

Basis of Reporting:

Workforce composition, community investment and environment,
2024 reporting period

This Basis of Reporting document outlines the scope of Prudential plc's KPIs for workforce composition, community investment, GHG emissions data and other environmental metrics, published in the Prudential plc 2024 Annual report and Sustainability report.

Workforce

Scope of indicator

KPI published: Workforce composition

Whole company total provided, as full-time equivalent permanent/fixed-term contract of employment, employees (as amended for country-specific situations), at 31 December 2024 – across Prudential plc covering all business units and head office functions Across Asia, Africa, Europe and USA (in line with previous year).

Additional sub-categories, as defined below, are reported as absolute headcount number.

Reporting period

Total breakdown is reported as at 31 December 2024.

Definition

Workforce composition – reported with the following breakdown:

- Whole company – FTE;
- Non-executive Directors (including the Chair)*;
- Executive Directors*;
- Group Executive Committee (includes Executive Directors)*; and
- Group Leadership Team (does not include the Chair, Executive Directors, and GEC members)*.

* Reported as absolute headcount number instead of FTE

Unit/normalisation

All permanent/fixed-term contract of employment employees in each location.

Data collection method

- Permanent/fixed-term contract of employment employee total headcount, split by gender.
- As at 31 December:
- Total numbers were provided by each of the businesses and offices in scope. Source for all local business units (LBU) is Workday MyHR report;
- Numbers were validated by appropriate representative of the HR Director for each local business; and
- Group HR Analytics consolidated responses to produce the final data set.

Reporting boundary

Asia, Africa, Europe, and the USA. Joint ventures are not included in total headcount reported.

Main assumptions:

- The Group Leadership Team (GLT) is defined as leadership roles that are Group Executive Committee (GEC) direct reports, all Chief Executive Officers (CEO) of our Life businesses and their direct reports at Chief level (for the Africa Regional Hub and the Cambodia-Laos-Myanmar Hub, only the Hub leaders are included); all CEOs of our Eastspring businesses; and selected roles in both our Life and Eastspring businesses essential to delivering strategy. Defined in 2023 and labelled as absolute headcount (as per definition).

Third-party data verification

EY has provided ISAE (UK) 3000 (July 2020) limited assurance over these results.

Community Investment

Scope of indicator

KPI published: Charitable cash donations (United Kingdom, Asia, Africa)

Reporting period

1 January 2024 – 31 December 2024

Definition

Community investment is defined as Prudential's voluntary engagement or activity with both charitable and non-charitable organisations that extends beyond our core business activities to create a positive impact on society.

Community investment spend can be in the form of cash or in-kind donations. The cash contribution is defined as the gross monetary amount paid during the reporting period in line with the cash accounting approach; which can include direct donations/grants to charitable organisations or payments towards non-charitable organisations to support a community organisation or project for example, cause-related marketing.

We will only be reporting cash contributions in our total community investment spend figure and in-kind contributions of volunteering hours.

Assessment methodology

Our total cash contribution includes:

- Cash donations, disaster relief funding to charities, non-profits, non-governmental organisations (NGOs), social enterprises and strategic partners;
- Cash spent with key strategic partners to promote and broaden the audience/outreach of our community investment programmes, solely to support community investment programmes;

- Cash spent with third-party vendors for running community investment programmes;
- Cash funding to our local business for running community investment programmes; and
- Cash spent with NGO partners to implement our regional community investment programmes, namely:
 - Cha-Ching curriculum implementation in schools;
 - SAFE STEPS programme on road safety;
 - Cha-Ching and SAFE STEPS KIDS mass scale awareness and education campaigns;
 - COMPREHENSIVE SAFE SCHOOLS ECOSYSTEM project for Republic of the Philippines, Department of Education;
 - SAFE SCHOOLS programme for Thailand, Cambodia and Indonesia;
 - Early Childhood Development programme;
 - Regional Disaster Relief support;
 - Women's Climate Shock Insurance and Livelihood Initiative with Climate Resilience for All;
 - Climate and Health Resilience Fund;
 - Disaster Tech Awards
 - Decode mass awareness campaign with Warner Brothers Discovery; and
 - Regional Volunteering Programme.

Reporting boundary

Asia, Africa and the United Kingdom, excluding joint ventures.

Basis of accounting

All disclosures have adopted the cash basis of accounting for the reporting period.

Currency/unit/normalisation

Amounts are reported in US dollars.

All currency conversions are made using year-to-date average exchange rates as of 31 December 2024, based on data from Bloomberg/Reuters and supplied by Group Finance.

