~/media/Files/P/Prudential-V13/esg-report/climate-transition-plan-2022.pdf
Supplemental Guidance for Asset Owners		
How climate-related risks and opportunities are factored into relevant investment strategies	We use our strategic asset allocation process to factor in climate-related risks and opportunities, as described in the 'Identifying climate-related opportunities' section. We pursue these opportunities through our responsible investment approach, as described in the 'Responsible investment approach' section.	Identifying climate-related opportunities on page 33 Responsible investment approach on page 59

TCFD recommendation	Prudential Group response	Location
c. Describe the resilience of the organization's strategy, taking into consideration different climate related scenarios, including a 2˚C or lower scenario		
Guidance for All Sectors		
How our strategy is resilient to climate-related risks and opportunities	We assessed the resilience of our strategy and financial plan against three different climate scenarios and have confidence that they remain viable, as described in the 'Impact on financial and strategic planning' section. The assessment considered scenarios both 2˚C or lower and with increased physical climate-related risks, as described in the 'Climate-related scenario testing' section.	Impact on financial and strategic planning on page 33 Climate-related scenario testing on page 36
How our strategy will be affected by climate-related risks and opportunities	We recognise that our business purpose and strategy allows us to generate climate-related opportunities for the Group through the implementation of our strategic ESG framework, as described in the 'Identifying climate-related opportunities' section. We identify climate-related risks that affect our strategy, as described in the 'Identifying and assessing climate-related risks' section, and assess and manage these risks, as described in the 'Managing and responding to climate-related risks' section.	Identifying climate-related opportunities on page 33 Identifying and assessing climate-related risks on page 34 Managing and responding to climate-related risks on page 35
How our strategy might change to address potential risks and opportunities	We recognise that our business purpose and strategy might be impacted by climate-related opportunities through the implementation of our strategic ESG framework, as described in the 'Identifying climate-related opportunities' section. Our strategy may also be impacted by climate-related risks, as described in the Identifying and assessing climate-related risks' section, and assess and manage these risks, as described in the 'Managing and responding to climate-related risks' section.	Identifying climate-related opportunities on page 33 Identifying and assessing climate-related risks on page 34 Managing and responding to climate-related risks on page 35
A description of the climate-related scenarios used	We use climate-related scenarios, including below 2˚C scenarios, as described in the 'Climate-related scenario testing' section. We identified the related time horizons, as set out in the 'Time horizons for climate' section.	Climate-related scenario testing on page 36 Time horizons for climate on page 34
A description of how climate-related scenarios are used, such as to inform investments in specific assets	We use our strategic asset allocation process to inform investments in specific assets, as described in the 'Identifying climate-related opportunities' section. The climate-related scenarios we use in the strategic asset allocation process are described in the 'Climate-related scenario testing' section. We pursue these opportunities through our responsible investment approach, as described in the 'Responsible investment approach' section.	Identifying climate-related opportunities on page 33 Climate-related scenario testing on page 36 Responsible investment approach on page 59

