Prudential's approach to ESG

During 2021, Prudential strengthened its focus on ESG, building on the new ESG strategic framework that we developed in 2020. This framework is aligned to our business strategy and our purpose of helping people to get the most out of their lives by making healthcare affordable and accessible and by promoting financial inclusion.

Overview

When we set out to create our ESG framework, we were largely informed by the trends of a pre-pandemic world, including the rise in conditions such as heart disease and diabetes, and changing demographics expanding health, protection and savings gaps. We know now, two years into the Covid-19 pandemic, that many of these trends have been exacerbated and, in many ways, reinforced. This analysis underlines the importance of placing our ESG strategy at the core of our business strategy.

We have made significant progress in 2021, which we are proud to present in this report. We established our Board Responsibility and Sustainability Working Group (RSWG) to oversee our work in this area. As a significant asset manager and asset owner in regions forecast to be severely impacted by climate change, Prudential has a distinctive role to play in the transition to a low-carbon economy. Recognising this, in May 2021 we set a target to be net zero by 2050 for our insurance assets, supported by a 25 per cent reduction in emissions from our investment portfolio[1] by 2025. We are reporting the weighted average carbon intensity (WACI) of our investment portfolio for the first time in 2021.

The breadth of stakeholders with whom we engage on ESG topics continues to expand and we have been pleased to engage with investors, rating agencies, NGOs, governments, regulators and our colleagues on our framework and to bring their feedback into our ongoing thinking. A number of our ESG ratings have improved in 2021, notably Sustainalytics, CSA and ISS, though we recognise that expectations rightly continue to increase and therefore we will keep our focus on maintaining and improving our ratings as an indicator of the outcomes we aim to contribute to and achieve.

Across Prudential, inclusivity runs as a common theme in all of our ESG activity. Within our core business activity of making health accessible, we seek to make our products as inclusive as possible, and during 2021, we developed a campaign, We DO Family, to support the development of more inclusive products that recognise the evolution of nuclear families; our approach to climate change is underscored by our commitment to an inclusive transition in our markets; and, as we build social capital through trusted relationships with our employees, on whom our success depends, we demonstrated our commitment to diversity and inclusion through the launch of PRUCommunities, our inclusion on the Bloomberg GEI for the first time in 2021, and the commitment by our businesses to the UN Women's Empowerment Principles.

The International Association of Insurance Supervisors (IAIS) recently commented that 'there is growing acknowledgment that advancing diversity, equality and inclusion (DE&I) within insurers' organisations and business models supports sound prudential and consumer outcomes and sustainability objectives'.

We consider this focus on inclusivity, both internally and externally, to be central to our approach and the outcomes we support.

Supporting a just and inclusive transition

We fully support the urgent need to reduce global greenhouse gas emissions to net zero to limit climate change. We are particularly conscious of what the potentially catastrophic impacts of climate change may mean for the communities in which we operate – and millions of our customers – in Asia and Africa. At the same time, the transition to a low-carbon economy also impacts the communities in which we operate as they are currently more dependent on burning fossil fuels for electricity and have fewer means to finance the transition.

We recognise that our responsibilities go beyond finance and we want to support communities, companies and governments during this transition. Therefore our chosen approach continues to give thoughtful consideration to the need for a just and inclusive transition in the following ways:

- We unveiled a pledge to become a net-zero asset owner by 2050, committing to specific short-term targets to engage with companies to help decarbonise our considerable financial assets. In setting these targets and thresholds, we seek to maintain investment in companies providing essential services to communities while they actively transition to alternatives, such as renewable energy companies that may still have a small element of coal revenue.
- We actively support this transition by bringing an emerging market perspective to the decarbonisation discussions, such as our involvement at COP26, our involvement in bodies such as the Net Zero Asset Owner Alliance, and our continued support of the Energy Transition Mechanism as an example of the practical private-public solutions needed to progress the energy transition.
- We believe that the responsible approach in the communities in which we operate is to engage and support the transition, rather than to divest of all fossil fuel based companies who are providing essential needs.
- We continue to serve first-time customers and under-served communities through a range of innovations, recognising that these groups, especially women and girls, are more heavily impacted by the effects of climate change.
- We also strengthened our efforts in creating inclusive workplaces, supporting both external and internal communities while celebrating diversity in thought and culture.