Data collection method

Cash contributions are recorded by each of our local businesses through the year. A spreadsheet is circulated to each business at year end, which requests details of all community investment spend by organisation/activity/category. The businesses' submissions are consolidated by Group Finance and reviewed by Prudence Foundation, to ensure all reported activity falls within our definition of community investment. Group Finance also converts all activity recorded in local currency into US dollars.

Third party verification

EY has provided ISAE (UK) 3000 (July 2020) limited assurance over the cash contributions of community investments in this report.

Environment

Greenhouse gas (GHG) emissions and key environmental performance indicators

Scope

This document sets out the approach taken by Prudential plc to collate and report the environmental data and GHG emissions published in our Annual Report, Sustainability Report, online and select supplementary reporting, eg CDP. We have robust processes in place to capture, monitor and measure our performance and we aim to report openly and transparently.

GHG emissions are broken down into three scopes; we have included full reporting for Scope 1 and 2 and select Scope 3 reporting as best practice.

- 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.
- Scope 3 emissions include:
 - business travel for UK, Asia and Africa businesses and associated business operations in USA and EU (Eastspring);
 - water consumption from our UK, Asia and Africa properties;
 - waste generated from our UK, Asia and Africa properties; and
 - fuel and energy-related activities for UK, Asia and Africa properties.

Reporting period

Our 2024 reporting period covers 1 October 2023 to 30 September 2024. This does not correspond with the Annual Report (which covers 1 January 2024 to 31 December 2024) because the reporting period was brought forward by three months to improve the availability of invoice data (which often lags by one month or more after the usage period) and reduce the reliance on estimated data.

Reporting boundary

We apply the 'operational control' approach as the boundary for reporting our environmental data. This means that we report on 100 per cent of emissions where we, or one of our subsidiaries, has the full authority to introduce and implement operating policies. Under this approach, our GHG emissions from all owned and leased facilities globally over which we have operational control are counted. We also include estimated usage for full service gross leased offices and data centres where we receive metered energy consumption and invoices. Joint ventures where Prudential do not have operational control are excluded from the reporting boundary.

This boundary approach covers emissions generated from approximately 358 occupied leases, covering 334,288m². To determine the sites where emission reporting was required, lease information was taken from our central lease database.

Prudential owns assets which are held on its balance sheet in the financial statements over which it does not have operational control. These are excluded from the scope of reporting under the operational control approach.

Assessment methodology

Prudential uses the GHG Protocol Corporate Accounting and Reporting Standard (2015 revised edition) as the methodology for calculating our GHG emissions. The GHG Protocol was co-developed by the World Resources Institute and the World Business Council for Sustainable Development.

We comply with the 'dual reporting' of Scope 2 emissions and report on market-based emissions for UK, Hong Kong, Malaysia and Indonesia. Our other Asian and African markets continue to use the location-based factors already available as market-based factors were deemed insufficient for reporting. For our UK-occupied buildings, residual mix factors were used where supplier factors were unavailable.

Emission factors

Our reporting period includes data collected over two calendar years. Emission factors are published on a calendar year basis, and we apply the relevant emission factors based on the year in which the emissions are generated. Therefore, emissions generated in the first three months (October to December) of our reporting period have different emission factors applied than those reported for the remaining nine months (January to September). This is to ensure representative emissions reporting.

Our 2024 reporting has used the following sources of emission factors to calculate our footprint measured in carbon-dioxide equivalent (CO₂e):

- **Scope 1:** UK DEFRA 2023 and 2024 GHG Conversion Factors.
- **Scope 2:** The IEA GHG 2022 and 2023 Conversion Factors are used for location-based reporting, except for the UK, which uses DEFRA 2023 and 2024 GHG Conversion Factors. Market-based reporting is used for the following locations:
 - UK-based operations: the market-based emission for the UK factor in the green power procured via the EDF REGO scheme. For the residual electricity consumption, the Association of Issuing Bodies European Residual Mixes Factor 2022 and 2023 are applied.

- **Hong Kong-based operations:** the market-based emission for Hong Kong factor in the renewable energy procured via the following scheme:
 - CLP Renewable Energy Credits (RECs) (procurement period October 2023 to September 2024).
 - Hong Kong Electric Renewable Energy Credits (RECs) (procurement period October 2023 to September 2024)

For the residual electricity consumption, IEA GHG 2022 and 2023 Conversion Factors are applied.