TCFD index / continued

TCFD recommendation	Prudential Group response	Location
Risk management		
a. Describe the organization's processes for identifying and assessing climate related risks		
Guidance for All Sectors		
Risk management processes for identifying and assessing climate-related risks	We assess climate-related risks, as described in the 'Identifying, assessing, managing and responding to climate-related risks' section. We have appropriate enterprise risk management processes in place, including for determining the relative significance of climate-related risks in relation to other risks, as described in the 'The Group's principal risks' and 'The risk governance' sections.	Identifying, assessing, managing and responding to climate-related risks on page 34 The Group's principal risks on page 54 in the Annual Report and Accounts Risk governance on page 51 in the Annual Report and Accounts
Existing and emerging regulatory requirements related to climate change	We consider existing and emerging regulatory requirements related to climate change, as described in the 'Identifying, assessing, managing and responding to climate-related risks' section.	Identifying, assessing, managing and responding to climate-related risks on page 34
Processes for assessing the potential size and scope of identified climate-related risks	We have processes for assessing the size and scope of climate-related risks, as described in the 'The risk governance' section.	Risk governance on page 51 in the Annual Report and Accounts
Definitions of risk terminology used or references to existing risk classification frameworks used	Our risk classification framework, with our definitions of risk terminology used, forms part of our Group Risk Framework, as described in the 'The Risk governance' section.	Risk governance on page 51 in the Annual Report and Accounts
Supplemental Guidance for Asset Owners		
Engagement activity with investee companies	We have adopted an active and impactful approach to asset ownership, which emphasises direct and constructive dialogue with investee companies on sustainability and governance issues, as described in the 'Active ownership' section.	Active ownership on page 62
b. Describe the organization's processes for managing climate-related risks		
Guidance for All Sectors		
Managing climate-related risks	We have processes for managing and prioritising climate-related risks, as described in the 'Managing and responding to climate-related risks', 'The Group's principal risks' and 'The risk governance' sections.	Managing and responding to climate-related risks on page 35 The Group's principal risks on page 54 in the Annual Report and Accounts Risk governance on page 51 in the Annual Report and Accounts
Positioning of our total portfolio with respect to the transition to a low-carbon energy supply, production, and use	We have implemented decarbonisation and coal divestment targets to prepare the portfolio for the transition to a low-carbon economy, as described in the 'Targets and progress made' section. We have developed our responsible investment policy, including our six implementation strategies to actively manage our portfolio's positioning, as described in the 'Responsible investment approach' section.	Targets and progress made on page 30 Responsible investment approach on page 59
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management		
Guidance for All Sectors		
Integrating climate-related risks into our overall risk management	We identify, assess and manage climate related risks, as described in the 'Identifying, assessing, managing and responding to climate-related risks' section. These risks are integrated into our risk management framework, as described in the 'System of governance' and 'The risk governance' sections.	Identifying, assessing, managing and responding to climate-related risks on page 34 System of governance on page 51 in the Annual Report and Accounts The risk management cycle on page 52 in the Annual Report and Accounts
Metrics and targets		
a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process		
Guidance for All Sectors		
Key metrics used to measure and manage climate-related risks and opportunities	We use a suite of key metrics to measure and manage climate-related risks and opportunities, as described in the 'Choice of metrics' section, including absolute and intensity metrics. The following metrics are provided: > Absolute Scope 1, Scope 2, Scope 3 in the 'Choice of metrics' section; > Internal carbon prices in the 'Carbon prices used in scenario testing' section; and > Proportion of executive management remuneration linked to climate considerations in the 'Directors' remuneration report'. We describe the following qualitatively: > Amount and extent of assets or business activities vulnerable to transition and physical risks in the 'Sectoral and regional impact on our current assets and insurance liabilities' section, and the 'Regional impact on our operations' section; > Proportion of revenue, assets, or other business activities aligned with climate-related opportunities in the 'Identifying climate-related opportunities' section; and > Amount of capital expenditure, financing, or investment deployed toward climate-related risks and opportunities in the 'Responsible investment approach' section, and the 'ESG integration' section.	Choice of metrics on page 32 Carbon prices used in scenario testing on page 37 Directors' remuneration report on page 226 in the Annual Report and Accounts Sectoral and regional impact on our current assets and insurance liabilities on page 37 Regional impact on our operations on page 38 Identifying climate-related opportunities on page 33 Responsible investment approach on page 59 ESG integration on page 61
Metrics on climate-related risks associated with water, energy, and waste management	We provide, where relevant and applicable, metrics on climate-related risks associated with water, energy, and waste management in the 'Hong Kong Stock Exchange requirements' section.	Hong Kong Stock Exchange requirements on page 84
How performance metrics are incorporated into remuneration policies	We incorporate climate-related performance metrics, as described in the 'Directors' remuneration report' section.	Directors' remuneration report on page 226 in the Annual Report and Accounts

