PRUDENTIAL

Prudential plc
Sustainability Report 2023

For Every *Life*, For Every *Future*

Sustainability for Real-world Impact and Long-term Resilience

Our commitment to sustainability is embedded in our company purpose,

For Every Life, For Every Future,

reflected in our values, and underpinning our business strategy. Our mission is to be the most trusted partner and protector for this generation and the generations to come, by providing simple and accessible financial and health solutions.

Our strategy goes beyond managing environmental, social and governance (ESG) risks

As individuals and as an organisation, we want to contribute to a greener, more inclusive, and responsible future for our customers, people, shareholders and the communities in which we operate.

Our activities in 2023 provide good examples of how we are delivering for the next chapter of growth and taking proactive steps to achieve our sustainability ambition.

As we evolve our terminology to use the more comprehensive umbrella of 'sustainability', we demonstrate our ambition to run a sustainable business that has real-world impact and builds long-term resilience.

In 2024, we will be taking a strategic and integrated approach to sustainability, tracking ourselves against key metrics to hold ourselves accountable to all our stakeholders.

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 2023.

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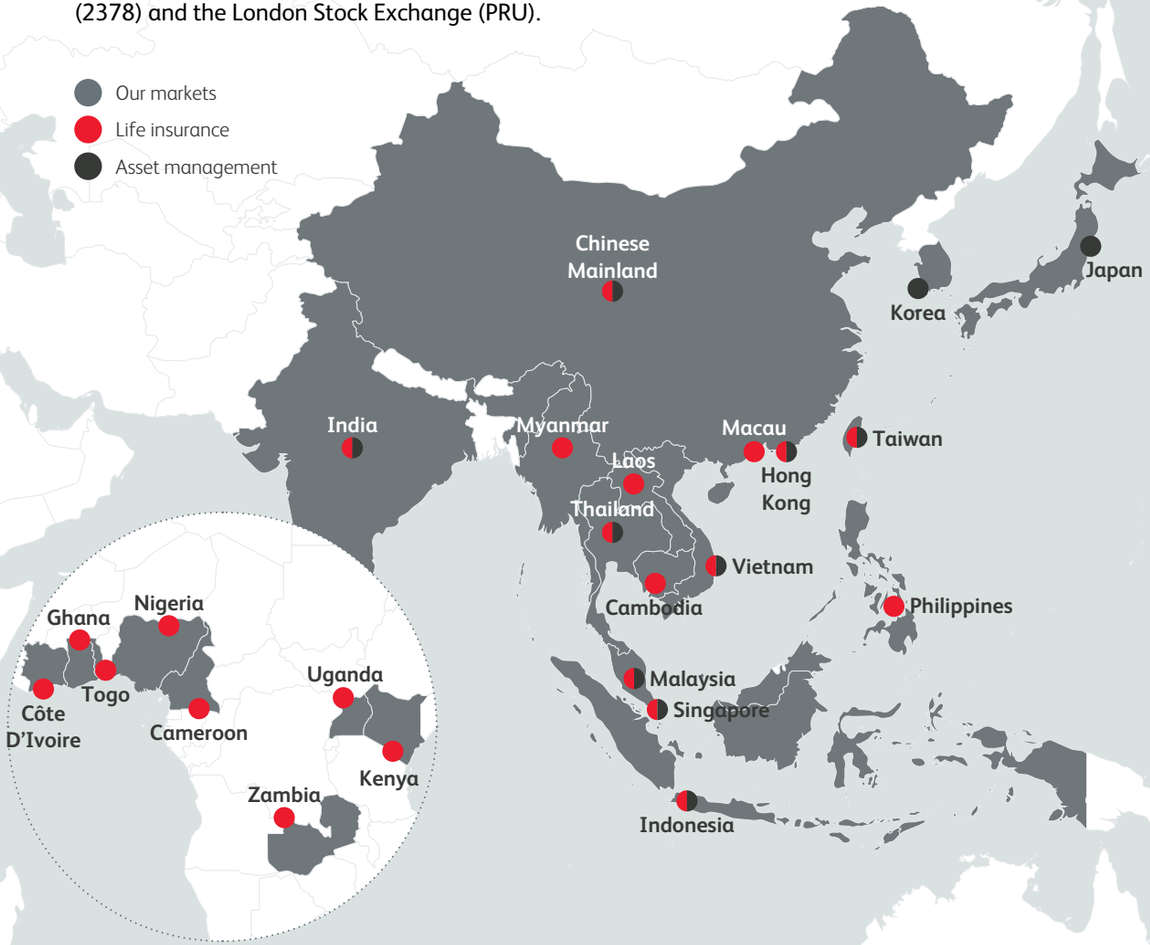
Reporting suite overview
Visit prudentialplc.com

Prudential *at a glance*

We provide life and health insurance and asset management in 24 markets across Asia and Africa. We are headquartered in Hong Kong, and have dual primary listings on the Stock Exchange of Hong Kong (2378) and the London Stock Exchange (PRU).



Leading positions in high-growth markets driven by significant need for protection and rising wealth.

Top 3
positions in 12 Asia life markets[1]

Top 5
positions in 6 Africa life markets[1]

Trusted household brand

18 million
customers[2]

175 years
of history

Broad footprint across Asia and Africa

4 billion
combined population[3]

c.$1 trillion
growth opportunity in our markets over the next 10 years[4]

Multi-channel distribution at scale

68,000+
active agents

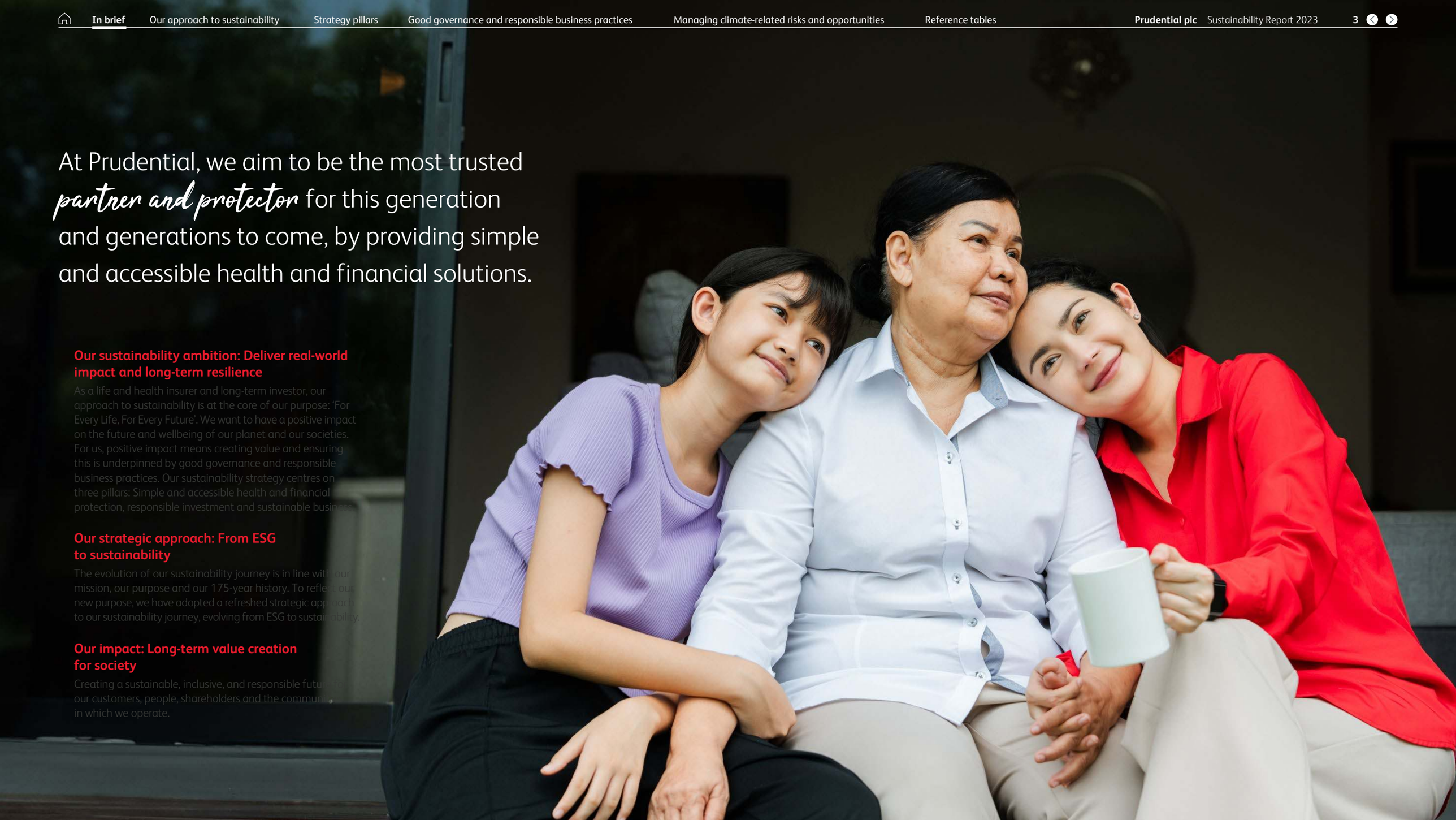
The #1
independent insurer in Asia bancassurance[5]

Strong and highly resilient capital position

Strong and highly resilient capital position, with limited exposure to market risk reflecting a long-held quality focus.

295%
GWS coverage ratio over GPCR

1. As reported at full year 2023 unless otherwise specified. Sources include formal (eg competitors results release, local regulators and insurance association) and informal (industry exchange) market share. Ranking based on new business (APE sales, weighted new business premium, full year premium or weighted first year premium) or Gross Written Premium depending on availability of data. Rankings in the case of Chinese Mainland, Taiwan and Myanmar are among foreign insurers, and for India is among private companies. Countries based on nine months ended September 2023: Philippines, Ghana (Africa) and Kenya (Africa) and full year 2022: Laos, Zambia (Africa) and Togo (Africa) and full year 2020: Nigeria (Africa).
2. Full Group, including joint ventures.
3. Source: United Nations, Department of Economic and Social Affairs, Population Division, World Population Prospects 2022.
4. Source: Swiss Re forecast (July 2023) Forecast incremental annual gross written premium in 2033 compared with 2022.
5. Based on FY2022 data from local regulators, industry associations and Prudential' internal data. Estimates are based on market intelligence, if data is not publicly available.



At Prudential, we aim to be the most trusted *partner and protector* for this generation and generations to come, by providing simple and accessible health and financial solutions.

Our sustainability ambition: Deliver real-world impact and long-term resilience

As a life and health insurer and long-term investor, our approach to sustainability is at the core of our purpose: 'For Every Life, For Every Future'. We want to have a positive impact on the future and wellbeing of our planet and our societies. For us, positive impact means creating value and ensuring this is underpinned by good governance and responsible business practices. Our sustainability strategy centres on three pillars: Simple and accessible health and financial protection, responsible investment and sustainable business.

Our strategic approach: From ESG to sustainability

The evolution of our sustainability journey is in line with our mission, our purpose and our 175-year history. To reflect our new purpose, we have adopted a refreshed strategic approach to our sustainability journey, evolving from ESG to sustainability.

Our impact: Long-term value creation for society

Creating a sustainable, inclusive, and responsible future for our customers, people, shareholders and the communities in which we operate.

Our sustainability *highlights*

Simple and accessible health and financial protection

Increase access to health and financial protection for every life

17.4 million
total life segment policies in force

Launched PruBabies to provide free protection for over
18,000 infants
against infectious diseases in the Philippines

Since launching our microinsurance product PRUKasih Aman in Malaysia in 2022, we have protected
9,700 individuals
from low-income communities and those with disabilities

$13 million
invested in building community resilience

2 million
students reached and over 66,000 teachers trained through Cha-Ching curriculum (since 2016)

Nearly 28,000
employee volunteering hours

Responsible investment

Enable a just and inclusive transition to net zero for every future

Upgraded our weighted average carbon intensity (WACI) reduction target from 25% to
55%
by 2030

Established a new
investment target on financing the transition,
which operates as an underpin for our WACI reduction

Anchor investor of the
largest equity ETF fund in Singapore
(at time of launch) – iShares MSCI Asia ex Japan Climate Action ETF

Eastspring voted in
97.2%
of proxy votes for which it was eligible to vote, and conducted 875 corporate engagements in 2023

87%
of Eastspring's international funds (SICAV) received EU SFDR Article 8[1] status

Signed Nairobi Declaration on Sustainable Insurance,
confirming our commitment to the Sustainable Development Goals (SDGs) in Africa

1. Under the European Union Sustainable Finance Disclosure Regulation, Article 8 refers to funds that promote investments or projects with positive or social qualities.

Sustainable business

Embed sustainability into our business and value chain to amplify the pace and scale of our impact

Targeting all people managers to have a
sustainability-linked KPI
by the end of 2026

Targeting
40% women
in our Group Leadership Team by the end of 2026

Targeting
75th percentile
on the employee Net Promoter Score (eNPS)

10%
of the total Executive Directors' 2024 Prudential Long Term Incentive Plan awards linked to sustainability, of which 5% will be linked to carbon reduction and another 5% linked to diversity

22%
Reduction in global absolute Scope 1 and 2 (market-based) GHG emissions compared to 2022

Connecting Health and Climate
Prudential EOS Climate Impacts Initiative and Prudence Foundation's partnership with the IFRC

inability at

d ESG ratings

Sustainal
16.3
2022: 18.2

CDP
B
2022: A-

S&P Global CSA
53/100
ranked in the 72nd percentile
2022: 61/100 ranked in the 71st percentile

ISS
Prime, 2nd decile
2022: Prime, 2nd decile

FTSE4Good
3.6/5
2022: 4.3/5

Awards

Platinum Award for the Most Sustainable Company (non-Hang Seng Index Large Market Capitalisation) Category

2023 Best Corporate Governance and ESG Awards, The Hong Kong Institute of Certified Public Accountants

International Life Insurer of the Year – Malaysia, Philippines and Vietnam

Insurance Asia Awards 2023

ESG Initiative of the Year – Malaysia and Vietnam

Insurance Asia Awards 2023

Silver Award – Education, Art & Culture, Special Projects for Cha-Ching Money Adventures

Silver Award – Education, Art & Culture, Digital and Innovative Experiences for Cha-Ching Money Adventures

Anthem Awards 2023

Memberships and signatories

Principles for Responsible Investment

Asia Investor Group on Climate Change

TCFD

Workforce Disclosure Initiative

Climate Action 100+

Women's Empowerment Principles

HMT Women in Finance Charter

United Nations-convened Net Zero Asset Owner Alliance (NZAOA)

Our *sustainability* strategy

Ambition	**Sustainability for real-world impact and long-term resilience**
Purpose	For Every *Life* For Every *Future*
Pillars	**Simple and accessible health and financial protection** Increase access to health and financial protection for every life **Responsible investment** Enable a just and inclusive transition to net zero for every future **Sustainable business** Embed sustainability into our business and value chain to amplify the pace and scale of our impact
Priorities	**Delivering partnerships and digital innovation for health outcomes** Drive positive health outcomes through partnerships and digital innovation **Developing sustainable and inclusive offerings** Develop sustainable and inclusive offerings to increase access to protection for underserved customer needs and communities **Building resilient communities** Support the communities in which we operate, building resilience through the work of our business units and Prudence Foundation **Decarbonising our portfolio** Committed to decarbonise our portfolio and become a net zero asset owner by 2050 **Financing a just and inclusive transition** Financing a just and inclusive transition with emerging markets considerations at the forefront **Mainstreaming responsible investments in emerging markets** Leverage our influence as asset owner to mainstream responsible investments in emerging markets **Empowering our people** Empower our talent pool by upgrading their sustainability capabilities and advancing our diversity, equity, inclusion and belonging strategy **Establishing sustainable operations and value chain** Embed sustainability in our day-to-day operations as a business, including with our suppliers and partners **Harnessing thought leadership to shape the agenda** Leverage our advocacy power to shape a sustainability agenda that places emerging markets considerations at the forefront
Foundation	**Good governance and responsible business practices** Corporate governance, conduct and ethics, risk management, external reporting and benchmarking
New targets *> For more on how we are progressing against our targets, see Page 11*	**55% weighted average carbon intensity (WACI) reduction by 2030** **Established a new investment target on financing the transition, which operates as an underpin for our WACI reduction target** **40% female representation in Group Leadership Team by the end of 2026** **All people managers to have sustainability-linked KPIs by the end of 2026**

Foreword

Delivering real-world *impact* and long-term *resilience*

Continuing our journey to provide simple and accessible health and financial solutions.

At Prudential, sustainability is at the core of what we do. As a life and health insurer and long-term investor, we have been on our sustainability journey for more than 175 years, including 100 years in Asia.

2023 was a transformative year for us as we aligned our sustainability strategy with our new purpose, mission and business strategy.

With our new purpose, 'For Every Life, For Every Future', as our guiding light, our mission is to be the most trusted partner and protector for the current and future generations, by providing simple and accessible health and financial solutions.

Our refreshed sustainability strategy brings this to life, exemplifying Prudential's collective responsibility to deliver real-world impact and build long-term resilience. This will see us contributing to a greener, more inclusive, and responsible future for our customers, people, shareholders, and the communities in which we operate.

More than just words on a page, our refreshed strategy is an integrated, purposeful approach, which goes beyond managing ESG risks to developing long-term value creation for society. As a collective and as individuals, we are all rolling up our sleeves to contribute to the targets set for our entire organisation and to achieve sustainable growth together.

I'm proud of the achievements we have already made in 2023 to demonstrate commitment to three pillars – **simple and accessible health and financial protection**; **responsible investment**; and **sustainable business**.

We have made great strides to further our aspiration to fill the significant health and financial protection gap in our 24 markets. In the Philippines, we launched the PRUBabies programme, offering free protection for any four infectious diseases to over 18,000 infants. As the impact of climate change can facilitate the transmission of vector-borne diseases, this product brings families security and peace of mind.

We also believe that financial inclusion starts with education and literacy, and as of the end of 2023, over two million children and 66,000 teachers have been reached and trained by Cha-Ching, our award-winning financial literacy programme owned by our philanthropic community investment arm, The Prudence Foundation.

We remain committed to becoming a net zero asset owner by 2050. Our **responsible investment** approach believes that supporting Asia and Africa to transition from 'brown' to 'green' in a just and inclusive manner will be pivotal. This year, we revised our interim portfolio decarbonisation target up, committing to deliver a 55% reduction in the carbon intensity of our investment portfolio (WACI) by 2030 against our 2019 baseline. We also took tangible steps towards financing the transition, and I'm proud that Prudential was the anchor investor (with $300 million) in Singapore's largest and first-ever climate-focused equity ETF (at time of launch), tracking companies in Asia (excluding Japan) that are demonstrating climate transition leadership.

For us, operating a **sustainable business** is critical to the success of our strategy. Having met our 2023 target of employing 35% of women in senior management, we have challenged ourselves further with a new target of 40% of women representation in our Group Leadership Team by the end of 2026. My personal ambition is for us to reach gender parity.

> "2023 was a transformative year for us as we aligned our sustainability strategy with our new purpose, mission and business strategy."

Investing in our current and future talent, training, systems and our overall culture is critical to continuing to serve billions of people across Asia and Africa. As part of establishing this culture, we have committed to setting sustainability-linked KPIs for all our people managers by the end of 2026, and will launch foundational sustainability training to ensure our people have access to key knowledge.

While we have made significant progress over the years, we recognise there are areas where we can still do more. In 2024, we will work on further refining our social strategy and targets, including advancing our diversity and inclusion efforts as we contribute to increasing access to health and financial protection across our markets. On the topic of environment, we are looking towards developing our position on nature and biodiversity, and exploring how we can integrate it into our net zero ambition and climate management approach.

I am really looking forward to bringing our strategy to life to deliver value to all our stakeholders. Here's to what we can continue to achieve together, '***For Every Life, For Every Future***'.

Anil Wadhwani
Chief Executive Officer

Our approach to *sustainability*

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From ESG to *sustainability*

As our approach to sustainability has evolved, how we talk about sustainability has evolved too. Our commitment to sustainability is embedded in our new purpose 'For Every Life, For Every Future' and reflected throughout our values and business strategy.

Our move to embrace sustainability as a clear driver of value for both our business and society goes beyond a focus on our ESG targets. While ESG remains the framework we use to identify, assess and manage non-financial risks and opportunities material to Prudential, we have evolved from using the terminology ESG to sustainability, an all-encompassing term that signifies the creation of value and growth through the positive impact we strive to have in our markets. This signifies the latest step of a journey we have been on for more than 175 years.

Our sustainability purpose and strategy

As a life and health insurance provider and long-term investor in Asia and Africa, we are committed to playing our part in increasing access to health and financial protection, enabling a just and inclusive transition to a low-carbon future and paving the way to long-term resilience for our customers, people, communities and shareholders.

Our sustainability strategy is core to who we are as a business and our purpose 'For Every Life, For Every Future' that speaks to our ambition to deliver real-world impact and long-term resilience in the markets where we operate for a more sustainable, responsible and inclusive future.

Our sustainability strategy reflects our business strategy, purpose and values. It speaks to the societal and environmental contexts in our markets across Asia and Africa and leverages the strengths of our organisation to create long-term value for the business and our stakeholders.

Our sustainability strategy actively places the considerations of emerging markets at the forefront reflecting the needs of many of the markets in which we operate. There is broad recognition of the need to manage the energy transition in a just and inclusive way, yet there is limited emphasis in mainstream discussions on exactly how difficult this process for emerging markets can be. They are currently the largest greenhouse gas emitters, but have historically contributed the least, have the largest financing gaps and are most vulnerable to the physical impacts of climate change. With our sustainability strategy we aim to bridge the gap between developed and emerging markets. We align to global standards as much as possible, but are willing to do things differently if we believe that will create more positive outcomes for the world and emerging markets in particular.

Affordability is still a key hurdle for many in emerging markets to access health and financial protection. As a result, we strive to provide more affordable products and solutions to help close the health and protection gaps between emerging and developed markets. By putting our customers at the centre of our product development process, we aim to adapt to changing demographics and meet the evolving needs of our customers.

Our new sustainability strategy is centred on three pillars that reflect who we are as a business, and each pillar has three key priorities that map out our opportunities for impact:

- **Simple and accessible health and financial protection**: As an insurer, we have been offering products and services that transform societies for the past 175 years, 100 of those in Asia. This puts us in a good position to increase affordable access to health and financial protection 'For Every Life', across our markets. We aim to drive positive health outcomes through partnerships and digital innovation, develop more sustainable and inclusive offerings, and build resilient communities through the work of the Prudence Foundation and our markets in Asia and Africa.
- **Responsible investment**: As an asset owner and asset manager, we can deploy our investments and stewardship strength to enable a just and inclusive transition to net zero 'For Every Future'. We have pledged to become a net zero asset owner by 2050, and be responsible custodians of the environment. We will do this by decarbonising our portfolio, financing a just and inclusive transition, and leveraging our influence to mainstream responsible investment in emerging markets.
- **Sustainable business**: As a responsible business owner, we endeavour to embed sustainability in our day-to-day operations. We do this by empowering our people through our culture, building future-ready capabilities and advancing our diversity and inclusion efforts, to deepen belonging at Prudential by respecting and appreciating differences; driving a sustainable value chain and sustainable operations that amplify the pace and scale of our impact; and leveraging our 175-year history and advocacy power to shape a sustainability agenda that places emerging market considerations and future generations at the forefront, including raising awareness of the intersection of climate change and health.

Good governance and responsible business practices form the critical foundation of our sustainability strategy, covering key aspects of corporate governance, conduct and ethics, risk management and third-party oversight. As guardians of our customers' and shareholders' assets, we consider all material risks, including ESG risks, in fulfilling our fiduciary duty.

"We have the potential to protect 4 billion people across our four geographic regions of Greater China, ASEAN, India and Africa. Our actions as a partner and protector will ultimately support a sustainable and inclusive future, for this generation and the next."

Ben Bulmer, Chief Financial Officer,
Chair of the Group Sustainability Committee

Q&A

with Ben Bulmer, Chief Financial Officer, Member of the Group Executive Committee responsible for sustainability, and Chair of the Group Sustainability Committee

What does sustainability mean for Prudential?

Sustainability signifies the creation of value and growth for all our stakeholders through positive impact. As a result, we have refreshed our strategic approach, shifting from ESG to sustainability to reflect this. This shift encompasses our environmental, social and governance commitments, yet at the same time recognises the opportunity given our unique position to support a just and inclusive future for existing generations and generations to come.

How can sustainability enable Prudential to create value?

Embedding sustainability into all pillars of our organisational strategy is driven by our purpose, our commitment to preserve and deliver value for all stakeholders. It allows us to identify and manage developing risks that could have financial, non-financial or reputational implications.

There are four main aspects:

1. **For our customer:** By integrating sustainability considerations into our customer offerings, we will be in a better position to align with the evolving needs of customers.
2. **For our employees:** Our people are critical to our continued success. They want to be part of an organisation that is socially responsible and guided by a strong purpose – where everyone can build a rewarding career and have a strong sense of belonging. Walking the talk as a leading organisation can help us ensure we can keep attracting and retaining talented individuals who find fulfilment in serving our business today and in the future.
3. **For our shareholders:** Maintaining effective sustainability governance and risk controls help us to mitigate risks to the business' daily operations arising from sustainability factors or sustainability-related opportunities, which we can leverage to create shareholder value. To build investor confidence and maintain trust from rating agencies, we must demonstrate actionable commitments to sustainability. This is to create the necessary foundation for aligning with investors' long-term interests.
4. **For our communities:** We invest in developing resilient communities by supporting initiatives that champion financial education and inclusion, health and safety protection and climate adaptation. Our community investment strategy aligns with our purpose and reflects our values and impact ambition.

What has been the most significant sustainability achievement in 2023?

In 2023, Prudential was the anchor investor for the largest and first ever climate-focused equity Exchange Traded Fund in Singapore (at time of launch), investing $300 million.

This is an evolutionary step, giving investors access to best-in-class companies across Asia Pacific (excluding Japan) positioned at the forefront in the transition to a low-carbon economy.

Our *targets* and progress

We have committed to becoming a net zero# asset owner by 2050. In line with the recommendations of the Paris Agreement, we have set shorter-term targets. In 2022, we committed to reviewing our climate-related ambitions for our investment portfolio, including setting a 2030 decarbonisation target by the end of 2024, in line with the Net Zero Asset Owner Alliance (NZAOA) Protocol. Since then, we have established a new target that is outlined in the table below. We have established a new investment target on financing the transition, which operates as an underpin for our portfolio decarbonisation target, as we believe that decarbonisation and the transition from brown to green of our economies are inherently connected. When we refreshed our sustainability strategy to align with our new business strategy, we also set additional targets around sustainable business and put measurement processes in place, to obtain data and set baselines.

> For more information on our climate-related metrics, please refer to the section on Managing our climate-related risks and opportunities.

The carbon footprint of the investment portfolio is calculated for the following assets, in line with industry practice and standards:

- Assets from wholly owned businesses only;
- Shareholder and policyholder assets only;
- Assets in the following asset classes only: listed equities and classified corporate bonds, using industry practice; and
- Assets in the following investment vehicles: segregated mandates, collective investment schemes and exchange traded funds (ETFs).

Further information is provided in the Basis of Reporting here: www.prudentialplc.com/~/media/Files/P/Prudential-V13/sustainability/2023/basis-of-reporting-2023.pdf

Targets	Timing	Board's evaluation of progress	Detail in report
Responsible investment			
New **Deliver a 55% reduction in the carbon emissions^ intensity of our investment portfolio by 2030 against our 2019 baseline**	**By 2030**	**On track** During 2023 we reduced the weighted average carbon intensity (WACI) of our portfolio by 50% against our 2019 baseline	*> Page 78*
New **Internal investment target on financing the transition to a lower-carbon future. (Note: This is a critical underpin for the WACI reduction target and is linked to our executive remuneration)**	**By 2030**	**New target**	*> Page 78*
Engage with the companies responsible for 65% of absolute emissions in our investment portfolio	**Ongoing**	**Fully met** This is an ongoing annual target, which we have fully met in 2023 for the identified cohort of companies	*> Page 42*
Deliver a 25% reduction in our operational emissions intensity from a 2016 baseline, and 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	**By 2030**	**On track** We achieved an intensity ratio of 0.95 tCO_2e/FTE for 2023, putting us on track to meet our 2030 target of 1.65 tCO_2e/FTE	*> Page 78*
Sustainable business			
Employ 35% of women in senior management† by the end of 2023	**By 2023**	**Fully met** At 31 December 2023, the representation was 35%, in line with our 2023 target	*> Page 54*
New **Ensure 40% of women in Group Leadership Team‡ by the end of 2026**	**By 2026**	**New target**	*> Page 54*
New **All people managers to have sustainability-linked KPIs by the end of 2026**	**By 2026**	**New target**	*> Page 49*

The above performance against targets is as of 31 December 2023. The Board will continue to review and evolve this as the Group progresses on its sustainability journey to consider evolving scientific data and stakeholder expectations.

In the context of Prudential, net zero and carbon neutral have the following meanings: 'Net zero', in regard 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. '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 greenhouse gas emissions to as close to zero as possible. Only then are any residual emissions balanced by removals from the atmosphere.

^ 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).

† The senior management definition was previously defined as all senior managers who represent the most pivotal roles in our Group below the Group Executive Committee (GEC). It excludes the Chair, Executive Directors, and GEC members.

‡ Group Leadership Team (GLT) is defined as the direct reports of all GEC members, all CEOs of our Life businesses and their direct reports, all CEOs of our Eastspring businesses, and select roles that are essential in delivering our strategy.

Challenges and *future goals*

In 2024, our priority will be to operationalise our new sustainability strategy across our businesses in a way that is proportionate to each market's level of developed sustainability. This includes piloting a new operating model that can enable our markets to advance how they approach sustainability.

As part of this transformation, we also recognise that we still need to evolve our approach to social sustainability, which is why our immediate priority will be to develop a social sustainability strategy that can potentially contribute to increasing people's access to health and financial protection, while considering diversity and inclusion across our markets.

We are also seeking to further our ambitions and progress on environmental topics. In 2024, we will be looking to develop our initial position on biodiversity and nature, evaluating how we can integrate this into our net zero ambition and climate management approach. Through our philanthropic arm, the Prudence Foundation, we are also setting up a fund to advance efforts on enhancing climate-related health resilience in communities, as well as continuing with our support on researching the interconnectedness between climate and health.

Our success depends on our people. Our goal is to embed sustainability across our organisation, and build a socially responsible organisation where our people fully understand how to apply their skills and understanding of sustainability into their day-to-day roles, and contribute meaningfully to our sustainability ambition. We are also advancing our diversity, equity, inclusion and belonging efforts so that everyone can build a rewarding career and feel a strong sense of belonging. We are building internal capacity through foundational sustainability training. Investing in our current and future talent, training, systems and our overall culture is critical to continue to serve billions of people across Asia and Africa.

We recognise that implementing our strategy and meeting our targets won't be without challenges. The table sets out some of our areas of focus over the next three to five years:

Topic	Description of challenges	Steps we are taking
Climate-related data	The quality and availability of carbon intensity data is an ongoing challenge, with limited coverage of WACI and financed emissions within our investment portfolio.	Increasing the coverage and quality of our Scope 3 investment book data. Developing specific decarbonisation pathways for engagement and ESG integration by portfolio managers. Increasing the coverage of our Scope 3 emissions for the rest of our value chain (eg supply chain).
Customers	Products and services aimed at underserved segments including women, minorities, the elderly and low-to middle-income individuals, particularly in emerging markets, can be broadened and further refined. Insufficient research and data on how climate change will impact individual health.	Developing a social strategy looking at how we can contribute more to offering inclusive and affordable health and protection products, recognising that protection is itself a measure to enhance climate resilience through adaptation. Continuing to explore the intersection of climate change and adverse health impacts, including through research, thought leadership and product development.
Transition to a low-carbon economy	Inability of emerging markets to meet global decarbonisation thresholds that are set by developed markets due to differences in economic development stage. Lack of industry standards on climate change that address the need to finance brown to green companies.	We have established a new investment target on financing the transition, which operates as an underpin for our portfolio decarbonisation (WACI reduction) target, as we believe that decarbonisation and the transition from brown to green of our economies are inherently connected. Building internal capabilities and external partnerships to deliver our strategy on financing the transition. Continuing to explore innovative opportunities to finance the net zero transition in a just and inclusive manner, working with the private and public sector.
Systems and processes	Today we have a set of 24 local market operations with varying degrees of sustainability processes, systems and governance.	Implementing our new sustainability operating model approach to drive further standardisation of sustainability processes, utilising existing systems where feasible. Improving data governance processes and business ownership of ESG data so that we are assured of quality and completeness across different metrics. We will continue to conduct regular training and collaborate with both internal and external auditors to enhance and improve our processes and controls in 2024.
Markets	Many of our major markets such as India, China, Malaysia and Thailand remain highly reliant on coal and other fossil fuels, making it challenging to balance the interests of stakeholders across both developing and developed markets.	Continuing to work alongside governments, multi-lateral development banks and standard setters so that the interests of all our stakeholders across both developing and developed markets take a balanced approach.
People	Continuing to attract and retain high-quality talent across our markets to support us in our business and sustainability ambitions.	Upgrading talent capabilities, particularly within the areas of customer, distribution, health and technology, by investing in internal talent via targeted development programmes. Strengthening our focus on values-based leadership and aligning reward structures that will help build a culture that is customer-led and performance-driven.

Sustainability governance, including climate change

Sustainability *governance*

Sustainability governance

The Board considers sustainability to be integrated and aligned with our ambition to be the most trusted partner and protector for this generation and generations to come. It recognises the major role that Prudential can continue to play in shaping sustainability across Asia and Africa, as well as in ensuring the long-term success, resilience and health of the communities in which we operate. As such, sustainability matters, including climate change, are overseen by the Board, which is responsible for determining overall strategy and prioritisation of key focus areas.