- **Malaysia-based operations:** Renewable energy procurement has been reported via the following programmes, and for the residual electricity consumption, IEA GHG 2022 and 2023 Conversion Factors are applied:
 - GET Scheme TNB Malaysia (procurement period: October 2023 to December 2023); and
 - Sarawak Energy RECs (procurement period October 2023 to September 2024).
- **Indonesia-based operations:** Renewable energy procurement has been reported via the following programme and for the residual electricity consumption, IEA GHG 2022 and 2023 Conversion Factors are applied:
 - The Tradable Instrument for Global Renewables (TIGR) (procurement period October 2023 – September 2024)
- **Scope 3:** UK DEFRA 2023 and 2024 GHG Conversion Factors and IEA GHG 2023 Upstream Emission Factors.

Note 1: In our reporting the classification of air travel is not strictly aligned with SECR guidance. Our operations are outside the UK and thus most of the flights no longer originate/end in the UK. Therefore, the SECR categorisations are not entirely appropriate for our reporting. For example, to follow the guidance a flight from Sydney to Dallas Fort Worth in the USA (13,799km) would have the same (international) emission factor applied as a flight from Sydney to Melbourne (850km). The methodology adopted applies the breakdown into domestic/short and long-haul based on distance travelled to determine the emission factor applied and it is believed to be more appropriate, particularly now that Prudential plc operations in the UK are limited.

Note 2: The IEA 2023 dataset has expanded the provision of indirect emissions factors to consist of both Total upstream factors and Life cycle T&D factors corresponding to electricity generation. For countries that do not have these two components available, it defaults to the original non-lifecycle T&D losses adjustment.

Environment continued

Materiality considerations/exclusions

We have set a materiality threshold of 5 per cent of total GHG emissions. The following exclusions have been made based on this:

- Business travel – scooters are excluded as these do not come under Prudential’s operational control and collection of this information would be extremely difficult;
- Minor works (gardeners, minor construction works) – anticipated to be less than 1 per cent of total GHG emissions and are considered immaterial; and
- Emissions from refrigerants from small split-system air conditioning units are so small as to be immaterial (anticipated <0.1 per cent of total GHG emissions). The electricity use from these units has been reported.

Intensity ratio

The intensity metric is kilograms of CO₂e per m² (net lettable area). Our emissions are normalised by the floor area of our occupied properties held on 30 September 2023 reporting consumption between 01 October 2023 and 30 September 2024. Net lettable area is used where available. Where not available, alternative measurement methodologies are used to supplement data, ie net internal area or gross internal area.

We have also reported tonnes of CO₂e per employee. This is calculated as a snapshot of full-time employees on 30 September 2024 (the closest available figures to our reporting year end) and excludes contingent workers, agents and joint ventures.

Methodology changes from 2023

In 2024, the data reporting platform for operational environmental data management has changed from Canopy to Envizi. We have enhanced the reporting of Scope 3 emissions with the use of Envizi platform as it applies a more comprehensive set of emission factors, such as IEA 2023 Upstream Emission Factors for FERA emissions from electricity and UK DEFRA water supply and treatment emissions factor for emissions from water.

The data collection process via quarterly requests for information (RFIs), data upload, quality control and estimation methodology remain largely the same.

Quarterly data quality checks

Quarterly quality control (QC) process is in place to align with Prudential’s assurance scope for environmental data and internal system upgrades.

As the assurance coverage increased for Scope 3 metrics to include waste, water and business travel, in response, the quarterly QC checks have undergone scope expansion to include the same level of variance review for the top 20 consuming sites for all Scope 1,2 and 3 metrics. Previously this was limited to Scope 1 and 2 metrics.

This additional level of quarterly QC checks is enabled by the internal sustainability data reporting platform, OneStream. After the quarterly QC is performed, the data is also checked and signed off at a local business unit level by senior management via the OneStream platform. Any discrepancies between OneStream data and the RFI are reviewed and updated where necessary in the OneStream and Envizi as part of the subsequent quarterly data upload.

As part of the QC checks, an “emission and energy factors report” is exported to provide a detailed view of factors that are used with Prudential’s activity data.

Calculation methodology

Our approach to the core metrics in our GHG emissions reporting is detailed below. To ensure we have complete coverage during the reporting period, consumption data may be accrued for missing invoices/supplier data, or estimated where we have received no information for a property (eg a new lease that became active during the reporting year and no invoices have yet been received).