TCFD index / continued

TCFD recommendation	Prudential Group response	Location
The internal carbon prices we use as well as climate-related opportunity metrics	We use carbon prices in our scenario testing, as described in the 'Carbon prices used in scenario testing' section.	Carbon prices used in scenario testing on page 37
Metrics used to assess climate-related risks and opportunities	We provide the metrics used to assess climate-related risks in the 'Choice of metrics' section. We discuss qualitatively the opportunities from products and services designed for a lower-carbon economy in the 'Identifying climate-related opportunities' section.	Choice of metrics on page 32 Identifying climate-related opportunities on page 33
Metrics for historical periods	We provide historical metrics in the 'Choice of metrics' section, so as to allow for trend analysis.	Choice of metrics on page 32
Forward-looking metrics	We qualitatively discuss forward-looking metrics in the 'Forward-looking metrics' section.	Forward-looking metrics on page 32
Methodologies used to calculate or estimate climate-related metrics	We describe the methodologies used to calculate our climate-related metrics in our Basis of Reporting, so as to provide a single consistent description of the methodologies.	Basis of Reporting: www.prudentialplc.com/~/media/Files/P/Prudential-V13/esg-report/basis-of-reporting-2022.pdf
Our Scope 1 and Scope 2 GHG emissions and appropriate Scope 3 GHG emissions	We provide our Scope 1, Scope 2 and relevant Scope 3 GHG emissions in the 'Movement in our operational emissions' section.	Movement in our operational emissions on page 39
Supplemental Guidance for Asset Owners		
Metrics considered in investment decisions and monitoring	We use a suite of key metrics to assess climate-related risks and opportunities as well as for investment decisions and monitoring, as described in the 'Choice of metrics' section, where we provide also how these metrics have changed over time.	Choice of metrics on page 32
Description of the extent to which assets we own and our funds and investment strategies, where relevant, are aligned with a well below 2°C scenario	We qualitatively describe implied temperature rise, which can be used to describe the extent to which assets, funds and investment strategies are aligned with a well below 2°C scenario, in the 'Forward-looking metrics' section.	Forward-looking metrics on page 32
Indication of which asset classes are included	The asset classes included are detailed in our Basis of Reporting.	Basis of Reporting: www.prudentialplc.com/~/media/Files/P/Prudential-V13/esg-report/basis-of-reporting-2022.pdf
b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks		
Guidance for All Sectors		
How we calculate our Scope 1, Scope 2 and Scope 3 GHG emissions	We calculate our GHG emissions in line with the GHG Protocol methodology, as described in our Basis of Reporting, so as to provide a single consistent description of the methodologies. We provide our full breakdown of Scope 1, Scope 2 and relevant Scope 3 GHG emissions, including industry-specific efficiency ratios, in the 'Movement in our operational emissions' section.	Movement in our operational emissions on page 39
Our historical GHG emissions and associated metrics, a description of the methodologies	We provide metrics for historical periods to allow for trend analysis in the 'Movement in our operational emissions' section. We describe the methodologies used to calculate the metrics in our Basis of Reporting, so as to provide a single consistent referable description of the methodologies.	Movement in our operational emissions on page 39 Basis of Reporting: www.prudentialplc.com/~/media/Files/P/Prudential-V13/esg-report/basis-of-reporting-2022.pdf
Supplemental Guidance for Asset Owners		
Disclosure of GHG emissions for assets we own and the weighted average carbon intensity (WACI)	We disclose the GHG emissions and WACI for our investment portfolio, as defined in our Basis of Reporting, in the 'Choice of metrics' section. The emissions are calculated in line with the PCAF Standard, as described in our Basis of Reporting, so as to provide a single consistent referable description of the methodologies.	Choice of metrics on page 32 Basis of Reporting: www.prudentialplc.com/~/media/Files/P/Prudential-V13/esg-report/basis-of-reporting-2022.pdf
Other carbon footprinting metrics we believe are useful for decision-making	We qualitatively discuss other carbon footprinting metrics which we believe can be useful for decision-making, including forward-looking metrics, in the 'Forward-looking metrics' section.	Forward-looking metrics on page 32
c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets		
Guidance for All Sectors		
Key climate-related targets	We have set key climate-related targets, as described in the 'Targets and progress made' section, including the time frames for the targets, the base years from which progress is measured, and the key performance indicators used to assess progress made. We use both intensity metrics and absolute metrics.	Targets and progress made on page 30
Interim targets	We disclose our interim targets in aggregate in the 'Targets and progress made' section, which also includes the medium-term and long-term targets associated.	Targets and progress made on page 30
Description of the methodologies used to calculate targets and measures	We describe the methodologies used to calculate targets and measures in our Basis of Reporting, so as to provide a single consistent referable description of the methodologies.	Basis of Reporting: www.prudentialplc.com/~/media/Files/P/Prudential-V13/esg-report/basis-of-reporting-2022.pdf