The Responsibility & Sustainability Working Group (RSWG), chaired by Non-executive Director George Sartorel, focuses on customer, culture, digital, people and community matters. The RSWG was established in 2021, and comprises only independent Non-executive Directors.

The Risk Committee, another Board-level committee, oversees environmental and climate-related issues, including the implementation of the Group's commitments to decarbonise its operations and investment portfolio and other climate-focused responsible investment commitments. The Committee, chaired by Non-executive Director Jeremy Anderson, is also responsible for external reporting, via the Sustainability Report, where it relates to those areas within its remit, including monitoring progress on the Group's reporting against the recommendations of the TCFD.

In 2024, the Board plans to establish a Sustainability Committee to replace the RSWG and to take over from the Risk Committee oversight of environmental and climate-related issues. The Committee will be chaired by Non-executive Director, George Sartorel.

The Risk Committee has a regular 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 Risk Committee considers and makes appropriate recommendations to the Board. The remit of the Risk Committee also includes 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 Risk Committee in executing its duties, the Group's policies and processes around significant decisions and transactions include consideration of how the matter requiring approval supports and/or impacts the Group's sustainability strategy, including setting and overseeing major capital expenditures, acquisitions, and divestitures.

In respect of the review of the FY2023 Sustainability Report:

- The Risk Committee reviewed the disclosures made in the sections of the Sustainability Report that relate to areas within its remit (such as financial crime and conduct) in detail and confirmed their inclusion in the report to the RSWG;
- The RSWG reviewed the Sustainability Report in its entirety and recommended it to the Audit Committee and the Board;
- The Audit Committee considered the Sustainability Report within its broader review and recommendation of the full Annual Report and Accounts to the Board; and
- The Board approved the Annual Report and Accounts, of which the Sustainability Report is an integral part.

Since 2022, sustainability has been included in the strategic priorities for the Group's Executive Directors by way of a specific objective to drive the climate transition and responsible investment focus across the organisation. To support this ambition, the Remuneration Committee has adopted a transition finance underpin target for this element of the Prudential Long Term Incentive Plan (PLTIP). This underpin will consider the value of qualifying investments committed to supporting the transition of the world to a lower-carbon future.

In line with our updated target to reduce emissions from all shareholder and policyholder assets by 55 per cent by 2030, in December 2023, the Remuneration Committee agreed to attach carbon reduction targets to Executive Directors' 2024 PLTIP awards, making this the third cycle of awards with carbon reduction targets. Sustainability metrics constitute 10 per cent of the total 2024 Executive Directors' PLTIP award, including 5 per cent linked to carbon reduction and 5 per cent linked to diversity.

> Further information regarding both measures can be found in the Directors' remuneration report within the Annual Report and Accounts.

Management oversight

Sustainability activities, including the impacts of climate change, are overseen at a management level by the Group Sustainability Committee. The Chief Financial Officer chairs the Committee, which met five times in 2023. Membership of the Committee includes the Chief Risk and Compliance Officer, Chief Investment Officer, Chief Corporate Affairs Officer, Chief Human Resources Officer and senior representatives from the Group's asset owner and asset management businesses, including the chief executives of Eastspring and Prudential Singapore's business.

One of the Group Sustainability Committee's responsibilities is to oversee the Group's progress towards fulfilling our commitment to report against the recommendations of the TCFD. The policies and procedures to support how the Group operates in relation to certain sustainability topics are included in the Group Governance Manual. Prudential manages key sustainability issues through a multi-disciplinary approach across functions.

Sustainability governance, including climate change continued

Informing

Prudential plc Board

Oversees all aspects of sustainability 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 sustainability, including climate change, oversight matters to its committees

Risk Committee

Oversight responsibilities for environmental and climate-related issues

Oversees implementation of external climate-focused commitments

Reviews climate-related information presented within the Sustainability Report

Oversees the Group's ongoing commitment relating to TCFD

Supports the sustainability strategy by ensuring sustainability risks, including climate-related risks and opportunities, people and culture are effectively managed

Responsibility and Sustainability Working Group

Oversees the embedding of the Group's sustainability strategy, focusing on customer, culture, digital, people and community matters

Audit Committee

Oversees the Group's Annual Report and Accounts, of which the Sustainability Report is an integral part

Oversees whistleblowing programme

Remuneration Committee

Supports the sustainability strategy through alignment of the Group's incentive plan to external sustainability targets

Chief executive and management team

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

Group Sustainability Committee

Focused on the holistic assessment of sustainability matters, including climate change, that are material to the Group

Chaired from February 2023 by CFO

Members include asset manager CEO, CRCO, CHRO and business entity CEO

Group Investment Committee (GIC)

Oversees Group-wide investment performance and risk exposures, including those impacting policyholders

Members include asset manager CEO, CIO and Chief Actuary.

Group Responsible Investment Working Group (GRIWG)

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

Local businesses

Supports the implementation of the Group's sustainability strategy, including climate change risks and opportunities

Reporting

What *shapes* our approach

Approach to materiality and stakeholder engagement

To deliver sustainable value in the long term, we need to align our business and impacts with our shareholder and stakeholder expectations. In 2022, we carried out a robust materiality assessment through deeper and more structured stakeholder engagement. This included formal surveys and interviews with stakeholders, including customers, distributors and employees. The assessment helped us examine various issues, risks and opportunities as they related to our stakeholders while focusing on where we can create positive impact through our products, services and initiatives.

In 2023, we reviewed the findings, analysed external trends and held regular dialogues with our key stakeholders. We concluded that the 2022 assessment's findings remained broadly in line with our stakeholders' expectations.

Materiality assessment process 2023

Step 1: Identify and define material topics

Our list of material topics is drawn from prior material topics, HKEX and SASB requirements, and peer reviews. We reviewed the list of 21 topics from 2022 and they were maintained as relevant.

Step 2: Prioritise topics based on stakeholder views

Prioritisation was based on the formal assessment carried out in 2022, which took into consideration normal-course interaction with stakeholders, and through formal ESG surveys with nearly 1,000 customers, more than 1,000 employees, and over 7,000 agency distributors. Our priorities remain consistent.

Step 3: Analyse and evaluate

We analysed and evaluated the 2022 outcomes and concluded that the topics continued to be of relevance to us as a business and remained important key areas of concern for our stakeholders.

Step 4: Validation and approval by senior management

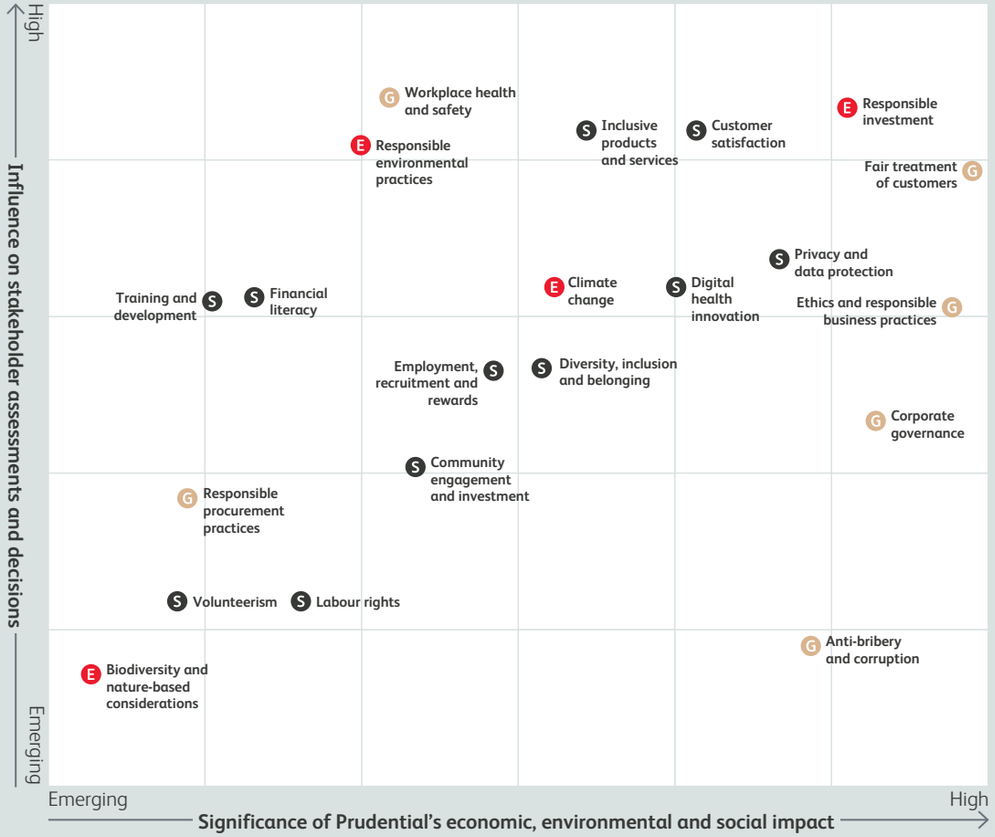
The final step of our materiality assessment involved getting validation and approval from senior management through the governance of our Group Sustainability Committee and Responsibility & Sustainability Working Group (RSWG).

What shapes our approach continued

Materiality matrix

Our assessment identified 21 topics and ranked them as either high, medium or emerging priority. The topics are mapped according to their importance to stakeholders and Prudential's business, and their impact on the economy, environment and society.

Our high-priority material topics are consistent with our findings in 2022: 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. These are areas where we believe our efforts can contribute to a more sustainable future.



E Environmental
S Social
G Governance

For more details on our material topics, how they are aligned with our sustainability strategy, and where they are covered in our report, please refer to the table below.

Pillars	Priorities	Material topics
Simple and accessible health and financial protection *> Page 24*	**Delivering partnerships and digital innovation for health outcomes**	– Digital health innovation*
	Developing sustainable and inclusive offerings	– Inclusive products and services*
	Building resilient communities	– Community engagement and investment – Financial literacy – Volunteerism
Responsible investment *> Page 37*	**Decarbonising our portfolio** **Financing a just and inclusive transition** **Mainstreaming responsible investments in emerging markets**	– Responsible investment* – Climate change* – Biodiversity and nature-based considerations
Sustainable business *> Page 48*	**Empowering our people**	– Diversity, inclusion and belonging* – Training and development – Employment, recruitment and rewards
	Establishing sustainable operations and value chain	– Responsible environmental practices – Responsible procurement practices – Workplace health and safety
	Harnessing thought leadership to shape the agenda	Note: Selected material topics such as climate change and responsible investment are highlighted in our thought leadership activities.
Good governance and responsible business practices *> Page 68*	**Corporate governance, conduct and ethics, risk management, external reporting and benchmarking**	– Corporate governance* – Fair treatment of customers* – Customer satisfaction* – Ethics and responsible business practices* – Privacy and data protection* – Anti-bribery and corruption – Labour rights

* Top 10 material topics

What shapes our approach continued

Understanding our impact

Stakeholder engagement

We collaborate with various stakeholders and engage with them regularly to help us understand their priorities. This dialogue is critical for maintaining meaningful and mutually beneficial relationships while keeping us on top of changes and focused on staying relevant to our stakeholders.

Engaging with our stakeholders' perspectives keeps us nimble, and enables us to determine our material topics, strategy and initiatives to deliver long-term value for more people.

In 2022, as part of our thorough materiality review, we maintained ongoing 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 tables here provide an overview of the different stakeholder groups we continue to engage with, how we have engaged with them, what their key areas of interest are and our response to these.

> Further information on stakeholder engagement can be found in our Section 172 Companies Act Statement in our Annual Report and Accounts www.prudentialplc.com/~/media/Files/P/Prudential-V13/reports/2023/prudential-plc-ar-2023.pdf

Rating agencies

Mode of engagement
- Annual meetings

Topics of interest or concern where indicated by the stakeholder group
- Climate change
- Inclusive products and services
- Responsible investment
- Diversity, inclusion and belonging
- Responsible procurement practices
- Data privacy and cyber security

Employees

Mode of engagement
- Employee engagement surveys
- Collaboration Jam
- Townhalls
- GEC roadshows

Topics of interest or concern where indicated by the stakeholder group
- Responsible environmental practices
- Financial literacy
- Responsible investment
- Climate change
- Employment, recruitment and rewards
- Diversity, equity and inclusion in the workplace

Governments and regulators

Mode of engagement
- Roundtables
- Consultations
- Public events
- Regulatory colleges
- Regular meetings (direct and indirect, eg with sector-wide/industry bodies)

Topics of interest or concern where indicated by the stakeholder group
- Healthcare access and insurance
- Financial inclusion
- Climate change and sustainable finance
- Technology and innovation
- Data privacy
- Ethics and responsible business practices
- Responsible tax

Investors

Mode of engagement
- Regular meetings
- Investor conferences
- Investor Perception Study

Topics of interest or concern where indicated by the stakeholder group
- Climate change
- Responsible investment
- Inclusive products and services
- Diversity, inclusion and belonging
- Digital health innovation
- Fair treatment of customers

Customers

Mode of engagement
- Contact centres
- Focus groups
- Customer survey

Topics of interest or concern where indicated by the stakeholder group
- Customer fair dealing
- Data privacy and protection
- Responsible investment
- Customer satisfaction
- Financial literacy

Agency distributors

Mode of engagement
- Agency distributor survey

Topics of interest or concern where indicated by the stakeholder group
- Customer satisfaction
- Inclusive products and services
- Training and development
- Digital innovation
- Customer fair dealing

Peers and other financial institutions

Mode of engagement
- NZAOA
- Just Energy Transition Partnership (JETP) Vietnam
- Hong Kong Green Finance Association (HKGFA)

Topics of interest or concern where indicated by the stakeholder group
- Portfolio decarbonisation
- Sustainable and transition finance
- Challenges in financing emerging markets
- Disclosures and reporting standards
- Carbon offsets

Aligning with the United Nations Sustainable Development Goals (UN SDGs)

The 2030 Agenda for Sustainable Development provides a blueprint for peace and prosperity for people and the planet. At its heart are the 17 SDGs, representing a call for action by all UN member states. The goals recognise that ending deprivation must go together with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve the environment.

We reviewed our new sustainability strategy against the goals, and the table below outlines our contribution:

SDG and targets	Intended outcome	How Prudential can support the outcome	Link to our material topics
1. No poverty SDG target: 1.4, 1.5	– Increase access to quality healthcare services and financial services, including microfinance for the poor and underserved; and – Improve resilience of low-income communities and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters, in locations where there are no, or limited, social safety nets.	– Develop sustainable and inclusive offerings such as bite-sized insurance products; – Enable financial literacy to promote understanding of the need for health and protection products; and – Support the communities in which we operate by building community resilience through the Prudence Foundation and local market operations.	– Inclusive products and services* ON PAGE 28 > – Financial literacy ON PAGE 32 > – Community engagement and investment ON PAGE 32 >
3. Good health and wellbeing SDG target: 3.8, 3.d	– Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and safe, effective, quality and affordable essential medicines and vaccines; and – Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks.	– Deliver partnerships and digital innovation for health outcomes; and – Collaborate with community organisations to support health, safety and resilience activities.	– Digital health innovation* ON PAGE 26 > – Community engagement and investment ON PAGE 32 >
5. Gender equality SDG target: 5.5	– 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 the female participation rate in senior leadership.	– Diversity, inclusion and belonging* ON PAGE 50 >
8. Decent work and economic growth SDG target: 8.3	– Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, including through access to financial services.	– Invest in business and industry underpinning growth and supporting the development of capital markets; and – Create jobs and pay taxes in the markets we operate in.	– Responsible investment* ON PAGES 39, 41, 42 > – Employment, recruitment and rewards ON PAGE 50 >
12. Responsible consumption and production SDG target: 12.6	– Encourage companies, especially large and transnational companies, to adopt sustainable practices and integrate sustainability information into their reporting cycles.	– Continue to publish disclosures on our operational emissions and our initiatives to reduce them; and – Encourage suppliers to consider environmental, social and governance practices through our responsible supplier guidelines.	– Responsible environmental practices ON PAGE 57 > – Responsible procurement practices ON PAGE 57 >
13. Climate action SDG target: 13.1, 13.2, 13.3	– 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; and – Improve education, awareness and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	– Measure, manage and publicly disclose our investment portfolio's carbon footprint; – Allocate capital to finance a just and inclusive transition; – Continue to explore the intersection of climate change and adverse health impacts, including through research, thought leadership and product development; and – Collaborate with community organisations to support climate resilience and disaster recovery activities.	– Responsible investment* ON PAGES 39, 41, 42 > – Climate change* ON PAGES 89 > – Community engagement and investment ON PAGES 32 >

* Considered as priority material topics.

Our approach to *sustainability reporting*

We have observed our obligations under: (i) sections 414CA and 414CB of the UK Companies Act 2006; (ii) the UK's Financial Conduct Authority's Listing Rules in respect of climate-related disclosures; and (iii) the ESG Reporting Guide contained in Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The HKEX sets out five reporting principles, which we have addressed as follows:

Materiality	The process of materiality assessment and stakeholder engagement is outlined in the What shapes our approach section above.
Quantitative	Consistent with our approach in 2022, metrics have been provided in compliance with the HKEX requirements and voluntary adoption of the SASB Insurance Standard. An index to this report covers HKEX and SASB Insurance requirements.
Consistency	The FY23 report is consistent with the FY22 report to support compatibility.
Balance	We have endeavoured to provide an unbiased account of our performance and to use objective presentation formats.
Reporting boundary	Consistent with previous years, the scope of the report, and data therein, is available 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.

We have made disclosures consistent with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and recommended disclosures throughout this Annual Report. In line with our 'comply or explain' obligation under the UK's Financial Conduct Authority's Listing Rules, we can confirm that we have made disclosures consistent with the TCFD recommendations and recommended disclosures in this Annual Report. Our TCFD disclosures also meet the new climate-related financial disclosure requirements contained in section 414CB of the Companies Act 2006.

A TCFD index is included in the Reference tables section (please refer to the TCFD index).

In 2023, Prudential continued participating in the Climate Change questionnaire of CDP, scoring B (2022: A-). This was due in part to survey changes, as CDP asks financial institutions to quantify revenue and costs aligned with their climate transition, consistent with strengthening global sustainability reporting framework requirements. To address this moving forward, we are looking to prepare for alignment with the International Sustainability Standards Board (ISSB) disclosures (particularly the new S2 Climate Standard), and report on climate-related disclosures through this lens once it becomes mandatory.

In line with HKEX guidance, the Group has sought limited assurance on select indicators covering Scope 1, Scope 2 and Scope 3 financed emissions, community investment cash contributions and employee diversity as per the prior year. We appointed EY LLP (EY) to provide limited independent assurance over these. EY will be the Group's external auditor from FY2023. In 2023, we also strengthened our internal procedures for verification of our disclosures covering non-financial statements, to improve the accuracy of our information.

Rising to the climate challenge

Climate change is a significant challenge that requires immediate action to decarbonise at speed. However, globally, we are not doing enough to limit warming in line with the 1.5°C target, leaving emerging markets especially vulnerable to the impacts of a changing climate. As an asset owner and manager with a long-term investment horizon, and a heritage of investing and operating in Asia and Africa, we have a unique perspective on the challenges faced by emerging markets as well as a unique opportunity to effect meaningful change.

We recognise that a changing climate impacts some communities disproportionately. Despite having historically contributed less to the cumulative greenhouse gas (GHG) emissions in our atmosphere, emerging markets will suffer more keenly from the physical effects of climate change. For example, Asia and the Pacific are home to 70 per cent of the global population most susceptible to rising sea levels[1]. Meanwhile, the Intergovernmental Panel on Climate Change (IPCC) found that mortality from floods, droughts and storms between 2010 and 2020 was 15 times higher in highly vulnerable regions, such as Africa and South Asia[2]. Unfortunately, many responsible investment frameworks do not differentiate between emerging and developed markets, thereby disincentivising much-needed investment for emerging markets to finance the transition to a lower-carbon economy.

Protecting the future is at the very core of Prudential's purpose: 'For Every Life, For Every Future'. And a future where everyone can thrive relies on limiting the human impact of climate change. Therefore, we are strongly committed to facilitating a just and inclusive net zero transition that fosters sustainable growth and promotes economic wellbeing within the communities we serve. Doing so will involve keeping capital in countries that currently rely heavily on fossil fuels, to ensure they have vital funds to invest in lower-carbon transformation.

Climate change is an issue that cuts across all pillars of our sustainability strategy and our business, and we will coordinate our efforts across responsible investment, products and services, engagement and advocacy, and our own operations, to achieve our climate ambitions.

In March 2023, we published our first Climate Transition Plan. It sets out our approach to fulfilling our climate-related commitments and details the specific actions we will take and the metrics that will guide us on the path to net zero[1]. Updates to our Climate Transition Plan are integrated throughout this report within the Responsible investment and Sustainable business sections. We have also included an index in this report to show how this report aligns with the recommendations of the TCFD.

> See TCFD reference table section on page 89.

1. www.undp.org/asia-pacific/news/asia-pacific-climate-change-poses-existential-threat-extreme-weather-worsening-poverty-and-risks-public-health-says-undp-report
2. www.ipcc.ch/report/ar6/wg2/downloads/report/IPCC_AR6_WGII_SummaryForPolicymakers.pdf

Climate story continued

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 response
- New Group ESG Committee established

Eastspring joins Climate Action 100+

Launched our new Group ESG Strategic Framework

2021

- Established Board Responsibility and Sustainability Working Group
- Committed to net zero by 2050
- Set short-term climate investment targets
- Joined the Net Zero Asset Owner Alliance
- Disclosed weighted average carbon intensity (WACI) and impact of climate scenario across geographies

Implemented climate risk into enterprise risk management

2022

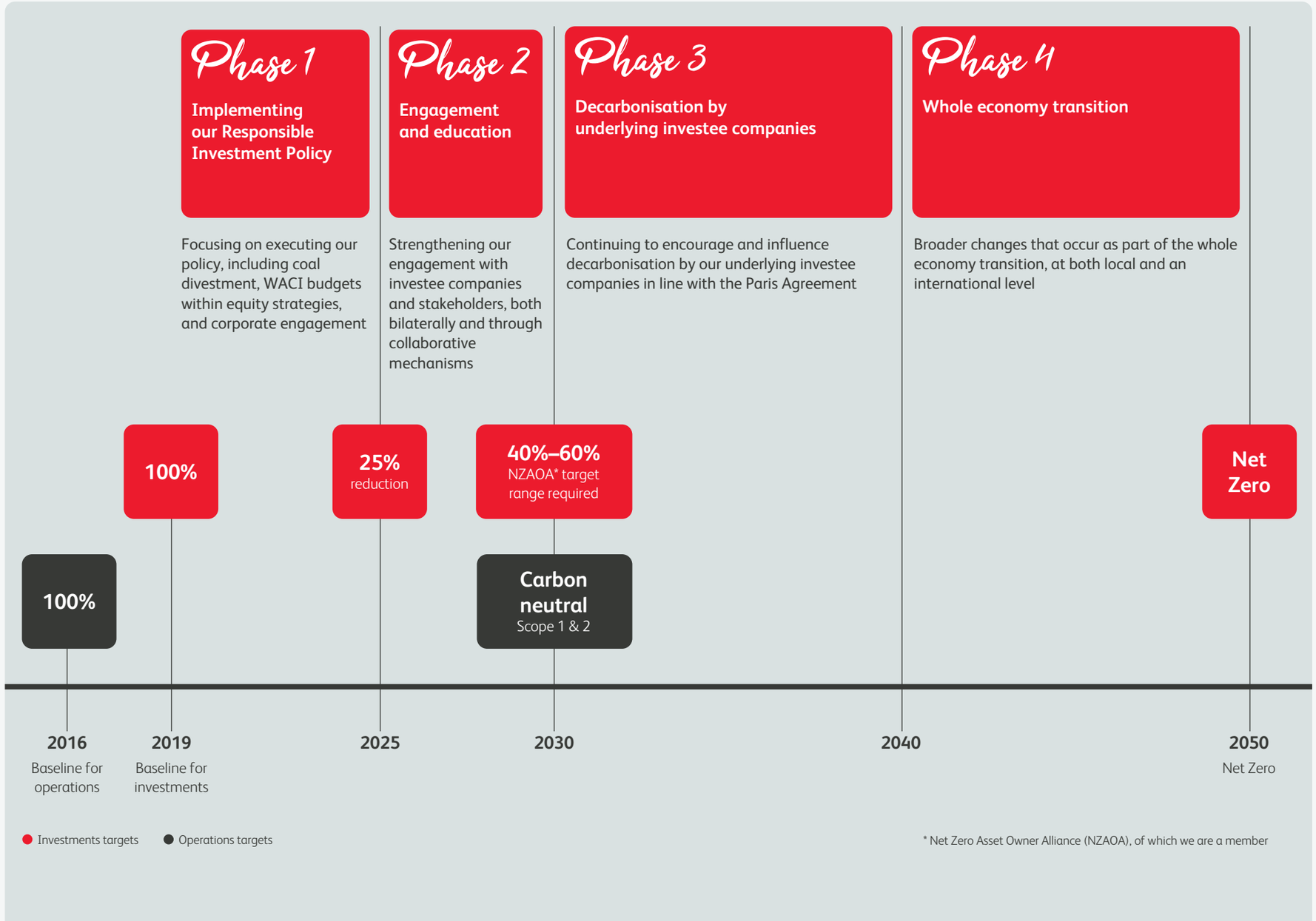
- Initiated subtrack within NZAOA: Emerging Markets Transition Investment (EMTI) projects
  - EMTI published paper on recommendations of accelerating transition investment in EM
- Launched the 'Just and Inclusive Transition' paper articulating our view on the climate transition for our markets
- Formulated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

Updated our Group Responsible Investment Policy

2023

- Revised up interim portfolio decarbonisation target, committing to deliver a 55% reduction in the carbon intensity of our investment portfolio (WACI) by 2030 against 2019 timeline
- Developed new internal investment target on financing the transition, as an underpin to the WACI reduction target
- Anchor investor (with $300 million) in Singapore's largest climate-focused equity ETF (at time of launch)
- Published our first Climate Transition Plan in March 2023

Climate story continued



Decarbonising our investment portfolio

We have made good progress towards our decarbonisation goals. In May 2021, we committed to achieving net zero emissions by 2050 for our insurance assets. We also resolved to reduce emissions intensity within our investment portfolio by 25 per cent by 2025. By the end of 2023, we had successfully reduced the weighted average carbon intensity (WACI) of our investment portfolio by 50 per cent from our 2019 baseline.

As a result of the strong progress we have made to date, we revised our WACI target up in August 2023, committing to deliver a 55 per cent reduction in the carbon intensity of our investment portfolio by 2030, against our 2019 baseline. This commitment puts us ahead of the expected WACI target update timeline for NZAOA signatories.

While we are committed to reducing the carbon intensity of our portfolio, we acknowledge that this alone may not be enough to achieve long-term climate resilience across our markets. We believe that lasting real-world impact can be achieved through engagement with our portfolio companies, and by focusing on financing the transition. We are also aware that WACI performance can be impacted by a variety of other factors – such as data coverage, the revenues of investee companies (which is a component of the WACI calculation), or changes in the weights of companies in portfolios – that could result in upward or downward movements of the WACI despite targeted portfolio decarbonisation efforts. Therefore, we do not expect our decarbonisation progress to be linear, and do not rely solely on WACI as an indicator of our progress.

Climate story continued

Financing a just and inclusive transition towards net zero

We aim to be the leading investor in the climate transition in emerging and developing economies, particularly in Asia. With this in mind, we have developed a strategy to guide how we will finance the transition towards a low-carbon future across our markets to address the challenges outlined in our Just and Inclusive Transition paper. Supporting Asia and Africa to transition from brown to green is pivotal for the world to achieve net zero. This implies not only investing in the transition itself, but also actively engaging with companies within our investment portfolio, using our influence as a long-term investor to support them in the development of credible climate transition plans.

As part of our responsible investment approach, we aim to maximise our influence as a large asset owner focused on Asia and Africa, bringing to bear our capabilities as a domestic investor in those markets. We are also working in partnership with regulators and leading investors to build an investment ecosystem for transition finance in Asia. Our goal is to enable others to invest more sustainably. For example, we were proud to be the anchor investor of Singapore's largest (at time of launch) climate-focused equity exchange-traded fund (ETF), along with a consortium of investors including Temasek, for the iShares MSCI Asia ex Japan Climate Action ETF. The fund aims to provide exposure to companies positioned to lead the transition to a low-carbon economy in the region.

Climate actions within our own operations

We strive to minimise the impact of our operations on the environment, to support both our decarbonisation efforts and the wellbeing of our customers and their communities. To understand our environmental footprint, we monitor our performance across a range of environmental metrics and look for opportunities to improve.

Our goal is to achieve carbon neutrality across our Scope 1 and 2 emissions by the end of 2030. We are aiming to reduce our operational emissions per full-time employee (FTE) by 25 per cent from a 2016 baseline. The remaining emissions will be abated by credible carbon offsetting initiatives. We are currently on track to exceed our emissions reduction target by 2030 and continue to assess the feasibility of updated operational targets. For more information about climate and environmental metrics and performance, please refer to the Sustainable Business section.

To empower our employees with foundational knowledge about the relevance of climate change, we plan to roll out sustainability capacity building programmes from 2024, please refer to the Sustainable Business section.

What's next?

Climate change is a fast-moving issue, and we expect both new challenges and new solutions to emerge over time. We know we will need to learn and adapt throughout our climate transition journey. We regularly review our climate targets to ensure they align with the latest scientific data, and we continually review our approach to identify opportunities to increase our impact. For more information on how we are refining our approach, please refer to the section Evolving our climate actions.

We will actively pursue climate action in line with our ambition to play a critical role in safeguarding our customers from the impacts of climate change and building resilience for the future. In line with our purpose, 'For Every Life, For Every Future', we will update our climate transition actions and progress, aiming to contribute more proactively to a just and inclusive net zero transition across our broad footprint in Asia and Africa. This will include mapping a clearer trajectory of our journey to net zero, identifying opportunities to drive positive change across our business and customer interfaces, our operations and our supply chains. We expect to be able to share more details of these in upcoming sustainability reports and climate transition plans.

Further climate-related information in this report

> *TCFD disclosures, pages 72-79*

> *TCFD reference tables, pages 89-94*

> *Responsible investment information, pages 37-47*

> *Environmental metrics, pages 63-64*

Simple and accessible health and financial protection

2023 pillar highlights 25
Our priorities
Delivering partnerships and digital innovation for better health outcomes 26
Developing sustainable and inclusive offerings 28
Building resilient communities 32

Simple and Accessible Health & Financial Protection continued

2023 pillar *highlights*

We believe everyone should have the opportunity to build a more secure future. Giving our customers affordable access to good health services and financial protection drives our business.

While Asia is becoming increasingly prosperous, the low levels of insurance cover and limited social safety nets have left millions of people vulnerable to unforeseen health and economic challenges. The markets in which we operate are characterised by low levels of insurance cover[1] and significant out-of-pocket health expenditure[2].

In Africa, only 3 per cent of the population is covered by insurance[3]. As a leading savings and protection provider, we are in a unique position to make a significant positive impact in these underserved markets across both Asia and Africa.

To increase access to health and financial protection, we are using technology to develop new innovative solutions for customers to access our products and services. We seek to create more affordable and inclusive products that are designed to meet the needs of underserved customers and communities, broadening our positive impact. And we are investing to build the resilience of the communities we serve through initiatives that promote financial inclusion, health and safety, and climate change preparedness.

1. Swiss Re No 3/2023: World insurance: stirred, and not shaken – Insurance as percentage of GDP.
2. World Health Organisation. Out of pocket as percentage of total health expenditure.
3. Brookings, 2021: Capturing Africa's insurance potential for shared prosperity

87%
Customer retention rate

17.4m
Total life segment policies in force

$13m
invested in building community resilience

Established partnership benefiting insured customers in five markets, offering treatment options for breast cancer with cost certainty

2m
students reached and
over 66,000
teachers trained through Cha-Ching curriculum (since 2016)

Launched PruBabies to provide free protection for over
18,000
infants against infectious diseases in the Philippines

Nearly
28,000
employee volunteering hours

Our priority

Delivering partnerships and digital innovation for better health outcomes

a. Digital innovation 26
b. Telemedicine 27

a. Digital innovation

To better connect individuals with the best possible healthcare providers and preventative care, we are constantly exploring new ways for technology to help us make a real difference to the experience of our customers in all our markets, and create value for our employees, shareholders and communities. Digital innovation can drive distribution of our products and services, empower the next generation of agents, and strengthen our relationships with existing customers through increasingly personalised and user-friendly access to our offerings.

"One of our key priorities is to establish a 'connected care' programme to further extend our involvement in our customers' healthcare journeys through deep integration with preferred partners across the healthcare continuum."

Solmaz Altin, Managing Director, Strategic Business Group

In recent years, technological advances have unlocked even greater potential for transforming the delivery of our health and financial protection cover, making it more cost-effective, affordable and accessible. This is an important development, as many of our products are not currently affordable for many customers in emerging markets. Adopting the right technology will help us deliver the most fitting solutions to support more customers to live a better life.

As part of our purpose, we have a mission to become the most trusted health partner across Asia and Africa. We proudly insure the health of over five million customers, and are just at the beginning of our journey. Our markets have large and growing populations that often lack adequate health insurance. This, coupled with increasing medical costs, mean that customers often resort to paying their expensive medical bills out-of-pocket.

Our new health strategy aims to enable customers better access to quality and affordable healthcare. We intend to evolve from our traditional role as 'payer', focused on reimbursing medical costs, to that of 'partner'. As a partner, we will focus on connecting with customers throughout their healthcare journey – from illness prevention to detection, treatment and rehabilitation. We are focusing on two priorities to achieve this: (a) upgrade our health insurance propositions across all our markets to create operating leverage and economies of scale; and (b) extend our involvement in the customer's healthcare journey via digital integration with preferred partners across the healthcare continuum. We strive to become a trusted partner to our customers with simple, connected technology journeys that use differentiated propositions for different life stages, all supported by AI and data analytics.