The accruals in Envizi follow an industry standard and accrue for any missing invoices at an account (meter) level and are calculated in monthly blocks for any missing data in a month. Below is the accrual methodology by Envizi:

- “Same month last year” method is used for calculating consumption accruals.
- Accruals are generated based on a daily average value from the same month last year, which is then multiplied by the number of missing days in a month.

The estimation methodology remains the same as in previous years for any building where no data have been received, benchmarking data based on normalized consumption of similar types of property in the Prudential portfolio is used to estimate the kWh for the property and uploaded into the Envizi platform.

Emission Factor Sources:

(a) Scope 1: UK DEFRA 2023 and 2024 GHG Conversion Factors.

(b) Scope 2: The IEA GHG 2022 and 2023 Conversion Factors are used for location-based reporting and/or market-based reporting (Hong Kong, Indonesia and Malaysia), except for the UK which uses DEFRA 2023 and 2024 Conversion Factors.

(c) Scope 3: UK DEFRA 2023 and 2024 GHG Conversion Factors and IEA GHG 2023 Upstream Emission Factors

Environment continued

Emission source	Data sources and assumptions	Emission Factor Source	Accrued/estimated
Energy and emissions			
Fuel combustion – gas	<p>KPIs: Total energy consumption (MWh) and Scope 1 and 3 emissions (CO₂e).</p> <p>Gas consumption (kWh) obtained from invoices, supplier reports and manual meter reads. The ‘gross’ calorific value is used for carbon conversions when both gross and net are available.</p>	A and C	✓
Fuel combustion – oil	<p>KPIs: Total energy consumption (MWh) and Scope 1 and 3 emissions (CO₂e).</p> <p>Oil consumption (litres) from back-up generators was calculated by recording the run time, diesel consumption rate per hour and generator capacity and efficiency where possible. Where this is not possible, fuel top ups and/or dips have been used. The ‘gross’ calorific value is used when both gross and net are available.</p>	A and C	✓
Fugitive emissions	<p>KPIs: Scope 1 emissions (CO₂e)</p> <p>Refrigerant losses are based on estimates using the data from last year. This is due to the unavailability of actual data/invoices for the provision of top-up gases, as well as reports from air conditioning engineers and catering equipment engineers not being available for the reporting year. Losses are recorded in kg.</p>	A	✓
Vehicle fleet	<p>KPIs: Scope 1 and 3 emissions (CO₂e)</p> <p>Transport is calculated either based on litres of fuel type consumed/purchased (preferred), or distance travelled.</p> <ul style="list-style-type: none"> – Mileage from company-owned vehicles is supplied by property contacts on a quarterly basis; – Mileage of leased cars is provided by property contacts on a quarterly basis; – Mileage of non-company owned vehicles is supplied on a quarterly basis (reported under Scope 3), and – The information provided for all includes vehicle type, and size of engine. <p>All data is converted to km travelled before being entered into our GHG calculation model.</p>	A and C	✓

Emission source	Data sources and assumptions	Emission Factor Source	Accrued/estimated
Electricity	<p>KPIs: Total energy consumption (MWh) and Scope 2 and 3 emissions (CO₂e) – both market and location-based.</p> <p>Indirect energy consumption (kWh) obtained from invoices, supplier reports and manual meter reads. Every building in the site list either has invoice/ accrual or estimated electricity consumption/cost.</p> <p>Accruals are used where we have either not received an invoice or received an invoice for part of the month. This calculation is automatically carried out in Envizi using the same month previous year data for a missing invoice.</p> <p>Where there is no consumption data available for a site, electricity consumption is estimated using internal benchmarks as follows:</p> <ul style="list-style-type: none"> – Average consumption per property type per country is used; – If not available, average consumption per country is used; or – If not available, average consumption per Prudential data model is used. <p>If any sites do not have a property type (eg sales office), the model will assume the average benchmarking figure for their respective country.</p> <p>Estimations and accruals are only applied to the months where the lease is active; however, if there is incomplete lease information then the model assumes a conservative approach, ie that the property is open for the full reporting period.</p> <p>Country-specific emission factors are used where feasible, aligning with two periods, October to December 2023 and January to September 2024. To comply with the dual reporting requirements of the GHG Protocol, both location and market-based numbers have been published in the 2024 report.</p> <p>Scope 3 indirect emissions associated with fuel-and energy-related activities (FERA) for electricity consumption are calculated using country-specific emission factors based on actual consumption, without considering the impact of Renewable Energy Certificates (RECs). RECs are separately accounted for in Scope 2 market-based emissions calculations.</p>	B and C	✓
Heating and cooling	<p>KPIs: Total energy consumption (MWh) and Scope 1, 2 and 3 emissions (CO₂e)</p> <p>Indirect energy consumption (kWh) was obtained from invoices.</p>	A, B and C	✓