As we move forward, we know this approach may impact our ability to decarbonise at a pace achievable in developed markets, but we believe this to be the right responsible long-term approach in our markets.

Note

[1] Our investment portfolio ('investment portfolio') includes both listed equities and corporate bonds, while excluding assets held by joint venture businesses and assets in unit-linked funds as we do not have full authority to change the investment strategies of these. Further information is provided in the Basis of Reporting at www.prudentialplc.com/~/media/Files/P/Prudential-V13/esg-report/basis-of-reporting-2021

Targets

The Board and management recognise the importance of targets in evidencing its commitment to progress on ESG topics. To date, Prudential has established targets in relation to the decarbonisation of its investment portfolio, its Scope 1 and 2 targets and the gender diversity of its senior leadership team. From 2022, the decarbonisation target will be included in the long-term incentive plan. Further information is available in the Directors' remuneration report.

During 2021, the business has made good progress on each of these as set out in the table below and in the relevant sections of this report.

Target	Board's evaluation of progress	Detail in report
25% reduction in the carbon emissions of the investment portfolio by 2025	On track	PAGE 82 >
Divestment from all direct investments in businesses that derive more than 30% of their income from coal, with equities to be fully divested by the end of 2021 and fixed-income assets by the end of 2022	Achieved for equity holdings On track for fixed income assets	PAGE 83 >
Engagement with the companies responsible for 65% of the absolute emissions in our investment portfolio	On track	PAGE 83 >
25% reduction (per FTE) in Scope 1 and 2 reduction by 2030	On track	PAGE 89 >
Women in Finance Charter target of 30% of women in senior leadership by end of 2021	Achieved, with 35 per cent of senior leadership roles filled by women at 31 December 2021	PAGE 98 >

We will continue to review and update our ESG strategy in line with our business strategy, and all carbon metrics and targets – both near-term and longer-term – will be regularly reviewed to take into account evolving scientific data and stakeholder expectations.

The above targets are as at 31 December 2021. The Board will continue to evolve these as the Group progresses on its ESG journey, and such future targets may include, but not be limited to, responsible investment and diversity.

Challenges and goals

As recognised at COP26, limiting global warming to 1.5°C requires rapid, deep and sustained reductions in global greenhouse gas emissions in the coming years, particularly in the period to 2030. Action will be required from all players across both the private and public sectors. Prudential is committed to working alongside the governments in the markets in which it operates, multi-lateral development banks and others. This urgent need for action informs the goals and challenges of the coming three to five years.

Within an ESG context, our goals for the coming three to five years include:

- Achievement of the decarbonisation targets set out in May 2021, and articulation of further targets as appropriate, aligned with our ambition of pursuing a just and inclusive transition;
- Identifying where the impacts of climate change touch on access to health and financial security, and seeking to address these to support our customers;
- Offering savings and protection products to underserved populations, particularly recognising that these groups, especially women and girls, are more heavily impacted by the effects of climate change and the Covid-19 pandemic; and
- Evolving our Scope 1 and 2 target from 'carbon neutral by 2030' to 'net zero by 2030'.

Challenges to the achievement of these goals will include:

- Continually balancing the need for decarbonisation with sustainable development through a just and inclusive transition, and particularly how to achieve decarbonisation targets as the Group grows in its key markets of India, China, Malaysia and Thailand, which remain highly reliant on coal and other fossil fuels;
- Setting a net-zero target for our Scope 1 and 2 emissions from our own operations while recognising that renewable energy options remain limited in some of our markets, and the offset market matures; and
- Balancing the interests of all our stakeholders across both developing and developed markets, acknowledging their varying capacity and perspectives.

ESG governance

The Board considers ESG to be integrated and aligned with our core business strategy of helping people to get the most out of life. It recognises the major role that Prudential can continue to play across Asia and Africa, as well as in the long-term success, resilience and health of the communities in which we operate. As such, ESG matters, including climate change, are overseen by the Board, which is responsible for determining overall strategy and prioritisation of key focus areas.

In early 2021, the Board noted the importance of embedding the ESG Strategic Framework within the Group. It also noted the need to focus on progressing related matters such as the development and embedding of the Group's purpose and values, progressing diversity and inclusion (D&I) priorities, and building upon employee engagement activities. Accordingly, the Board established the Responsibility and Sustainability Working Group (RSWG). The RSWG is chaired by Alice Schroeder and comprised four Non-executive Directors during 2021 (Alice Schroeder, Jeremy Anderson, Fields Wicker-Miurin and Jeanette Wong, who replaced Kai Nargolwala).

