



# Sustainability at Prudential

## **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 in support of the UN Sustainable Development Goals 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.






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At Prudential, sustainability is at the core of what we do. More than just words on a page, our refreshed strategy is an integrated, purposeful approach, which goes beyond managing ESG risks to 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.”

Anil Wadhvani, CEO, Prudential plc



# Our sustainability strategy

|             |   |  |   |   |
|-------------|---|--|---|---|
| Ambition    | Sustainability for real-world impact and long-term resilience   |  |   |   |
| Purpose     | For Every <i>Life</i> For Every <i>Future</i>   |  |   |   |
| Pillars     |  <p><b>Simple and accessible health and financial protection</b><br/>Increase access to health and financial protection for every life</p>   |  <p><b>Responsible investment</b><br/>Enable a just and inclusive transition to net zero for every future</p>   |  <p><b>Sustainable business</b><br/>Embed sustainability into our business and value chain to amplify the pace and scale of our impact</p>   |   |
| Priorities  | <p><b>Delivering partnerships and digital innovation for health outcomes</b><br/>Drive positive health outcomes through partnerships and digital innovation</p> <hr/> <p><b>Developing sustainable and inclusive offerings</b><br/>Develop sustainable and inclusive offerings to increase access to protection for underserved customer needs and communities</p> <hr/> <p><b>Building resilient communities</b><br/>Support the communities in which we operate, building resilience through the work of our business units and Prudence Foundation</p> | <p><b>Decarbonising our portfolio</b><br/>Committed to decarbonise our portfolio and become a net zero asset owner by 2050</p> <hr/> <p><b>Financing a just and inclusive transition</b><br/>Financing a just and inclusive transition with emerging markets considerations at the forefront</p> <hr/> <p><b>Mainstreaming responsible investments in emerging markets</b><br/>Leverage our influence as asset owner to mainstream responsible investments in emerging markets</p> | <p><b>Empowering our people</b><br/>Empower our talent pool by upgrading their sustainability capabilities and advancing our diversity, equity, inclusion and belonging strategy</p> <hr/> <p><b>Establishing sustainable operations and value chain</b><br/>Embed sustainability in our day-to-day operations as a business, including with our suppliers and partners</p> <hr/> <p><b>Harnessing thought leadership to shape the agenda</b><br/>Leverage our advocacy power to shape a sustainability agenda that places emerging markets considerations at the forefront</p> |   |
| Foundation  |  <p><b>Good governance and responsible business practices</b><br/>Corporate governance, conduct and ethics, risk management, external reporting and benchmarking</p>    |  |   |   |
| New targets | 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 |

# Our sustainability highlights



## Simple and accessible health and financial protection

Delivering partnerships and digital innovation for health outcomes

17.4 million

total life segment policies in force

Established partnership

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



Developing sustainable and inclusive offerings

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



Building resilient communities

13.0 million

invested in building community resilience

2 million

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



## Responsible investment

Mainstreaming responsible investments in emerging markets

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<sup>1</sup> status

Decarbonising our investment portfolio

Upgraded our WACI reduction target from 25% to

55% by 2030

against our 2019 baseline

Ongoing engagement with companies responsible for

65%

of absolute emissions in our investment portfolio



Financing a just and inclusive transition

Established a new investment target

on financing the transition, which operates as an underpin for our WACI reduction target

Anchor investor of the largest equity ETF fund

in Singapore (at time of launch) - iShares MSCI Asia ex Japan Climate Action ETF



## Sustainable business



Empowering our people

'This is Me'

partnership to normalise conversation on mental health, neurodiversity and disabilities

Targeting

40% women

in our Group Leadership Team by the end of 2026



Harnessing thought leadership to shape the agenda

Connecting Health and Climate:

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

Continuing to

advocate for emerging market sustainability and climate-related issues

at major events and summits

Establishing sustainable operations and value chain

22% reduction

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

Conducted

Modern Slavery

risk awareness training in partnership with the Remedy Project for 180 employees

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



# Our targets and progress

| Targets   | Timing  | Board's evaluation of progress  |
|---|---------|---|
| <b>Responsible investment</b>   |         |   |
| <b>New</b> Deliver a 55% reduction in the carbon emissions <sup>^</sup> intensity of our investment portfolio by 2030 against our 2019 baseline   | By 2030 | ➔ <b>On track</b><br><br>During 2023 we reduced the weighted average carbon intensity (WACI) of our portfolio by 50% against our 2019 baseline                              |
| <b>New</b> 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 | <b>New target</b>   |
| Engage with the companies responsible for 65% of absolute emissions in our investment portfolio   | Ongoing | ✓ <b>Fully met</b><br><br>This is an ongoing annual target, which we have fully met in 2023 for the identified cohort of companies  |
| 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 | ➔ <b>On track</b><br><br>We achieved an intensity ratio of 0.95 tCO <sub>2</sub> e/FTE for 2023, putting us on track to meet our 2030 target of 1.65 tCO <sub>2</sub> e/FTE |
| <b>Sustainable business</b>   |         |   |
| Employ 35% of women in senior management <sup>†</sup> by the end of 2023  | By 2023 | ✓ <b>Fully met</b><br><br>At 31 December 2023, the representation was 35%, in line with our 2023 target   |
| <b>New</b> Ensure 40% of women in Group Leadership Team <sup>‡</sup> by the end of 2026   | By 2026 | <b>New target</b>   |
| <b>New</b> All people managers to have sustainability-linked KPIs by the end of 2026  | By 2026 | <b>New target</b>   |

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.

<sup>^</sup> Carbon emissions refers to carbon dioxide equivalent emissions (CO<sub>2</sub>e) per the Greenhouse Gas (GHG) Protocol, including carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF<sub>6</sub>) and nitrogen trifluoride (NF<sub>3</sub>).

<sup>†</sup> 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.

<sup>‡</sup> 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.

# Progress highlights

## Simple and accessible health and financial protection

We are proud to share two examples from our markets where we have taken steps to further our aspiration to fill the health and financial protection gap:

In Malaysia, the established PRUKasih CSR scheme evolved 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 daily hospitalization allowance, funeral expenses, as well as both death benefit and an extra accidental death payout. PRUKasih Aman has provided protection to 9,700 individuals from low-income communities and disabled group since its introduction in late 2022.

In the Philippines, we 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.

PRUKasih Aman has provided protection to **9,700** individuals from low-income communities and disabled group since its introduction in late 2022.



## Responsible investment



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

**Prudential pioneered sustainability bond issuance 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. 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 CGIF2 respectively, and demonstrate how blended finance can effectively mobilise private finance and grow local currency capital markets.

In Vietnam, in partnership with Climate Bonds Initiative (CBI), **Prudential Vietnam explored green financing solutions** with Vietnamese stakeholders through the organisation of 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.

The bond will channel its proceeds of **\$20 million** into supporting local projects that address climate-related risks

## Sustainable business

In 2023, we launched PruWay, a set of five fundamental values that define who we are and what we represent.

All people managers are required to have sustainability-linked KPIs by the end of 2026. As part of our refreshed sustainability strategy, we rolled out sustainability training for our people so that they have a common understanding of what sustainability means at Prudential and how it aligns with our business strategy. To further demonstrate our commitment, sustainability metrics constitute 10% of the total Executive Directors' 2024 Prudential Long Term Incentive Plan awards, of which 5% is linked to carbon reduction and another 5% linked to diversity.

The **Prudential EOS Climate Impacts Initiative**, a two-year partnership with the Earth Observatory of Singapore (EOS) at Nanyang Technological University (NTU) in Singapore **explores 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. 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.

Sustainability metrics constitute **10%** of the total Executive Directors' 2024 Prudential Long Term Incentive Plan awards



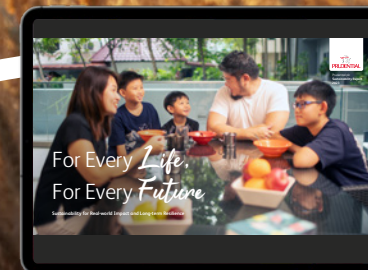
# Looking ahead

We will be taking a strategic and integrated approach to **refining our social sustainability strategy**, ensuring we deploy all available resources and assets at hand to advance our diversity and inclusion efforts and contribute to increasing access to health and financial protection across our markets.

We will be **developing our position on nature and biodiversity** and will integrate this into our net zero ambition and climate management approach.

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 into the interconnectedness between climate and health.

**Build a socially responsible organisation**, where our people find fulfilment in applying their skills to our sustainability ambition and can contribute meaningfully.



For more information, please read our Sustainability Report or visit our website here