Environment continued

Emission source	Data sources and assumptions	Emission Factor Source	Accrued/ estimated
Waste and recycling			
Waste generated	<p>KPIs: Total waste produced (tonnes), total waste diverted from landfill (tonnes and %), total waste recycled (tonnes and %), and Scope 3 emissions (CO₂e)</p> <p>Waste data is provided by waste management companies, property managers and waste transfer notes. Waste figures do not include buildings where Prudential is a tenant without operational control of waste.</p> <p>At sites where the waste is not weighed, the reported weight is based on the assumed weight per category of different types of recycling, based on industry averages, and multiplied by the number of 'categories' at each property. Waste figures within the UK are inclusive of feminine hygiene waste. Final waste treatments are based on DEFRA classifications.</p>	C	✗
Water consumption			
Water consumption	<p>KPIs: Total water consumption (m³) and Scope 3 emissions (CO₂e)</p> <p>The total quantity of water consumed is obtained from invoices and supplier meter readings, and recorded in cubic metres or kilolitres.</p>	C	✓

Emission source	Data sources and assumptions	Emission Factor Source	Accrued/ estimated
Business travel			
Air travel	<p>KPIs: Scope 3 emissions (CO₂e)</p> <p>Annual travel reports are provided by our travel management companies that cover travel booked from the US, UK, Europe, Asia and Africa. All distances are reported in km and converted to CO₂e using the DEFRA 2023 and 2024 emission factors, including DEFRA Well to Tank for air travel and radiative forcing uplift.</p> <p>No assumptions or estimations have been made for travel booked by individuals and claimed via the expense system.</p>	C	✗
Other business travel – rail and grey fleet	<p>KPIs: Scope 3 emissions (CO₂e)</p> <p>Annual travel reports are provided by our UK travel management companies that cover travel booked from the UK. A cut-off date of 7 November 2024 is applied to allow cancellations to filter through.</p> <p>Grey fleet mileage is provided by an extract from the expense system on a monthly basis and this includes vehicle type, fuel type and size of engine.</p> <p>No assumptions or estimations have been made for travel booked by individuals and claimed via the expense system.</p>	C	✗

Third-party data verification

EY has provided ISAE (UK) 3000 (July 2020) limited assurance of the components of greenhouse gas emission data as follows:

	Limited Assurance								
	Scope 1			Scope 2		Scope 3			
	Fuel combustion	Fugitive emissions	Vehicle fleet	Electricity use	Fuel and energy-related activities	Water consumed	Business travel	Waste produced	Waste recycled
Asia Occupied	✓	✓	✓	✓	✓	✓	✓	✗	✗
UK Occupied	✓	✓	✓	✓	✓	✓	✓	✓	✓
Africa Occupied	✓	✓	✓	✓	✓	✗	✓	✗	✗

Carbon emissions relating to the investment portfolio

Scope

This document explains the approach taken by Prudential plc to report the carbon footprint of the investment portfolio ('investment portfolio') in the Annual Report and Accounts, the Sustainability Report, and online and select supplementary reporting. We have robust processes in place to capture, monitor and measure our performance and we aim to report openly and transparently.

Reporting period

Our 2024 report includes the weighted average carbon intensity (WACI) and absolute carbon footprint of Prudential plc's investment portfolio year end 2024.

Reporting boundary

The carbon footprint of the investment portfolio is calculated for the following assets:

- Assets from majority- and wholly-owned life businesses units only;
- Shareholder and policyholder assets only;
- Assets in the following asset classes only: listed equities, classified corporate bonds, and real estate¹, using industry practice;
- Assets in the following investment vehicles: segregated mandates, collective investment schemes and exchange traded funds (ETFs);
- Assets managed on our main portfolio management system only.

The investment portfolio assets currently excluded from the calculation are:

- Assets from joint ventures, as Prudential plc does not have full authority to change investment strategies of these businesses;
- Assets managed by Eastspring on behalf of other clients, as Prudential does not control these assets;
- Assets for investment-linked products (ILP), also referred to as unit-linked products, as Prudential cannot change the investment strategy for these funds from what is selected by the policyholder;
- Asset classes for which the Net Zero Asset Owner Alliance (NZAOA) does not yet require a methodology to measure the carbon footprint, such as sovereign bonds; and
- Assets not managed on our main portfolio management system, including assets managed by third-party managers on other systems.