The RSWG formally met five times during 2021. The main items dealt with were:

- The development and embedding of the ESG strategic framework;
- ESG reporting matters including:
  - recommendation of the approval of the 2020 ESG report to the GAC and the Board;
  - discussion and agreement of an approach for our FY21 reporting, acknowledging that the ESG reporting landscape is constantly evolving and disclosures would therefore need to be considered and enhanced year on year;
  - training on new Hong Kong and global reporting standards; and
  - oversight of the approach, preparation and review of the 2021 Report as set out below.
- Consideration and recommendation to the Board of the Group's new carbon reduction targets, ahead of the announcement made in May 2021;
- People and culture matters including:
  - oversight of how the Group's Culture framework has been embedded throughout the organisation, monitoring the development of metrics for measuring culture and reviewing a quarterly dashboard on People-related data;
  - ensuring a cohesive diversity and inclusion strategy is embedded across the Group, regularly monitoring progress against key metrics, with specific focus on the Global Talent Sponsorship Programme, the embedding of diversity within recruitment process, and the launch of the PRUCommunities Programme; and
  - oversight for the Group's workforce engagement activities from May 2021. Members of the Working Group and the Board as a whole attended a variety of both formal and informal events. Full details of these activities can be found within the S.172 statement on pages 138.
- Oversight of Group's corporate and social responsibility programmes and how they align and work with the Prudence Foundation, for which it received regular updates on its long-term work. Deep dives were presented on some of the Foundation's flagship programmes and discussions were held on the Foundation's aspirations moving into 2022 and aligning the Foundation's work with the Group's climate commitments.
- The Working Group also assisted the Board by reviewing the Group Code of Business Conduct and the Group Modern Slavery Statement, recommending both for approval by the Board.

In terms of the specific preparation of this report, the RSWG considered this throughout its development:

- July 2021: the proposed approach to the Group's 2021 ESG Report, including the consideration of various voluntary reporting frameworks approving alignment with the SASB Insurance Standard, the HKSE requirements and the approach to materiality for 2021;
- October 2021: the outline of the 2021 report;
- February 2022: reviewed the first draft; and
- March 2022: final approval.

The Working Group was set up to run until the 2022 AGM and asked to consider future governance arrangements for responsibility and sustainability matters as part of its remit. The Working Group has operated very effectively as a forum for oversight and discussion of a number of topics that have required additional Board-level focus. In order to build upon the success of its first year, the Board has agreed with the Working Group's recommendation that it continue in operation for a further year until the 2023 AGM. Thereafter we will review the evolving agenda and priorities of the Board, the assignment of responsibilities to the Board's Committees and consider how best to ensure that key topics receive the appropriate time and attention at Board-level.

Management oversight

ESG activity, including the impacts from climate change, is overseen at a management level by the Group ESG Committee chaired by the Group Chief Financial Officer and Chief Operating Officer, in his role as ESG sponsor. He will continue to chair this Committee in his role as Interim Group CEO. Membership of the Committee includes the Group Chief Risk and Compliance Officer, the Group HR Director and senior representatives from the Group's asset owner and asset management businesses, including the Chief Executives of Eastspring and PACS (Prudential's Singapore business). One of the Group ESG Committee's responsibilities is to oversee the Group's progress towards fulfilling our commitment to report against the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). In 2021, the Group ESG Committee reported to the Board through the RSWG. Further information on the governance and oversight of our responsible investment activity is provided on page 107.

Prudential plc Board

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

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

Board Responsibility and Sustainability Working Group

- Meeting frequency in 2021: five times
- Oversees the embedding of the Group's ESG strategy, including people, culture and communities, on behalf of the Board
- Reviews information presented within the ESG report
- Oversees the Group's ongoing commitment relating to TCFD
- Chaired by Alice Schroeder. Members are four Group Non-executive Directors
- Attendees include Group Chair, Group CEO, Group CFO & COO, Group CHRO

Remuneration Committee

- Meeting frequency in 2021: four times
- Supports the ESG strategy through alignment of the Group's incentive plan to external ESG targets