Our Group-wide policies relating to our ESG Strategic Framework

ESG strategic pillar/enabler	Our Group-wide policies	Owner and date of last review
Making health and financial security accessible	To ensure we treat our customers fairly, management of conduct risks is key. Prudential mitigates conduct risk with robust controls, which are identified and assessed through the Group's conduct risk assessment framework, and regularly tested within its monitoring programmes. The Group Customer Conduct Risk Policy provides this framework and includes our Customer Conduct Standards, which set out the core values and standards that the Group expects all employees and persons acting on behalf of it to observe, and which further supports our ESG strategy. These values and standards include specific requirements regarding customers. In particular, the Group has committed to: > Treat customers fairly; > Provide and promote products and services that meet customer needs, are clearly explained and that deliver real value; > Maintain the confidentiality of our customer information; > Provide and promote high standards of customer service; and > Act fairly and in a timely way to address customer complaints and any errors we find.	Group Chief Executive Officer July 2022
Stewarding the human impacts of climate change	The Group Responsible Investment Policy articulates how ESG considerations are integrated into investment activities and processes in a consistent and coherent way. It describes our approach to ensure external commitments and internal targets on responsible investment are met and to ensure the different objectives of responsible investment are taken into consideration when making investment decisions.	Group Chief Executive Officer July 2022
	The Environment Policy outlines our approach to understand and manage the direct environmental impact of the Group. This covers our measurement, monitoring, review and reporting of issues associated with our environmental performance.	Group Chief Financial Officer July 2022
Building social capital	The Discrimination and Harassment Policy reflects our commitment to creating and maintaining a welcoming, supportive culture in which all can work in a friendly and professional working environment. This policy prohibits discrimination, harassment, bullying and other types of misconduct where the behaviour is contrary to Prudential's values and standards. Where our people experience or witness inappropriate behaviours, they are encouraged to report this via a range of available channels including their line manager, Human Resources, grievance procedures or Speak Out. Finally, the policy reinforces Prudential's zero-tolerance stance over retaliation against reporters of any concerns or for cooperating or participating in the investigation of a complaint.	Group HR Director July 2022
	The Diversity and Inclusion Policy sets out how we foster an inclusive workforce and ensure all our employees are treated fairly and feel valued, and together have the diversity in skill sets and backgrounds that enriches the organisation. Our policy considers a range of diversity aspects of our employees, including gender, age, ethnicity, disability, sexual orientation and background.	Group HR Director July 2022
	The Employee Relations Policy outlines the way we engage our employees and motivate them to achieve success for the Group, promoting positive relationships with employees, representative organisations and trade unions, and maintaining a positive reputation for the treatment of employees.	Group HR Director July 2022
	The Performance and Learning Policy sets out the importance of our people and frames how we invest in their development to deliver against our strategy and the future success of the organisation. This includes our Performance Management Framework.	Group HR Director July 2022
	The Recruitment Policy covers the Group's recruitment processes, reflecting fairness, equality of opportunities for all, and for all recruitment decisions to be made without bias and with due consideration. The Recruitment Policy aims to provide a set of principles to guide hiring for all involved across the organisation, introducing consistency in the process and decision-making across the Group while setting standards to enable oversight and improve quantitative and qualitative reporting of the recruitment process.	Group HR Director July 2022
	The Remuneration Policy outlines our effective approach to appropriately rewarding our employees in a way that aligns incentives to business objectives and performance, and enables the recruitment, retention and incentivisation of high-calibre employees in line with our risk appetite and Group Reward Principles.	Group HR Director July 2022
	The Talent Policy demonstrates how we attract, select and develop the best people for roles that will ensure high performance in the short term and improve the longer-term succession and talent pipelines. It sets out our fair and effective approach to pursuing this.	Group HR Director July 2022

