

Group Tax Risk Policy

The strategy of the Prudential Group ("the Group") is to capture the long-term structural opportunities for our markets and geographies, while operating with discipline and seeking to enhance our capabilities through innovation to deliver high-quality resilient outcomes for our customers.

Appropriately managed risks allow Prudential to take business opportunities and enable the growth of the business. Effective risk management is therefore fundamental in the execution of the Group's business strategy. Prudential's approach to risk management must be both well embedded and rigorous, closely aligned to the Group's key stakeholders and operate across the entire group. As the economic and political environment in which we operate changes, the Group's approach to risk management should also be sufficiently broad and dynamic to respond to these changes.

Risk management is embedded across the Group through the Group Risk Framework which details Prudential's risk governance, risk management processes and risk appetite.

Tax risks are caused by uncertainties in tax as a result of:

- the exercise of judgment in the interpretation of complex tax law;
- the challenges that come from governments making changes to tax laws (in some cases frequently, immediately or retrospectively); and
- the breadth, volume and complexity of tax compliance arrangements.

The purpose of the Group Tax Risk policy is to:

- Provide a consistent Group-wide definition of tax risk;
- Describe the governance structure around managing and identifying tax risk;
- Set the appetite limits for tax risk and describe our risk culture;
- Define the requirements for tax risk identification, categorisation and reporting; and
- Define the assurance requirements.

Alongside setting the tax risk appetite, the policy makes clear that the Group has no appetite for adopting a technical judgment which is based on an aggressive interpretation of the relevant tax law, nor has the Group any appetite for adopting a technical judgment where external tax advice has been obtained and has indicated a "less likely than not" chance of success.

The effective implementation of the Tax Risk policy and the necessary supporting processes form an integral part of enhancing risk management, meeting Prudential's regulatory requirements and the expectations of external stakeholders (including tax authorities and regulators).

A summary of the Group's approach to managing tax risk is included each year in the annual refresh of the published tax strategy.