Group Audit Committee

- Meeting frequency in 2021: five times
- Oversees the Group's financial statements and non-financial disclosures, including climate-related disclosures
- Oversees whistle-blowing programme

Group Risk Committee

- Meeting frequency in 2021: five times
- Supports the ESG strategy by ensuring the risks, including people, culture and climate-related risks and opportunities, are effectively managed

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Chief Executive and Management Team

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

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Group ESG Committee

- Focused on the holistic assessment of ESG matters, including climate change, that are material to the Group
- Chaired by Group CFO & COO
- Members include asset owner and asset manager CEOs, Group CRCO, Group CHRO

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Group Responsible Investment Advisory Committee (GRIAC)

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

Prudential Sustainability Advisory Group (PSAG)

- Advise on communications and reporting of ESG-related matters, and on developing business unit ESG strategies consistent with the Group strategy
- Chaired by Chairman of Prudential Insurance Growth Markets.
- Members include ESG and other specialists, and business representatives

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

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Local business units

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

Description of ESG strategic framework

The key features of our ESG framework are its three strategic pillars, which have clear alignment with our business strategy. Within each of these, specific focus areas have been identified where there is an opportunity for Prudential to make a meaningful impact, and as such greater focus will be placed on these.

THE PILLARS AND FOCUS AREAS ARE:

Making health and financial security accessible

- Digital innovation
- Inclusive offerings
- Promoting financial literacy

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CORPORATE PURPOSE

Helping people get the most out of life

Building social capital

- Digital responsibility
- Diversity, inclusion and belonging

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Stewarding the human impacts of climate change

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

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THE FOLLOWING STRATEGIC ENABLERS SUPPORT THESE PILLARS:

Good governance and responsible business practices

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Responsible investment

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Community engagement and investment

READ MORE **PAGE 113** >

Our 2021 ESG Report is structured in line with this framework and provides an update on our progress in the year across each of the pillars and enablers.

The United Nations Sustainable Development Goals (SDGs) are universally recognised and provide a transparent and standardised mechanism of illustrating the intended outcomes of our strategy. In aligning with the SDGs, the Group is focused on those where we can make a meaningful impact because of the close relationship with our purpose and business strategy.

We have aligned with the SDGs at a target-level for the following goals and intended outcomes:

SDG	SDG target		Intended outcome	How Prudential can support this outcome
1 No poverty	1 NO POVERTY	**1.4, 1.5**	Increased access to quality healthcare services, and financial services for the poor and the underserved, including microfinance. Improved resilience of the poor and reduction in their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters, where there are no, or limited, social safety nets.	Innovate to develop new financial products and distribution channels to advance financial inclusion (page 75) Provide products at a lower ticket size to enhance affordability Enable financial literacy to promote understanding of the need for health and protection products
3 Good health and wellbeing	3 GOOD HEALTH AND WELL-BEING	**3.8, 3.d**	Strengthened capacity of our local (and developing) markets, for early warning, risk reduction and management of national and global health risks. Increased access to quality healthcare and financial risk protection for all across Asia.	Scale health and protection policies for people on all incomes (page 76) Collaborate with community organisations to support health promotion, safety and resilience activities (page 113)
8 Decent work and economic growth	8 DECENT WORK AND ECONOMIC GROWTH	**8.3**	Promoted development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, including through access to financial services.	Expand support for small and medium-sized enterprises (page 77) Investments in business and industry underpinning growth and supporting the development of capital markets. Provide financial literacy support and tools to communities.
13 Climate action	13 CLIMATE ACTION	**13.1, 13.3**	Strengthened societal adaptive capacity in respect of climate-related hazards. Improved education, awareness and human capacity on climate change mitigation, adaptation, impact reduction and early warning.	Measure, manage and publicly disclose the carbon footprint of our investment portfolio. Be an active steward of the investments in our portfolio companies, engaging with management and exercising shareholder voting rights (page 109) Collaborate with community organisations to support resilience and disaster recovery activities (page 115)

Approach to materiality and stakeholder engagement

As set out in the 2020 ESG report, the Group's ESG framework was developed following a rigorous process, which identified key ESG expectations from investors, rating agencies, government and regulators, stock exchanges, NGOs, industry and independent organisations, media and employees. This comprehensive stakeholder engagement informed the materiality assessment for the purposes of our 2020 ESG reporting. Through this analysis, the three strategic pillars and three enablers were identified and defined, and these proposals were discussed with stakeholders across the Group to ensure that our ESG strategy was fully integrated into the business.