We are working with the fund managers to measure and report on this in future.

After applying the aforementioned reporting boundary to determine the in-scope assets, the Group has in 2024 obtained carbon emission data for 80% of that population, increased from 69% in 2023. Currently our in-scope assets under management utilised within the calculations are obtained under Investment Book of Record (IBOR) from our main portfolio management system vs. Accounting Book of Record (ABOR) for financial reporting. Due to this difference in approach, we have not disclosed the dollar value of in-scope assets under management for 2024. In future periods, we will look to enhance the transparency over the in-scope assets under management that the WACI and absolute carbon emissions of our investment portfolio are based upon.

Methodology for weighted average carbon intensity

Prudential reports the WACI of the investment portfolio using the following formula, which is aligned to the methodology from the NZAOA, Task Force on Climate-related Financial Disclosures (TCFD) and Partnership for Carbon Accounting Financials (PCAF):

$$\sum_n^i \text{Emissions intensity}_i * \frac{\text{MV of investment}_i}{\text{MV of in scope assets for which emissions are available}}$$

Definitions used in the WACI calculation are:

- Emissions intensity; carbon emissions intensity of the investment portfolio company expressed in: tonnes CO₂e of the investee company ÷ \$million revenue of the investee company.
 - The carbon emissions of an investment portfolio company cover Scope 1 and Scope 2 carbon emissions.
 - CO₂e, per the Greenhouse Gas (GHG) Protocol, includes carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃).
- MV of investment_i is market value of the investment portfolio asset as at the reporting date.
- MV of in scope assets for which emissions are available is the total market value of the investment portfolio.

Methodology for absolute carbon footprint of the investment portfolio (financed emissions)

Prudential also reports the absolute carbon emissions (also known as 'financed emissions') related to all shareholder and policyholder assets in the investment portfolio. This metric is monitored and is used for the target on engagement.

Prudential reports the absolute carbon footprint using the following formula, which is aligned to the methodology from the NZAOA, TCFD and PCAF:

$$\sum_n^i \text{Absolute carbon emissions issuer}_i * \frac{\text{MV of investment}_i}{\text{Enterprise value including cash}_i}$$

Definitions used in the calculation of the absolute carbon footprint are:

- Absolute carbon emissions issuer; the Scope 1 and Scope 2 CO₂e of the company in the investment portfolio.
 - CO₂e, per the GHG Protocol, includes carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃).
- MV of investment_i is the market value of the investment portfolio asset as at the reporting date.
- Enterprise value including cash; the market capitalisation and debt of the company in the investment portfolio without the deduction of cash or cash equivalents.

¹ No carbon emissions data is available for the real estate asset class

Environment continued

Data

Prudential uses carbon data from its external data provider to calculate the GHG emissions related to the investment portfolio. The external data provider classifies emissions per the GHG Protocol in three categories known as Scope 1, Scope 2 and Scope 3. The carbon footprint of the investment portfolio uses the Scope 1 and Scope 2 CO₂e of invested companies.

The external data provider collects CO₂e emissions data for the investment portfolio companies. Data is collected once a year from the most recent corporate sources, including annual reports, corporate social responsibility reports, websites, CDP submissions and/or government databases. When companies do not disclose data, the data provider uses proprietary methodologies to estimate CO₂e emissions. The disclosed data and estimations combine to give the coverage, as reported in the Responsible investment section. The inclusion of assets in the absolute carbon footprint calculation is dependent on the data provider having all data elements of the calculation available.

The external data provider supplies Scope 1 and Scope 2 data as point-in-time and time series data. The point-in-time data is a snapshot of the carbon data available as at the specified date. The time series data locks in the data for a fiscal year after an additional year has elapsed. For our baseline year of 2019, time series data is used to maintain stability in the baseline from which reductions are measured. The point-in-time data is used for all years other than the baseline, to provide the latest available result.

Dependencies

The methodology as set out in this document has the following dependencies:

- **External data provider:** Prudential plc relies on its external data provider to supply the carbon data of the investment portfolio. This creates a dependency on data availability from the external data provider and its estimation methodology as described below.
- **Asset classifications:** Prudential plc relies on its external data provider to provide the classification of its assets to determine if they fall within the reporting boundary.
- **Industry standards:** Prudential plc has chosen to align to the NZAOA, TCFD and PCAF industry standards for the calculation of the carbon metrics of the investment portfolio.

Third-party data verification

EY has provided ISAE (UK) 3000 (July 2020) limited assurance over the WACI and financed emissions results.