Digital innovation market highlights – Asia

Malaysia

Launched a new marketplace in our app where customers can redeem their no claims benefits (NCB) against preventative care services. Customers can choose services from their preferred health providers – including health screening, vaccination, diagnostic tests, health subscription programmes – all through the marketplace.

In Malaysia, PruGenAI is being tested to reduce the information search for customer enquiry from an average of 4 mins to 30 seconds in our Contact Centre and Customer Engagement Centre nationwide. These initial results show the potential to improve the experience of customers, agents and employees in various areas of business.

Taiwan

HowMaji (meaning 'buddy' or 'good friend') is a digital platform aimed at potential customers who don't have any immediate insurance needs. It provides various free features, health information and benefits for HowMaji members. Features include 10 questions which enable users to access their traditional Chinese medicine consultation and recipes to nurture their metabolism and increase their resistance to pathogens.

Singapore

Launched a savings insurance plan – Digital Endowment 2.0 – via digital platforms, allowing customers to sign up instantly, with details sent to agents to drive online-to-offline sales. The digital endowment plan was well received by customers, with 2.3 million online sales generated. The platform enabled our agency distributors to generate over 1,000 high-quality leads of which 18 per cent were converted to offline sales.

Digital innovation market highlights – Africa

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

Ghana

Continued collaboration with AirtelTigo, which distributes products by microinsurance specialist BIMA. Benefits include access to quality healthcare, cashless payment and portability benefits. To date, there are over 220,000 active BIMA policies.

Kenya

A strategic partnership with MYDAWA, the first registered and licensed online pharmacy in Kenya which provides convenience, quality, affordability and great service in access to healthcare products online.

Cashless collaboration
Thailand

In Thailand, Prudential has collaborated with True Digital Group to provide telemedicine services via its Mordee application, giving convenient access to healthcare services without wasting time travelling to the hospital and waiting in queues.

Prudential customers with a group health insurance policy, or an individual health insurance policy that comes with outpatient coverage (OPD), can make a cashless claim without having to make an advance payment.

Over 300,000 people have access to the Mordee app and can make an appointment to consult with a doctor online in real-time, anywhere and whenever they want. They can choose a telephone or video call, enjoy home delivery service for prescribed medicines and receive advice from a pharmacist via a seamless online–offline link.

More than 500 medical and health professionals can be consulted via the app, including specialised doctors from leading institutions covering 20 departments.

300k+
people use the Mordee app

500+
medical and health professionals can be consulted via the app

In order to offer the most efficient, effective and affordable technology-based services to our customers, we partner with some of the world's biggest and best technology providers. By collaborating strategically, we can provide real innovation in health and financial protection across all our markets, especially to underserved communities. Examples of our partnerships include:

In **Cameroon**, a partnership between Prudential and Smart for Health insurance cards enables people to have cashless medical consultations and treatment. Around 100 healthcare partners have signed up, including hospitals, pharmacies and laboratories.

In **Uganda**, we have partnered with Stanbic Bank to launch a digital health product – Stanbic MediProtect – which customers can access via the bank's website. So far it has generated over 450 million Uganda shillings/$117,800 and provided cover for over 600 people.

In **Singapore**, we partnered with DBS to distribute PRUShield via DBS.com, bringing it to even more customers. The pilot phase of the partnership encompasses an online customer journey from DBS.com to Prudential's digital platform. Customers will be able to purchase PRUShield directly and eventually be serviced by DBS representatives for any follow-up.

b. Telemedicine

We continue to offer customers access to telemedicine services by collaborating with medical providers. This gives individuals the ability to seek healthcare consultation from the convenience and privacy of their own choice eg home or office via a secure online connection. The Covid-19 pandemic was also a driver of expansion in telemedicine, as people are more cautious about in-person consultation when it can be more easily managed online.

In **Uganda**, over 5,000 unique telemedicine users have accessed free remote consultations, lab tests, home-based immunisations, medicine deliveries and support on the management of chronic health issues like diabetes and high blood pressure.

Our priority

Developing sustainable and inclusive offerings

Catering to different customer groups with diverse needs

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Fair treatment of customers and customer satisfaction are important to us.

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The health protection and savings gap in our markets has been estimated at $1.8 trillion[1] – meaning many underserved groups miss out on access to benefits, insurance and health coverage, even though they are the people who need them most.

At Prudential, our customer is our compass. This is underpinned by our fundamental values – the PruWay – which define how we approach our strategy. We immerse ourselves in understanding our customers and commit ourselves to addressing their concerns with speed and empathy.

Inclusion at Prudential starts with ensuring accessibility to a diverse and continuously evolving range of products and services designed to meet the ever-changing needs of often-forgotten customers, while serving the needs of the majority. We seek to provide simple health and financial protection for our customers in a way that is accessible and affordable to all people and cultures across the communities we serve.

We aim to develop a more holistic approach to refine our social strategy in 2024, in line with our refreshed sustainability strategy. This includes our ambition for more sustainable and inclusive offerings so that we are providing health and financial protection, including to historically underserved populations, for example, women, minorities and low-income families.

a. Protection for every family

We recognise the evolution of society and the changing and varied needs of our customers: families, women, small and medium-sized enterprises and lower-income groups. We are committed to ensuring that our products and services support every family.

This includes not only the traditional nuclear family, but extended families, blended families and single-parent families, and it means that we have reassessed the traditional definition of 'beneficiary' to ensure that all customers know they are included. For example, grandparents, stepchildren and cousins can be named as a beneficiary, and, in some of our markets, same-sex married couples can be accepted as the lives assured for designated insurance products.

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

"Prudential has been an absolute blessing for me and my family. With a long history of critical illnesses in my family, including breast and nose cancer, as well as diabetes, I have always been aware of the risks I face. As the main source of income for my family of 10, including my three children and several nieces and nephews who are living with me in Phnom Penh for their education, protecting my wellbeing and health is of utmost importance.

That's why discovering the PRUCare product felt like a lifeline. As a working woman, prone to critical diseases, I am incredibly grateful that such a product exists. It is not only affordable but also provides comprehensive coverage for critical illnesses. Even though I am currently in good health, knowing that the future of my family and the wellbeing of my children are safeguarded by Prudential brings me an incredible sense of peace."

Sopheap Dorn, Trader/Market Seller

Simple and Accessible Health & Financial Protection continued

In June, our business in **Thailand** joined forces with the Bangkok Dusit Medical Services (BDMS) hospital network to launch an inclusive health insurance plan that caters to customers seeking high-quality healthcare services within the BDMS network or other hospitals. For the first time, customers can share coverage for both outpatient and inpatient admissions for up to five family members (including LGBTQ+ life partners) on one single policy. Customers can easily add or remove family members on the policy and even transfer ownership of the policy to the next generation. The partnership with BDMS is also a regional one in that it gives all insured customers of Prudential in **Hong Kong**, **Indonesia**, **Vietnam**, **Cambodia** and **Myanmar** treatment options for breast cancer with cost certainty at BDMS's renowned Bangkok Hospital.

It is important to our customers that they can access insurance to cover themselves and their families at all stages of life. Our business in **Hong Kong** this year introduced two new critical illness plans: PRUHealth Guardian Critical Illness and PRUHealth Baby Guardian Critical Illness, extending cover to include newborns and women in pregnancy and expanding coverage for dementia. The Company also relaxed its guidelines in May to ensure critical illness cover could be extended to children with autism over the age of two, instead of the previous eight years.

b. Islamic finance

Islamic finance is a growing market which incorporates risk-sharing and removes exposure to companies whose operations are not permitted under Sharia law.

In 2022, our business in **Indonesia** was the first international business in the country to establish a dedicated service – Prudential Syariah – for the Sharia market. It operates on the basis of 'Sharia for All': a set of principles embracing the concept that Sharia values are universal, inclusive and relevant to all Indonesians.

The country has the fourth-largest population in the world and total assets under the Sharia industry reached 17 per cent in 2021. This puts it in the top three countries for Islamic finance, according to the 2022 Islamic Finance Country Index – yet only two in 10 Indonesians understand insurance.

Later in the year, we launched a digital Sharia product in partnership with United Overseas Bank tailored to provide access to financial and health protection for more Indonesians, especially Millennials and Gen Zs who are the main users of the TMRW application from UOB. We also introduced the Sharia Knowledge Centre (SKC), an online educational hub providing information on new products and services and a discussion and collaboration platform for the Sharia finance industry.

c. Protecting women

We have been supporting women with independent policies for over 100 years. As well as ensuring our broader products and services are more inclusive, in many of our markets we offer specific protection to address issues around pregnancy, motherhood and other female-specific conditions.

These include products like PRULady Cancer Care and PRUMum in **Thailand**; and PRUMy Health in **Cambodia**, the first individual medical reimbursement solution in the market from a local life insurer which provides coverage against actual medical expenses for 10 types of pregnancy complications, including stillbirths, ectopic pregnancies and post-partum haemorrhages requiring a hysterectomy. In the **Philippines** we continue to offer the market's first digital bite-sized breast cancer-specific policy.

d. Bite-sized insurance

Bite-sized health insurance (or micro-insurance) products and services provide support for specific needs and/or periods of time. They appeal to customers who cannot or prefer not to pay for comprehensive long-term cover by offering affordable protection that can be accessed online via Prudential and partner networks.

Innovation in sustainable and inclusive *offerings*

Philippines
Launched the PRUBabies programme, which granted 175,000 redeemable vouchers providing six months' free infectious disease coverage to newborns (aged seven days to 11 months) who were enrolled in PRUMedCare Select Infectious Disease. Over 18,000 vouchers were redeemed, safeguarding these infants against illnesses such as dengue, measles malaria, and typhoid.

Hong Kong
Launched PRUHealth Guardian critical illness plan and PRUHealth Baby Guardian critical illness plan: comprehensive multiple critical illness products addressing customers' families' protection needs at different life stages.

Cambodia
Launched PRUCare, a digital low-cost critical illness product, offering low-income customers coverage on five common critical illness conditions with prices as low as $25 per year.

Malaysia
Transitioned from PRUKasih CSR scheme to PRUKasih Aman – an online micro-insurance product aimed at safeguarding even more individuals and families in Malaysia. PRUKasih Aman provides enhanced coverage (up to $3,900/RM18,000), which includes a daily hospitalisation allowance and funeral expenses, as well as both a death benefit and an extra accidental death payout. PRUKasih Aman has provided protection to 9,700 individuals from low-income communities and disabled groups since its introduction in late 2022.

Ghana
Introduced Mekakrawa, a micro-insurance product, specifically designed to cater to the needs of the informal sector, including the unbanked, petty traders, vendors and retailers. Available on the market at an affordable premium of between $0.25 and $3.77, Mekakrawa covers over 3,000 individuals for death, accidental death, critical illness and total permanent disability.

Accessible, affordable *protection* – Thailand

PRULife Care is a bite-sized product launched through digital channels, providing more accessible and affordable protection. Customers pay a premium that starts from $20/720 baht annually for protection. In the case of death or a diagnosis of a terminal illness, the policy pays a lump sum of 100 per cent of the insured amount.

The premiums can be tax-deductible up to $2,800/100,000 baht per year and policyholders can choose to receive coverage for cancer, critical illnesses, and income compensation in the event of hospital admission.

To date, more than

300 people

from the middle-income segment with an average annual income of approximately $14,000 have taken up the policy.

Simple and Accessible Health & Financial Protection continued

"In launching Prudential's new purpose, our customer is our compass. We aspire to become the most trusted partner for our customers. To achieve this we seek to drive efficiency and enhance their overall experience. Prudential uses innovative technology and data insights to address customer pain points and build a high-performance agency force. Delivering on our customer ambitions can foster greater loyalty, improve health outcomes, and enhance the overall customer experience. This is just the beginning of Prudential's journey, as partner and protector."

Lilian Ng, Managing Director, Strategic Business Group

e. Meeting the changing needs of our customers

With our customer as our compass, we are committed to developing our products and services to ensure that we can meet or exceed our customers' expectations and provide protection for them at every stage of their life.

In recent years, we have increased our focus on tailoring products and services to meet the diversity of our customers' needs, as well as ensuring we can meet the developing requirements of local markets. Our increasing customer focus has helped our customer retention rate stay healthy at 87 per cent in 2023.

As part of our emphasis on customer-centricity, we have standardised our approach to measuring and analysing customer advocacy, centred around Net Promoter Scores. We started our journey in 2023 and have seen initial traction with four of our markets in the top quartile (up from three in 2022), and eight out of 10 markets showing improvement in their quartile ranking or maintaining their top ranked quartile in the latest relationship Net Promoter Score (NPS) results.

Our leadership prioritises customer voices in the business, taking part in initiatives such as a monthly CEO customer experience forum in all our markets, along with an active approach to serving customers who report unsatisfactory experiences.

f. Customer conduct

At the core of our work is helping customers achieve their healthcare and financial goals.

Our Group Code of Conduct sets out how we do business, and the Group Customer Conduct Risk Policy establishes a customer conduct risk management framework, embedding our five Customer Conduct Principles, which inform every aspect of the customer journey. By adhering to these principles, we strive to deliver excellent customer service, maintain trust, and help our customers achieve their goals.

1. Treat customers fairly, honestly, and with integrity.
We ensure our customers are treated transparently throughout their journey with us, and embed proper controls to identify and manage any risks that could compromise this principle. We also pay attention to managing conflicts of interest and avoiding bias, including in the use of AI.

2. Provide and promote products and services that meet customer needs, are clearly explained, and deliver real value.
Though our customers may have straightforward financial needs, they could find it potentially challenging to understand the complexity of our products (ie costs, value, and using them effectively). We consider product design, clear customer communication, and value assessment with our products, by actively assessing factors such as customer behaviour, circumstances, and long-term market trends.

3. Maintaining the confidentiality of our customer information.
It is our duty to collect, use and safeguard customer, supplier and representative personal information, both within our systems and when handled by our partners.

4. Provide and promote high standards of customer service.
We aim to provide consistent, high-quality service and communication to ensure that our products meet customer needs and expectations. We have established customer service metrics that cover the entire product life cycle and customer journey, and prioritise timely, fair, and transparent handling of claims. We also promptly disclose any product, contractual or relevant updates, and ensure timely customer payments.

5. Act fairly and in a timely manner to address customer complaints and any errors we find.
Customer complaints provide valuable feedback about our business. We analyse complaints to understand their root causes and work on reducing their overall number. Through ongoing monitoring, we identify any issues that could harm customers and take immediate action to rectify errors.

Our local businesses have independent and dedicated teams responsible for managing complaints and maintaining complaint databases. Across the Group, our level of complaints has remained broadly flat at two per 1,000 policies in force (2022: two per 1,000 policies in force).

"Demographic change is one of the most important megatrends impacting the life and wellbeing of families worldwide. At Prudential, we have made progressive changes to protect a wider group of family members and make protection more affordable, adapting to changing demographics and our customer's ever evolving needs."

Priscilla Ng, Chief Customer and Marketing Officer

g. *Responsible* product development

We have an established framework for new product development that ensures we focus on responsibility at every stage.

The Prudential Customer Proposition Council is the forum we use to innovate new products and services that can be rolled out across our markets. During 2023, we focused on prototyping innovative solutions for Gen Z customers and reviewing progressive underwriting assessment frameworks for underserved individuals with autism, to increase inclusivity across diverse market segments.

The Group Product Approval Committee oversees this process to ensure that product-related conduct risks, at both product and portfolio level, are appropriately managed in accordance with our Customer Conduct Risk Policy. This applies to the development of new insurance products, alterations to existing products (including the launch of new funds on investment-linked products) and permanent changes in underwriting requirements.

1. Firstly, we conduct **customer research** so we can truly understand the needs, concerns, financial security pain points and resilience at the different life stages of various types of customers. We use insights from market intelligence and findings from a customer needs analysis to get a holistic review of the concept, proposition and overall viability of the product. Further input is evaluated via focus groups before the final product is created.

2. Once the product concept is approved from the customer perspective, local businesses will further refine it with detailed **product design and pricing** assessment, including examining the 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. Following the **product launch,** local businesses source feedback and suggestions from customers and financial advisers regularly for overall relationship Net Promotor Scores (rNPS) and at key touchpoints (tNPS) in the customer's journey. This helps ensure the product delivers its intended service and value and allows us to evolve the proposition to stay relevant for customers. A control cycle is in place to regularly monitor product approval conditions and the financial viability of currently marketed products, prepare risk reports for currently marketed and legacy products, and provide updates to the relevant governance bodies.

h. Protecting vulnerable customers

In each market, we define vulnerable customers based on local circumstances, regulatory and business requirements, as well as the customer's age and level of education/literacy. Local businesses further customise their definition of a vulnerable customer by adding in additional criteria as necessary – financial status or disability, for example.

All sales staff and distribution partners receive appropriate training on protecting vulnerable customers (including the definition of 'vulnerable' and what additional care is needed when dealing with them), with their understanding validated afterwards.

i. Acting on customer feedback

At Prudential, we have an ambition to enhance customer experiences and serve even more people in Asia and Africa. We pursue continuous improvement with the power of collaboration.

To achieve this, we need to understand our customers so we can serve them better. In 2023, Prudential implemented Service Huddles. These are regular meetings where staff within their teams or across different functions come together and discuss feedback, including complaints from customers who have recently interacted with Prudential ie purchased a policy, made a claim or contacted a call centre. We also used customer complaints as a source for service improvement. The goal of a Service Huddle is to empower our staff to deliver a good customer experience, by creating an environment where they can actively engage, share, and learn from each other consistently, and successfully integrate solutions into our daily operations with customer inputs and feedback. This demonstrates our commitment to live our PRUWay value: Customer is our compass.

In October, Service Huddles officially kicked off in Hong Kong. Subject matter experts from various functions, including Policy Servicing, Claims, Health Operations, Product, and Finance, came together regularly, with the aim of developing compelling solutions that enhance the customer experience. Prudential focused on building capacity and enhancing efficiency to improve on average waiting time, call abandoned rate, and call pickup timeliness going forward. In addition, we addressed customer feedback on user experience with our online portal, such as shortening the log in loading times and landing pages, and sharpening digital interfaces of policy services (eg changing contact information).

These have improved net promotor scores across all transactional customer touch points. At the end of 2023, Thailand and the Philippines piloted Service Huddles, and other markets aim to roll out the programme in 2024.

j. Our claims promise

Our Group claims promise stipulates that all our local businesses must handle claims in a timely, fair and transparent manner, promptly disclosing product, contractual and relevant updates. We will only ask for relevant information, and we strive to explain our decisions as clearly as possible, and proactively providing updates on the progress of a claim.

Timeliness

We handle each claim as soon as we receive it and will keep the customer informed of its progress.

Communication with care

We let the customer know when we receive his or her claim, require additional documents, and the outcome of the claim. Our staff and agents are professionally trained to guide customers whenever they need help.

Fairness

We understand customers' claims are important to them. We treat every customer fairly. We ensure our claims process is clear, transparent and without customer bias.

Customer experience

Customer feedback is important to help us serve customers better. If a customer has a complaint, we will deal with it professionally.

Privacy

We take customers' privacy seriously and will protect it at all times.

Our priority

Building resilient communities

Prudential is committed to enhancing the lives of communities across our markets by helping them grow and succeed. We invest in developing resilient communities by supporting initiatives that champion financial education and inclusion, health and safety protection, and climate adaptation.

Our community investment strategy aligns with our purpose and reflects our stakeholders' areas of interest, including financial education and inclusion, health and safety protection and climate adaptation. Over the course of 2023, we invested a total of $13.0 million through the Prudence Foundation – our philanthropic community investment arm – and other community programmes led by our local markets.

Prudence Foundation partnerships

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Q&A

Nicole Ngeow
Director of the Prudence Foundation, outlines our flagship initiatives and the long-term vision.

Q. Can you explain how Prudence Foundation's approach aligns with Prudential's corporate strategy?

A. As an insurance company, we offer protection, mitigate risk and help people build a better future. Our community investment strategy has the same DNA. We thought carefully about ways we could make a real difference by building much-needed resilience within communities across our markets.

We are focusing on areas that are relevant and can be strengthened across our markets: financial education and inclusion, health and safety protection, and climate adaptation. Since the Foundation was set up in 2011, our strategy and approach have remained consistent, but we have harnessed technology to increase our focus on and improve our delivery approach to climate adaptation.

Q. The Foundation has been able to achieve a huge amount through its flagship programmes. What do you attribute this success to?

A. Our strategy allows us to take a long-term view of our initiatives so we can achieve meaningful and lasting change. We have remained focused on our priority areas, so we can learn what works and what does not, and invest further to expand on our successes.

Working in partnership with local communities has also been crucial to our success. Sustainable change is only achieved by listening to the needs of communities and working closely with local partners, like NGOs and local government authorities, to roll out programmes. We want our solutions to become self-sustaining in the long run, so they build momentum as they grow and empower communities to take the work forward.

A great example of the impact of this approach is our Cha-Ching financial literacy programme in the Philippines. By partnering with the government, Cha-Ching is now part of the local school curriculum across several regions in the Philippines, improving the financial literacy of many more children.

Q. Can you share an example of how you incorporate the views of local communities in developing your programmes?

A. The initiatives we offer need to cater to the specific needs of the local communities. Road safety is a great example of the way we adapt our programme for local contexts. The markets we operate in are at very different stages of traffic safety development and have various forms of transport. In Uganda, for example, motorbike taxi drivers, known locally as boda boda riders, are crucial to the economy but are responsible for a significant number of road traffic accidents. According to the Uganda Police Annual Crime Report 2020, boda boda riders constituted 31 per cent of road fatalities. To help reduce these accidents, our SAFE STEPS programme recently provided road safety training to more than 4,000 motorbike taxi riders in the country.

By understanding the local dynamics, we were able to target our safety programme for the boda boda riders, giving them the skills they need to avoid accidents where possible and provide life-saving first aid to victims of accidents. The programme has become well-known and highly praised, with drivers now displaying their SAFE STEPS t-shirts with pride.

Q. How do you ensure your investments align with Prudential's values?

A. We follow Prudential's Group-wide Community Investment Policy that sets out standards and guidelines. For example, we do not make any investments or contributions that are prohibited by law or regulation, and we do not make political or religious donations. We also do not make donations to political parties or incur political expenditure, as defined in the United Kingdom Political Parties, Elections and Referendums Act 2000.

We are also careful to follow the Corporate Social Responsibility and Sponsorship Anti-bribery and Corruption guidelines to make sure our programmes and activities are not exploited for sales opportunities.

Q. What were your key achievements during 2023?

A. I am thrilled to say all our programmes have achieved a huge amount this year. After 12 years of operation, Cha-Ching has seen exponential growth. By the end of 2023, we had taught over two million children and more than 66,000 teachers. Our Safe Schools programme is set to be rolled out to all schools in the Philippines, significantly expanding our reach. The success of the SAFE STEPS training in Uganda was another highlight.

The Regional PRUVolunteers programme has resumed for the first time since the pandemic. We partnered with Posko Jenggala to organise two disaster recovery efforts, leading a total of 120 employees from Asia, Africa and the UK to Cianjur, Indonesia to provide on-the-ground support to rebuild shelters, sanitation facilities and a library, and help the local community recover from a devastating 5.6 earthquake that occurred in November 2022.

Q. Looking ahead, what will you be focusing on in 2024?

A. Our efforts will continue to focus on helping communities become more resilient to future challenges. Now that we have completed our research project into the impact of extreme heat, humidity and air pollution on health, a priority will be to expand our programmes around climate adaptation and explore how best to implement them across our communities.

Thanks to our efforts in addressing the severe and adverse effects of the Covid-19 pandemic, we are now able to transition our $2 million Covid-19 fund to programmes that build resilience to climate-related health impacts.

Monitoring and measuring community investment

The RSWG oversees Prudential plc's community engagement and investment activities on behalf of the Board. The Prudence Foundation is governed by a statutory Board of Directors that meets regularly to review community investment strategies, initiatives and budgets. It is also guided by the Group's sustainability strategy.

Prudential invested **$13.0 million in community programmes** during 2023 – a six per cent increase from US$12.2 million in 2022 – reflecting our continued commitment to bringing our sustainability goals to life with action and investment. The total figure has been calculated using the internationally recognised Business for Societal Impact (B4SI) Framework and includes cash donations to charities as well as spending on community initiatives in partnership with NGOs, non-profits, social enterprises and other third parties. On top of financial investment, our employees have contributed around **28,000 hours of volunteer service** in their local communities.

Programme updates

a. Financial education and inclusion

Cha-Ching

Cha-Ching is an award-winning financial literacy programme that provides children with foundational knowledge of basic money management, building their life skills and promoting financial responsibility. The programme is currently being taught in 16 markets. By the end of 2023, over two million children have been taught and over 66,000 teachers trained cumulatively. The programme is available in English, French, Bahasa Indonesia, Bahasa Malaysia, Chinese, Cambodian, Vietnamese and Thai. This year, a pilot programme was launched in Cameroon.

Cha-Ching has experienced impressive growth in its programmes this year, particularly in the Philippines, Indonesia, and Thailand. In the Philippines, over 850,000 students were taught, and we are aiming to reach over one million in 2024. In Indonesia, over 390,000 students were taught. In Thailand, 230,000 students were reached. Looking ahead, Cha-Ching is celebrating five years in Vietnam in 2024 and, by mid-2024, it has committed to reaching 100,000 students and equipping 3,000 teachers to reach seven provinces in the country.

2023 highlights include:
The global launch of Cha-Ching Money Adventures, a web-based interactive learning game, designed to complement the existing curriculum and foster greater financial literacy in seven- to 12-year-olds, as well as encourage families to talk about financial decisions. Cha-Ching Money Adventures won two Global Silver Anthem Awards in the category of Education, Art and Culture – Special Projects and Education, and Digital and Innovative Experiences. The game launch and mall tour were also awarded the 2023 IABC Gold Quill Award of Merit for Communication Skills – Special and Experiential Events.

A children's TV show, 'Cha-Ching Money Show', launched in Africa this year and received over 1.5 million views across six TV networks and online in Ghana and Nigeria.

b. Health and safety protection

SAFE STEPS Kids

SAFE STEPS Kids is a multi-platform public-service programme created by Prudence Foundation, in partnership with the International Federation of Red Cross and Red Crescent Societies (IFRC) and Cartoon Network.

Launched in 2019, SAFE STEPS Kids aims to prepare young children for life-threatening situations. It provides life-saving information via educational videos and materials featuring beloved Cartoon Network characters. The programme covers topics including natural disasters, road safety, first aid, health and, more recently, climate change.

The videos air across Cartoon Network channels in eight markets in Asia: Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, Taiwan, Thailand and Vietnam, reaching between 21 and 36 million households.

2023 highlights include:

Vietnam: Prudential Vietnam and Prudence Foundation continued the partnership with AIP Foundation for the third year of implementation in schools from August 2022 to March 2023:

- Nearly 3,000 quality helmets distributed; helmet wearing improved from 23% to 83%; road safety knowledge improved from 44% to 88%; and
- More than 635,000 people reached via public awareness campaign (30-day pedestrian campaign through billboards and schools' media channels).

Regional: In September 2023, Prudence Foundation launched the latest SAFE STEPS Kids series, Climate Change, in Malaysia together with the Minister of Natural Resources, Environment and Climate Change of Malaysia, Nik Nazmi bin Nik Ahmad. The new series aims to build children's awareness of climate change and provide simple actions that they can take to reduce their impact on the environment. The programme was developed in collaboration with IFRC and Cartoon Network.

SAFE STEPS Road Safety Africa

SAFE STEPS Road Safety Africa was created and developed by Prudence Foundation in partnership with the Federation Internationale de l'Automobile (FIA), IFRC and Didier Drogba Foundation. International football player Didier Drogba is the programme ambassador. The programme launched in Ivory Coast in October 2019 and has since expanded to Ghana, Kenya, Uganda and Zambia, helping to improve safety on Africa's roads and in turn save lives.

2023 highlights include:
Uganda: Boda boda drivers offer an essential form of transport in the community. However, according to Uganda Police, boda-bodas are responsible for a growing proportion of road traffic accidents that cause 1,500 deaths and 4,000 serious injuries every year. Prudential Uganda partnered with Uganda Red Cross to roll out a SAFE STEPS Road Safety campaign and trained over 4,000 boda boda drivers in Kampala region.

Prudential invested
$13.0m
in community programmes during 2023

Simple and Accessible Health & Financial Protection continued

Early childhood care and development

Prudence Foundation supports several programmes to advance early childhood care and development (ECCD) in Asia. They aim to help children reach their full potential.

REACH and School Nutrition Intervention programmes implemented by China Development Research Fund (CDRF)

The Rural Education and Child Health (REACH) programme focuses on early-stage development from 0 to three years of age. The programme is designed to help improve child-rearing methods and provide nutritional supplement support and packages to support children's health.

School Nutrition Intervention aims to improve the quality and standards of school food in poverty-stricken areas. It includes a number of initiatives, such as school canteen infrastructure upgrades, nutrition knowledge-sharing, building healthy school supply chains, a canteen star rating programme, parent-led diet committees, school meal capability improvement planning and a comparative study of school meals.

School *Nutrition* Programme

The School Nutrition Programme has proven effective at improving children's wellbeing and physical fitness amongst rural students in China. Recognising this, Prudence Foundation commissioned a third-party research organisation to build a case study and document CDRF's experience so that we can share learnings with wider communities. The research output is published www.prudentialplc.com/en/prudence-foundation/publications/latest-stories-and-updates/stories/addressing-malnutrition-among-children-in-impoverished-regions-of-china

Prudence Foundation has been supporting the REACH and School Nutrition Intervention programmes since 2018 and renewed its support to the two programmes for another three years (from 2022 to 2024). The programmes have also been implemented in a new region, Bi Jie, a rural child development demonstration zone in Quizhou Province.

UNICEF Indonesia: Support reopening of ECD centres with improved quality

In 2023, a three-year programme was initiated to improve the quality of early learning and development services in 50 Early Childhood Development (ECD) centres. The programme is set to benefit more than 1,600 children and 100 teachers. Principals and teachers are trained to improve their teaching practices and engage parents and caregivers in improving knowledge and skills in nurturing children. Local government regulations were developed to enable its replication. These regulations prioritise local government resources to improve the quality of these services in the future. They will be instrumental in shaping interventions and refining the programme to transform early childhood education.

Prudence Foundation and UNICEF partnered to support the Social Behavioural Change Communication (SBCC) on Parenting initiative. This initiative has informed the development of the National Parenting Strategy, which was launched by the national government in December 2023.

UNICEF Thailand: Integrating of Nurturing Care Framework with childcare services

In 2023, an assessment tool of child-focused services was developed to guide effective steps for integrating components from the Nurturing Care Framework into other programmes. Off the back of the findings, the content for the Early Moments Matter on Mobile (EMMM) initiative was amended.

The EMMM is a messaging service that provides childcare information to parents of children aged 0 to six years old. It was revised to encompass all aspects of Nurturing Care, and over 40,000 new subscribers were added in 2023. Training and capacity building were also provided to 975 caregivers and service providers to improve the quality of care and education for over 14,000 young children.

Community Healthcare partnership with IFRC Africa

In 2023, Prudence Foundation entered a partnership agreement with IFRC Africa to support its existing Resilient and Empowered Africa Community Health (REACH) programme in collaboration with Africa CDC, which aims to strengthen the community healthcare systems in African countries.

The programme will focus on strengthening the capacity of 2,000 community healthcare workforce to provide and facilitate equitable access to essential health services, and enhancing community preparedness and responsiveness to health emergencies.

28,000
Employee volunteering hours

Simple and Accessible Health & Financial Protection continued

c. Climate adaptation

SAFE STEPS D-Tech

The SAFE STEPS Disaster Tech (D-Tech) Awards were created by Prudence Foundation in 2019 to find, fund and support technology solutions that protect and save lives before, during or after natural disasters. With the increasing threat of climate change leading to more intense and frequent weather-related disasters, the need to generate awareness, build resilience and support solutions that mitigate or respond to disasters has never been greater.

This year, we held the third D-Tech Awards, supported by IFRC, technology partner Amazon Web Services (AWS) and strategic partners e27 and Jubilee Capital. Wateroam, a Singapore-based enterprise that develops portable water filters to provide safe drinking water to communities in rural and disaster-hit regions, won the award. In the coming year, the SAFE STEPS D-Tech Awards will continue its work to build a business network, raise awareness of the disaster innovation sector, and help startups to grow and scale.

Safe Schools

Over the past 10 years, Prudence Foundation has been supporting the implementation of Safe Schools in partnership with Save the Children and Plan International. It aims to build education resilience against disasters and protect students, teachers and local communities. It also helps to address the targets of the Sendai Framework for Disaster Risk Reduction (DRR) and the UN SDGs. The programme is based on the Global Comprehensive School Safety Framework (CSSF) and focuses on three pillars: safe learning facilities, school disaster management, and risk reduction and resilience education.

Prudence Foundation takes an innovative and collaborative approach to deepen the impact of Safe Schools, both at country and global level. Through our long-term partnership with Save the Children and PLAN International, we provide critical investment, strategy development, thought leadership, governance and advocacy.

Thailand: In 2023, 260 children and youth from Chiang Rai and Chiang Mai provinces participated in STEM-DRR training and developed innovations and inventions to reduce disaster risks in and around schools. In collaboration with the National Office of Basic Education Commission (OBEC), the CSSF curriculum and a digital platform for Safe Schools assessment, training and capacity building are being developed. These resources are expected to be finalised and rolled out in 2024.

Cambodia: In 2023, all 60 schools in the Stung Treng province, having been part of the previous Safe Schools implementation phase, successfully integrated a school disaster risk reduction action plan and community investment plan to mobilise resources. Additionally, 36 target schools in newly supported provinces, Siem Reap and Ratanakiri, were provided with capacity building and a Safe Schools assessment. As a result, all 96 schools across the three provinces now have a Hazard, Vulnerability and Capacity Assessment (HVCA), contextualised DRR action plan and Emergency Preparedness and Response Plan (EPRP) put in place.