As the ESG strategy is still being embedded, and in line with best practice, the 2021 materiality review was carried out by refreshing the 2020 process. The 2021 review acknowledged that the ESG landscape and stakeholder expectations are evolving quickly, and that Prudential's business continues to evolve. The 2020 ESG strategy analysis considered both internal and external stakeholder expectations and business strategic priorities to identify the key ESG themes to form the basis of the Group's ESG strategy and, as such this continues to meet the HKSE materiality requirement. During 2021, we discussed our ESG framework through normal-course interaction with external stakeholders, including regular investor meetings with specialist and generalist investors, and meetings with NGOs including ShareAction. This allowed management to consider the extent to which the framework is appropriate and resonant to stakeholders.

Management noted that the focus on a just and inclusive transition in our developing markets and how it has informed our decision-making was of particular interest to many stakeholders. Many of these stakeholders approach the discussions from a more developed-market perspective, and therefore have appreciated this additional context. The Group has outlined its commitment to enabling a just and inclusive transition to a low-carbon economy, and its recent net-zero commitments further support this strategic focus. This demonstrates alignment between stakeholder priorities, the Group's material ESG issues and the Group's strategic activity.

Across all stakeholder groups consistent themes arose, namely climate change, human rights and supply chain issues and disclosure of specific ESG metrics. Many of the topics raised by stakeholders are covered within the Group's ESG strategic framework and as a result of the 2021 work, certain additional topics have been deemed to be material and to be the key ESG topics and strategic priorities in managing ESG issues for the short and medium term. The table below shows how these topics are linked to our strategic framework and how they have evolved between 2020 and 2021.

The Group will continue to focus on enhancing its disclosure of these material areas in the coming years. Biodiversity and broader nature-based considerations are emerging topics among certain stakeholder groups. This will be kept under close review and is being tracked by the Group Responsible Investment Advisory Committee.

Engagement with the Group's stakeholders has highlighted more generally the continuing appetite for data and metrics to monitor and measure the Group's ESG performance and impact. The appetite for greater transparency on the Group's workforce composition and turnover and for metrics for customer complaints will be met by disclosing against the new HKSE social KPI requirements and the adoption of the SASB Insurance Standard, as set out below.

Material topics – Prudential's ESG strategic pillars and enablers	Material subtopics	Changes
Making health and financial security accessible	> Digital innovation > Inclusive offerings, including the social impact and benefit > Promoting financial literacy > Customer relationships, including satisfaction	Expanded discussion of digital innovation to include financial management as well as health Enhanced focus on the social impact of products within inclusive offerings Customer relationships moved into health pillar reflecting its importance; increased references to customer satisfaction
Stewarding the human impacts of climate change	> Decarbonisation of our investment portfolio > Supporting a just and inclusive transition > Management of direct operational environmental impacts	Management of direct operational environmental impacts considered as a discrete topic given its importance and setting of public targets
Building social capital	> Diversity, inclusion and belonging > Digital responsibility	Diversity, inclusion and belonging remains a material subtopic and is presented in the context of our broader employee relationship and value proposition
Responsible investment	> Responsible investment	Material topics unchanged
Good governance and responsible business practices	> Standards of behaviour > Responsible supply chain > Responsible tax practices > Mitigating financial crime > Whistleblowing > Responsible working practices	Enhanced focus on responsible supply chain, including human rights
Community engagement and investment	Supporting communities across three main areas: > Health > Education > Safety	Material topics unchanged

Approach to ESG reporting

As a Hong Kong-listed company, Prudential's ESG reporting must follow the requirements of the Hong Kong Stock Exchange (HKSE), as well as the UK Listing Rules. In December 2019, the HKSE Listing Rules for ESG reporting were updated to include a number of new 'comply or explain' provisions. The new requirements are effective for financial years commencing on or after 1 July 2020 and Prudential's 2021 ESG report has been prepared in accordance with these requirements.