Our Group-wide policies relating to our ESG Strategic Framework / continued

ESG strategic pillar/enabler	Our Group-wide policies	Owner and date of last review
Building social capital (continued)	The Consensual Relationships Policy applies to consensual romantic and sexual relationships in the workplace. As a general principle, the Group does not seek to prevent relationships between the people in the organisation. The exception to this is that neither the CEO nor the CFO of Prudential or of any of its subsidiary entities or businesses, nor any of the Prudential country managers, is permitted to have a relationship with any other person at Prudential. Relationships with students or interns are also prohibited, whilst such persons are undertaking work for Prudential.	Group HR Director July 2022
	The Group Data Policy is centred on the principle that data must be well governed and effectively managed through its lifecycle. The Policy provides a data, business, people and technology framework, which defines how we should manage data throughout its lifecycle and employ the technology best suited for the business use cases.	Managing Director, Strategic Business Group July 2022
	The Privacy Policy governs the protection of data and complies with the General Data Protection Regulation. The Information Security Policy supports our resilient information security programme across the organisation and our commitment to protecting the data entrusted to us by customers.	Managing Director, Strategic Business Group July 2022
Responsible investment	The Group Responsible Investment Policy articulates how ESG considerations are integrated into investment activities and processes in a consistent and coherent way. It describes our approach to ensure external commitments and internal targets on responsible investment are met and to ensure the different objectives of responsible investment are taken into consideration when making investment decisions.	Group Chief Executive Officer July 2022
Good governance and responsible business practices	The Group Code of Business Conduct sits at the heart of our Group Governance Manual and highlights the ethical standards that the Board expects of itself, our employees, our agents and others working on behalf of the Group. The Code sets out our values around ownership, partnership and stewardship, and the personal standards we adhere to in the areas of protection from financial crime, avoiding conflicts of interest, managing information, communicating as a Group and providing equality for our people. The Code is supported by a set of Group-wide principles and values that define how the Group expects business to be conducted in order to achieve its strategic objectives.	Group Chief Executive Officer November 2022
	The Group Risk Framework describes the Group's approach to risk management, and the key arrangements and standards for risk management and internal control that support the Group's compliance with Group-wide statutory and regulatory requirements.	Group Chief Risk and Compliance Officer July 2022
	The Anti-Bribery and Corruption Policy covers our values for reputation, ethical behaviour and reliability. As an organisation we are focused on financial practices that align to those values and we prohibit corruption or bribery within our working practices.	Group Chief Risk and Compliance Officer July 2022
Good governance and responsible business practices (continued)	The Anti-Money Laundering and Sanctions Policy outlines how we prohibit money laundering or terrorist financing in our working practices, setting out how we establish parameters to prevent this taking place across the organisation and the commitment to comply with sanctions, laws and regulations by screening, prohibiting or restricting business activity, and following up through investigation.	Group Chief Risk and Compliance Officer July 2022
	The Security Policy has been replaced with several new policies. The Group Resilience Policy covers physical security, health and safety and business continuity management. The Group Escalation Policy sets the framework by which the Group can conduct investigations relating to a range of security issues. The Group Counter Fraud Policy supports our local businesses in the development of proportionate fraud systems to enhance fraud detection, protection and investigation. The Group Speak Out Policy sets out the framework and controls relating to whistleblowing.	Group Chief Risk and Compliance Officer July 2022
	The Tax Risk Policy includes our processes to manage tax-related risk, by identifying, measuring, controlling and reporting on issues considered an operational, reputational or regulatory risk.	Group Chief Financial Officer July 2022
	The Government Relations Policy outlines our position that as an organisation, we do not donate to political parties. This is defined as covering any political party or candidate or any other organisation that attempts to affect support for any political party. It is defined as covering any payment or gift or contribution, direct or indirect, as defined by the UK's Political Parties, Elections and Referendums Act 2000. The policy covers expenditure on engagement activity on public policy discussions and applies across the Group.	Group Chief Executive Officer July 2022
	The Third Party Supply and Outsourcing Policy covers how we manage and oversee our third-party arrangements, through due diligence/selection criteria, contractual requirements, the ongoing monitoring of such relationships, and reporting and escalation. The new policy also introduced "responsible supplier guidelines" which includes additional considerations for a supplier's environmental, social and governance practices in addition to existing supplier qualification requirements tied to their capabilities, competitiveness, and assessment of third-party risks. Additionally, the policy considers the requirements of the UK Modern Slavery Act and the principles of the UN's Universal Declaration of Human Rights.	Group Chief Financial Officer July 2022
Community engagement and investment	The Community Investment Policy covers how we are committed to working with the communities in which we operate as active and supportive members. It also outlines our strategy for investing in the community and how we make investments and report against them.	Group Chief Executive Officer July 2022