Indonesia: Prudence Foundation supported the National Comprehensive School Safety (CSS) Task Force to launch the CSS Facilitator Module, which guides the implementation of CSS. In Yogyakarta, we supported the development and roll-out of a provincial model of CSS that can be easily replicated and includes a set of CSS minimum criteria. We also supported the launch of the Provincial CSS Roadmap 2023–2026 to ensure its successful roll-out. The programme has been implemented in 100 senior high schools in Yogyakarta. In 2024, the programme will be fully handed over to the local government to maintain momentum on its roll-out. Additionally, we will launch Safe Schools in Bali.

Philippines: The CSS Ecosystem project, launched in 2018, is an innovative multi-stakeholder partnership between the Philippines Department of Education (DepEd), Prudence Foundation and Save the Children to build the resilience of the education system and improve school safety.

Core to the project was the development of the Disaster Risk Reduction Management Information System (DRRMIS), which leverages innovation, technology and data to provide timely and accurate analysis for school improvement plans.

In 2023, DRRMIS was integrated into the DepEd's Basic Education Information System (BEIS), the central platform for school data collection and analysis across all 47,000 schools nationwide.

A midline evaluation by an independent consultant has shown that using the Rapid Assessment of Damages Report (RADaR) app has helped drive an 11-fold increase in the DepEd's budget for disaster responses.

Global: Since 2021, Prudence Foundation has been working with Save The Children and the Global Alliance of Disaster Risk Reduction and Resilience in Education Sector (GADRRRES) to update and enhance the Comprehensive School Safety global framework, policy advocacy and guidance. The CSSF was revised in response to growing evidence of the acceleration of climate change and other risks, such as Covid-19 and new conflict dynamics, all of which will impact education globally. The CSSF 2022–2030 was launched in late 2022, providing governments across the world with a policy framework and practical guidance to strengthen their education systems against all hazards and threats. In 2023, Prudence Foundation continued to support global advocacy efforts with a second phase programme focusing on the development and implementation of a Global School Safety Survey. This survey is designed to provide baseline data to inform action and solutions. Additionally, Prudence Foundation will continue to support capacity building for four countries (to be identified in 2024) to develop in-country advocacy strategies.

Simple and Accessible Health & Financial Protection continued

Other activity in building resilient communities

Taiwan

22 years ago, we jointly launched the 'Wishing Doll Programme' with the Taiwan Fund for Children and Families (TFCF). This programme has helped more than 28,000 children to escape the shadow of violence and provided 70,000 trauma recovery interventions for children and families who have been mistreated.

In 2023, we invited renowned illustrator 'Blackeyebow' to join the Wishing Doll Programme and design LINE Stickers for charity sales. The profit generated from Wishing Doll LINE Stickers will be donated to TFCF to help protect children from domestic violence.

This programme has helped more than

28,000

children to escape the shadow of violence

Thailand

Prudential is working with two government hospitals – Somdet Chao Phraya Hospital and Srithanya Hospital – to support underserved communities impacted by Covid-19 with a PRUWellness Clinic. This clinic will become a one-stop service for primary treatment, with consultancy systems to support and reduce the workload of the two large hospitals.

Services include screening to determine what stage the patient's condition is at, before passing them through to the treatment process. In addition, the clinic supports homeless and underserved groups with their physical and mental health, helping them prepare to re-enter society and potential employment.

One-stop service

PruWellness Clinic

Set up to support underserved communities

Philippines

PRU Life UK's community-based financial literacy programme, 'Wais sa Pera si Juana' reached 1,374 Filipino farmers and fisherfolk from Lian, Batangas.

Conducted in partnership with our NGO partner, Asia Society for Social Improvement and Sustainable Transformation (ASSIST), the programme was developed via a grant from the PRUInclusion Award, which we received as a runner-up in 2021 for our customer propositions for the 'Made for Every Family' brand campaign.

The programme included, for the first time, a discussion on the impact of climate change on health, including mental health, to educate farmers about climate health resiliency as well as financial management.

The session featured Dr Renzo Guinto, planetary health expert and author of PruLife UK's 2021 commissioned independent study, 'How will climate change affect the health of Filipinos in the next decade?', and Dr John Aruta, an Associate Professor at De La Salle University, Manila.

This community-based financial literacy programme reached

1,374

Filipino farmers and fisherfolk from Lian, Batangas.

Clean and *safe* drinking water – Uganda

Prudential Uganda has partnered with Tusafishe Limited – an NGO which seeks to enhance the provision of clean and safe drinking water through technology – to benefit over 15,000 students at five schools in the Mbale District, western Uganda.

75%

of all diseases diagnosed at the Mbale Regional Referral Hospital can be attributed to the consumption of unsafe water and poor hygiene.

The schools have always grappled with the daunting challenge of securing clean water for their students.

Traditional solutions for water purification in schools, such as boiling and the use of chlorine and disinfecting tablets, come at a high environmental and financial cost. Tusafishe's water purification system has the capacity to purify up to 4,880 litres daily, eliminating up to 99.999% of all disease-causing pathogens from water sources. It is a transformative technology that not only purifies water but also safeguards the environment.

Responsible investment

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Responsible Investment continued

2023 pillar *highlights*

At the centre of our responsible investment approach is our view that the transition to a lower-carbon economy should be a just and inclusive one. As a large asset owner and manager focused on Africa and Asia, we are keenly aware that emerging markets face unique challenges as they seek to decarbonise. Typically, they are more reliant on fossil-fuels than developed markets, while having pressing social and development needs to meet, making it very difficult for them to meet global decarbonisation thresholds.

Our 2022 'Just and Inclusive Transition' paper outlines the issues we want to help address through responsible investment. Currently, most global responsible investment frameworks do not differentiate between emerging and developed markets – applying the same standards and thresholds to both, despite the different risks and challenges they face. This is a barrier to much-needed investment to finance the transition and not in line with the 'common but differentiated principle' of the Paris Agreement.

We want to use our scale and position to drive positive change by ensuring that the needs of emerging markets are considered in our investment decisions. Our approach to responsible investment is built around three key themes:

- Financing a just and inclusive transition;
- Decarbonising our portfolio; and
- Mainstreaming responsible investments in emerging markets.

Our efforts are informed by our climate transition plan, which sets out our long-term net zero pledge and interim targets. We have made good progress towards our own decarbonisation, but recognise the opportunities to be proactive in enabling the transition to a lower-carbon economy for emerging markets in the coming years.

Anchor investor of the
largest equity ETF fund
in Singapore (at time of launch) – iShares MSCI Asia ex Japan
Climate Action ETF

Upgraded our WACI reduction target from 25% to
55%
by 2030

Developed
new internal investment target on financing the transition,
as an underpin to the WACI reduction target

Ongoing engagement with the companies responsible for
65%
of the absolute emissions in our investment portfolio

875
corporate engagements conducted in 2023

Eastspring voted in
97.2%
of proxy votes for which it was eligible to vote

87%
of Eastspring's international funds (SICAV) received EU SFDR Article 8 status; and Eastspring voted in 97.2 per cent of proxy votes for which it was eligible to vote.

Our priority

Financing a just and inclusive transition

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Prudential's efforts and commitment to reach net zero by 2050 are aligned with science and the Paris Agreement. At the same time, operating in a breadth of markets across Asia and Africa demands a considered and dynamic approach to the low-carbon transition. The climate-related risks and opportunities in developed markets with diversified and mature economies are very different to those in emerging markets. This can be seen in the large divergence between countries and regions in their efforts and ability to act on climate change by reducing their carbon footprint.

Some of the countries that remain the most carbon-intensive are those least likely to be able to fund the transition to lower-carbon technologies and practices. There are structural challenges that hamper their ability to secure much needed funding. There is a lack of industry standards relating to transition finance; and limited industry standards on climate change do not address the need to finance carbon-intensive companies through the transition process. Prudential supports and follows industry standards on decarbonisation, for example, by setting targets for portfolio aligned to a 1.5°C scenario. We also recognise that these targets might discourage investors from financing carbon-intensive companies that need to transition from brown to green on the path to net zero.

Companies operating in emerging markets might not be able to meet the high decarbonisation thresholds set by developed markets as they are at very different stages of economic development, as reflected in the net zero scenario of the International Energy Agency. As a result, emerging markets are underrepresented in climate-related investment strategies. Shifting capital away from regions where transition financing is most needed hampers not only the climate transition, but also long-term sustainable social and economic growth in these regions.

Our strategy on financing the transition seeks to address these challenges by using our capital to advance a just and inclusive transition. It takes a differentiated approach towards our markets, recognising that Singapore and Hong Kong are well placed to lead the way towards climate transition in Asia, while emerging markets will take a longer time to transition. For example in developed markets, the focus lies on financing green energy solutions. In many emerging markets in Asia, finding ways to finance the phase out of carbon-intensive assets like coal plants has the potential to achieve significant absolute carbon reductions. Therefore, our strategy also identifies categories across the transition financing spectrum, including both 'green' and 'brown-to-green' investments, which includes the phase out of carbon-intensive assets.

In our aim to be an active investor in financing a just and inclusive climate transition to net zero in emerging and developing economies (especially in Asia), we have defined a transition finance investment target in this direction. While this target will not be communicated and will remain internal for the time being, it is a clear signal of our commitment to net zero as an asset owner and asset manager. We are now working to develop guidelines to identify suitable investment opportunities to finance companies as they transition from brown to green.

"Prudential believes there is a tremendous investment opportunity in Asia. There is a critical need to drive scalable positive change in the region, which faces a multitude of physical climate risks and corresponding adverse socioeconomic impacts. Our aim is to enable green transformation across all sectors, through investing in companies that demonstrate transition leadership and long-term strategic thinking. This is how asset owners such as Prudential can support a just and inclusive transition in emerging markets."

Don Guo, Chief Investment Officer

a. Allocating capital to climate-related investment opportunities

Asia Pacific is the largest and fastest growing region for energy transition investment, offering transformational opportunities for investors with climate-focused objectives. Climate investing in Asia will be a critical enabler of the global transition to a low-carbon economy, due to the region's large population and continued reliance on fossil fuels1. However, the region also faces a large financing gap. For investors, this means that investment opportunities are limited and financing for climate mitigation and adaptation needs to be scaled up for the market to further develop.

As the anchor investor for the iShares MSCI Asia Ex Japan Climate Action ETF, we are committed to supporting companies demonstrating climate-transition leadership. The largest equity ETF (at time of launch) in Singapore, the fund gives investors access to best-in-class companies across Asia Pacific (ex-Japan) that are committed to reducing emissions. Helping other investors strengthen the climate resilience of their investment portfolios is part of our aspiration to facilitate the green transformation.

1. www.iea.org/regions/asia-pacific

b. How sustainability enables Prudential to create shareholder value

In a nutshell, sustainability means using key business drivers and levers to create and preserve value.

For our shareholders, there are four main aspects:

1. **Risk mitigation**. We maintain effective sustainability governance to ensure that all necessary controls are in place. This is to meet regulations effectively, and reduce the risk of greenwashing and social washing.
2. **Customer**. We integrate sustainability concerns into our customer offerings to align with the changing demands of customers and elevate our overall customer proposition.
3. **Investor confidence**. To win investor confidence and maintain trust from rating agencies, we must demonstrate actionable commitments to sustainability in alignment with investors' long-term interests.
4. **Brand differentiation**. Creating a holistic approach to sustainability, such as developing inclusive products and strong responsible investment offerings, can differentiate our brand from peers.

Building strong relationships with a broad set of stakeholders creates value and enhances the resilience of Prudential's business model. We strive to fulfil the needs of customers, employees, and communities to maximise value creation.

Exploring *green financing solutions* with Vietnamese stakeholders

We focus our local engagement on initiatives that enable real change through practical solutions. Green bonds make up a significant segment of the sustainable finance market and are a key financing tool to support emerging markets to achieve a just and inclusive transition. There is growing interest from international and domestic investors to fund climate-related projects in Vietnam. However, a lack of consistent framework remains a challenge and the Vietnamese government has identified the pressing need to establish a legal framework for green bonds.

In 2023, our Vietnam business and Climate Bonds Initiative (CBI) organised a thematic bond and transition investment workshop. The session brought together a broad range of stakeholders from government, banks, rating agencies and financial institutions, to non-profits. The objective was to solicit feedback from market participants to understand the issues involved in scaling-up the labelled bond market development in Vietnam.

The next step will be to prioritise challenges with policymakers and establish a working group to explore policy solutions.

Pioneering *sustainability bond issuance* in Cambodia

Labelled bonds are gaining traction in Cambodia. In November 2023, Prudential Cambodia was one of two global insurance investors that fully subscribed to Cambodia's first corporate sustainability bond. Issued by domestic telecommunications company CamGSM PLC, the bond will channel its proceeds of $20 million into supporting local projects that address climate-related risks, including investment in renewable energy and connectivity infrastructure (ie network capabilities) within underserved communities. Investing in digital solutions can ultimately enable access within the community, including greater availability of information on health and financial security. Additionally, in December 2023 Prudential Cambodia became the main investor in CIA FIRST International School's bond listing, the first education-sector bond in Cambodia.

These two bonds are respectively guaranteed by GuarantCo and CGIF[2] respectively, and demonstrate how blended finance can effectively mobilise private finance and grow local currency capital markets.

2. Credit Guarantee and Investment Facility (CGIF), a trust fund of the Asian development Bank (ADB)

Our priority

Decarbonising our portfolio

Decarbonising our portfolio

Local context is a key consideration in our assessment of how best to enable the transition to a low-carbon future. Companies operating within emerging markets are often more carbon intensive than their developed market counterparts[1], which could lead some investors to shift capital away from emerging markets. We believe this would hamper the ability of emerging markets to transition to a lower-carbon future, hence we are exploring and implementing a wider variety of strategies to achieve net zero.

In May 2021, we committed to achieving net zero emissions by 2050 for our investment portfolio. We also resolved to reduce emissions intensity within our investment portfolio by 25 per cent by 2025. At the end of 2023, we had successfully reduced the WACI of our investment portfolio by 50 per cent from our 2019 baseline. Based on this strong progress, in August 2023, we revised our WACI target upwards, committing to deliver a 55 per cent reduction in the carbon intensity of our investment portfolio by 2030, compared with our 2019 baseline.

Decarbonising our portfolio remains a priority, yet our progress in reducing our WACI is unlikely to be linear. It can be influenced by a range of market factors that could cause the WACI to rise or fall. Our strategy to finance the transition aims to actively support carbon-intensive companies on the implementation of their transition plans from brown to green. While this will make our decarbonisation pathway more volatile, our interim targets align to a 1.5°C degree pathway.

1. www.iea.org/regions/asia-pacific

Our priority

Mainstreaming responsible investments in emerging markets

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a. Market influence

Our long heritage of owning and managing assets across Asia and Africa gives us a unique perspective on investing in both developed and emerging markets. It also gives us the opportunity to understand the range of issues and structural challenges these economies face in transitioning to a low-carbon economy. As an active member of global initiatives such as the UN-sponsored NZAOA and the Just Energy Transition Partnership (JETP), we contribute by providing a voice on behalf of these markets.

In 2023, this included advocating in the NZAOA for an explicit appreciation of the developing market context when investors use a public framework[1] to assess sovereign bond issuers on climate change. In a similar vein, Prudential actively contributed to shaping NZAOA position papers, including on the need for investors to give more in-depth consideration to the unique transition challenges of emerging markets when investing and engaging in the oil and gas sector www.unepfi.org/industries/position-on-oil-and-gas-sector/. We also provided input into GFANZ[2] guidelines supporting the early retirement of coal-fired power plants in the Asia Pacific region, again with an emphasis on the unique developing economy challenges around phase-out activity.

> See our section on Harnessing thought leadership to shape the agenda for more details.

b. Corporate engagement strategy

We work closely with our investee companies to support their transition to a net zero business model. Each year, we have committed to engaging with the companies responsible for 65 per cent of the emissions related to our investment portfolio, which is aligned to the recommendations of the Net Zero Asset Owner Alliance. By addressing key topics – such as improving disclosure, setting net zero targets and decarbonisation targets, adapting business models, and financing green projects – our goal is to encourage them to accelerate their progress.

c. Engagement process

To maximise the impact of our engagement, our asset manager, Eastspring, interacts with portfolio companies on our behalf via three main channels:

- **Central engagement** – Our central sustainability team conducts specific engagement on discrete themes (including decarbonisation and climate change, palm oil, and UN Global Compact violations);
- **Collaborative engagement** – Our investment teams participate in industry working groups on key sustainability topics; and
- **Investment-led engagement** – Our equity and fixed income teams drive investment-led engagements on company-specific issues (eg earnings and corporate governance).

Across all three channels, Eastspring has conducted a total of 875 engagements with companies in 2023.

"Responsible investment continues to be a key priority for Eastspring. Our investment and sustainability teams practise stewardship through various means, from actively engaging portfolio companies, to voting at shareholder meetings and challenging management recommendations when appropriate. We also continue supporting Prudential's ambitions to decarbonise the investment portfolio, and drive initiatives that enable the transition to a just and inclusive future."

Bill Maldonado, Chief Executive Officer, Eastspring Investments

1. Assessing Sovereign Climate-Related Opportunities and Risks (ASCOR), a collaboration by asset owners and asset managers to incorporate financially material climate change information when assessing sovereign bond investments.
2. Glasgow Financial Alliance for Net Zero

Responsible Investment continued

d. Central engagement

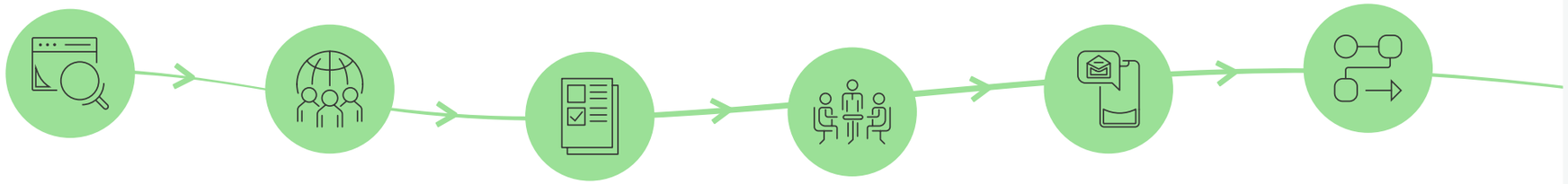
Eastspring's sustainability team engages companies to both enhance positive material ESG traits and mitigate material ESG risks. The engagement process of the Sustainability team is research-driven, and this research (step 3 and 4) complements the fundamental research of the active equity and fixed income investment teams.

The engagement process continues until the company has resolved the sustainability issue in question. This can be a multi-year process. Eastspring monitors and reports engagement progress, which is rated using milestones. Each engagement is approached with continuous effort, until reaching the highest milestone of 'Company has satisfactorily resolved the issue'. Measuring and monitoring the progress towards positive engagement outcomes is an important element of active ownership. Additionally, this is an essential element for the escalation process (see A customised approach to engagement below).

e. Collaborative engagement

On certain issues, Eastspring works collectively with other investors to express concerns to a company's management team. These collaborative engagement initiatives seek to maximise investor influence to improve a business' sustainability practices. The Eastspring stewardship approach is in line with the International Corporate Governance Network (ICGN) Global Stewardship Principles. Collaborative engagement is an important way to maximise investor influence to preserve or enhance value on behalf of beneficiaries or clients.

Central engagement cycle



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

A customised approach to engagement

Milestone 1
Raised awareness of issue with company

Milestone 2
Dialogue in process

Milestone 3
Company has agreed to address the issue

Milestone 4
Company has developed or is planning to implement a plan to address the issue

Milestone 5
Company has satisfactorily resolved the issue

f. Investment-led engagement

Eastspring's investment teams evaluate material risks to holdings, which include ESG risks. The level of engagement with portfolio companies will vary based on materiality, investment size and the nature of any risks identified. These ongoing dialogues tend to focus on long-term factors that influence companies' earnings.

A customised approach to engagement

Each engagement is unique, and appropriate escalation strategies are determined on a case-by-case basis. Typical escalation measures include:

- **Direct dialogue with management** – We may raise concerns around a company's progress directly with management representatives or Non-executive Directors;
- **Proxy voting** – By actively exercising our votes, we seek to add value and protect our interests as shareholders. This may include voting against management resolutions, supporting shareholder resolutions, or voting against or withholding votes on director re-elections;
- **Shareholder resolutions** – We may signal ongoing concerns to investee companies by submitting shareholder resolutions on specific issues where engagement has failed; and
- **Divestment** – We may choose to exit an investment as a last resort if identified material risks impact our conviction, and where we believe further engagement is likely to fail. This is an important way to uphold accountability and protect our clients' interests.

Voting to drive change

Voting is a crucial element of being an active shareholder and an important opportunity to influence a company. Eastspring's voting and engagement activities are closely aligned when seeking to change a company's actions or approach.

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 vote processing and recommendations.

Engagement in action

Engaging to improve the transparency of a major steel producer

The Eastspring Investment team met with the CFO of a major Japanese steel producer during 2022 and 2023, to gain clarity on the company's transition strategy towards carbon neutrality. This helped the team gain confidence in the robustness and ambition of the company's transition strategy and its progress towards implementation. During the engagement process, the investment team emphasised the importance of adequate disclosure of emissions data (especially Scope 3), climate change scenario analysis, and concrete steps to align with the Paris Agreement. In a follow-up engagement in 2023, the company shared updates on its transition strategy that included a detailed explanation of their efforts in carbon neutral steel (started in 2022), carbon capture, and acquisitions to support low-carbon steel.

Engaging on better disclosures around a Just Transition

In 2023, Eastspring added 'just transition' as a new criterion in its assessment of companies on the theme of climate change and decarbonisation. This is the principle that a healthy economy and clean environment can co-exist, and that companies can achieve this vision without costing workers or community residents their health, jobs, or economic assets.

Eastspring engaged a Singaporean transportation company on the principle of the just transition, as its Sustainability Report did not address the issue. The company's management identified its talent pool as one of its most valued resources, with ongoing dialogue on reskilling and upskilling training programmes for its employees to support the company's transformation initiatives. Despite the serious business downturn the company encountered during the Covid-19 pandemic, it continued to spend on upskilling training programmes for its employees. Through a live engagement call with the company, Eastspring persuaded its management to add its perspective on the just transition in its next Sustainability Report.

Engaging a cement company in Greater China on climate change

Eastspring began engaging this state-owned enterprise at the end of 2021. In its latest 2023 review, the company had set short- and long-term carbon reduction targets, using the country's Nationally Determined Contributions (NDC) as guidance.

The company had a relatively clear decarbonisation plan, primarily via solar panel installation around its manufacturing sites. Eastspring engaged management on the capital expenditure budgeted to align with its decarbonisation plan, climate governance, and the just transition. While management shared its energy transition spend for previous years, the company has yet to finalise such spend for the next five to 10 years.

During Eastspring's engagement on the principles of the just transition, management articulated its progress of constructing its own solar panels, with commitments to retain and upskill all employees, including workers involved in coal-generated power sources, via training programmes.

Although the company has yet to publicly report on a remaining few relevant metrics, the management's willingness to explore and commit to disclosing of capital expenditure warranted a milestone upgrade, from Level 2 to Level 3.

Engaging a Middle East utility company on interim climate decarbonisation goals

Eastspring first engaged this utility company in the Middle East in early 2022, as the firm was one of the top 65 per cent of carbon emitters in Prudential's investment portfolio. Eastspring determined that the company had undeveloped short- and medium-term targets to reduce carbon emissions, even though the utility had established a long-term net zero emissions goal by 2050. Our engagement was made on the grounds that the company needed to fulfil the basic requirements of a climate action plan, which the utility started making progress on in late 2023 (ie start disclosing to CDP and set clear medium-term carbon reduction targets). In a positive development, the company also started integrating ESG targets into the Group Chief Executive Officer's Key Performance Indicators.

At the start of Eastspring's engagement, the utility company was rated as a Level 2 milestone, due to lack of near-term targets and transparent climate-relevant disclosures. As progress continued, Eastspring upgraded the company to Milestone 4 in recognition of its positive developments.

Eastspring reviews these recommendations and decides whether to follow or vote differently.

Shareholders' long-term interests are paramount, so Eastspring does not always support company management and may vote against management from time to time. In 2023, Eastspring voted on 97.2 per cent of proxy votes in which it was eligible to vote. Eastspring voted with management recommendations on 89.4 per cent of these and voted against management recommendations on 10.6 per cent of these.

Voting on climate change

Eastspring votes in line with the following guidance for any proposals related to climate change. In general, we vote in favour of decarbonisation strategies and climate change approaches that are in line with the goals of the Paris Agreement. Eastspring assesses proposals on a case-by-case basis, taking into account the following considerations, including decarbonisation parameters (ie company strategies should cover Scope 1 and 2 emissions, and material Scope 3 emissions where possible), clear prioritisation of emissions reduction activities over carbon offsets, and evidence of support via a capital expenditure plan. In terms of disclosures, the company should report climate-related financial risk, preferably aligned to the TCFD recommendations.

g. Shareholder proposals

We generally vote in favour of shareholder proposals that are in line with the Paris Agreement and take the above considerations into account. However, we may vote against shareholder proposals that we believe are unrealistic or put the company in an unfair position in relation to competitors and/or the government.

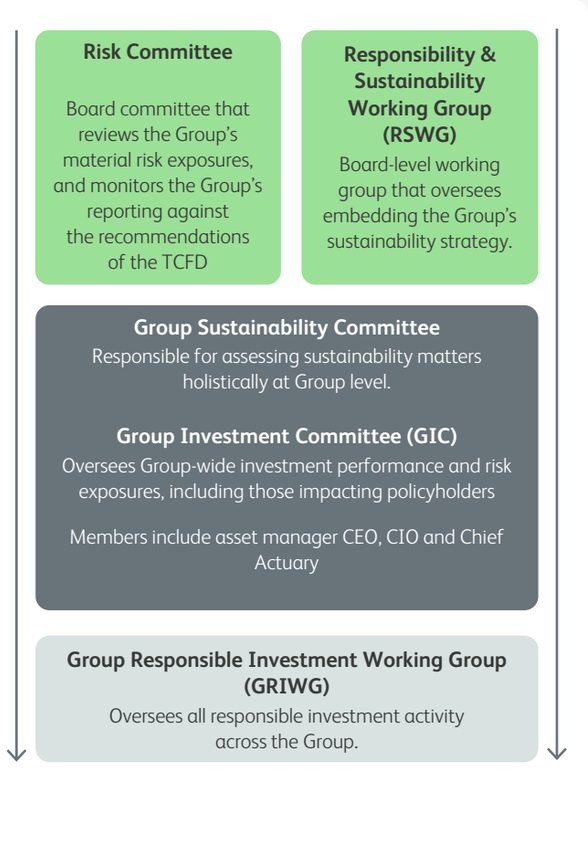
h. Scope

This requirement applies to Eastspring and at best effort's basis to other asset managers across the Group, depending on the capabilities of the asset managers. This requirement will eventually apply to all asset managers.

i. Responsible investment governance

To oversee our responsible investment activities and monitor our progress towards our commitments, we have established a robust governance framework.

At the Board level, the Risk Committee oversees environmental and climate-related risk, our commitment to decarbonise our operations and investment portfolio, and other responsible investment commitments. The Responsibility and Sustainability Working Group (RSWG) also sits at Board level and oversees the integration of our Group sustainability strategy throughout the organisation. In 2024, the Board plans to establish a Sustainability Committee to replace the RSWG.



The management-led Group Sustainability Committee oversees responsible investment activity and has delegated operational responsibilities to the Group Responsible Investment Working Group (GRIWG). The GRIWG is co-chaired by Prudential's Chief Investment Officer (CIO) and the CIO of Eastspring, and provides a regular forum for discussing responsible investment approaches and monitoring progress towards decarbonising our investment portfolio. During 2023, the GRIWG met 10 times and discussed a range of responsible investment topics.

j. Responsible investment approach

ESG considerations are becoming increasingly important elements of good investment practices. Managing ESG risks by applying our Responsible Investment Policy is part of our effort to generate long-term returns on assets.

Our Responsible Investment Strategy includes six key strategies for using our influence to make a meaningful real-world impact – see our Responsible Investment Policy for more details.

The policy sets out clear criteria for screening investment portfolios, identifying and assessing sustainability-related risks and processes for ongoing corporate engagement. To address priority themes, such as decarbonisation, human rights and biodiversity, we have identified criteria for excluding companies involved in certain activities.

Looking ahead, we are increasing our focus on preventing biodiversity loss. Our asset managers screen for exposure to palm oil producers who are not certified by the Roundtable on Sustainable Palm Oil (RSPO). We require engagement with corporate palm oil consumers to raise awareness around the benefits of paying more for sustainable palm oil to ensure producers in emerging markets are not penalised for meeting the demand for cheap palm oil from manufacturers in developed economies. We also review the portfolio for companies that produce, or depend on, commodities that contribute to deforestation, particularly timber extraction, and engage with them at least annually to assess their exposure.

Investment screening *in action*

Supporting responsible palm oil

During 2022, its first year of engagement, Eastspring identified 22 palm oil-related entities to engage on this theme. These included 17 plantations and supply-chain companies, 4 FMCG companies, and RSPO itself. However, further due diligence confirmed that one company is a rubber grower and producer, which was therefore excluded from subsequent engagement. As such, the revised first year engagement group stands at 21 entities. Now embarking on its second year, Eastspring has identified 23 companies in total for engagement:18 plantations and supply-chain companies, 4 FMCG companies, and RSPO itself.

Tackling deforestation

In 2023, Eastspring identified 23 companies that produce, are dependent on, or use commodities that contribute to deforestation (particularly timber extraction). It has established a plan and commenced engagement to uplift the standards of sustainability, transparency, and traceability amongst this group of 23 companies in 2024.

Integrating ESG throughout the investment process

Step 1: Asset allocation

We integrate ESG into the strategic asset allocation (SAA) process in several ways: analysing the ESG profiles of countries, asset classes and investment strategies; changing SAA benchmarks to ESG benchmarks; and including ESG considerations in the asset-liability management (ALM) process. Our investment teams consider how different allocations influence the ESG risk profile of the portfolio, and how allocations to ESG strategies impact specific portfolio characteristics (eg sector allocation).

Our SAAs vary based on differences in regional decarbonisation targets. In 2023, Prudential Taiwan altered its benchmark to the MSCI US ESG Enhanced Focus CTB (Climate Transition Benchmark), to align more closely with Prudential's overall responsible investment priorities. Along with Prudential Hong Kong and Singapore, Taiwan has started to align with the more mature ESG markets of Europe and the United States.

Step 2: Manager selection

Our in-house asset manager, Eastspring, has integrated ESG considerations into its fund manager screening, due diligence, selection and ongoing monitoring processes, to ensure underlying managers are aligned to our Group ESG requirements.

We also outsource some asset management to third-party asset managers, and ESG considerations are included during manager selection and due diligence, when establishing investment mandates with third parties, and throughout the relationship with any asset manager.

Step 3: Portfolio management

Eastspring uses ESG ratings to gain a better understanding of the ESG risks facing a particular country, sector or company. The number of third-party ESG rating providers has increased dramatically, yet score variation between these solutions on the same portfolio company can represent conflicting signals for asset managers. To address this challenge, Eastspring developed a proprietary ESG Ratings & ESG Integration tool, launching within its Singapore fundamental active equity and fixed income investment teams in 2023.

The platform leverages ESG data from external ESG rating sources but combines the data components using a proprietary framework. It draws on Eastspring's internal ESG materiality matrix which references the industry's best-in-class frameworks but includes additional context that increases relevance to our investment universe. Potential biases and limitations specific to particular ESG ratings are acknowledged and qualified to ensure investment teams focus on how sustainability risks might impact returns rather than taking rating agency conclusions at face value.

For more detail on Eastspring's use of ESG scores to holistically visualise company sustainability issues, please see https://www.eastspring.com/insights/thought-leadership/why-its-important-to-do-your-own-esg-homework-a-credit-perspective.

Step 4: Risk management

The Group Responsible Investment policy supports our efforts to manage and mitigate the environmental, social, and governance-related risks of our investment assets. This approach is consistent with our established risk management framework that embeds risk considerations in first line policies. The six implementation strategies of the Group Responsible Investment policy each play their role in managing the various risks associated with our investment activities, including financial risks to the investment portfolio and reputational risks to the Group.

Whilst the Group Responsible Investment Policy plays a role in managing risks associated with ESG considerations in our investment portfolio, we recognise that implementation of the policy could also amplify other risks such as greenwashing accusations, legal threats of acting in concert, and conflicts of interest arising between and within stakeholder groups. These themes were identified as priority areas of focus in 2023, and a cross-functional working group was formed to build knowledge, awareness, and monitoring of these topics.

Enabling investment in emerging market low-carbon opportunities

As of September 2023, Eastspring's Global Emerging Markets Carbon Transition strategy has been operational for one year. Launched in 2022, the strategy manages equities against the MSCI Climate Change Index and commits to delivering a diversified equity portfolio that has a WACI below this Index. The strategy will also look to identify attractively valued low-carbon opportunities in developing countries (ie wind energy, solar energy and water treatment).

By design, this strategy delivers a lower WACI than that of the broader Emerging Market Equity universe. This in turn aims to provide a potential solution to institutional investors that want to lower their carbon footprint, but remain invested in emerging markets.

Localising responsible investment initiatives

Throughout 2023, we have been implementing localised and market-specific initiatives to effectively integrate responsible investment into our diverse markets.

In the case of emerging markets such as Malaysia, the responsible investment team at Group led a cross-functional task force. The aim was to provide in-depth capacity building to our local colleagues, enabling Prudential to identify the ESG megatrends relevant to the socio-economic profile, and barriers and opportunities for scaling sustainable investment locally. The insights gained through this effort were developed into comprehensive manuals and used to engage in constructive dialogues with local peers and regulators at various events. By facilitating these dialogues, we aimed to foster collaboration and explore avenues for scaling sustainable investment opportunities.