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

Materiality	Discussion of 2021 approach outlined in 'Approach to materiality' section above.
Quantitative	As reporting maturity develops, the Group continues to work towards disclosing more comparable and quantitative information. For 2021, additional metrics have been provided in compliance with the HKSE requirements and the voluntary adoption of the SASB Insurance Standard (see below).
Consistency	The FY21 report has been prepared on a consistent basis to FY20, with the exception of the treatment of Jackson. Unless otherwise stated, Jackson has been excluded from the commentary on FY21 performance and from quantitative disclosures as at 31 December 2021. The Scope 1 and 2 disclosures have been provided both including and excluding Jackson, in order to provide a baseline for future reporting.
Reporting boundary	Consistent with prior years, the scope of the report, and data therein, excludes joint venture partnerships, notably our joint ventures in India and China, and the Takaful business in Malaysia, unless otherwise stated.

New HKSE disclosures are included in the relevant sections of the report, and an index is included at the end of the ESG report to set out how Prudential has met each of the new HKSE reporting requirements.

Prudential is a supporter of the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). Prudential has included climate-related financial disclosures in this report consistent with the TCFD recommendations and the TCFD's recommended disclosures. We have included in our ESG report the material climate-related financial disclosures consistent with the four recommendations and the eleven recommended disclosures set under TCFD. These disclosures are principally set out in the following sections of this report: ESG Governance, Stewarding the Human Impact of Climate Change and Responsible Investment. An index is included at the end of the ESG Report to demonstrate how Prudential is meeting the TCFD recommendations.

In October 2021, the TCFD released additional guidance implementing the 'Recommendations of the Task Force on Climate-related Financial Disclosures' (2021 TCFD Annex). Some of the additional guidance in the 2021 TCFD Annex will require more time for us to fully consider. We will start this review over the course of 2022.

As well as the work to enhance internal management and reporting of climate-related information, we participate in external benchmarks to provide additional visibility to stakeholders on our climate-related activity. We aim continually to improve the transparency and utility of our reporting. In 2021, we continued to participate in CDP (formerly the Carbon Disclosure Project) and maintained our score with a B grading (2020: B). Given our strategic focus on Asia and Africa, we decided not to renew our membership of ClimateWise, which has a predominantly UK focus.

The Group welcomes recent developments around sustainability reporting standards under the remit of the IFRS Foundation. In parallel to tracking the convergence in sustainability reporting standards that is anticipated in the coming years, the Group is committed to enhancing its disclosures. The goal is to enhance, over time, the sophistication of our sustainability disclosures in line with stakeholder expectations, in a way that does not inhibit the straightforward adoption of new reporting requirements as convergence takes place. To this end, during 2021 we reviewed various voluntary reporting frameworks and decided to prioritise reporting in line with the SASB Insurance Standard for 2021. This approach was discussed and agreed with the Group ESG Committee and RSWG in July 2021. An index is included at the end of the ESG report to set out how Prudential has met each of the new requirements.

While assurance of ESG data is not required by the HKSE, it is encouraged as part of the HKSE's 2020 update to the ESG Listing Rules. Historically, the Group has sought limited assurance on selected indicators within the Group's ESG report. These indicators cover community investment data, employee diversity data and environment data.

As the maturity of Prudential's ESG reporting develops and in recognition of the increasing demand for and use of Prudential's ESG data, it is necessary to keep the scope of ESG data assurance under review.

In order to provide stakeholders with an update on progress against the Group's decarbonisation targets, the Group is disclosing the WACI of its investment portfolio for the first time in the 2021 ESG Report. Given the degree of stakeholder interest in this metric, the RSWG agreed that this should be included within the scope of the assurance work.

Prudential plc appointed Ernst and Young LLP (EY) to provide limited independent assurance over selected ESG KPIs within the 2021 ESG Report for the year ended 31 December 2021. These are indicated throughout. The assurance engagement was planned and performed in accordance with the International Standard for Assurance Engagement (ISAE) (UK) 3000 (July 2020), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance report was issued and is available on the Prudential plc website at www.prudentialplc.com/~/media/Files/P/Prudential-V13/esg-report/assurance-statement-2021. This report includes details of the scope, respective responsibilities, work performed, limitations and conclusion.