SECR Report

Our 2022 energy consumption and GHG emissions are disclosed below in accordance with the Streamlined Energy and Carbon Reporting (SECR) framework of the Companies Act 2006 (Strategic and Directors' Reports). No energy reduction projects were undertaken in the UK portfolio during 2022. Information on energy reduction initiatives across our Asian and African portfolio are included in the section on Managing our direct operational environmental impacts. More information on the methodologies used is available in the Basis of Reporting (available here).

	2022		2021	
	UK and offshore	**Global (excluding UK and offshore)**	**UK and offshore**	**Global (excluding UK and offshore)**
Emissions from activities for which the company own and control, including combustion of fuel and operation facilities (Scope 1) tCO_2e	**123**	**1,522**	122	3,954
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2, location based) tCO_2e	**131**	**19,749**	122	36,516
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2, market based) tCO_2e	**219**	**16,719**	177	34,900
Total gross Scope 1 and Scope 2 emissions (location-based) tCO_2e	**254**	**21,272**	244	40,470
Intensity ratio: tCO_2e /m^2	**0.0222**	**0.0640**	0.0119	0.0850
Intensity ratio tCO_2e /fte	**1.5875**	**1.4028**	1.1675	2.3354
Energy consumption used to calculate above emissions: kWh (Scope 1)	**671,652**	**7,039,834**	663,621	19,252,400
Energy consumption used to calculate above emissions: kWh (Scope 2)	**638,894**	**32,849,795**	559,790	69,984,995

Note:
2021 Global (excluding UK and offshore) emissions data includes the US portfolio, Jackson operations, up to the demerger on 13 September 2021.

Forward-looking statements

This document contains 'forward-looking statements' with respect to certain of Prudential's (and its wholly and jointly owned businesses') plans and its goals and expectations relating to future financial condition, performance, results, strategy and objectives. Statements that are not historical facts, including statements about Prudential's (and its wholly and jointly owned businesses') beliefs and expectations and including, without limitation, commitments, ambitions and targets, including those related to ESG, and statements containing the words 'may', 'will', 'should', 'continue', 'aims', 'estimates', 'projects', 'believes', 'intends', 'expects', 'plans', 'seeks' and 'anticipates', and words of similar meaning, are forward-looking statements. These statements are based on plans, estimates and projections as at the time they are made, and therefore undue reliance should not be placed on them. By their nature, all forward-looking statements involve risk and uncertainty.

A number of important factors could cause actual future financial condition or performance or other indicated results to differ materially from those indicated in any forward-looking statement. Such factors include, but are not limited to:

- current and future market conditions, including fluctuations in interest rates and exchange rates, inflation (including resulting interest rate rises), sustained high or low interest rate environments, the performance of financial and credit markets generally and the impact of economic uncertainty, slowdown or contraction (including as a result of the Russia-Ukraine conflict and related or other geopolitical tensions and conflicts), which may also impact policyholder behaviour and reduce product affordability;
- asset valuation impacts from the transition to a lower carbon economy;
- derivative instruments not effectively mitigating any exposures;
- global political uncertainties, including the potential for increased friction in cross-border trade and the exercise of laws, regulations and executive powers to restrict trade, financial transactions, capital movements and/or investment;
- the longer-term impacts of Covid-19, including macro-economic impacts on financial market volatility and global economic activity and impacts on sales, claims, assumptions and increased product lapses;
- the policies and actions of regulatory authorities, including, in particular, the policies and actions of the Hong Kong Insurance Authority, as Prudential's Group-wide supervisor, as well as the degree and pace of regulatory changes and new government initiatives generally;
- given Prudential's designation as an Internationally Active Insurance Group, the impact on Prudential of systemic risk and other group supervision policy standards adopted by the International Association of Insurance Supervisors;
- the physical, social, morbidity/health and financial impacts of climate change and global health crises, which may impact Prudential's business, investments, operations and its duties owed to customers;
- legal, policy and regulatory developments in response to climate change and broader sustainability-related issues, including the development of regulations and standards and interpretations such as those relating to ESG reporting, disclosures and product labelling and their interpretations (which may conflict and create misrepresentation risks);
- the collective ability of governments, policymakers, the Group, industry and other stakeholders to implement and adhere to commitments on mitigation of climate change and broader sustainability-related issues effectively (including not appropriately considering the interests of all Prudential's stakeholders or failing to maintain high standards of corporate governance and responsible business practices);
- the impact of competition and fast-paced technological change;
- the effect on Prudential's business and results from, in particular, mortality and morbidity trends, lapse rates and policy renewal rates;
- the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries;
- the impact of internal transformation projects and other strategic actions failing to meet their objectives or adversely impacting the Group's employees;
- the availability and effectiveness of reinsurance for Prudential's businesses;
- the risk that Prudential's operational resilience (or that of its suppliers and partners) may prove to be inadequate, including in relation to operational disruption due to external events;
- disruption to the availability, confidentiality or integrity of Prudential's information technology, digital systems and data (or those of its suppliers and partners) including the Pulse platform;
- the increased non-financial and financial risks and uncertainties associated with operating joint ventures with independent partners, particularly where joint ventures are not controlled by Prudential;
- the impact of changes in capital, solvency standards, accounting standards or relevant regulatory frameworks, and tax and other legislation and regulations in the jurisdictions in which Prudential and its affiliates operate; and
- the impact of legal and regulatory actions, investigations and disputes.

These factors are not exhaustive. Prudential operates in a continually changing business environment with new risks emerging from time to time that it may be unable to predict or that it currently does not expect to have a material adverse effect on its business. In addition, these and other important factors may, for example, result in changes to assumptions used for determining results of operations or re-estimations of reserves for future policy benefits. Further discussion of these and other important factors that could cause actual future financial condition or performance to differ, possibly materially, from those anticipated in Prudential's forward-looking statements can be found under the 'Risk Factors' heading of Prudential's 2022 Annual Report and any subsequent filing Prudential makes with the US Securities and Exchange Commission, including any subsequent Annual Report on Form 20-F.

Any forward-looking statements contained in this document speak only as of the date on which they are made. Prudential expressly disclaims any obligation to update any of the forward-looking statements contained in this document or any other forward-looking statements it may make, whether as a result of future events, new information or otherwise except as required pursuant to the UK Prospectus Rules, the UK Listing Rules, the UK Disclosure Guidance and Transparency Rules, the Hong Kong Listing Rules, the SGX-ST Listing Rules or other applicable laws and regulations.

Prudential may also make or disclose written and/or oral forward-looking statements in reports filed with or furnished to the US Securities and Exchange Commission, the UK Financial Conduct Authority, the Hong Kong Stock Exchange and other regulatory authorities, as well as in its annual report and accounts to shareholders, periodic financial reports to shareholders, proxy statements, offering circulars, registration statements, prospectuses, prospectus supplements, press releases and other written materials and in oral statements made by directors, officers or employees of Prudential to third parties, including financial analysts. All such forward-looking statements are qualified in their entirety by reference to the factors discussed under the 'Risk Factors' heading of Prudential's 2022 Annual Report and any subsequent filing Prudential makes with the US Securities and Exchange Commission, including any subsequent Annual Report on Form 20-F.