In Vietnam, Prudential hosted a roundtable that brought together key local bond market participants to discuss challenges and opportunities for scaling up the labelled bond market in the country. We also supported regional stewardship by co-delivering speaking engagements with financial regulators in Thailand. These efforts aimed to raise awareness, educate stakeholders, and promote enabling sustainable markets in our regions.

Sustainable business

2023 pillar highlights 49
Our priorities
Empowering our people 50
Establishing sustainable operations and value chain 57
Harnessing thought leadership to shape the agenda 65

2023 pillar *highlights*

Our mission is to be the most trusted partner and protector for this and future generations – a goal that requires us to embed sustainability throughout everything we do, in every market we serve.

As part of Prudential's refreshed sustainability strategy, we continued to stay focused on accelerating the pace and scale of the positive impact we want to make, ensuring that sustainability principles are foremost in all our business decisions and throughout our supply chain.

Our sustainable business pillar speaks to who we are as a company and has three priority focus areas: **empowering our people, establishing sustainable operations and value chain, and harnessing thought leadership to shape the agenda**.

Connecting Health and Climate: Prudential EOS Climate Impacts Initiative and Prudence Foundation's partnership with the IFRC

Over **15,000** total employees

Targeting **75th** percentile on the employee Net Promoter Score (eNPS)

'This is Me' partnership to normalise conversation on mental health, neurodiversity and disabilities

22% Reduction in global absolute Scope 1 and 2 (market-based) GHG emissions compared to 2022

13,000 suppliers‡

10% of the total Executive Directors' 2024 Prudential Long Term Incentive Plan awards linked to sustainability, of which 5% will be linked to carbon reduction and another 5% linked to diversity

45% women on Board as of December 2023

Targeting all people managers to have a **sustainability-linked KPI** by 2026

Targeting **40%** women in our Group Leadership Team by the end of 2026

‡ Data as of 30 September 2023

Our priority

Empowering our people

a. Culture	**51**
Values-driven leadership	51
Belonging	51
Employee experience and wellbeing	51
b. Capability	**53**
Strategic capability acquisition	53
Talent and leadership acceleration	53
Learning academies	53
c. Talent vitality	**54**
Succession	54
Mobility	54
Diversity	54
d. Performance and rewards	**55**
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To deliver our ambitious strategy, we are mobilising our more than 15,000 colleagues behind our new purpose. We have developed a new people and culture strategy to create an environment where our talent can grow, and maintain a high-performance culture for long-term resilience.

Our people are critical to our continued success. They want to be part of an organisation that is socially responsible and guided by a strong purpose – where everyone can build a rewarding career and feel they belong. To ensure we can keep attracting and retaining talented individuals to serve our business today and in the future, we have strengthened our focus on rewarding high performance and creating an outstanding employee experience.

Our leaders are driven by values and nurture a culture that fully understands who we intend to be and how putting our people and customers at the heart of everything we do will help us win.

We will invest further in developing the capabilities of our workforce, through strategic talent acquisition and internal talent development focusing on building the skills we need to deliver on our company purpose and strategy, including sustainability skills.

Ambition	Create an environment where talent thrives and powers growth		
Strategic goals	**Culture** A winning spirit that is customer-led and performance-driven	**Capability** Unparalleled capabilities in digital distribution, customer and health	**Talent vitality** A robust succession pipeline and dynamic talent marketplace
Priorities	Values-driven leadership Belonging Employee experience	Strategic capability acquisition Talent and leadership acceleration Learning academies	Succession Mobility Diversity
	Performance and rewards	People insights and processes	

"We place our people at the heart of everything we do. While each of us is unique, we all have one thing in common: we are united by our Prudential purpose and our values which form the cornerstone of our culture. When we live our values, we build an environment where there is trust and transparency, where we can grow and thrive. And in turn we can deliver the best outcomes for our people, and for our customers, shareholders and communities".

Catherine Chia, Chief Human Resources Officer

a. Culture

Values-driven leadership

An important step towards embedding our new business strategy was the launch of the PruWay – the fundamental values, shaped by our employees, which define who we are and what we represent. The PruWay defines new ways of working with one another and delivering value for all our stakeholders – our people, our customers, our shareholders and our communities. No matter where we are or what role we play at Prudential, we are all expected to behave with integrity, care and respect for one another.

In another new development for us, the strategy and values were shared with colleagues in all markets via a series of 11 employee engagement roadshows promoting the PruWay, in which our people had the opportunity to engage closely with all eight members of the Group Executive Committee (GEC). The event significantly increased understanding of our message and how to consistently deliver it. The GEC, in conjunction with country CEOs, used the platform to engage with market leaders and talent, letting them hear first-hand the top-level thinking behind where Prudential is headed in the next five years. Roundtable dialogues between the GEC, leaders and selected talent helped adapt the strategy to specific market context.

We also held workshops with our Group Leadership Team (GLT) of about 200 leaders across the organisation, who will drive the culture by cascading the values to their teams. The GLT will be supported by Culture Influencers across the business to ensure the habits of demonstrating the values are embedded in the organisation.

In 2024, we will be engaging with all 15,000 staff to understand what our purpose and values mean for them. The first six months of 2024 will focus on ensuring people are up to speed with our refreshed performance management approach, and look to embed our values, accelerate the talent agenda and upskill the relevant people.

PruWay *values*

Our customer is our compass
We immerse ourselves in understanding our customers. We commit to our customers' needs and address their pain points with speed and empathy.

We pursue our entrepreneurial spirit
We push boundaries and explore new possibilities. We are resilient, bouncing back from our failures and moving forward with new insight and energy.

We succeed together
We win by collaborating as one team. We actively break down silos and work across all levels of the organisation.

We respect and care for one another
We are empathetic and treat each other the way we would like to be treated. We respect differences and create an environment that is safe, where everyone can be themselves.

We deliver on our commitments
We make responsible decisions and are accountable for our actions to all stakeholders. We are responsive and execute with excellence and integrity.

Belonging

PRUCommunities

Following the launch of PRUCommunities in 2021, our employee-led networks continued to strengthen connections, enabling a sense of belonging at Prudential. Local businesses have set up their own PRUCommunities, demonstrating their commitment to celebrate different cultures and our shared identities within the organisation.

In 2023, we established PRUAbility, a network led by the talent acquisition team which has made visible progress in raising awareness and offering support to individuals who are neurodivergent and disabled. One of the key initiatives that PRUAbility supported was the development of 'Disability and Neurodiversity Recruitment' guidelines in our Recruitment Playbook. This guideline outlines the factors that Human Resources, hiring managers, and interviewers should consider during the recruitment process for this underrecognised group.

Employee experience and wellbeing

We are looking to transform our employee experience and ensure our people can visualise their career progression at Prudential, while developing the strategic skills we need to build the business. This goes beyond performance and considers their future potential. It is important that our people feel included in our plans, which is why we are clear about what we want to achieve in developing them.

In 2023, we decided to switch to conducting shorter employee engagement surveys to enable us to gain regular feedback and respond quickly to emerging issues across markets. This approach allows our people to provide timely feedback as they help to shape our culture and ensures they feel valued by the swift actions we take. At the same time, it will help us detect early warning signs, track actions and measure impact against key people metrics. A full people survey is scheduled for the second half of 2024.

We are targeting the 75th percentile on the employee Net Promoter Score (eNPS) – reflecting our ambitions for a truly engaged workforce. Currently, we are slightly below the 50th percentile, from the most recent survey, done in December 2023.

Our wellbeing pillars

Health
We create a workplace that fosters a healthy lifestyle and provide competitive protection benefits for employees and their dependents.

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

Financial
We support you to achieve financial security through innovative financial tools, financial literacy and planning.

Work-Life Blend
We recognise different ways of working and provide and inclusive, family-friendly and community focused work environment.

Employee wellbeing underpins sustainable performance. Hence, we have continued to create a supportive, inclusive and conducive work environment to foster health, wellbeing and work-life blend. On top of existing policies and programmes such as hybrid work, wellness leave, sabbatical leave and volunteering leave, in 2023 we rolled out a digital wellbeing and coaching app to further support individuals. The app provides coaching on topics such as fitness, nutrition, mental health, career and financial planning, and individuals have quick access to personal coaching support.

As part of our continuous efforts to promote wellbeing, the third Group Wellness Day, on September 15 was rebranded to 'Prudential Recharge Day' to encourage our people to collectively recharge and spend quality time with family and friends.

Our PRUCommunity's We DO Wellness members continued to regularly share tips on healthy lifestyles and held learning sessions to promote wellness practices. We have more than 300 certified Mental Health First Aiders (MHFA), comprising 2 per cent of our workforce and, of which, 39 per cent of those are people managers. These voluntary individuals consistently support our colleagues and advocate for the programme's objective to cultivate a psychologically safe workplace. We also recognise the importance of continuous support for our MHFA and will be looking to offer regular refresher workshops as needed.

On World Mental Health Day in October 2023, we announced a two-year partnership with 'This is Me', a global initiative to normalise conversations around mental health and disabilities. This step signifies our commitment to fostering an open and inclusive workplace for psychological safety, and also demonstrates our values of respect and care for one another. Catherine Chia, our Chief Human Resources Officer, inaugurated the campaign as the Executive Sponsor. She shared her own experience of burnout over 20 years ago, to illustrate the importance of the more supportive work environment we nurture today.

In our follow up employee survey at the end of 2023, results showed a positive trend in employee wellbeing, with an overall wellbeing factor score of 73 per cent, showing a 3 per cent improvement from the 2023 global people survey conducted in January, particularly in the 'work & life blend' category. Feedback from the survey showed a supportive culture and flexibility in managing workload challenges. However, wellbeing ratings remain relatively low at 70 per cent in the aspect of being 'able to effectively switch off from work to make time for rest'. These insights underscore the ongoing support needed from us to address employee wellbeing challenges in 2024.

As we continue to prioritise workplace wellbeing and mental health in 2024 with our established strategy and programmes, we acknowledge that there are challenges in monitoring and measuring the direct impact of this for our employees. The reason for this is that mental health covers a broad spectrum of issues with many dependencies, eg personal matters that are beyond our influence as a company. As a responsible employer, we will continue to support our people and enhance our programmes where relevant.

Employee turnover

In 2023, we saw a total turnover of 17.0 per cent for employees, including our call centre staff. This represents a reduction compared to the 2022 rate of 22.6 per cent, and was driven by our continuous focus on initiatives for improving people engagement, wellbeing and culture across our businesses. The employee turnover rate reflects the number of employees who leave employment voluntarily or involuntarily during the reporting period.

The total voluntary employee turnover, excluding call centre staff, improved at 10.4 per cent (2022: 16.7 per cent). 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.

Employee *relations*

Prudential is committed to fostering an inclusive, diverse and open environment for our employees. Our Employee Relations Policy recognises that people have always been our most important asset and governs the way we engage with them. This is fundamental to attracting the talent we want, retaining our current people and motivating them to achieve success for themselves and the Group.

The policy is published externally, and promotes positive and constructive relationships with our employees and their collective representative bodies, such as trade unions. Each market must demonstrate this with approaches in place to safeguard our people's rights of freedom of association and collective bargaining.

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

Prudential strives to promote inclusive employment and provide equal opportunities for growth and career progression, giving fair consideration to applications regardless of race, gender, religion, national or ethnic origin, marital status, sexual orientation, age, disability or any other characteristic protected by law. 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.

If we are to build a diverse, equal and inclusive workplace where employees can speak openly, it is important that we take employee grievances seriously. There are various channels available to people to express their concerns, and we have grievance policies and procedures in place to ensure timely and fair investigation of any concerns raised. In addition, our employees are encouraged to raise any concerns through several available channels, including Speak Out, our third-party managed confidential hotline and platform.

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. This policy further reinforces Prudential's commitment towards creating a safe and inclusive work environment which fosters and supports our people's mental health and wellbeing.

Prudential strives to promote inclusive employment and provide opportunities for growth and career progression, giving fair consideration to applications regardless of race, gender, religion, national or ethnic origin, marital status, sexual orientation, age, or disability.

b. Capability

Strategic capability acquisition

To deliver on our commitment to customers and stakeholders, we have established workstreams to define the organisational and business capabilities we need. Our goal is to ensure we have both the functional and technical skills needed to prepare for the future. To do this, we need to identify the capabilities that we have today, define the capabilities that we want to have tomorrow, and conduct a skills gap assessment. We recognise that emerging technologies may have an impact on our people and their future skills. Our preference is to build capabilities internally where possible, but where that is not feasible, we will acquire the strategic capabilities we need to be prepared for the future.

Management associate and internship programmes

Prudential's management associate and internship programmes are designed to provide early career candidates with the necessary skills and knowledge to succeed. Our businesses have the flexibility to develop these programmes according to their market needs. In Malaysia for example, we support initiatives to promote the life insurance industry among undergraduates, offering internships with professional development, mentoring, and allowances. In Cambodia, we help fresh graduates kick start their careers via the Management Associate Programme, an 18-month rotation and development programme, as well as the Intern Programme, which is a short-term project-based programme for senior year university students. In Taiwan, the Management Trainee Programme fast-tracks the careers of recent graduates or those with less than two years of experience, offering in-class and on-the-job training, while the Internship Programme supports college students in various roles across eight departments.

Talent and leadership acceleration

Leadership

A priority of our people strategy is to build a pipeline of adaptive leaders with both depth and breadth of capabilities. This will prime our 200 leaders to confidently respond to future challenges, while continuing to navigate existing challenges.

We have identified leadership segments to create greater accountability to enable us to deliver on our strategy. The GEC is unchanged. It is now also supported by two new leadership groups – the Group Leadership Team and the CEO Forum. These groups have been designed to promote transparency and clarity, with membership based on respective roles.

We offer an internal learning library, Udemy: an online learning marketplace with more than

24,000

online training courses in 15 languages

The Group Leadership Team

The GLT meets bi-monthly and its core aim is to drive change, ensure the company's culture is led from the top, develop talent and cascade communications and actions throughout the business. It includes leadership roles that are the direct reports of GEC, all CEOs 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 our strategy.

The CEO Forum

The CEO Forum focuses on people and performance management across our markets, ensuring our purpose, strategy and values are embedded throughout the business. It also acts as a forum to share feedback and best practices as we look to drive economies of skill and scale. The CEO Forum includes Life and Eastspring CEOs. It meets bi-monthly, on the alternate month to the GLT.

Learning Academies

As the business landscape continues to evolve, we must equip our employees with necessary, future-proofed skills so we can continue to deliver on our strategy. We offer our people a learning experience that includes e-learning, in-person and virtual classroom training and mentoring. In 2023, we developed our learning academies and will be launching these in 2024.

We focused our learning efforts on our people leaders in 2023. To build cornerstones of high-performing teams that create customer and stakeholder value and support our growth strategy, our Leadership Academy supported people leaders to develop their core leadership skills. The Academy kicked off in July with the LEAP (Leadership Excellence at Prudential) programme: a 30-day learning journey that provides a certification pathway for people managers to oversee their teams successfully. More than 200 people managers across nine cohorts took part in face-to-face or virtual sessions. This programme has an overall NPS of 79.

More broadly, we support all employees to own their learning through an internal learning library, Udemy: an online learning marketplace with more than 24,000 online training courses in 15 languages. It provides over 200 industry-recognised certification exams and can identify emerging skills gaps, learning trends and industry benchmarks. In 2023, our employees focused on developing business skills such as leadership and management, project and product management and business operations. They also dedicated time to building technology skills such as Microsoft Office competency, data science and IT operations.

Our plan for 2024 is to introduce a foundational training course on sustainability for our employees. The aim of this course is to help us continue our sustainability journey together by creating a common understanding of what sustainability means at Prudential and how it aligns with our business strategy.

Our learning also includes annual mandatory training on key topics such as anti-bribery and corruption, anti-money laundering, privacy and competition law, with employees completing an average of 15 hours' training during 2023. 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 and learning courses is not wholly captured in our system.

c. Talent vitality

Succession

Building a robust succession pipeline is critical to ensure organisation resilience and leadership sustainability. We are focused on doing this for our CEOs and GLT members by strengthening our talent identification and management processes. Select individuals will be included in targeted development programmes including opportunities for mobility and strategic projects. Succession plans for CEOs and GLT members are reviewed regularly and discussed at the Group Talent Council.

We are

1 of 6

FTSE 100 companies with a non-white Chair

As of 31 December 2023, the representation of women on our Board was

45%

Mobility

We want our people to be able to build long and rewarding careers at Prudential. Promoting internal mobility is one way that we demonstrate our commitment to creating an environment where talented individuals can thrive. Internal opportunities are published on our Opportunity Marketplace to ensure full transparency across the Group. We measure the percentage of roles that are filled by internal candidates and we report this metric regularly to the Board via the RSWG.

In 2023, our mentoring and gig marketplace platforms that were piloted in 2021 continued to create transparency of internal growth opportunities for all employees. Through independently established mentoring relationships, myMentor provides an opportunity for employees to seek and connect with mentors to further their development.

Diversity

We are a business that celebrates diversity and values inclusion for our people, customers and partners. Our Global Diversity and Inclusion (D&I) Council drives D&I initiatives across our businesses, providing updates to the Board biannually, and to the RSWG quarterly.

The D&I Council continues to define our global D&I Strategy and action plan, outlining objectives and initiatives to promote D&I across our businesses. While we have seen progress in our diversity metrics in recent years, we acknowledge that there is room for further progress. This year, we onboarded new Council members to focus on inclusion. The Council continues to be guided by its Charter and upholds the principles of employee empowerment, transparency and community building.

In 2023, we continued to implement our Global Inclusion course, making it mandatory for new hires.

As of 31 December 2023, the representation of women on our Board was 45 per cent.

We are one of only six FTSE 100 companies with a non-white Chair. We have also 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 seven of our 11 directors fulfilling these criteria.

Non-white representation on our GEC continued in 2023, with 63 per cent of members meeting these criteria compared to previous years, following our restructuring of this body to better reflect the communities we serve.

As a signatory of the HM Treasury Women in Finance Charter since 2016, the increased representation of women in our senior management team remains a priority. At the end of 2022, we had already met our target of 35 per cent women in senior management by 2023. Following changes in the way we define senior management, we have since set a new target of 40 per cent women representation for our GLT by the end of 2026. Consistent with prior years, the Directors' 2024 PLTIP award will continue to have a diversity measure to emphasise the importance of this target. For full details on our 2023 diversity metric linked to the Directors' 2024 PLTIP award, please see the Directors' remuneration report in our Annual Report and Accounts.

To achieve our new goal, we need a diverse selection of candidates to choose from – not just new recruits, but also women who have come through the business. We are creating visibility so that talented women can see the route to the top.

As part of our ongoing commitment to transparency, we continued to submit responses to the ShareAction Workforce Disclosure Initiative in 2023, with a 79 per cent disclosure (2022: 87 per cent), and were awarded a special mention in the 'Workforce Action' category.

Gender diversity – total workforce‡

	2023*	2022	% change
Female	**8,713.1**	8,363.4	**4**
Male	**6,541.3**	6,299.3	**4**
Unspecified^	**3**	18	**(83)**
Total	**15,257.4**	14,681.7	**4**

Gender diversity‡

		2023*	2022	% change
Group Leadership Team (GLT)	Female	**65**	39†	**67§**
	Male	**121#**	71†	**69§**
Group Executive Committee (GEC)	Female	**2**	2	**–**
	Male	**6**	6	**–**
Executive Directors	Female	**–**	–	**–**
	Male	**1**	2	**(50)**
Chair & Independent Non-executive Directors	Female	**5**	4	**25**
	Male	**5**	7	**(29)**

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

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

‡ Total workforce is reported as FTE, while gender diversity (Board/GEC/Executive Directors/Chair and Independent Non-executive Directors) are reported as headcount to align with internal data definition. Newly created this year, we extended the headcount usage to GLT for diversity reporting to align with internally approved metrics and provided further guidance on the definition such that leaders would only be counted as either GEC or GLT. The overall impact on this change is 0.7 Headcount.

† In 2022, the senior management definition was previously defined as all senior managers who represent the most pivotal roles in our Group below the Group Executive Committee (GEC). It excludes the Chair, Executive Directors and GEC members. We are unable to restate the 2022 figures because the GLT category was only formed in 2023. From 2024 onwards, our gender diversity figures will be tracked against our newly created definition in 2023.

§ Increase was due to the broadening out of our leadership definition to support the new strategy driving collaboration across the organisation.

GLT members hired by joint ventures are excluded.

d. Performance and rewards

There is a strong link between employee performance and remuneration and reward at Prudential. Our performance management framework ensures people are supported to achieve peak performance and reach their career goals while delivering on our business strategy.

Performance is managed in a balanced and holistic manner, with managers expected to support the performance and career development of their teams in a purpose-led, collaborative culture where our values are consistently demonstrated.

Our Group-wide COACH framework reinforces our purpose-led culture, driving performance through five key principles:

- **Clear**: goals are specific, measurable, achievable, relevant and time-bound (SMART);
- **Ownership**: employees take responsibility for their own performance and development;
- **Authentic**: we encourage authentic conversations in a trusted, respectful, honest and motivating manner;
- **Continuous**: feedback, given or received, is constructive, timely and ongoing throughout the year; and
- **How and what**: how employees demonstrate our values at work and what they achieve is linked to how we assess performance.

Sustainability-linked remuneration

Sustainability is included in the strategic priorities for the Group's Executive Director by way of a specific objective to drive our climate ambitions and responsible investment focus across the organisation. This is reflected in the Executive Directors' Prudential Long Term Incentive Plan (PLTIP) via KPIs linked to our commitment to reduce the WACI of our investment portfolio and carbon reduction targets. Sustainability metrics constitute 10 per cent of the total 2024 Executive Directors' PLTIP award, including 5 per cent linked to carbon reduction and 5 per cent linked to diversity. For more information, please refer to the Directors' Remuneration Report within the Annual Report and Accounts.

Prudential values the dedication and contribution of our employees, and we are committed to providing fair opportunities for our people to be rewarded and recognised for their efforts. Our Remuneration Policy ensures that we pay our employees a fair and competitive compensation package in all our markets, which is benchmarked annually with our peers.

We continue to actively encourage employee share ownership and engagement through share plans. Our share purchase, share save and equivalent Sharia-compliant plans offer all employees an opportunity to benefit from the organisation's success. Engagement remains steady with one in three employees participating.

The Group's executive remuneration arrangements 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 it meets our conduct expectations, as well as those of our regulators and other stakeholders. Since our UK headcount is below the threshold that triggers mandatory gender pay gap and CEO pay ratio reporting, we will not be disclosing this information on a voluntary basis in 2023. 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.

e. People Insights and Processes

We are constantly reviewing opportunities to improve our performance and processes, which are an important foundation for supporting and empowering our people through their career lifecycle, providing the employee experience they want.

Using AI in workforce management

The potential for AI in our employment practices is significant. We take a highly responsible approach to using AI, ensuring we fully understand its impact now and its potential for the future.

Generative AI has helped us understand our employee voice, by extracting key themes from verbatim comments received in annual engagement surveys. The dissatisfaction drivers identified via this process helped us create the key People KPIs to improve employee engagement in the following year.

We created a predictive attrition risk dashboard in two local business units which is available to every manager, enabling them to proactively engage with at-risk individuals, improving engagement and reducing attrition. In addition, we ran a machine learning pilot in recruitment to reveal objective and data-driven insights by scanning and summarising resumés against the job attributes for recruiters. This helped recruiters prioritise the most relevant candidates for the position.

f. Our agents

We hold our agents to the same high standards as our employees, expecting them to adhere to our Code of Conduct and Ethics. As part of our Agency Governance process, controls have been put in place requiring agents to attend annual training that covers sales, product knowledge and compliance-related matters, with sanctions in place for non-compliance.

Agency Growth (AG) Directors are assigned to collaborate with the market agency team on strategic initiatives and various agency-related items, including compensation and recruitment schemes, for example, and potentially supporting agency operations. Recent example includes the Transform to Accelerate (TAG) project in Indonesia and Project Catalyst in Malaysia.

In Indonesia, AG Directors conducted two series of training in 2023, to build capabilities of the local agency management team. These sessions provided agency executives with the latest knowledge and techniques for managing their daily tasks more effectively. AG Directors also collaborated with the local team as part of the 'agency acceleration' workstreams, a series of programmes aimed at driving workforce transformation to enable agency teams to adapt to the evolving business landscape.

In Malaysia, Project Catalyst was established to focus on agency sales and performance management. AG Directors collaborated closely with the Chief Agency Officer on activation, recruitment and a leadership development strategy for both insurance and Takaful distribution.

In both projects, senior members of the team were also involved in regular steering committee meetings to provide feedback and ensure the effectiveness of initiatives.

Training, learning and development

In 2020, we began to shift from simply training our agents regularly on responsible product offering and marketing to empowering them to take charge of their own learning journeys. We have moved to a blended learning model which focuses on experiential, activity-based training – from focusing on knowledge and skills in e-learning or classroom settings to intentionally shaping desired behaviours on the job, where performance really matters.

We aim to equip our agents to be the best they can be, not just in the provision of financial advice but also in prioritising customer experience. We deliver our learning solutions through three channels – digital learning via our PRUExpert learning management system, instructor-led training by our learning catalysts, and work-based learning through agency supervisors as coaches and mentors.

Our approach is intentionally crafted to follow a more vocational model. We develop our people as deliberate and reflective practitioners, building their proficiency in their role.

We have created tailored-to-role programming for three key roles – agents, managers and leaders – with clear core programmes and needs-based interventions.

PRUExpert induction programme for agents

The third iteration, launched in 2023, of our PRUExpert induction programme focuses on training our new agents in the basic foundations of our sales advisory process, with chapters dedicated to addressing customer needs and applying product knowledge. As they embark on their new career with Prudential, they should feel supported, empowered and equipped so that they can hit the ground running and influence, guide and provide professional and sound financial advice for our customers. This helps new agents build a sustainable pipeline that empowers them to achieve one case in 30 days, three cases in 60 days and five cases in 90 days, setting them up to achieve eight cases per month thereafter and putting them on track to achieve MDRT membership within their first year.

PRUExpert manager series

The PRUExpert manager series is designed to continuously and systematically develop future leaders who are committed to building and growing their agencies. We want to enable managers to increase the quality and quantity of talent recruitment and equip them to improve the onboarding process, time to activation and retention rate. This series provides guidance on the activities, skills and knowledge required for them to manage their teams and ultimately build their own agencies.

Though the series' focus is on managers, its benefits extend beyond that. Our agency leaders will be able to nurture successors who can expand their businesses and ensure sustainability and high quality of management in their agencies. For agents reporting to the managers, we ensure competent leaders support the agents, creating role models. As well as this, the series provides a structured development plan for career progression.

Our priority

Establishing sustainable operations and value chain

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a. Digital responsibility

Our new business strategy underscores the critical role of technology as a key enabler for all three strategic pillars: enhancing customer experiences, powering our distribution with technology and transforming the health business model. We are revamping our technology platform, growing our data platform and using AI to generate commercial value.

Group information security and privacy framework

We increasingly depend on technology when delivering our business objectives. The ever-growing threat landscape, and evolution of technology such as generative AI, makes it imperative that we enhance information security and manage privacy risks effectively.

The Group Information Security and Privacy team operates by drawing on skillsets, knowledge, experience and resources across our global footprint. This enables us to ensure our security defences and responses across Asia, Africa and the UK are as good as they can be. We are committed to protecting our customers' data and privacy through our information security and privacy management framework.

In 2023, we focused on uplifting the security and privacy control environment while reducing risks based on the threat landscape. As part of the optimised model, we integrated new threat intelligence into our monitoring tool, increased supply chain monitoring and expanded internal penetration test capabilities.

In light of the increased regulatory interest in AI, we formed the AI Working Group (AIWG) in 2023, to replace the Global AI Council and provide guidance and approval for all AI-related projects. It is one of the working groups that reports into the Data and AI Governance Council (DAGC). The Global Security and Privacy team, as part of AIWG, acts as a gatekeeper to ensure that thorough security and privacy guidance are guaranteed during the adoption of digital technology, encouraging the responsible use of Generative AI and similar digital solutions.

According to a report from Zscaler, ransomware attacks witnessed a staggering 37 per cent increase from April 2022 to April 2023[1]. This is the Group's top cyber-security risk and the most widespread cyber threat for financial institutions. During the year, we ran a global cyber-security incident simulation across all local businesses to drive enhanced cyber resilience and preparedness.

1. www.info.zscaler.com/resources-industry-reports-2023-threatlabz-ransomware-report

Oversight and governance of information security

Group Executive Risk Committee (GERC)

Group Technology Risk Committee (GTRC)
The GTRC continued to provide strong risk governance over cyber security and privacy issues this year. The GTRC provides regular updates on cyber threats facing the organisation and progress of our security programme to GERC and the Board-level Risk Committee

Group Chief Technology Officer
Holds dedicated sessions, if required, with the Risk Committee and Audit Committee on cyber risks facing the business

The Group Chief Technology Officer also holds dedicated sessions, if required, with the Risk Committee and Audit Committee on cyber risks facing the business. On top of this, the Group Technology Risk Management (GTRM) team and Group-wide Internal Audit (GwIA) provide second- and third-line assurance over the robustness of information security and privacy controls across the Group.

Group Information Security Policy

The Group Information Security (IS) Policy is central to how we govern and manage information security. All relevant businesses within 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 Risk Management in Technology Policy Document.

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

As we transition to a hybrid multi-cloud environment, we are investing in the adoption of Google Cloud Platform (GCP) services to complement our existing Microsoft Azure services. We are also developing further technical standards and conducting an extensive architectural review as part of our integration of GCP-based security services. This has, in part, led to a positive outcome from a recent GCP security audit conducted by GwIA.

Cyber strategy and risk management

Our global information security programme was further enhanced in 2023, to strengthen cyber defence and enable an increased pace of digitalisation in the business. Our crisis incident management capability and readiness has been improved by expanding the cyber drill programme with simulated scenarios for local businesses, secured adoption of Google Cloud, and a focus on key risk areas such as our businesses in Africa. Cyber insurance coverage is in place as a response for catastrophic cyber events.

Cyber Security Awareness Month 2023

October's Cyber Security Awareness month saw the launch of weekly cyber security awareness content and best practice articles online around strategic themes such as cloud and internet security, data handling and Generative AI, along with quizzes to test staff awareness of the topic.

Security metrics

Cyber security incidents

	2023	2022
Total number of incidents escalated‡ to the Security incident response team (SIRT)	**40**	39
Number of incidents confirmed^ by the SIRT	**3**	12
Number of incidents related to ransomware	**1**	2

‡ Total incidents reported by employees to the Security Operations Centre.
^ Total incidents confirmed by the Security Operations Centre.

While the total number of incidents fluctuates year on year, the number of incidents that are confirmed has continued to decline, falling to only three confirmed incidents for 2023. However, it has been observed that global cyberattacks have become more advanced and sophisticated (eg the MOVEit data breach). As such, we continue to uplift Prudential's security controls and capabilities to combat these increasingly complex attacks.

Data privacy breach metrics

	2023	2022
Total number of (privacy) data breaches	**22**	20
Total number of (privacy) data breaches involving health information	**2**	1
Total number of customers and employees affected by Company's data breaches	**2,087,219‡**	24,250
Total number of customers and employees affected by Company's data breaches involving health information	**391**	1

The top three data breaches were related to the unauthorised disclosure of personal data by staff, unauthorised telemarketing by financial consultants, and data breaches originating from bank partners or vendors. One data breach incident involved health information that affected customers and employees.

Compared to 2022, the total number of data breaches and breaches involving sensitive personal information did not significantly change. However, the total number of customers and employees affected by the Company's data breaches has significantly increased, due solely to two major incidents in the notes. Both were caused by vendors and are part of the recognised supply chain risk that continues to be a priority area for improving security and privacy controls.

The privacy controls put in place within Prudential continue to be effective, but further enhancement in terms of managing employees and vendors is a key initiative for 2024. Regular internal and external privacy and security audits are carried out as and when needed, and we work closely with regulators to ensure this works effectively. We conduct monthly scanning of our external environment for vulnerabilities, and all public-facing applications undergo penetration testing, including vulnerability assessments as part of the application launch. They are also regularly reviewed as part of our governance process.

‡ This significant increase is attributed to two specific incidents: a) MOVEit software data breach publicly disclosed in June 2023, resulting in 2,023,314 records affected by Malaysia's life entity; and b) 59,000 records affected in an incident where a vendor sent information belonging to one Prudential business to another Prudential business.

Privacy

As a business with a large global footprint, Prudential must navigate a number of different privacy laws. Our Group Privacy Policy sets out the standard of privacy expected to be achieved across our businesses to ensure that we handle personal data in compliance with regulatory requirements and in line with customer and employee expectations, while meeting the demands of a competitive commercial organisation. For more information on our data and privacy policy, please visit our company website www.prudentialplc.com/en/investors/governance-and-policies/policies-and-statements

The information we generate through technological solutions such as Generative AI allows us to engage more effectively with customers, while keeping their personal data safe and free from unauthorised access.

We continue to maintain strong privacy governance, and our personal data processing activities are conducted within lawful bases.

Privacy impact assessments are also conducted by relevant businesses on their processing activities, including the deployment of any new or enhanced technologies and practices affecting personal data. The Group Information Security and Privacy team has created guidelines to support the future adoption of Generative AI. It is also critical that, as an organisation, we embrace and adopt privacy-enhancing technologies (PETs) to enable greater data analytics to improve our insights, leads and products.