Strategic Pillar: Making health and financial security accessible

Despite the rapid rise in prosperity in Asia, there are still low levels of insurance cover and limited social safety nets. This is evidenced by 39 per cent of health and protection spend still being paid out-of-pocket, and an estimated 80 per cent of the population of Asia still without insurance cover. Combined with rising prosperity and ageing populations, this creates a large and growing health and protection gap that has been estimated at US$1.8 trillion. Our goal is to close the health, protection and savings gaps across Asia and Africa. To achieve this, we are focused on four areas:

- Digital innovation, where we make healthcare services and financial management tools easily available;
- Inclusive offerings, where we develop more inclusive products and services for underserved segments of society, including products suitable for a wider range of income groups such as through our 'bite-sized' insurance products;
- Meeting the changing needs of our customers and ensuring they have the best access to our products through our multi-channel and integrated distribution approach; and
- Promoting financial literacy so that people gain knowledge of financial management and have a deeper understanding of protection benefits.

Digital innovation

Digitalisation supports greater accessibility as more consumers, particularly those in developing markets across Asia and Africa with relatively high smartphone penetration rates, begin to rely on digital channels for financial products and services. By scaling up our use of digital technology, we can help make healthcare and financial security more accessible and affordable, and support our customers to prevent, postpone and protect against ill-health.

> *'As growing cross-industry collaborations make healthcare and financial security more widely accessible and affordable to all, digitalisation could go a long way to closing the protection gap – and help people to live well for longer.'*
>
> **Boon Huat Lee,**
> Chief Digital Officer

Core to this is Pulse by Prudential, our all-in-one health and wealth app, which uses AI-powered tools and personalised services. Pulse empowers people to take charge of their health and wealth anytime, anywhere.

Pulse is active in 17 markets in Asia and Africa and we utilise AI technology to offer users a wide selection of services, ranging from health assessments and risk factor identification to telemedicine, wellness and digital payment capabilities. Health features such as AI Symptom Checker and Digital Twin have been launched in Pulse to most markets in which Pulse is available. These features are paired with health experts online (where available) and fitness communities to help Pulse users stay healthier.

Pulse has widened its offerings, attracting more users, with cumulative downloads of the Pulse app now exceeding 32 million. The breadth of services on this all-in-one health and wealth app is designed to attract a new generation of customers, one that is younger, more health-conscious, and from middle to lower income groups.

We are growing the capabilities of Pulse across all our businesses, adding new features that are relevant to each market to increase user engagement. As we design these services, we consider emerging population risks and public health trends, such as an ageing population.

Health is not only the absence of disease but also the ability to be and stay healthy by taking positive actions towards preventing adverse health outcomes. Pulse supports our customers to postpone and prevent ill health through its food and fitness features, empowering them with the tools they need to embark on their personal health journey.

The demographic of Pulse users tends to be our younger customers, for whom the immediacy of information provided by the app is important. Free features rolled out in 2021 around food and nutrition, such as accessible information on the importance of micronutrients, enable our customers to make healthy choices and allow for regular interaction with the app. Meal plans and recipes are also provided, with further enhancements planned for 2022 to add more regional recipes, reflecting culinary diversity.

Fitness features developed in 2021 include the roll-out of My Wearables in all markets in Asia and Africa, which allows users to synchronise Pulse to their fitness tracking devices. With the PulseFit subscription, customers can access curated exercise videos and track their personal goals to form healthy habits.

All our markets continue to be affected by the Covid-19 pandemic and our businesses have continued to support our customers and communities in a range of ways. Initiatives include providing free Covid-19 protection and post-vaccination benefits, and awareness campaigns to educate communities on Covid-19 prevention and protection.

Wealth solutions

We intend to lower the threshold for wealth services, high-quality advice and services to the broader market. This will be enabled by a wealth offering on Pulse, which can stand on its own or be combined with advice from an agent. Our goal is to be a trusted adviser, regardless of channel, as we financially educate people, help them plan and visualise goals, and guide them on where and how to invest.

During 2021, we rolled out digital wealth solutions, Wealth@Pulse, in three markets – Singapore, Thailand and the Philippines – with plans to include more markets next year. In these markets, users have access to a personal AI digital assistant trained to respond to users' queries on financial planning and a Knowledge Centre containing bite-sized information resources.

Digital partnerships

Partnerships are critical to the development and success of Pulse. We build deep relationships with our digital partners to expand multiple offerings that combine health, wealth, retirement and lifestyle knowledge and solutions. To date, we have entered into 56 key digital partnerships, including with Smarter Health and Privé Technologies in 2021. These add to our global and local partnerships with healthtechs from around the world, including UK-based Babylon Health, Indonesia-based Halodoc, Malaysia-based DoctorOnCall and Singapore-based MyDoc.