Cautionary statements

This document does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to purchase, acquire, subscribe for, sell or dispose of, any securities in any jurisdiction nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, any contract therefor.

Important Notice – Basis of Preparation and Caution Regarding Data Limitations

The sustainability-related information contained in this document has been prepared on the following basis:

i. the sustainability-related information is unaudited;

ii. all sustainability-related information, positions and statements set out in this document are subject to change without notice;

iii. the sustainability-related information included in this document does not constitute any investment, accounting, legal, regulatory or tax advice or an invitation or recommendation to enter into any transaction;

iv. the sustainability-related information included in this document may have been prepared using models, methodologies and data which are subject to certain limitations. These limitations include: a lack of reliable data (due, amongst other things, to developing measurement technologies and analytical methodologies); a lack of standardisation of data (given, amongst other things, the current lack of international coordination on data and methodology standards); and future uncertainty (due, amongst other things, to changing projections relating to technological development and global and regional laws, regulations and policies, and the inability to make use of strong historical data);

v. the models, external data and methodologies used in sustainability-related information included in this document are or could be subject to adjustment which is beyond Prudential's control;

vi. any opinions and estimates should be regarded as indicative, preliminary and for illustrative purposes only. Expected and actual outcomes may differ from those set out (as explained in the "Forward-looking statements" paragraph above);

vii. some of the sustainability-related information appearing in this document may have been obtained from public and other sources and, while Prudential believes such information to be reliable, it has not been independently verified by Prudential and no representation or warranty is made by Prudential as to its quality, completeness, accuracy, fitness for a particular purpose or non-infringement of such information;

viii. for the purposes of the sustainability-related information included in this document, a number of key judgements and assumptions have been made. It is possible that the assumptions drawn, and the judgement exercised may subsequently turn out to be inaccurate. The judgements and data presented relating to sustainability-related information in this document are not a substitute for judgements and analysis made independently by the reader;

ix. any opinions or views of third parties expressed relating to sustainability-related information included in this document are those of the third parties identified, and not of Prudential, its affiliates, directors, officers, employees and/or agents. By incorporating or referring to opinions and views of third parties, Prudential is not, in any way, endorsing or supporting such opinions or views;

x. whilst Prudential bears primary responsibility for the sustainability-related information included in this document, it does not accept responsibility for the external input provided by any third parties for the purposes of developing the sustainability-related information included in this document;

xi. whilst third party industry surveys, publications, consultant surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, the accuracy and completeness of such information is not guaranteed. Prudential has not independently verified any of the data obtained from third party sources (whether identified in this document by source or used as a basis for any beliefs and estimates stated herein), or any of the assumptions underlying such data. Similarly, internal surveys, industry forecasts and market research, which Prudential believes to be reliable, have not been independently verified;

xii. the sustainability-related data contained in this document reflects available information and estimates at the relevant time;

xiii. where Prudential has made use of any methodology or tools developed by a third party, the application of the methodology or tools (or consequences of its application) shall not be interpreted as conflicting with any legal or contractual obligations and such legal or contractual obligations shall take precedence over the application of the methodology or tools;

xiv. where Prudential has made use of any underlying data provided or sourced by a third party, the use of the data shall not be interpreted as conflicting with any legal or contractual obligations and such legal or contractual obligations shall take precedence over the use of the data;

xv. this Important Notice is not limited in applicability to those sections of this document where limitations to sustainability-related data, metrics and methodologies are identified and where this Important Notice is referenced. This Important Notice applies to the whole of the sustainability-related information included in this document;

xvi. further development of reporting, standards or other principles could impact the sustainability-related information in this document, or any metrics, data and targets (it being noted that Environmental, Social and Governance reporting and standards are subject to rapid change and development); and

xvii. while all reasonable care has been taken in preparing the sustainability-related information included in this document, neither Prudential nor any of its affiliates, directors, officers, employees or agents make any representation or warranty as to its quality, accuracy or completeness, and they accept no responsibility or liability for the contents of this information, including any errors of fact, omission or opinion expressed.

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