As a global corporation, Prudential must navigate multiple privacy laws and deal with ongoing processes for emerging regulations or enhancements to existing regulations:

- In April 2023, Vietnam published new privacy regulations (Decree No. 13/2023/ND) which became effective in July, with certain remediations to be completed by 31 August 2023. It is worth noting the incredibly brief time given to comply.
- The Nigeria Data Protection Act 2023 was enacted in June and took effect immediately.
- In October 2022, the Indonesia Personal Data Protection Act was enacted to take effect from October 2024. While the India Digital Personal Data Protection Act was agreed in August 2023 to take effect from June 2024.
- Taiwan revised its privacy law to create a privacy regulator, with an enhanced financial penalty.
- China passed the Interim Measures to Regulate Generative AI Services, covering the use of personal information.
- Other jurisdictions such as South Korea and the European Union are also presenting their draft bills for consideration.
- Singapore chose to embrace AI with its Model AI Governance Framework (stating that high-level principles of AI-assisted decision-making should be explainable, transparent and fair, and AI systems should be human-centric and safe) and AI Verify initiative (providing 'a self-testing toolkit to demonstrate responsible deployment of AI') promoted by the Infocomm Media Development Authority. Both are being considered by the Prudential AI Team.

The influx of new laws makes it even more important that our privacy systems, policies, processes and controls, and personal data processing activities respect these new or enhanced legal requirements. A key focus in 2023 was to further embed privacy across the Group: training to increase competency, conducting privacy gaps remediation and enhancing privacy processes.

ChatGPT dos and don'ts were explored in a Digital Town Hall, and annual privacy computer-based training rolled out to all staff members to raise their privacy awareness and the protection of our customers', agents' and employees' personal information. Privacy tabletop drills and specialised training focusing on the latest regulations and trends has been provided by external law firms to all Data Privacy Managers.

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 Head of Privacy is also involved with the Technology Architecture Working Group and AI & Data Governance Council to ensure privacy issues are addressed early and effectively.

The Group Privacy Office works closely with privacy officers across Asia and Africa to offer guidance on ongoing privacy compliance, as well as providing a point of escalation for resolving data privacy issues.

Monthly privacy roundtables with all privacy teams across different entities in the Group are held to ensure sufficient supervision on the local entities and share privacy knowledge and updates across the Group. In 2023, a new data incident platform to report privacy incidents, together with a new standard operating procedure, was introduced to enhance the timeliness of the reporting and incident management capabilities across the Group. Standard operating procedure has also been implemented for privacy impact assessment to ensure consistency and quality of the assessment throughout LBUs.

b. Artificial intelligence

As the field of artificial intelligence (AI) continues to evolve and expand, we are committed to ensuring that our machine learning solutions are designed, developed and deployed in a responsible, trustworthy and ethical manner. This is so we can maximise the potential of AI to transform the way we live and work, and how our customers interact with us. The possible applications and benefits of AI are immense. As we continue to adopt AI, machine learning and other related technologies in our business, we are hopeful that this new understanding can help drive better decision-making, unlock competitive advantage, increase efficiency and improve delivery of our services.

AI governance

Prudential's eight AI ethics principles continue to guide our actions and decisions regarding the use of AI. This year, we have updated them to address the specific challenges and opportunities posed by Generative AI, a branch of AI that can create content such as text, images, audio and video. We have developed a set of guidelines for using Generative AI in a way that respects human dignity, values and rights.

Central to our AI governance process are rigorous assessments of our own and third-party AI solutions against our AI ethics principles, as well as financial and non-financial risks. Models are evaluated to ensure that they are suitable for their intended purposes, deliver value to our business and customers, handle the data and insights from the models securely and sensitively and have safeguards in place to prevent misuse.

Our ambition is to incorporate AI ethics into the essence of all our solutions from conception to post deployment. We have run awareness sessions and communicated across the region during 2023 about responsible AI, a process that is continuing.

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

Case studies

Using Generative AI to improve customer service support

A significant use case for Generative AI in the business is in supporting our call centre customer service staff, allowing them to quickly search and extract information from any Prudential document to answer customer queries. This has reduced the average customer enquiry information search time from four minutes to 30 seconds and cut customer waiting time by up to 75 per cent.

Microsoft Copilot with Bing (previously known as Bing Chat Enterprise)

We have recently enabled Microsoft Copilot with Bing across the business, allowing colleagues to optimise the latest Generative AI technology to enhance personal and team productivity. We have also published guidelines for employees around the use of Generative AI, including safe and responsible usage with a human in the loop (HITL).

Microsoft Copilot

We are currently trialling Microsoft Copilot, which combines the power of large language models (LLMs) with data in the Microsoft Graph and the Microsoft 365 apps to turn words into powerful productivity tools. Our aim with the trial is to help our people change the way they fundamentally work by saving time and energy, eliminating low-value tasks, and generating innovative ideas.

With increasing demand for Generative AI solutions to transform our business processes and deliver superior customer service, we have developed Prudential's Generative AI reference architecture, which includes components and controls, including to protect personal data and prevent hallucinations.

c. Responsible procurement practices

Our Group Third Party Supply and Outsourcing (GTPSO) Policy forms part of our Group Governance Manual (GGM) and is a core part of our system of governance. The policy sets out our position on supply chain management, outlining our approach to due diligence, selection criteria, contractual requirements and ongoing monitoring of our supplier relationships. Implementing this policy will help us meet both the expectations of our stakeholders and our legal and regulatory requirements. The GTPSO Policy ensures all third parties go through a consistent onboarding process and are subject to standardised monitoring and oversight activities.

In 2023, we further enhanced our existing GTPSO Policy to drive compliance to use our procurement and third-party risk management system, Coupa, to ensure that the Group's Third Party Risk Management (TPRM) framework is consistently applied. The policy was further additionally enhanced by introducing an updated third-party risk assessment methodology that is clearer in identifying elevated third-party risks, strengthens risk monitoring and remediation processes, emphasises market tendering requirements and further clarifies the roles and responsibilities of business contract owners across the company. These enhancements are designed to strengthen third-party risk identification, mitigation and monitoring controls, and increase procurement integrity requirements. Ultimately, this will lead to more sustainable supplier selections for the Group. The new changes to the GTPSO Policy took effect on 1 January 2024.

All our material and outsourcing suppliers are subject to annual and quarterly performance reviews, ongoing risk assessments and compliance attestation activities.

Our third-party management processes are overseen by the Third Party & Outsourcing Working Group (TPOW), and onward by the Group Executive Risk Committee (GERC) and GEC.

Sustainability is embedded in Prudential's TPRM framework. Profiling and identifying material and outsourcing arrangements, and identifying and mitigating third-party risks, helps support the realisation of sustainable outcomes with the suppliers Prudential engages with.

The GTPSO Policy also includes responsible supplier guidelines which outline additional considerations for a supplier's environmental, social and governance practices, in addition to the existing supplier qualification requirements tied to their capabilities, competitiveness and assessment of third-party risks. We apply these additional guidelines to suppliers that are material to the Group, or that operate in industries where base-skilled labour is often employed, including cleaning services, catering, security services and low-cost manufacturing. It is also applied in geographies affected by conflicts, countries with a weak rule of law and countries with a high number of migrant workers. Our responsible supplier guidelines also emphasise a commitment to ensuring that slavery, human trafficking and child labour, or any other abuse of human rights, has no place in our organisation or supply chain. Our businesses conduct due diligence before engaging with and ultimately selecting a new supplier. We carry out regular due diligence, review meetings and audits where required, and our policies and procedures are supported by regular employee training exercises. All our employees must complete annual mandatory training around the Group's regulatory and legal obligations.

Our stringent supplier onboarding measures start with the vendor selection process. There are many controls in place across our business, including rigorous due diligence checks, third-party contract evaluation and post-onboarding monitoring activities. Our selection processes are commensurate with financial and third-party risk materiality, and where appropriate take into account a supplier's track record in delivering goods and services to a high standard and they must demonstrate stable financial performance. We also assess suppliers' data security control procedures to make sure they have proper data privacy and personal data security protection controls in place.

To ensure our suppliers are aligned with our sustainability strategy, we use Coupa to aim ESG-related questions at suppliers that provide services in high-risk labour categories or that are material to our business. To assess and manage compliance across all our markets, we require all 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 around our vendor relationship through our Speak Out whistleblowing platform.

As a Group, we have recognised the need to develop a clearer modern slavery risk mitigation and remediation approach, and in particular the governance and processes to follow when a modern slavery-related risk or issue is identified with a supplier. To assess how effective our engagement methods are at identifying instances of modern slavery, we are reviewing how we document our modern slavery approach effectiveness in early 2024, as part of our updated 2023 Modern Slavery Statement.

Please refer to the section on Good governance and responsible business practices for more information.

Supply chain *onboarding*

1 Selection

Seek supplier for a new requirement or contract renewal

Review marketplace options for reputable suppliers

Issue RFP and consider environmental impacts

2 Due diligence

Issue ESG questions to supplier via Coupa Risk Assess

Adverse answers or concerns escalated to Sustainability team for review and 'go' or 'stop' decisions

Due diligence on stability, tax, privacy, IT security and business resilience as needed

Supplier contractually obliged to meet ESG standard

4 Monitoring

Incidents reported

Whistleblowing to our Speak Out line

Adverse publicity

Negative news (via Fiserv system)

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. They should have sound environmental management principles in place, and be working towards reducing negative external impacts on the environment where they operate. In our assessment check, we review suppliers for: – Written environmental and/or sustainability policies and governance systems in place that are 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. They must comply with all relevant legislation, regulations and directives in the countries and communities where they operate. In the United Kingdom, our suppliers must 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 our regular suppliers to have good ethical and management governance processes in place to comply with our responsible supplier guidelines. Suppliers must make reasonable efforts to monitor their supply chain and make their own suppliers aware of, and compliant with, the aims of our guidelines.

d. Responsible environmental practices

Managing our direct operational environmental impacts

To help improve the lives of our customers and communities, we actively seek to reduce our environmental 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 covers environmental laws and regulations with respect to emissions, energy consumption, water use, waste disposal, environmental supply chain management and the application of risk management principles for all property-related matters.

Emissions reporting

Our 2023 reporting covers the period 1 October 2022 to 30 September 2023, and includes our global property portfolio, which spans Asia, Africa, and the United Kingdom. The first three months of this reporting period still reflect some limited ongoing impacts of the Covid-19 pandemic, although all offices returned to business as usual working practices from Q2 (January–March 2023).

A consolidation of our property portfolio continued in 2023, with a 3.2 per cent reduction in floor space. It is important to note that our premises portfolio will change with our business operations.

We have included full reporting for Scope 1 and 2 and selected Scope 3 reporting. Our Scope 1 emissions remain a small percentage of our overall operational emissions. However, there was a year-on-year increase of 28 per cent in Scope 1 emissions related to increased company car use. In 2023, we have added an electric vehicle (EV) in Korea, a hybrid vehicle in Thailand, and we continue to assess the feasibility of increasing the EV and hybrid fleet as part of fleet renewal strategies.

Our global absolute Scope 1 and 2 (market-based) GHG emissions were 14,426 tCO_2e, down 22 per cent from 2022, 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 12,318 tCO_2e (market based), making up 85 per cent of our total Scope 1 and 2 emissions.

Scope 3 emissions increased by 52 per cent, with more business travel contributing 12,414 tCO_2e and accounting for most of the increase as many locations returned to business-as-usual travel. Although this is higher year-on-year compared with 2022, it is still significantly lower than pre-Covid levels. However, as businesses continue to return to normal and air travel increases, we will closely monitor our emissions associated with air travel, and ensure that environmental sustainability considerations are properly factored in business travel needs and planning.

As part of our initiative to improve our management and reporting of business travel, we appointed a single travel service provider to support the UK and Africa offices. Data gaps remain across some of our Scope 3 categories, and as data accuracy and calculation methodologies continue to evolve, we will align with best practices to broaden our Scope 3 reporting where possible.

Our Scope 1 and 2 (market-based) GHG emissions fell by

22% when compared to 2022

Breakdown of GHG emissions (tCO_2e)

	2023	2022	% change
Direct Scope 1	**2,108***	1,645	28%
Direct Scope 2 (market based)	**12,318***	16,938	(27%)
Direct Scope 2 (location based)	**18,334***	19,880	(8%)
Scope 3 (upstream activities)	**14,462***	9,487	52%
Total: Scope 1 and 2 using market based	**14,426***	18,583	(22%)
Total: Scope 1, 2 and 3 (upstream) using market based	**28,888**	28,096	3%
Tonnes per employee – Scope 1 and 2	**0.95**	1.21	(22%)
kg per m^2 – Scope 1 and 2	**43.30***	54.01	(20%)
kg per m^2 – Scope 1, 2 and 3 (upstream)	**86.70***	81.59	6%

* Within the scope of EY assurance – for further information, see the Basis of Reporting, which notes those Scope 3 categories that were within the scope of EY assurance

Driving reductions in our operational energy consumption

We continue to focus on driving down our operational energy consumption to reduce emissions through a range of initiatives and policies. When creating new working environments, we take the opportunity to implement best practice environmental performance features from the outset. These include LED lighting, automated lighting controls, lighting zones and climate controls.

To date, we have completed energy audits and assessments at 30 sites across our Asia Pacific portfolio. These assessments identified 169 potential energy conservation measures that could deliver estimated savings of 5,700 MWh/3, 172 tCO_2e, along with estimated cost savings of US$1 million. Additional energy audits were carried out in Thailand and Taiwan in 2023.

During 2023, all our local business units were issued with updated environmental roadmaps detailing their Scope 1 and 2 emissions, their 2030 target, and the actions that businesses have committed to over the next three years to reduce their emissions.

We have procured green power and renewable energy in the United Kingdom, Hong Kong and Malaysia through green procurement strategies including Energy Tariffs and International Renewable Energy Certificates (I-RECs) programmes.

We continue to face two key challenges in procuring renewable energy. Most of the markets where we operate do not currently offer direct renewable energy procurement, and as we are often a short-term tenant in the buildings where we operate, we have limited opportunities to install on-site generation capabilities.

Improving our data collection programme remains a priority, and we have seen data quality and completeness improve significantly. For more details, please view our 2023 Basis of Reporting file.

Once again, we incurred no fines or regulatory actions for environmental incidents during the year.

Providing excess office furniture with a new life

Our Hong Kong life business unit conducted several office refurbishments in 2023 across the portfolio. Much of the office furniture and many of the computer monitors that were no longer needed were given to colleagues who were creating home office spaces as part of the move to hybrid working.

With obsolete equipment that could not be reused sent to a third party for reprocessing, this recycling of furniture under the principles of a circular economy helped us avoid generating nearly 70 tCO_2-e of waste to landfill. The carbon savings were the equivalent of planting 2,660 trees or reducing road travel in an average petrol passenger vehicle by 288,000km.

e. Responsible working practices and health and safety procedures

Our approach to health and safety

Through our Group Resilience Policy and Health & Safety Standards, we operate a holistic, risk-driven health and safety management process that seeks to ensure the best working environment for our people in all business units. We prioritise the prevention of injury and ill health, and the reduction of health and safety risks to employees, contractors, visitors and any others who may be affected by our business operations.

We aim to ensure that our health and safety management processes meet and exceed regulatory and statutory requirements, follow best practice where possible, and are integral to the way in which we manage our business operations.

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 & Resilience team. Health and safety representatives in our local businesses are responsible for implementing and managing the programme and measures daily, and for reporting progress in quarterly management information reports and annual attestations. The Group Security & Resilience team is assigned day-to-day operational management responsibilities for the Group Resilience Policy, consolidates the data from local businesses and reports its findings to the Group Chief Security Officer, cross-functional working groups and, ultimately, the Risk Committee.

Our policy and standards are aligned with ISO 45001:2018 occupational health and safety, ensuring:

- A risk-based approach to health and safety management;
- Compliance with current legislation where we operate worldwide;
- That significant health and safety risks are identified, assessed and controlled; and
- That our programmes adapt, improve and tackle changing and emerging workplace health and safety risks and contexts.

These measures seek to continually improve our reputation as a safe place to work, raise employee morale and help us meet our strategic and business objectives.

Health and safety initiatives in 2023

We continued to create a supportive, inclusive and conducive work environment to foster health, safety and wellbeing at work. For more information on this, please read the Empowering our people section under Sustainable Business.

We have also added neurodiversity as a new risk on the Group Health and Safety Risk Register, recognising that colleagues can suffer psychosocial, mental, physical or neurological related diversity, injury or ill-health at work.

Our priority

Harnessing thought leadership to shape the agenda

a. International Association of Insurance Supervisors (IAIS)	65
b. Institute of International Finance (IIF)	65
c. Net Zero Asset Owner Alliance (NZAOA)	65
d. Emerging Markets Transition Investment (EMTI)	65
e. Insurance Development Forum (IDF)	66
f. World Bank Private Sector Investment Lab	66
g. Nairobi Declaration on Sustainable Insurance (NDSI)	66
h. At major events and summits	66
i. Advocacy within a local context	66

We are actively involved in advocating for emerging market sustainability and climate-related concerns on a global level. Our advocacy efforts extend beyond exploring the role that investors can play in a just and inclusive transition in Asia and Africa. We also engage with policy and regulatory stakeholders to promote awareness of sustainability issues and to understand government and regulatory priorities and the role we can serve. Our outreach has focused on regulatory development, blended finance, alignment of standards and taxonomies, and nature preservation.

a. International Association of Insurance Supervisors (IAIS)

Throughout 2023, we engaged with the IAIS on climate-related risks, including taking part in a series of closed virtual meetings. Alongside other insurance industry peers, we met with the Chair of the IAIS Executive Committee, Shigeru Ariizumi, to discuss financial inclusion and protection gaps, and explore ways in which the industry could support the work of the IAIS on these topics.

We also provided input on an upcoming consultation on the IAIS Application Paper on climate scenario analysis, and attended a stakeholder engagement event to discuss climate-related disclosure practices for insurers. Looking ahead to 2024, we have the opportunity to contribute to two more consultations on climate-related issues, including one on market conduct regarding greenwashing.

b. Institute of International Finance (IIF)

During 2023, Prudential was the co-chair of the IIF Asia-Pacific Subgroup, with an agenda focusing on digital developments and climate-related risks in Asia markets. Through our participation in the IIF, we contributed to a range of consultation responses, including part one of the IAIS Climate-risk Guidance. We participated in various advocacy activities of the IIF Sustainable Finance Expert Group, including the MAS Transition Planning Consultation and the NGFS Roundtable. We also participated in IIF's annual Sustainability Summit and spoke about the role of insurers in financing a just transition in Asia through a co-hosted seminar during the Asian Development Bank's annual meeting.

c. Net Zero Asset Owner Alliance (NZAOA)

Since 2021, Prudential has been a key supporter and member of the United Nations-convened Net Zero Asset Owner Alliance, whose members have committed to transitioning investment portfolios to net zero greenhouse gas emissions by 2050, consistent with a maximum temperature rise of 1.5˚C above pre-industrial levels; establishing intermediate targets; and to regularly reporting on progress.

During COP28, Prudential's Chair Shriti Vadera took part in a discussion organised by the UN and the NZAOA, and a roundtable with the Financial Stability Board and other regulators on transition planning and transition finance.

d. Emerging Markets Transition Investment (EMTI)

As part of our involvement with the NZAOA, Prudential initiated and leads a sub-track on 'Financing the Transition in Emerging Markets', which includes the EMTI project as a key component. The EMTI project was organised to identify practical, near-term solutions to accelerate investment in the net zero transition of emerging markets. This year, the EMTI released its second whitepaper in its 'Code Red' series. The whitepaper focuses on responsible corporate engagement in emerging markets, and presents five guiding principles on effective engagement for financial market participants and financial regulators that are supplemented by practical recommendations for implementation.

e. Insurance Development Forum (IDF)

During 2023, through our membership of the IDF, we engaged with senior representatives from the UN, UNDP, World Bank, UNICEF, OECD, government authorities and the insurance industry on the intersection between climate risk and social inclusion for growth.

f. World Bank Private Sector Investment Lab

Since its launch in mid-2023, Prudential's Chair, Shriti Vadera, has co-chaired the World Bank's Private Sector Investment Lab alongside Mark Carney, Co-Chair of GFANZ. The Lab's focus is on developing and rapidly scaling solutions that address the barriers to private sector investment for climate and development in emerging markets. At the COP28 in December, the Lab's focus on practical ways to mobilise private finance at scale and speed to support climate action and economic development in emerging and developing markets was discussed.

g. Nairobi Declaration on Sustainable Insurance (NDSI)

In 2023, Prudential became an NDSI signatory, joining more than 150 other signatories (including African insurers, reinsurers, and local regulators) to support the implementation of the UN Sustainable Development Goals. NDSI has highlighted climate challenges and sustainable insurance awareness-building as key priorities. Prudential has participated in working groups on numerous relevant activities, including sustainability reporting, taxonomy and framework construction, and communication and advocacy activities. We intend to continue our collaborative industry involvement and knowledge sharing going forward.

h. At major events and summits

Our senior leaders and Directors also take part in key events that are shaping the global conversation on climate-related issues. Examples include:

- In May 2023, we participated in the Net Zero Delivery Summit held in London and contributed to a panel discussion on the best practice and illustrative case studies of channelling green finance to emerging markets for a fair transition, together with leaders from Vietnam and a number of African markets.
- At the Windsor Climate Finance Mobilisation Forum in July 2023, hosted by the US and UK governments, we discussed alongside other international investors the barriers and opportunities, and the role of the public-private finance models to mobilise private finance at scale for climate and development.
- During New York Climate Week 2023, we focused our advocacy on the incentives and barriers to mobilising capital for transition in emerging markets, and on our lessons and experiences from our work developing and publishing our 2023 Climate Transition Plan. Shriti Vadera, Prudential's chair, highlighted the essential role of data to understand the effectiveness of our climate-related initiatives.

"It's about data. Data on emissions for emerging markets and companies in emerging markets. Otherwise, we don't know if we're pricing risk correctly and we don't know if we're actually financing the transition without this data."

Shriti Vadera, Chair of Prudential plc

i. Advocacy within a local context

As an Insurance Corporate Partner with the European Chamber of Commerce of the Philippines' Special Committee on Open Finance and Financial Inclusion, we convened an industry dialogue in November 2023, on climate health and financial risks with insurance and financial regulators in the Philippines.

We partnered with the Climate Bonds Initiative (CBI) and the British Chamber of Commerce in Vietnam to organise the Thematic Bonds and Transition Investment Workshop in July 2023. The workshop explored the growing thematic bond market in Vietnam and how financing mechanisms like these can mobilise private capital to fund the transition to net zero by 2050.

At COP28, Prudential also participated in a meeting with the Vietnamese Energy Minister on the Just Energy Transition Partnership (JETP), as well as attended discussions around transition finance, and health and climate.

We strive to continuously improve customer and distribution interactions, via responsible technology usage. During the 2023 Singapore FinTech Festival (SFF), CEOs of Prudential Group, Prudential Singapore, and Eastspring Investments engaged Singapore regulators in support of a regulatory framework to ensure the safety of customer data. This discussion comes at a crucial time, since technology can enable more convenient and seamless customer journeys, such as using data analytics to drive personalised insights, without sacrificing information security.

Understanding the link between *climate* and *health*

Human health is significantly impacted by climate change, particularly by air pollutants and increasing temperatures. We want to help people around the world prepare for such changes and better protect their health and livelihoods.

In 2022, we initiated a two-year research partnership with the Earth Observatory of Singapore (EOS) at Nanyang Technological University (NTU) in Singapore. The Prudential EOS Climate Impacts Initiative aims to explore the intersection of climate change and health in 10 key markets across Asia and Africa: Singapore, Hong Kong, Indonesia, Malaysia, the Philippines, Thailand, Vietnam, Côte d'Ivoire, Nigeria and Kenya. The first phase of the two-part project involves examining historical data on air quality and health impacts in these countries and cities over the past two decades.

In October 2023, NTU shared interim findings with a wide group of Prudential colleagues who discussed the potential implications of air quality on how we offer our health products and services. The findings, which showed that worsening air quality is associated with health risks, were also shared publicly with external stakeholders at media events.

The second phase of the partnership will focus on projecting future air quality and its impact on health, considering various emissions scenarios such as SSP370 and SSP585. We plan to use the findings and outcomes of the research to generate ideas and assess market opportunities for investments and products centred around climate resilience.

In addition, through the Prudence Foundation, Prudential provided funding for research conducted by the International Federation of the Red Cross (IFRC)'s Climate Centre. This research investigated the combined health risks posed by heat, humidity, and air pollution, and identified effective early interventions for mitigating these risks.

The findings were published in November 2023, which you can read here www.prudentialplc.com/en/news-and-insights/insights/climate-change-impact-on-human-health With support from the Prudence Foundation, the IFRC will use this research to develop an early action protocol for the compound risk of humidity, heat and air pollution in Thailand in 2024.

In 2022, we initiated a

two-year research partnership

with the Earth Observatory of Singapore (EOS) at Nanyang Technological University (NTU) in Singapore

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Corporate governance

Our business is overseen by strong governance structures, from our Board of Directors at the highest level and throughout our Group to our 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 on fundamental issues such as anti-bribery and corruption, fighting financial crime, responsible tax practices and our expectations.

"Trust and integrity are critical to the success of our business. At Prudential, in order for us to operate in the most responsible and sustainable way, we need to hold ourselves to the highest standards of professional and ethical conduct."

Dennis Tan, Managing Director, Strategic Business Group

Our Governance Framework

Our Group Governance Manual (GGM) sets out our framework for ethical business practices, governance, risk management and internal control. Central to this is our Group Code of 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.

A review of the Code is undertaken each year to ensure it remains fit for purpose, taking into consideration both internal and external factors, and it is approved by the Board. In 2023, the Code of Conduct went through a complete revamp, which was approved at the October 2023 Board meeting. A comprehensive communication and awareness campaign followed the launch of the new Code of Conduct that included a video rolling out the Code of Conduct, a panel discussion, an awareness poster and a quiz covering key aspects of the Code to enhance engagement from staff and embed learning.

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.

We run a comprehensive mandatory training programme covering our employees and contingent workers across the Group that covers the key policies that are referenced in the Code of Conduct. These include Anti-Money Laundering, Anti-Bribery and corruption, Fraud awareness, Information Security, Privacy, Corporate Communications, Conflicts of Interest, Information Sharing and Securities Dealing, and Speak Out. All training includes scenario-based practical examples to embed the learnings, as well as an assessment. All staff are expected to complete an annual declaration to confirm that they have read and complied with the Code of 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.

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 13,000 suppliers globally. Our most recent Modern Slavery Transparency Statement, issued in June 2023, sets out the steps we are taking to identify, monitor, report and proactively mitigate any modern slavery risks in our supply chain in support of the UK activities of Prudential plc and its subsidiaries under the scope of the UK Modern Slavery Act 2015. Since 2022, we have sought to introduce the same measures deployed in the UK to our Asia and Africa supply chain, leveraging our third-party risk management due diligence and risk assessment system (Coupa Risk Assess) across these regions to drive consistency and control. The nature of our business as an international insurance and fund management services group drives our spend towards professional services, IT services and the maintenance of our office infrastructure. In common with our financial services peers, we are not a major consumer of low-cost manufactured or agricultural goods, where Modern Slavery risks are more inherent.

Our focus in 2023 was 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. In December 2023, Group Procurement conducted Modern Slavery risk awareness training in partnership with the Remedy Project, a not-for-profit organisation that focuses on responsible business conduct, mechanisms for the remediation of worker grievances on supply chains, and combatting trafficking in persons, forced labour and other forms of exploitation. The training sought to provide an overview of Modern Slavery, and raise awareness of where and how these issues may exist in the Group's supply chain, along with an overview of how these risks can be mitigated, and monitored and the type of positive actions that can be taken to remediate. One hundred and eighty staff attended the training across our markets in Asia and Africa, with representation from procurement managers, risk assessors, legal teams and sustainability representatives across the Group.

For more information on 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 www.prudentialplc.com/~/media/Files/P/Prudential-V13/policies-and-statements/modern-slavery-statement-2022.pdf

180

Employees participated in risk awareness training on modern slavery

Responsible tax strategy and practices

Prudential is committed to upholding a fair and transparent tax management approach, which we view as a critical aspect of conducting responsible business in the communities we serve. Our tax strategy is backed by the Group Tax Risk Policy, which:

- Provides a consistent Group-wide definition of tax risk;
- Describes the governance structure around managing and identifying tax risk;
- Sets the appetite limits for tax risk and describes our risk culture;
- Defines the requirements of tax risk identification, categorisation and reporting; and
- Defines assurance requirements.

We conduct an annual review of our Group Tax Risk Policy to ensure it stays aligned with evolving risk management practices and meets the expectations of stakeholders. Our tax risk management process includes risks identification, compliance monitoring, escalation and reporting. These assurance activities ensure any risks undertaken are within appropriate limits and transparent to stakeholders.

The management of our tax affairs reflects the regulatory, legal and commercial environment in which our business operates. All decisions are taken after careful consideration of all the issues and potential impacts. We do not base our decisions on aggressive interpretation of tax law. We do not engage in tax avoidance strategies. When we choose to operate in a tax-efficient manner, we ensure that it is a responsible and sustainable choice, consistent with our business strategy.

In 2023, we contributed a total of $969 million in taxes (2022: $1,009 million), reaffirming our commitment to paying the appropriate amount of tax and contributing to the wellbeing and growth of the societies in which we operate.

Our Tax Strategy Report complies with the mandatory requirements of the UK Finance Act 2016, and adheres to the following principles:

1 We act responsibly and with integrity in all of our tax matters;

2 We seek to comply fully with all our tax obligations, including paying the right amount of tax in each jurisdiction;

3 We apply rigorous management over tax uncertainties and risk through our Group Code of Conduct, Group Governance Manual and Group Tax Risk Policy;

4 Where the tax treatment of a particular transaction or activity is unclear, we will follow the generally accepted 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;

5 We deal with tax authorities in an open and constructive manner; and

6 We provide transparent disclosure of our tax affairs to better inform our stakeholders of the amount and type of taxes we pay and our tax governance processes.

Our updated Tax Strategy Report, which will include information on the tax we paid in 2023, how we manage our tax affairs and the governance and management of tax risk, will be published by 31 May 2024. Information on our tax charge and effective tax rate can be found in our 2023 Annual Report and Accounts.

"As Tax Director, I am responsible for balancing our business strategy with ensuring sustainable tax revenues are contributed to the communities in which we operate. The Prudential Tax Risk Policy provides a consistent framework for ensuring all our businesses act with integrity when managing risks and taking on business opportunities that enable growth."

Jean Ho, Director, Tax, Prudential plc

Fighting financial crime

The Group works to protect its employees, customers and the communities in which it operates from the risks associated with financial crime. In doing so, Prudential maintains a series of internal policies, guidelines, procedures, and systems aligned to regulatory expectations and good practice. These risks include sanctions, money laundering, terrorist financing, fraud, bribery and corruption.

We periodically assess all financial crime risks to identify and determine the nature and scale of the Group's exposures, and ensure controls are in place. The Group's overall performance in effectively managing financial crime risk is overseen by the Board-level Risk Committee.

Bribery and corruption can distort markets, undermine investments and cause harm to communities. The Group is committed to preventing bribery and fostering a culture in which corruption is never acceptable. Throughout 2023, we continued the development of an anti-bribery programme following enhancements made to our risk assessment framework in the previous year. This included delivering compulsory proportionate basic training for all Prudential employees and associated people acting on behalf of the business, enhanced training for individuals operating in higher risk roles and updates to Group Policy and Standards.

In 2023, we launched the Group's Financial Crime Intelligence Unit (FCIU), delivering holistic oversight of procurement spend, third-party due diligence, conflicts of interest and gifts and hospitality. The FCIU has been central in the development of enhanced analytics to prevent and detect fraud within insurance policies and claims in key markets, including links to agent misconduct. We are continuing to roll out these analytics to other markets in 2024.

The Group monitors and reviews its financial crime prevention procedures using a combination of benchmarking, assurance and external reviews. We provide a comprehensive suite of financial crime training to our employees. For staff in higher-risk roles, we offer advanced AML training.

In 2023, no staff were disciplined or dismissed due to non-compliance with anti-corruption policies. This demonstrates our dedication to maintaining a culture of integrity and compliance.

Our Group AML & Sanctions Policy requirements are based primarily on Hong Kong, UK and Financial Action Task Force Recommendations in relation to anti-money laundering and counter-terrorist financing. It also incorporates the requirements of relevant sanctions legislation. It outlines the framework and requirements for our businesses to prevent the use of the Group's products and services by money launderers, terrorist organisations, sanctioned individuals and organisations, and other criminals. The policy includes detailed standards, and governance and control requirements designed to ensure our full regulatory compliance. These requirements include having appropriate processes, systems and controls for risk identification and assessment; conducting due diligence; screening 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 confirm their compliance every year.

We have refreshed our Group Compliance Standards to enhance controls in our name screening process. Additionally, political contributions and facilitation payments are not allowed as part of our Corporate Political Engagement and Political Donations Policy.

We have conducted a data assurance review involving both life and asset management businesses on our name screening and transaction monitoring system. The aim of the review was to assess the completeness and accuracy of the records and information extracted by our business for name screening purposes, ensuring our practices align with international Anti-Money Laundering (AML) standards. In addition, we have carried out AML deep dives at two life business units to evaluate the effectiveness of their AML and sanctions compliance programmes. Furthermore, we implemented a new enterprise-wide AML and sanction risk assessment using a data-driven methodology, which has helped us reduce subjectivity in our assessments.

Looking ahead in 2024, we are looking to implement name screening of our businesses across Africa, a crucial step in enhancing our compliance measures. Alongside these implementations, we are conducting in-depth AML reviews for selected local businesses.

Whistleblowing

It is essential that our people feel secure and empowered to voice their concerns openly. We encourage them to raise concerns about any actions or behaviours that breach Prudential's values and principles, or violate regulations or policies.

The Group Speak Out Policy sets out procedures for confidential reporting of concerns, including those related to violations of human or labour rights, or unethical behaviour within the Group. Speak Out is a dedicated channel, managed by a third party, designed to receive a wide range of concerns. It is accessible to any employees, agents, clients, suppliers, business partners or contractors. This platform offers various reporting channels such as web, a telephone hotline, a mobile app, post, email, and in-person communication, and it supports multiple languages. Individuals can remain anonymous.

All employees are required to complete an online training module on Speak Out annually, with a separate module for line managers to guide them on how to handle whistleblowing concerns raised by employees. Non-executive members of the Audit Committee across the Group receive training which details the role of whistleblowing in the organisation and their role in ensuring the programme is effective. The Speak Out programme is also supported by regular communications containing helpful resources.

The Speak Out programme is overseen by GAC, and the procedures for logging and investigating concerns are under the overall supervision of the Chief Security Officer. Trained and skilled professionals carry out investigations. Retaliation is not tolerated, and the Chief Security Officer is required to report to the GAC if it occurs. When investigating any concern raised, the Group complies with all applicable laws and internal Group policies, including with respect to document retention.

A Speak Out Report that offers detailed data and analytical insights regarding the volume, categories, and geographical distribution of received reports is generated annually. Additionally, the report delineates the contributing causal factors and outlines the remediation measures taken. This report is confidential and only available to restricted audiences. In 2023, 184 concerns were reported, representing a 16 per cent increase from 2022. All reports were investigated, with one in three being substantiated, and none of these is related to issues such as money laundering, tax evasion or sanctions violations.

The programme is externally benchmarked, with scoring based on an aggregate of three scored elements: governance, engagement and operations. The 2023 overall score for Speak Out is 87 per cent (2022: 86 per cent), higher than the industry benchmark of 73 per cent. Scores for the three elements are: Governance: 96 per cent (2022: 95 per cent); Engagement: 71 per cent (2022: 69 per cent); Operations: 92 per cent (2022: 92 per cent).

Managing *climate-related* risks and opportunities

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"We recognise that climate risks pose both challenges and opportunities for our business. We have a fiduciary duty to our stakeholders, and that includes actively managing climate risks to protect our financial stability and enhance long-term value. By embracing the opportunities presented by the transition to a low-carbon economy, we can align our business with sustainable growth and demonstrate our commitment to fulfilling our fiduciary duties."

Avnish Kalra, Chief Risk and Compliance Officer

We are committed to playing our part in the transition to a global low-carbon economy and the collective efforts to limit the rise in global warming. In addition to responsible investment approaches designed to address climate related challenges, our Climate Transition Plan sets out how we will fulfil our climate-related commitments, and we have included updates against the plan throughout this report. We have also included an index to show how this report aligns with the recommendations of the Task Force on Climate-related Financial Disclosures.

Governance

Oversight of climate change

At a management level, sustainability, including climate-related responsibilities and progress towards fulfilling the TCFD recommendations, is overseen by the Group Sustainability Committee, which is chaired by the Chief Financial Officer. The Sustainability Committee reports to the Board-level Risk Committee, which has ultimate oversight of environmental and climate-related issues.

The Risk Committee has a standing agenda item relating to the oversight of climate change, including the progress against the Group's climate targets, updates on principal risks, including climate-related risk, and consideration of climate-related issues when reviewing and guiding overall strategy, major plans of action, risk management policies, annual budgets and business plans. They are also responsible for external reporting, via the Sustainability Report, where it relates to those areas within its remit, including the TCFD disclosures. In setting future climate targets or commitments, the Risk Committee considers and makes appropriate recommendations to the Board. The Risk Committee receives updates on climate-related issues at least twice each year, and in 2023 they were updated four times.

In 2024, the Board plans to establish a Sustainability Committee to replace the RSWG and to take over responsibility for the oversight of climate change from the Risk Committee.

For more information on the governance of climate-related risk, please refer to the Sustainability governance section which outlines our approach to sustainability and climate-related governance in more detail.

Risk Management

We regularly analyse and assess the potential impact of the risks associated with climate change to ensure we can continue to serve our customers and strengthen our business resilience. Our Group Risk Framework (GRF) considers both emerging and significant risks, including those related to sustainability themes. Sustainability risks, including climate-related risks, are considered principal risks at the Group level, and subsequently receive enhanced management focus and reporting.

Identifying climate-related risks

Climate-related risks are considered within our risk management processes to assess their importance relative to other risks. We continue to treat climate risk as a thematic cross-cutting risk type, with the potential to impact or amplify multiple existing risks that we manage. By treating climate-related risks as a cross-cutting risk type, we recognise that there could be significant interdependencies with, and impacts on, other established standalone risks, including credit, market, insurance, and operational risks. We also recognise that the risks associated with sustainability topics, including climate change, may exhibit a number of additional risk characteristics which are not explicitly recognised in more traditional risk management practices and frameworks. Consequently, the following risk characteristics associated with climate and other sustainability themes are considered in our risk management framework:

Sustainability risk characteristics	Considerations
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	The company can be both 'impacted by' ESG/sustainability issues, and can have an 'impact on' those issues.
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.

Managing climate-related risks and opportunities continued

The Group Risk Framework also includes:

- As part of the risk taxonomy refresh in 2022, a double materiality lens was 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 sustainability strategy and recognises a broader set of stakeholders as one of the key characteristics defining sustainability and climate risks;
- The risks and control self-assessment libraries have been reviewed to identify key risks and controls which support the sustainability strategy;
- The tools developed to assist with managing against the Group's external Responsible Investment commitments, including the 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's Own Risk and Solvency Assessment (ORSA) report.

Assessing climate-related risks

To develop a comprehensive view of the potential impacts of climate change on our business, the Group Risk Framework considers climate-related risks across three time horizons by taking into account the expected benefits and paybacks of risk-based decisions. These time horizons are defined to reflect the periods over which transition and physical climate-related risks and opportunities could reasonably emerge:

- Short term: zero to three years;
- Medium term: three to five years; and
- Long term: five to 30 years.

Through this approach, we have assessed the following areas of climate-related risks across the short-, medium-, and long-term time horizons.

Area of risk	Climate risk type	Main affected time horizon
Strategy implementation – As the Group implements its sustainability strategy and climate-related commitments, there is an ongoing need to balance potentially different interests, expectations and objectives, both within and across stakeholder groups.	Transition risk	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.	Transition risk	Short, medium and long term
Insurance and product risks – Our strategy focuses on life, health and wealth products, which excludes us from underwriting 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.	Transition risk	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.	Physical risk	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.	Transition risk	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 require multi-jurisdictional coordination. Increasing disclosure expectations heightens the potential for litigation associated with external reporting conveying a materially false impression or misleading information.	Transition risk	Short and medium term

Managing and responding to climate-related risks

Climate-related risks vary significantly in nature, focus, and impact across the Group's markets. Our emerging risk process helps us identify and adapt to evolving climate change and sustainability topics across our business.

Understanding our exposure to climate-related risks in key markets in Asia is an ongoing priority for us, and we engage with the risk teams within key local businesses on the climate-related topics most relevant to those markets, including TCFD-aligned pillars such as internal governance, local strategy, risk management integration, and metrics/targets. This enables the local businesses to share knowledge and experience, leverage the Group experience, and enable a consistent approach to addressing climate-related risks to be adopted across our markets.

Climate change's impact is evolving quickly, with new risks and developments emerging constantly. We help our local businesses understand the potential implications of climate-related risks and work with them to navigate and comply with the changing regulatory landscape, for instance in Singapore, Taiwan and Malaysia.

Identifying and responding to climate-related opportunities

We are strengthening the climate resilience of our portfolios and adopting a considered approach to assessing carbon intensity within our investments. We are also continuing to incorporate climate change considerations into our products and services.

As a substantial investor and asset owner with long-term investment horizons and obligations, we actively pursue opportunities to invest in financing mechanisms associated with climate mitigation and resilience. As an insurer focused on life, health and wealth products, we also consider the opportunities presented to better serve our customers who may experience climate-related impacts.

Some categories that we are currently looking to explore or expand include:

- Financing mechanisms, such as green bonds, transition financing and adaptation financing;
- Savings and insurance products, like ESG- or impact-focused investments, and climate-related health and protection offerings, such as those that consider changes in the frequency, severity and emergence of diseases exacerbated by climate change, like dengue fever; and
- Engaging, educating and supporting our customers and employees to build an understanding of sustainability and climate change.

Across our markets, we look for ways to strengthen the climate resilience of our investment portfolios. In Singapore, we partnered with BlackRock and SGX Group to anchor the largest equity ETF in Singapore, the iShares MSCI Asia ex-Japan Climate Action ETF.

In select markets, Prudential offers ways for local clients to invest more sustainably, while also growing capital in the long term. In Hong Kong we manage a total of nine SFC-authorised[†] ESG funds within our investment-linked products (ILP) scope.

For more information on how we allocate capital to climate-related opportunities, see the Responsible investment section.

[†]Securities & Futures Commission of Hong Kong

Strategy

We recognise the importance of not only identifying and managing climate-related risks and opportunities, but also considering the potential impact on our business, and the resilience of our strategy to climate-related changes, developments and uncertainties across a range of climate scenarios.

Climate-related scenario analysis

Scenario testing is a valuable tool for enhancing understanding of climate-related risks and improving decision-making. It is particularly beneficial in raising awareness of climate change risks due to the broad range and uncertain timing of potential mitigation and adaptation measures.

We closely monitor and evaluate advancements in climate scenario testing, including reviewing publications from regulators, global organisations like the International Association of Insurance Supervisors (IAIS) and the Network for Greening the Financial System (NGFS), as well as reports from the UN Principles for Responsible Investment (PRI), the Transition Pathway Initiative (TPI), the United Nations Intergovernmental Panel on Climate Change (IPCC), and the International Energy Agency (IEA).

Overview of our climate scenarios

To support engagement with Group and local business regulators, we carefully considered the scenario methodologies appropriate to the size, nature and complexity of our organisation. Since we first began using scenario testing, we have become more sophisticated in applying different scenarios based on specific business needs:

- NGFS scenarios (orderly transition, disorderly transition, and hothouse world) are used for stress testing the resiliency of our balance sheet;
- PRI scenarios, including the forecast policy scenario, assess the economic impact of likely policy developments and inform central market assumptions; and
- IPCC, IEA, and TPI provide science-based decarbonisation pathways aligned with Paris Agreement goals, that can support investee engagement to drive real-world change.

NGFS-aligned scenarios

Stress testing on our balance sheet is conducted under NGFS-aligned scenarios, with risks assessed over the short-, medium- and long-term time horizons. These scenarios offer insight into the potential financial implications of the different pathways and can simulate complex interactions between energy, economy, and climate systems, considering both policy and technology developments. We use data from external providers who have adjusted the calibration of the scenarios to employ non-equilibrium economic models to reflect real-world inefficiencies.

Carbon prices used in scenario analysis

Carbon prices are considered as a proxy for the impact of potential government climate policies within our climate scenario analysis. These prices are set to reflect differences across the regions where we operate and they consider local market dynamics.

In the long term, we expect the introduction of carbon prices and carbon taxes to increase, as governments look for tools to combat emissions. Imposing an internal carbon price (ICP) has been considered as a means of establishing consistency in how carbon-related factors are considered across our organisation.

The three NGFS-aligned scenarios used in our stress testing are as follows:

- **Orderly transition:** This <2°C scenario aligns with IPCC's Representative Concentration Pathway (RCP) 2.6. Under this scenario, ambitious climate policies are introduced, reducing fossil fuel demand, implementing higher carbon taxes, and investing in low-carbon electricity generation and manufacturing. Despite emissions reductions, extreme weather events increase, leading to physical loss and damages.
- **Disorderly transition:** This <2°C scenario assumes similar transition policies and physical impacts as the orderly transition scenario, but with delayed and disorderly policy implementation. Market volatility rises, especially in fossil-fuel intensive sectors and regions, as well as across all sectors, due to the disorderly nature of policy introduction.
- **Hothouse world:** This scenario forecasts a >4°C temperature increase by 2100. It anticipates irreversible climate damage, extreme weather events, and water shortages in line with RCP 8.5. Some areas experience warming above 4°C, rendering them unsuitable for agriculture and habitation. Few additional climate policies are implemented, resulting in limited transition impacts.

While we see benefits in the use of forward-looking data, particularly in supporting the assessment of how well companies are prepared for the climate transition, it is important to acknowledge the limitations. These limitations include but are not limited to, data quality, data availability, data consistency, underestimation of physical climate risk, model limitations, greater uncertainties over longer time horizons, and extensive judgements and assumptions. In addition, current climate models do not capture tail events such as climate tipping points (eg ice sheet melt, Amazon Forest dieback) or knock-on effects (eg migration, war, political and social instability) that could have significant impacts on global economies. As a result, we treat forward-looking climate data with additional caution than we would for other decision-useful metrics like historical financial statements.

Impact on our businesses, strategy and financial planning

Our scenario analysis results are translated into sensitivities to economic factors to assess the possible financial consequences of climate change on our business. The results of our climate scenario stress testing have allowed us to arrive at two conclusions with respect to our balance sheet:

- Though the Group faces potential financial risks from plausible global responses to climate change, the results of our scenario testing are not outside observed market volatility, suggesting no immediate need for explicit climate change considerations within current valuations of our investment portfolio;
- Furthermore, explicitly including additional stresses for climate change in our internal economic capital adequacy model is not needed currently.

The results are documented in the Group's Own Risk and Solvency Assessment (ORSA) report, which is regularly shared with the Board.

The results are simplified in ways which enable understanding and comparison, for example, a static balance sheet is used, and the potential sectoral and regional impacts are summarised at a high level. We understand that these simplifications could result in understating exposures and vulnerabilities, as acknowledged by the Financial Stability Board (FSB) and NGFS. We remain mindful of these limitations when referring to the results of the scenario testing.

Additionally, our climate scenario analysis currently does not consider potential management actions we could take to mitigate the negative impacts of climate change. However, we recognise the need to explore these opportunities in the future. At this stage, given these models have evolved considerably and continue to change, we do not consider the climate scenario tests suitable for setting capital requirements.

Impacts on assets

As a significant asset owner and manager, we rely on investment returns to meet long-term liabilities. This leaves us vulnerable to any risks that could disrupt or diminish investment returns, and we explore these risks under each climate scenario.

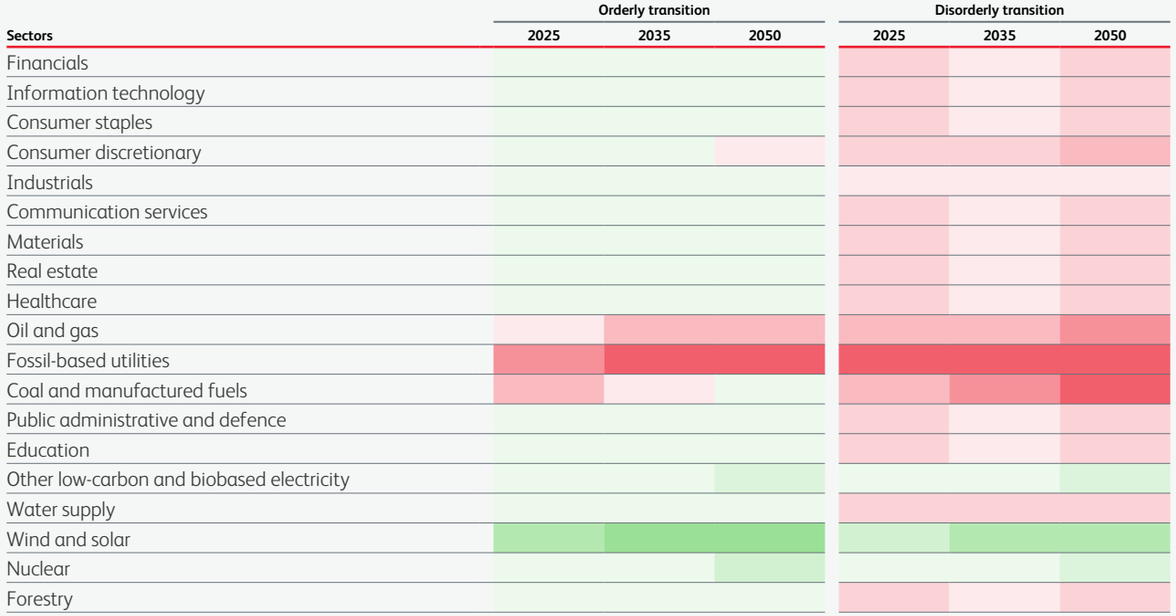
The 'disorderly transition' scenario had the most significant impact in the short to medium term as markets adjusted to disorderly policy changes. As expected, the 'orderly transition' scenario had the least overall impact on the Group's balance sheet. This reinforces our strategic objective of decarbonising our investment portfolio. The 'hothouse world' scenario considers long-term physical climate change impacts that could lead to financial market repercussions in the medium to long term. While the impact of the 'hothouse world' scenario is muted in the short to medium term, it had the largest overall impact on the Group's balance sheet over the long term, reinforcing the message that investors should not be misled into a false sense of security of maintaining current government policies as the true cost of climate change compounds over much longer time horizons.

The scenario analysis offers an important insight into how the different scenarios might impact different sectors, as shown in the heatmap diagram below.

In the 'orderly transition' scenario, the impact is confined to three sectors: fossil-based utilities, coal and manufactured fuels, and oil and gas. In contrast, under the 'disorderly transition' scenario, the impact extends beyond the three sectors highlighted.

These sectoral impacts are significant to Prudential, given our operational footprint across Asia and Africa, with many countries engaged in manufacturing rather than service industries. Both scenarios also present investment opportunities in clean energy and water supply.

Heatmap of climate scenario impacts over time



Source: Prudential internal scenario analysis work.

Regional *impact* on our operations

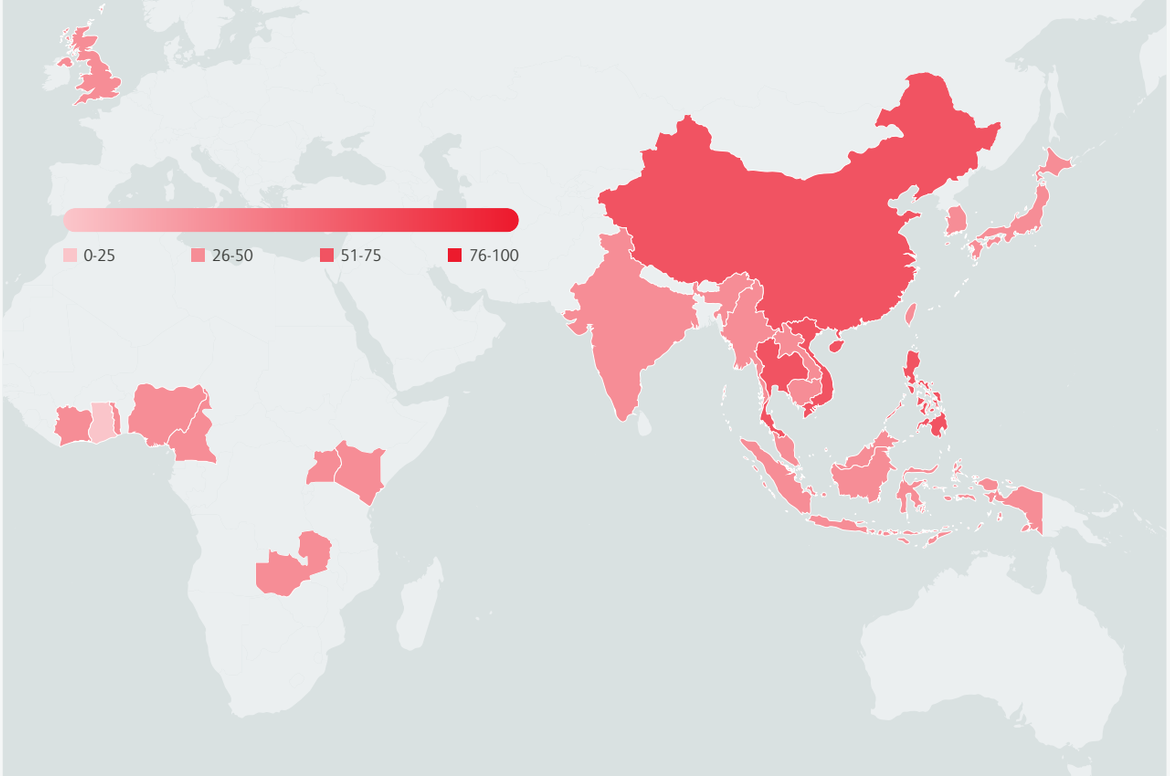
As extreme weather increases in frequency, our people and our operations are potentially exposed to physical risks associated with climate change. Strengthening our organisational resilience to these risks is a key priority for us.

We use a third-party platform to assess the risks associated with natural disasters and inform our business continuity management approach. The most recent assessment revealed potential significant physical climate impacts on our operations under the 'hothouse scenario' (RCP 8.5) as shown on the map.

We also use scenario analysis to identify additional vulnerabilities in our operations, supply chains, and customer base. Using our third-party provider's platform, we also investigate the potential operational risks from severe typhoons or floods, including property damage, business interruption and market volatility.

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

427 Overall Risk Rating



Impact on strategic asset allocation

In addition to climate scenario analysis, we integrate climate change into the strategic asset allocation (SAA) process. Our SAA process heavily relies on capital market assumptions (CMAs), which are economic projections used across our financial metrics and asset classes. We use CMAs that are particularly focused on the countries where we operate and invest.

These CMAs are developed through a rigorous process that incorporates comprehensive research, economic models, and projections of key drivers of economic variables. To ensure climate risk is captured within our CMAs, we include climate data, such as climate-related transition and physical risks.

We have partnered with an external provider to assess a climate scenario and associated potential impacts on our CMAs. This evaluation will be conducted twice a year to ensure the CMAs remain relevant. We will also continually review our data and findings, considering the higher levels of uncertainty typically experienced by emerging markets.

Impact on financial and strategic planning

We review our strategy and financial planning process annually and stress-test the proposed strategy to assess its resilience. These stress tests, which are conducted as part of our usual business activities and consider stresses independent of climate change, are more stringent than the scenarios outlined in the 'Climate-related scenario testing' section. The results of these business stress tests, combined with the insights gained from the climate scenario testing, provide us with additional confidence in the strategy's viability for the year ahead.

We also ask our local businesses to consider our sustainability strategy and Responsible Investment Policy in their product development processes and ongoing product evaluations.

Impact on access to capital

Occasionally, we seek to raise capital from bond or equity markets to fund strategic opportunities like mergers, acquisitions, or new market entry. Institutional investors are our primary source of capital, and we expect them to continue to provide access to sufficient capital despite potential impacts of climate change.

Our credit ratings remain high, based on credit rating agencies' assessment of our business profile and financial flexibility, including capital market access. ESG factors are regularly discussed in our annual meetings with ratings agencies. To date, they have not impacted our creditworthiness.

Impacts on insurance liabilities

Potential climate change impacts may also affect morbidity, mortality, and persistency differently across global regions. These differences are captured in the annual review process that monitors these factors and considers their impact on our products. As a life and health insurer, while we recognise the potential for climate change and government policies to impact the assumptions underlying our underwriting liabilities, we believe there is currently insufficiency of and uncertainty in data that would allow us to reliably use the assumptions for the valuation of our underwriting liabilities. Therefore, at this stage, the Group's assumptions for our life and health insurance business do not include additional assumptions related to the impacts of climate change. At this stage, the Group's assumptions for the insurance business are not directly impacted by climate change. We will continue to engage with our regular experience analysis, to engage with reinsurers and monitor relevant academic studies. If significant changes occur, the financial impacts of climate-related risks on insurance liabilities will be considered. Additionally, we have analysed the distribution of our customers across locations to assess their vulnerability to extreme climate events. These assessments aim to improve our understanding of our customers', and our, exposure to climate risks.

Advocating for emerging market sustainability and climate-related issues

We are actively involved in advocating for emerging market sustainability and climate-related concerns on a global level. Our advocacy efforts extend beyond exploring the role of investors in a just and inclusive transition in Asia and Africa. We also engage with policy and regulatory stakeholders to promote awareness of sustainability issues. Our outreach focuses on key themes, including regulatory reform, blended finance, harmonisation of standards and taxonomies, and the preservation of nature. We also continue to explore the impacts of climate change and health through research partnerships. It is critical that policymakers and communities have the knowledge and tools to support them with climate change adaptation efforts. For more information, please refer to the section on Harnessing thought leadership to shape the agenda.

Evolving our climate actions

Climate change is a fast-moving issue, with new challenges and solutions emerging all the time. We are continually looking to improve our understanding of the challenges we face and the effectiveness of our efforts to mitigate them.

As outlined in the 'Rising to the climate challenge' section, we plan to continue forming and executing renewed climate action at Prudential. We are already mapping a clearer trajectory on our journey to net zero and identifying opportunities to drive positive change across our business and customer interfaces, our operations and our supply chains.

To safeguard our customers from the impacts of climate change and build resilience for the future, we will continue to update our climate transition actions and progress, aiming to make more proactive contributions to a just and inclusive net zero transition across our broad footprint in Asia and Africa. Broadly, we will also seek to:

- Work with data providers and our asset managers to improve the availability and quality of our Scope 3 investment book data, including potential monitoring of other asset classes as methodologies continue to develop;
- Develop the coverage of our Scope 3 value chain emissions beyond financed emissions, for example our supply chain emissions and initiatives to reduce them;
- Investigate the feasibility of setting net zero operational targets, in light of the constraints of renewable energy availability within our markets;
- Examine how emerging topics, such as nature and biodiversity, may impact our decarbonisation strategy and our overall approach to climate change;
- Continue to explore climate-related opportunities, such as those relating to climate financing within emerging markets, our customers and digital services, climate-related health products and services, and employee initiatives;
- Further develop our approach to corporate engagement and asset manager engagement, focusing on appropriate sector-specific and emerging market engagement approaches to maximise our impact;
- Continue to develop localised, market-specific responsible investment approaches;
- Explore additional opportunities to collaborate and partner with relevant private and public entities on climate change and transition financing; and
- Continue to engage with other financial market participants, local regulators and stakeholders, to advance the development of frameworks that support our climate work in emerging markets.

Metrics and targets

Our long-term pledge is to become net zero by 2050, and we have established interim targets to measure our progress on the path to net zero. These targets are designed to support the achievement of the Paris Agreement goals to limit the increase in global average temperatures to 1.5˚C above pre-industrial levels.

Since our carbon journey began in 2018, we have continually reviewed our approach and our commitments to assess our progress towards our net zero pledge. We have met or exceeded our interim targets at every stage, allowing us to increase our ambitions and update our targets to accelerate our progress.

Progress against our climate-related targets

Target	2023 progress
Deliver a 55% reduction in the carbon emissions intensity of our investment portfolio by 2030 against our 2019 baseline. This is an ambitious, but realistic target that will accelerate our progress towards becoming a net zero asset manager.	Achieved 50% reduction by the end of 2023 and revised target upwards to 55% reduction by 2030 against 2019 baseline. The WACI of our portfolio is influenced by movements in the carbon intensity of the companies we invest in, movements in markets, and changes to portfolio weights.
Finance the transition particularly in emerging markets through investments and strategy development.	Internal investment target on financing the transition to a lower-carbon future.
Divest from all direct investments in businesses that derive more than 30% of their income from coal. The threshold for our coal policy has been carefully considered to strike a balance between risk and return, and enable companies in our markets to gradually phase out coal.	– Fully divested from coal equities by 2021 – Fully divested from coal bonds during 2023 This is an annual target, so our portfolio is constantly reviewed against this threshold.
Engage with the companies responsible for 65% of the absolute emissions in our investment portfolio.	Engagement completed for all identified companies during 2023.
Deliver a 25% 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.	Achieved an intensity ratio of 0.95 tCO_2e/FTE for 2023, putting us on track to meeting our 2030 target of 1.65 tCO_2e/FTE.

Climate-related metrics

We continually review the climate metrics we use to assess their suitability for our markets, considering factors like practicality of implementation, data availability and coverage.

To measure our exposure to climate-related risks, we use a combination of absolute emissions data and emission intensity data. Absolute emissions allow us to quantify the overall carbon footprint of investments within our portfolio, while WACI data allows us to compare carbon footprints relative to the revenue generated by investments.

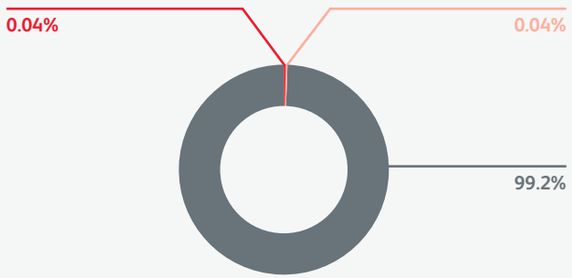
Measuring WACI enables us to compare the intensity of emissions for different portfolios and assess improvements over time. WACI is also useful as a proxy for transition risk within our investment portfolio, with a higher WACI usually indicating a gap in alignment with the goals of the Paris Agreement.

As mentioned in the Challenges and future goals section of the report, the calculation of the WACI is aligned to the protocol of the Net Zero Asset Owner Alliance as follows:

- Assets from wholly owned business only;
- Shareholder and policyholder assets (excluding assets in unit-linked funds);
- Assets in the following asset classes only: listed equities and classified corporate bonds, using industry practice;
- Assets in the following investment vehicles: segregated mandates, collective investment schemes and exchange traded funds (ETFs); and
- These assets mentioned above as reported by our main portfolio management system constitutes over 92.9 per cent of our investment portfolio as at 30 September 2022.

To assess our operational emissions, we measure the reduction in emissions intensity per full-time employee.

Carbon emissions profile as of 31 December 2023



Scope 1 and 2 (market-based) (tCO_2e)	14,426 *
Scope 3 – including emissions associated with fuel- and energy-related activities, waste generated in operations and business travel, excluding category 15 (tCO_2e)	14,462 *
Scope 3 category 15 – including emissions associated with investments (tCO_2e)	3,600,000 *

* Within the scope of EY assurance – for further information, see the Basis of Reporting which notes those Scope 3 categories that were within the scope of EY assurance.

Managing climate-related risks and opportunities continued

Movement in metrics

	2023	2022	2021
Target-related metrics			
WACI (weighted average of tCO_2e/$mil revenue)	**192***	219	296
Coverage for the WACI of the investment portfolio	**69%**	67%	69%
Holdings in companies with more than 30% of revenue from coal	**Fully divested**	Substantially divested from bonds	Fully divested from equities
Engagement with the companies responsible for 65% of the absolute emissions in our investment portfolio	**Reviewed 100%** **Engaged 100%**	Reviewed 100% Engaged 100%	Reviewed 44% Engaged 31%
Operational emissions intensity (tCO_2e/FTE)	**0.95**	1.21	1.47
Our own operations			
Scope 1 (tCO_2e)	**2,108***	1,645	1,481
Scope 2 – market-based (tCO_2e)	**12,318***	16,938	19,986
Scope 2 – location-based (tCO_2e)	**18,334***	19,880	21,547
Scope 3 (upstream activities)† (tCO_2e)	**14,462***	9,487	8,798
Our financed emissions			
Scope 3: Downstream activities (financed emissions) (tCO_2e)‡	**3,600,000***	3,100,000	4,700,000

* Within the scope of EY assurance – for further information, see the Basis of Reporting, 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.

Data availability

As a data user, we rely on information disclosed by investee companies via reporting frameworks like the TCFD recommendations and the CDP. To enhance data availability, we are working with both data providers and our asset managers to improve disclosures. In time, we expect the situation to improve as companies across regions are increasingly required to make climate-related disclosures and face increased scrutiny from stakeholders.

We are aware that expanding data coverage could impact the WACI of our portfolio, either positively or negatively, as newly disclosed data is included in our calculations.

For more detail on our direct environmental footprint, please refer to the Sustainable Business section.

Forward-looking metrics

We are actively working with our asset management and asset owner businesses to develop forward-looking metrics that are more suitable for our operations. These metrics would enable us to effectively manage and report on climate-related risks, while integrating seamlessly into our investment processes to help us uphold our responsible investment framework.

In assessing new metrics, we conducted a thorough review of peer practices and industry recommendations regarding forward-looking metrics, including Climate Value at Risk (Climate-VAR) and implied temperature rise (ITR). We have reviewed these metrics and believe they are only suitable for internal use at this stage, due to limitations to the data availability and the underlying assumptions in their methodologies.

We have enhanced our internal reporting by incorporating ITR as an indicator of the temperature alignment of our investment portfolio, and Climate-VAR as an indicator of the portfolio's exposure to physical and transition climate change risks. We will continue to build our understanding of these metrics and consider their use for external disclosure once their limitations have been appropriately addressed or mitigated.

Monitoring and shaping industry developments

We continue to monitor developments related to the International Sustainability Standard Board (ISSB), and guidance from the regulatory authorities in markets where we operate and will continue to review the completeness and robustness of our sustainability-related data and methodologies in general.

We have also reviewed the Science Based Targets initiative (SBTi) as part of our ongoing evaluation of our climate targets. As part of this process, in 2023 we met with the SBTi specifically around the applicability of their methodology to emerging markets. The SBTi uses global decarbonisation targets and pathways for verification that do not differentiate between the requirements of emerging markets and developed markets. In line with our commitment to a just and inclusive net zero transition, we believe it is crucial to recognise the transition challenges faced by different countries and companies. This also aligns with the Paris Agreement that includes the principle of 'common but differentiated responsibilities'. Our Responsible Investment approach seeks to incorporate this principle. We will continue to engage with the SBTi and monitor their publications to understand whether their methodology can be applied appropriately in our markets.

For more information on our participation in regional and global advocacy, please refer to the section on Harnessing thought leadership to shape the agenda.

Reference tables

Hong Kong Stock Exchange requirements
– Environmental 81
– Social 83
SASB Insurance Standard 87
TCFD index 89
Our Group-wide policies relating to our sustainability strategy 95
SECR Report 97
Forward-looking statements 98
Cautionary Statements 99

Hong Kong Stock Exchange requirements

HKEX KPI Requirement	Indicator	Disclosure
Environmental		
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.	A1	Our Group Environment Policy applies to our operational properties worldwide, guiding our approach to the management of the direct impacts of our businesses. In 2023, there were no confirmed instances of non-compliance in relation to such laws and regulations that would have a significant impact on the Group.
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.	A1.1 & A1.2	Prudential provides full reporting for Scope 1 and 2 emissions and selected Scope 3 reporting. More information is provided in the Climate-related metrics section on page 79 and Responsible environmental practices section on page 64.

	2023	2022	2021
Direct Scope 1 emissions (tCO_2e)	**2,108**	1,645	1,481
Direct Scope 1 Emissions (tCO_2e/FTE)	**0.14**	0.11	0.10
Direct Scope 1 Emissions ($kgCO_2e/m^2$)	**6.33**	4.78	4.02
Direct Scope 2 (market-based) Emissions (tCO_2e)	**12,318**	16,938	19,986
Direct Scope 2 (market-based) Emissions (tCO_2e/FTE)	**0.81**	1.11	1.37
Direct Scope 2 (market-based) Emissions ($kgCO_2e/m^2$)	**36.97**	49.23	54.21

Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	A1.3	As a life insurer, the production of hazardous waste is not applicable to our operations.
Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	A1.4	

	2023	2022	2021
Total non-hazardous waste produced (tonnes)	**379**	357	222
Total non-hazardous waste produced (tonnes/FTE)	**0.02**	0.02	0.02

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. 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 2023, we increased the scope of reporting of waste data to cover 91 per cent of our occupied floor area.

HKEX KPI Requirement	Indicator	Disclosure
Description of emissions target(s) set and steps taken to achieve them.	A1.5	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; and – 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 78. In 2023, we revised our target to reduce the carbon emissions of our portfolio of shareholder and policyholder assets by 55 per cent by 2030, against our 2019 baseline. Our ambition is that the assets we hold on behalf of our insurance companies will be 'net zero' by 2050. During 2023, we reduced this weighted average carbon intensity (WACI) of our portfolio by 50 per cent against the 2019 baseline. More information is available on page 78.
Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	A1.6	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.
Policies on the efficient use of resources, including energy, water and other raw materials.	A2	Our Group Environment Policy applies to our operational properties worldwide, guiding our approach to the management of the direct impacts of our businesses.
Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity	A2.1	

	2023	2022	2021
Total Consumption (kWh)	**41,985,325**	41,200,175	42,131,700
kWh/FTE	**2,750.73**	2,688.60	2,891.48

More information is available in the SECR report on page 97.

HKEX KPI Requirement	Indicator	Disclosure
Water consumption in total and intensity	A2.2	

	2023	2022	2021
Total water withdrawal (m^3)	**138,960.00**	163,720.17	123,025.82
Total water withdrawal (m^3/m^2)	**0.42**	0.48	0.33

We are not currently able to report the water consumption of all our assets as some sites do not have water metering, or water is part of the service charge.

During 2023, we increased the scope of reporting of water data to cover 79 per cent of our occupied floor area.

HKEX KPI Requirement	Indicator	Disclosure
Description of energy use efficiency target(s) set and steps taken to achieve them.	A2.3	We do not have explicit energy efficiency targets in place. However, 85 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.
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.	A2.4	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.
Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	A2.5	As a life insurer, the use of packaging material is not applicable to our business.
Policies on minimising the issuer's significant impact on the environment and natural resources.	A3	Our Group Environment Policy applies to our operational properties worldwide, guiding our approach to the management of the direct impacts of our businesses.
Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	A3.1	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 41. More information is available in the Responsible investment section on page 37.

HKEX KPI Requirement	Indicator	Disclosure
Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact the issuer	A4	More information is available in Identifying climate-related risks section on page 73, and the Managing and responding to climate-related risks section on page 74.
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 <2°C scenarios, have different potential impacts on our businesses, strategy, and financial planning, as described in the Identifying climate-related risks section on page 73. We have identified short-, medium- and long-term climate-related issues as described in the Identifying climate-related risks section on page 73. 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 Assessing climate-related risks section on page 74. We also identified climate-related opportunities, as described in the Identifying and responding to climate-related opportunities section on page 74.

HKEX KPI Requirement	Indicator	Disclosure

Social

HKEX KPI Requirement	Indicator	Disclosure
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 in the Our Group-wide policies relating to our sustainability strategy section on page 95: – Discrimination and Harassment Policy – Diversity and Inclusion Policy – Employee Relations Policy – Recruitment Policy – Remuneration Policy – Talent Policy In 2023, there were no confirmed instances of non-compliance in relation to such laws and regulations that would have a significant impact on the Group.
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	2023	2022	2021
Unspecified	**3.0**	18.0	11.0
Male	**6,541.3**	6,299.3	5,911.6
Female	**8,713.2**	8,363.4	7,946.1

Total workforce by employment type	2023	2022	2021
Full Time	**15,250.1**	14,671.6	13,854.8
Part Time	**7.4**	9.1	13.9

Total workforce by age group	2023	2022	2021
Unspecified	**0**	34.0	31.0
Below 30	**2,698.0**	2,880.9	2,715.4
30–50	**11,428.8**	10,535.4	10,030.2
Above 50	**1,130.7**	1,230.4	1,092.1

Total workforce by region	2023	2022	2021
Asia	**13,933.7**	13,399.7	12,574.5
Africa	**1,202.0**	1,126.0	1,075.0
Europe & USA	**121.8**	155.0	219.2

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 Empowering our people.	B1.2	

Employee turnover rate by gender	2023	2022†	2021†
Male	**18%**	24%	26%
Female	**16%**	21%	23%

Employee turnover rate by age group	2023	2022	2021
Below 30	**27%**	38%	38%
30–50	**14%**	19%	19%
Above 50	**20%**	20%	16%

Employee turnover rate by region	2023	2022	2021
Asia	**17%**	22%	24%
Europe and USA	**18%**	56%	22%
Africa*	**11%**	N/A	N/A
Overall	**17%**	23%	24%

*Group Human Resources systems only began recording full-time employee (FTE) turnover numbers from Africa in 2023.

†All 2021–2022 employee turnover data excludes Africa

HKEX KPI Requirement	Indicator	Disclosure
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, to as low as is reasonably practicable. 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 (2022: nil; 2021: nil).
Lost days due to work injury.	B2.2	36 incidents resulting in 4 days lost to work-related injury.

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 Empowering our people section on page 50.
The percentage of employees trained by gender and employee category.	B3.1	

Percentage of employees trained by gender	2023	2022	2021
Unspecified	**0%**	65%	45%
Male	**99%**	96%	97%
Female	**99%**	96%	97%

Percentage of employees trained by employee category	2023	2022	2021
Rank and file	**98%**	96%	96%
Middle level	**99%**	93%	99%
Top level	**99%**	95%	99%

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	2023	2022	2021
Unspecified	**N/A**	8.43	5.65
Male	**15.01**	16.04	11.22
Female	**14.23**	15.58	12.44

Average training hours completed per employee by employee category	2023	2022	2021
Top level	**16.90**	11.54	6.09
Middle level	**15.39**	9.91	9.19
Rank and file	**14.09**	16.06	12.63

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 Combatting modern slavery section on page 69.
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. These are also reflected within our Group Code of 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 Combatting Modern slavery section on page 69.
Policies on managing environmental and social risks of the supply chain.	B5	Our Group Code of Conduct outlines the values and standards that are required of 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 sustainability topics. More information is available in the Responsible procurement practices section on page 69.
Number of suppliers by geographical region.	B5.1	

	2023*	2022*
Asia	**10,712**	7,362
Africa	**1,844**	2,103
Europe & US	**451**	485
Total	**13,007**	9,950

* Data as of 30 September 2023 and 2022

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 2023, the Group's third-party risk assessment platform, Coupa Risk Assess, 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 resilience. Through this system we also issued due diligence questionnaires aligned to the principles of the responsible supplier guidelines. More information is available in the Responsible procurement practices section on page 61.
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 Responsible procurement practices section on page 61 and the Combatting modern slavery section on page 69.
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 sustainability topics. More information is available in the Responsible procurement practices section on page 61.
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 principles 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 Meeting the changing needs of our customers section on page 30. 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 in the Our Group-wide policies relating to our sustainability strategy section on page 95. Our Privacy Policy governs the protection of data and complies with the General Data Protection Regulation. More information is available in the Our Group-wide policies relating to our sustainability strategy section on page 95.
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	33,070 (2022: 37,589). In 2023, complaints per 1,000 policies have remained broadly flat at 2 (2022: 2 complaints per 1,000 policies in force). More information on how we deal with customer complaints is available in the Meeting the changing needs of our customers on page 30.

HKEX KPI Requirement	Indicator	Disclosure
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 Meeting the changing needs of our customers section on page 30. 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 life cycle and employ the technology best suited for the business use cases. More information is available in Our Group-wide policies relating to our sustainability strategy section on page 95. Our Privacy Policy governs the protection of data and complies with the General Data Protection Regulation. More information is available in Our Group-wide policies relating to our sustainability strategy section on page 95. 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 in Our Group-wide policies relating to our sustainability strategy section on page 95. – Anti-Bribery and Corruption Policy – Anti-Money Laundering and Sanctions Policy – Group Escalation Policy – Group Counter Fraud Policy In 2023, 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 (2022: 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 71.

HKEX KPI Requirement	Indicator	Disclosure
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 communities and how we make investments and report against them.
Focus areas of contribution	B8.1	

Total Cash contribution by area of focus %	**2023**	2022	2021 (restated)
Education	**57%**	52%	51%
Social and welfare	**30%**	39%	31%
Environment	**2%**	0%†	2%
Cultural	**0%**	0%†	0%
Other	**4%**	1%	1%
Emergency relief	**3%**	4%	7%
Health	**4%**	3%	7%
Economic development	**0%**	0%	1%
Payroll giving	**0%**	0%†	0%

† 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 %	**2023**	2022	2021 (restated)
Asia	**95%**	95%	91%
United Kingdom	**0%**	3%	5%
Africa	**5%**	2	4%

Resources contributed to the focus area.	B8.2	Over the course of 2023, Prudential invested a total of $13.0 million, a 6% increase versus 2022 ($12.2 million), in community programmes through the Prudence Foundation – our community investment charity – and other community programmes led by our local markets. This demonstrated our continued commitment to bringing our sustainability goals to life with action and investment in the communities we operate in. More information is available in the Building resilient communities section on page 32.

SASB Insurance Standard

SASB Topic	Accounting metric	Code	Disclosure
Transparent Information and 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 customers	FN-IN-270a.1	$0 (2022: $0.2m)
	Complaints-to-claims ratio	FN-IN-270a.2	Total number of complaints received / total claims raised x 1,000 = 13 (2022: 17) 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 (2022: 2 complaints per 1,000 policies in force)
	Customer retention rate	FN-IN-270a.3	87% (2022: 89%) (excludes our joint ventures, China and India entities, and Takaful business in Malaysia)
	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 Meeting the changing needs of our customers section on page 30, and the Responsible product development section on page 31.

SASB Topic	Accounting metric	Code	Disclosure
Policies designed to incentivise 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 incentivise health, safety, and/or environmentally responsible actions and/or behaviours	FN-IN-410b.2	As a life insurer, this metric is not applicable to our business.

SASB Topic	Accounting metric	Code	Disclosure
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) modelled natural catastrophes and (2) non-modelled 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	Our annual review process monitors potential climate change impacts that may affect morbidity, mortality, and persistency levels across different regions. We then consider how these factors may impact our products. We also analyse the distribution of our customers across these various locations to assess their vulnerability to extreme climate events, in order to improve our understanding of both our exposure, and that of our customers, to climate risks. As a life and health insurer, we recognise the potential for climate change and government policies to impact the assumptions underlying our underwriting liabilities. Currently, we believe there is insufficiency of and uncertainty in data that would allow us to reliably use these assumptions for the valuation of our underwriting liabilities. Thus, the Group's assumptions for our life and health insurance business currently do not include additional assumptions related to the impacts of climate change. We will continue to engage with our regular experience analysis, to engage with reinsurers and monitor relevant academic studies. If material changes occur, we will consider the financial impacts of climate-related risks on our insurance liabilities.

SASB Topic	Accounting metric	Code	Disclosure
Systemic Risk Management	Exposure to derivative instruments by category: (1) total potential exposure to non-centrally 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 non-centrally cleared derivatives $29,621m (2) Total fair value of acceptable collateral posted with the Central Clearinghouse ($628m) (3) Total potential exposure to centrally cleared derivatives $21,916m
Activity Metric	Total fair value of securities-lending collateral assets	FN-IN-550a.2	$16.0m
	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 section 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: 17,388,924

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	All sustainability matters, including climate change, are overseen by the Board, which is responsible for determining overall strategy and prioritisation of key focus areas. This includes climate-related risks and opportunities, and providing rigorous challenge to management on progress against goals and targets. The Sustainability governance section sets out the climate-related responsibilities which have been assigned to the Board and relevant committees, including the processes and frequency by which they are informed about climate-related issues. Our governance for responsible investment is disclosed in the Responsible investment governance section. Prudential treats climate risk as a thematic cross-cutting risk type, with the potential to impact or amplify multiple existing risks that we manage, as described in the Identifying 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 Risk governance section of the Annual Report.	Sustainability governance on page 13 Responsible investment governance on page 45 Identifying climate-related risks on page 73 Risk governance on page 55 in the Annual Report and Accounts
How the Board and committees incorporate climate-related issues into decision-making	All sustainability matters, including climate change, are overseen by the Board, which is responsible for determining overall strategy and prioritisation of key focus areas. This is discussed in the Sustainability governance section, as the Remuneration Committee has agreed to attach carbon reduction targets to Executive Directors' 2024 Prudential Long Term Incentive Plan awards. More information can also be found in the Directors' remuneration report section of the Annual Report.	Sustainability governance on page 13 Directors' remuneration report on page 198 in the Annual Report and Accounts
How the Board monitors and oversees progress against climate-related goals and targets	The Risk Committee, another Board-level structure, oversees environmental and climate-related issues, including the implementation of the Group's commitments to decarbonise its operations and investment portfolio, and other climate-focused responsible investment commitments. The Risk Committee has a regular 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 Risk Committee considers and makes appropriate recommendations to the Board.	Sustainability governance on page 13

TCFD recommendation	Prudential Group response	Location
b. Describe management's role in assessing and managing climate-related risks and opportunities		
Guidance for All Sectors		
Climate-related responsibilities and accountability	Sustainability activities, including climate-related responsibilities and accountability, are overseen at a management level by the Group Sustainability Committee, chaired by the Chief Financial Officer, as described in the Oversight of climate change section. These committees report to the Board and Board committees, as described in the Sustainability governance section. Our governance for responsible investment is disclosed in the Responsible investment governance section.	Sustainability governance on page 13 Oversight of climate change on page 73 Responsible investment governance on page 45
Organisational structure	The climate-related organisational structure is included in the Sustainability governance, including climate change section.	Sustainability governance, including climate change on page 14
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. In addition, the Oversight of climate change section highlights how the Group Sustainability Committee oversees climate-related responsibilities and progress, and reports to the Risk Committee, which has ultimate oversight. Prudential treats climate risk as a thematic cross-cutting risk type, with the potential to impact or amplify multiple existing risks that we manage, as described in the identifying climate-related risks section. Our enterprise risk management processes, which is how management are informed on climate related matters, are described in the Risk governance section of the Annual Report.	Management oversight on page 13 Oversight of climate change on page 73 Identifying climate-related risks on page 73 Risk governance on page 56 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. The Group Sustainability Committee, chaired by the Chief Financial Officer, met five times in 2023. It is informed by other Committee members, including the Chief Risk and Compliance Officer, and Chief Investment Officer. Prudential treats climate risk as a thematic cross-cutting risk type, with the potential to impact or amplify multiple existing risks that we manage, as described in the Identifying climate-related risks section. Our enterprise risk management processes, which is how management is informed on climate-related matters, is described in the Risk governance section.	Management oversight on page 13 Identifying climate-related risks on page 73 Risk governance on page 56 in the Annual Report and Accounts

TCFD recommendation	Prudential Group response	Location
Strategy		
a. Describe the climate-related risks and opportunities the organisation 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 Assessing climate-related risks section.	Assessing climate-related risks on page 74
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 Assessing climate-related risks section.	Assessing climate-related risks on page 74
Processes used to determine which risks and opportunities could have a material financial impact on the organisation	We regularly analyse and assess the potential impact of risks associated with climate change. Our Group Risk Framework considers both emerging and significant risks. Climate risks are considered principal risks at the Group level, and subsequently receive enhanced management focus and reporting. An example includes review of risks and control self-assessment libraries that support the broader sustainability strategy. Furthermore our risk and strategy processes have identified climate-related risks and opportunities which could have a material financial impact on our organisation, as described in the Identifying climate-related risks section, the Impact on our businesses, strategy and financial planning section, and the Identifying and responding to climate-related opportunities section.	Identifying climate-related risks on page 73 Impact on our businesses, strategy and financial planning on page 75 Identifying and responding to climate-related opportunities on page 74
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 Impacts on assets section, the Impact on our businesses, strategy and financial planning section, and the Regional impact on our operations section.	Impacts on assets on page 76 Impact on our businesses, strategy and financial planning on page 75 Regional impact on our operations on page 76
b. Describe the impact of climate-related risks and opportunities on the organisation'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 and responding to climate-related opportunities section; – Supply chain and/or value chain, including carbon prices, in the Regional impact on our operations section, and the Carbon prices used in scenario analysis section; – Adaptation and mitigation activities in the Progress against our climate-related targets section; – Investment in research and development in the Understanding the link between climate and health section – Operations in the Responsible environmental practices section; and – Access to capital in the Impact on access to capital section. We did not have major strategic acquisitions or divestments during the year.	Identifying and responding to climate-related opportunities on page 74 Regional impact on our operations on page 76 Carbon prices used in scenario analysis on page 75 Progress against our climate-related targets on page 78 Understanding the link between climate and health on page 67 Responsible environmental practices on page 63 Impact on access to capital on page 77
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 our businesses, strategy and financial planning section. These risks are prioritised using the processes described in The Group's principal risks and the Risk governance sections.	Impact on our businesses, strategy and financial planning on page 75 The Group's principal risks on page 59 in the Annual Report and Accounts Risk governance on page 56 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 analysis 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 analysis on page 75 Impact on our businesses, strategy and financial planning on page 75
Our plans for transitioning to a low-carbon economy	We have made GHG emissions reduction commitments, as described in the Progress against our climate-related targets section. We have identified specific activities for transitioning to a low-carbon economy, as set out throughout our Climate Transition Plan.	Progress against our climate-related targets on page 78 Climate Transition Plan
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 Impact on strategic asset allocation section. We pursue these opportunities through our responsible investment approach, as described in the Integrating ESG throughout the investment process section. Our asset manager Eastspring Investments also factors in ESG considerations, including climate change, into their responsible investment strategy.	Impact on strategic asset allocation on page 77 Integrating ESG throughout the investment process on page 46 Eastspring Responsible Investment Report

TCFD recommendation	Prudential Group response	Location
c. Describe the resilience of the organisation'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 our businesses, strategy and financial 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 analysis section.	Impact on our businesses, strategy and financial planning on page 75 Climate-related scenario analysis on page 75
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 (including our investments and products & services) for the Group, as described in the Identifying and responding to climate-related opportunities' section. We identify climate-related risks that affect our strategy, as described in the Identifying climate-related risks section, and assess and manage these risks, as described in the Managing and responding to climate-related risks section.	Identifying and responding to climate-related opportunities on page 74 Identifying climate-related risks on page 73 Managing and responding to climate-related risks on page 74
How our strategy might change to address potential risks and opportunities	We recognise that our business purpose and strategy allows us to generate climate-related opportunities (including our investments and products and services) for the Group, as described in the Identifying and responding to climate-related opportunities section. Our strategy may also be impacted by climate-related risks, as described in the identifying Climate-related risks section, and how we Assess and manage these risks, as described in the Managing and responding to climate-related risks section.	Identifying and responding to climate-related opportunities on page 74 Identifying climate-related risks on page 73 Managing and responding to climate-related risks on page 74
A description of the climate-related scenarios used	We use climate-related scenarios, including <2°C scenarios, as described in the Climate-related scenario analysis section. We identified the related time horizons, as set out in the Assessing climate-related risks section.	Climate-related scenario analysis on page 75 Assessing climate-related risks on page 74
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 Impact on strategic asset allocation section. The climate-related scenarios we use in the strategic asset allocation process are described in the Climate-related scenario analysis section. We pursue these opportunities through our responsible investment approach, as described in the Integrating ESG throughout the investment process section.	Impact on strategic asset allocation on page 77 Climate-related scenario analysis on page 75 Integrating ESG throughout the investment process on page 46

TCFD recommendation	Prudential Group response	Location
Risk management		
a. Describe the organisation'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 Assessing climate-related risks section, and the 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 Group's principal risks and the Risk governance sections of the Annual Report.	Assessing climate-related risks on page 74 Managing and responding to climate-related risks on page 74 The Group's principal risks on page 59 in the Annual Report and Accounts Risk governance on page 56 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 Assessing climate-related risks section, and the Managing and responding to climate-related risks section.	Assessing climate-related risks on page 74 Managing and responding to climate-related risks on page 74
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. To develop a comprehensive view of the potential impacts of climate change on our business, the Group Risk Framework considers climate-related risks across three time horizons, by taking into account the expected benefits and paybacks of risk-based decisions. These time horizons are defined to reflect the periods over which transition and physical climate-related risks and opportunities could reasonably emerge. This is described in the Assessing climate-related risks section. More information can also be find in the Risk governance section of the Annual Report.	Assessing climate-related risks on page 74 Risk governance on page 56 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, which can be found in the Identifying climate-related risks section. More information can be found in the Risk governance section of the Annual Report.	Identifying climate-related risks on page 73 Risk governance on page 56 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 Central engagement section.	Central engagement on page 43

TCFD recommendation	Prudential Group response	Location
b. Describe the organisation'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 Assessing climate-related risks section, and the Managing and responding to climate-related risks section. These are also described in the Group's principal risks and Risk governance sections in the Annual Report.	Assessing climate-related risks on page 74 Managing and responding to climate-related risks on page 74 The Group's principal risks on page 59 in the Annual Report and Accounts Risk governance on page 56 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 Progress against our climate-related targets 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.	Progress against our climate-related targets on page 78 Responsible investment approach on page 45
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation'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 assessing climate-related risks section, and the managing and responding to climate-related risks section. These risks are integrated into our risk management framework, as described in the Group's principal risks and Risk governance sections of the Annual Report.	Assessing climate-related risks on page 74 Managing and responding to climate-related risks on page 74 The Group's principal risks on page 59 in the Annual Report and Accounts Risk governance on page 56 in the Annual Report and Accounts

TCFD recommendation	Prudential Group response	Location
Metrics and targets		
a. Disclose the metrics used by the organisation 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 Climate-related metrics section, including absolute and intensity metrics. The following metrics are provided: – Absolute Scope 1, Scope 2, Scope 3 in the Climate-related metrics section; – Proportion of executive management remuneration linked to climate considerations in the Directors' remuneration report in the Annual Report. We describe the following qualitatively: – Amount and extent of assets or business activities vulnerable to«transition and physical risks in the Impact on assets 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 and responding to 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 Integrating ESG throughout the investment process section.	Climate-related metrics on page 78 Directors' remuneration report on page 198 in the Annual Report and Accounts Impacts on assets on page 76 Regional impact on our operations on page 76 Identifying and responding to climate-related opportunities on page 74 Responsible investment approach on page 45 Integrating ESG throughout the investment process on page 46
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 81
How performance metrics are incorporated into remuneration policies	We incorporate climate-related performance metrics, as described in the Directors' remuneration report section of the Annual Report.	Directors' remuneration report on page 198 in the Annual Report and Accounts
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 analysis section.	Carbon prices used in scenario analysis on page 75

TCFD recommendation	Prudential Group response	Location
Metrics used to assess climate-related risks and opportunities	We provide the metrics used to assess climate-related risks in the Climate-related metrics section. We discuss qualitatively the climate-related risk management process in the Assessing climate-related risks section, and the Managing and responding to climate-related risks section, as well as opportunities from products and services designed for a lower-carbon economy in the Identifying and responding to climate-related opportunities section.	Climate-related metrics on page 78 Assessing climate-related risks on page 74 Managing and responding to climate-related risks on page 74 Identifying and responding to climate-related opportunities on page 74
Metrics for historical periods	We provide historical metrics in the Climate-related metrics section, so as to allow for trend analysis.	Climate-related metrics on page 78
Forward-looking metrics	We qualitatively discuss forward-looking metrics in the Forward-looking metrics section.	Forward-looking metrics on page 79
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
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 Climate-related metrics section.	Climate-related metrics on page 78

TCFD recommendation	Prudential Group response	Location
Supplemental Guidance for Asset Owners		
Metrics used to assess climate-related risks and opportunities in each fund or investment strategy	Weighted average carbon intensity (WACI) is useful as a proxy for transition risk within our investment portfolio, as a higher WACI usually indicates a gap in alignment with the goals of the Paris Agreement. Measuring WACI enables us to compare the intensity of emissions for different portfolios and assess improvements over time. More information can be found in the Climate-related metrics section.	Climate-related metrics on page 78
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 Climate-related metrics section, where we explain how these metrics have changed over time.	Climate-related metrics on page 78
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 79
Indication of which asset classes are included	The asset classes included are found in the Climate-related metrics section. Full details are in our Basis of Reporting.	Climate-related metrics on page 78 Basis of Reporting
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 in the Climate-related metrics section.	Climate-related metrics on page 78 Basis of Reporting
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 Climate-related metrics 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.	Climate-related metrics on page 78 Basis of Reporting

TCFD recommendation	Prudential Group response	Location
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 the Climate-related metrics section. The emissions are calculated in line with the PCAF Standard, as fully detailed in our Basis of Reporting, so as to provide a single consistent referable description of the methodologies.	Climate-related metrics on page 78 Basis of Reporting
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 Climate-related metrics section.	Climate-related metrics on page 78
c. Describe the targets used by the organisation 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 Progress against our climate-related targets 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.	Progress against our climate-related targets on page 78
Interim targets	We disclose our interim targets in aggregate in the Progress against our climate-related targets section, which also includes the associated medium-term and long-term targets.	Progress against our climate-related targets on page 78
Description of the methodologies used to calculate targets and measures	In our Climate-related metrics section, we describe how our WACI calculations are aligned with the international protocol of the Net Zero Asset Owner Alliance. For more information, please see our Basis of Reporting, where we fully describe the methodologies used to calculate targets and measures, so as to provide a single consistent referable description of the methodologies.	Climate-related metrics on page 78 Basis of Reporting

Our Group-wide policies relating to our sustainability strategy

Sustainability pillars and priorities	GGM policies	Owner and date of last review
Simple and accessible health and financial protection	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 Principles, 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 support our sustainability strategy. These values and standards include specific requirements regarding customers. In particular, the Group has committed to: – Treating customers fairly, honestly and with integrity; – Providing and promoting products and services that meet customer needs, are clearly explained and that deliver real value; – Maintaining the confidentiality of our customer information; – Providing and promoting high standards of customer service; and – Acting fairly and timely to address customer complaints and any errors we find.	Chief Executive Officer July 2023
	Our **Community Investment Policy** covers how we are committed to working with the communities in which we operate as active and supportive members. This also outlines our strategy for investing in the communities and how we make investments and report against them.	Chief Executive Officer July 2023
Responsible investment	The **Responsible Investment Policy** articulates how environmental, social and governance ('ESG') considerations are integrated into investment activities and processes in a consistent and coherent way. It describes our approach to ensuring external commitments and internal targets on responsible investment are met, and to ensuring the different objectives of responsible investment are taken into consideration when making investment decisions.	Chief Financial Officer July 2023
Sustainable business	Our **Group Environment Policy** outlines our approach in understanding and managing the direct environmental impact of the Group. This covers our measurement, monitoring, review and reporting of issues associated with our environmental performance.	Chief Financial Officer July 2023
	Our **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.	Chief Human Resources Officer May 2023
	Our **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.	Chief Human Resources Officer April 2023

Sustainability pillars and priorities	GGM policies	Owner and date of last review
	Our **Learning Policy** provides a framework to ensure that our employees receive continuous, high-quality, and relevant learning opportunities, to build skills for present and future success. We recognised that investment in their development is essential to building talent vitality, delivering against our business strategy and shaping the future success of the organisation.	Chief Human Resources Officer May 2023
	Our **Performance Management Policy** sets out the importance of our people and frames how we actively and consistently managing their performance throughout the year, laying the foundation and investing in their development to deliver against our strategy and the future success of the organisation.	Chief Human Resources Officer May 2023
	Our **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.	Chief Human Resources Officer May 2023
	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 those cooperating or participating in the investigation of a complaint.	Chief Human Resources Officer April 2023
	Our **Remuneration Policy** outlines our effective approach to appropriately rewarding our employees in a way that aligns incentives to business objectives and enables the recruitment, retention and incentivisation of high-calibre employees in line with our risk appetite and Group Reward Principles.	Chief Human Resources Officer May 2023
	Our **Talent Policy** demonstrates how we attract and select the best people for roles that will ensure high performance in the short term and improve the longer-term succession and talent pipeline. It sets out our fair and effective approach to pursuing this.	Chief Human Resources Officer May 2023
	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. Additionally, our policy considers the requirements of the UK Modern Slavery Act and the principles of the UN's Universal Declaration of Human Rights.	Chief Financial Officer November 2023

Sustainability pillars and priorities	GGM Policies	Owner and date of last review
Good governance and responsible business practices	The **Group Code of Conduct** details our required standards of business conduct to be used across the Group, and covers both our employees and individuals or organisations acting on our behalf. 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.	Chief Risk and Compliance Officer November 2023
	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.	Chief Risk and Compliance Officer July 2023
	Our **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.	Chief Risk and Compliance Officer September 2023
	Our **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 we make to comply with sanctions, laws and regulations by screening, prohibiting or restricting business activity, and following up through investigation.	Chief Risk and Compliance Officer July 2023
	The purpose of the **Group Escalation and Investigation Policy** is to set the framework by which the Group can conduct investigations that are in line with its regulatory and legal obligations, while meeting the demands of a competitive commercial organisation. The principles set out in this policy are, therefore, designed to enhance commercial opportunity, while minimising corporate risk.	Chief Risk and Compliance Office October 2023
	Our **Group Counter Fraud Policy** serves to support its business units in developing and maintaining effective fraud risk management frameworks that meet regulatory requirements and protect the interests of customers, shareholders, and employees. The policy also aims to enhance fraud detection, prevention, and investigation activities across the Group, and to provide a consistent approach to tackling fraud that safeguards the Group's reputation and resources. The policy outlines the roles and responsibilities of the Group Board, the Group Security function, and the business units in relation to fraud risk management.	Chief Risk and Compliance Officer July 2023
	Our **Group Resilience Policy** outlines the principles and requirements for ensuring the security and resilience of the Group's people, assets, and operations. The policy covers various aspects of physical and travel security, health and safety, and business continuity management. The policy also defines the roles and responsibilities of different levels of governance and oversight within the Group, as well as the processes for reporting, investigating, and responding to incidents and crises. The policy aims to comply with relevant legal and regulatory obligations, as well as to meet the demands of a competitive commercial organisation.	Chief Risk and Compliance Officer July 2023

Sustainability pillars and priorities	GGM Policies	Owner and date of last review
	The purpose of the **Group Information Security Policy** is to support the business to deliver on customer outcomes, business strategy, and any applicable legal and regulatory requirements by maintaining a secure and adaptable environment to do business. This policy has been developed to ensure the confidentiality, integrity, and availability of information systems and IT assets.	Chief Information Technology Officer July 2023
	Our **Group Data Policy** is centred on the principle that data must be well governed and effectively managed through its life cycle. The Policy provides a data, business, people and technology framework, which defines how we should manage data throughout its life cycle, and employ the technology best suited for the business use cases.	Chief Information Technology Officer July 2023
	Our **Group Privacy Policy** governs the protection of data and complies with the General Data Protection Regulation. Our Information Security Standard support our resilient information security programme across the organisation and our commitment to protecting the data entrusted to us by customers.	Chief Information Technology Officer July 2023
	Our **Speak Out policy** sets out our framework and controls relating to whistleblowing. It is a confidential reporting system that allows employees and other stakeholders to raise concerns about unethical or illegal activity within the Group. The policy aims to foster a culture of openness, honesty and accountability, and to comply with all relevant local regulatory and statutory requirements related to whistleblowing. The policy also provides protection from retaliation for those who report genuine concerns through the Speak Out programme.	Chief Risk and Compliance Officer July 2023
	Our **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.	Chief Financial Officer June 2023
	Our **Political Donations 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 elicit 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.	Chief Executive Officer July 2022

SECR Report

Our 2023 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 2023. Information on energy reduction initiatives across our Asian and African portfolio are included in the Responsible environmental practices section. We calculate our GHG emissions in line with the GHG Protocol methodology. Full details on the calculation methodologies used are available in the Basis of Reporting.

	2023	2023		2022		2021
	UK and offshore	Global (excluding UK and offshore)	UK and offshore	Global (excluding UK and offshore)	UK and offshore	Global (excluding UK and offshore)
Emissions from activities which the company owns and controls, including combustion of fuel and operation facilities (Scope 1) tCO_2e	**80**	2,027	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	**119**	18,215	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	**26**	12,292	219	16,719	177	34,900
Total gross Scope 1 and Scope 2 emissions (location-based) tCO_2e	**199**	20,242	254	21,272	244	40,470
Intensity ratio Scope 1 and Scope 2 (location-based): tCO_2e/m^2	**0.0263**	0.0622	0.0222	0.0640	0.0119	0.0850
Intensity ratio Scope 1 and Scope 2 (location-based): tCO_2e/fte	**1.8880**	1.3364	1.5875	1.4028	1.1675	2.3354
Energy consumption used to calculate above emissions: kWh (Scope 1)	**438,640**	9,701,578	671,652	7,039,834	663,621	19,252,400
Energy consumption used to calculate above emissions: kWh (Scope 2)	**573,330**	31,271,772	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 sustainability, 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);
- 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 2023 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 2023 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 therefore.

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);
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Prudential public limited company

Incorporated and registered in England and Wales

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