In Africa, we partnered with a telemedicine partner, Rocket Health, to provide convenient and cost-effective healthcare services to our customers and agents in Uganda. In Ghana, we formed a partnership with BIMA, a leading provider of mobile-delivered insurance and health services, and AirtelTigo, Ghana's third-largest mobile operator, to provide customers with simple, affordable insurance products. This partnership strengthens our financial inclusion proposition for the informal sector – primarily made up of petty traders with low income and no social protection – helping them to access health and insurance services through a simplified claims process.

Digital health development and thought leadership

In 2021, Prudential Singapore returned as the headline sponsor for the world's largest fintech event, the Singapore FinTech Festival, where our key message was around the importance of trust in building a sustainable business.

The PRUFintegrate programme continued to engage the design, technology and student communities around the world through the API Exchange (APIX) Hackolosseum platform, encouraging them to reimagine health and wealth outcomes and contribute creative solutions to business challenges. In 2021, a total of 52 entries took part in a new challenge statement on how Pulse features can be leveraged to provide health and wealth benefits for our communities.

In May 2021, Prudential Thailand hosted a virtual two-day 'HealthHack' competition, an AI-focused hackathon offering Thai innovators the opportunity to showcase their healthtech capabilities. The hackathon sought innovative solutions to two problems: to help modify unhealthy behaviours and for the non-invasive diagnosis of a health condition. The solutions were required to leverage AI capabilities to perform diagnosis through smartphones, wearables or imaging. The contestants were evaluated based on the level of innovation, user experience and interface design, as well as technological techniques employed to build the target feature, with a total of 16 teams presenting solutions.

In the Philippines, we continued the conversation about pressing healthcare topics through our Healthscape PH Dialogue Series, which brought together government and corporate stakeholders. At the first webinar, titled 'Healthscape PH: Focus on Filipinos' Health and Wellbeing in 2021', we launched our Health of Asia Barometer report, which explores the challenges Asian societies face in efforts to improve citizens' health and wellness. The second webinar covered the launch of a study commissioned by the Philippines business on the effects of climate change on the health and wealth of Filipinos. The study was designed to guide the government and businesses in developing climate-mitigation strategies and solutions. The paper's key finding was that no disease group is immune to the effects of climate change, and that the incidence of some conditions is expected to increase as a result of climate change. Such conditions include vector-borne diseases, including dengue fever, as a higher daytime temperature is scientifically linked to increased dengue incidence. The paper, which supports Pulse's proposition of affordable health protection offerings such as dengue cover, is authored by Dr Renzo Guinto, a planetary health expert. For more information on this paper, please refer to page 84.

In Singapore, as part of our ongoing research on preparing for longevity, we conducted a new study in 2021 with the Economist Impact (part of the Economist Group) called 'Re-imagining 100'. The research examines the pandemic's impact on Singapore residents as they live longer lives. While Covid-19 has not adversely affected Singaporeans' readiness to live to 100, it has had a negative impact on their mental health and financial wellbeing. Forty-seven per cent of the respondents reported a deterioration in their financial wellbeing since the onset of Covid-19. Mental health is also strained, with 70 per cent of respondents who reported a deterioration in their mental health also saying their financial wellbeing has declined. This has affected people's confidence in their ability to finance longevity, with only 29 per cent saying they feel prepared to live to 100. In these uncertain times, we remain committed to helping people prepare for the future by supporting them in their health and financial planning journey today.

Inclusive offerings

We recognise the importance of health and financial inclusion, particularly in emerging markets and in markets that are experiencing demographic shifts and varying levels of social safety nets. In making health and financial security accessible, it is vital that we develop and re-design our products and services, across our multi-distribution channels, in a way that is inclusive. This is so that underserved segments, including vulnerable communities, have the protection and savings products which meet their needs. This will include, but not be limited to, products that recognise the evolution and needs of families, women, religious minorities, small and medium-sized enterprises and lower-income groups.

To encourage greater product innovation around the concept of families, we ran an internal competition where each business proposed both new products and changes to product terms that would address the needs of a wider range of families. The entries were presented to the Customer Proposition Council and the winning entry was from Prudential Vietnam with its campaign 'Tell me who you love'. The proposed product offers a tailored, standalone critical illness cover that covers the customer and their chosen beloved. As an added touch, the customer can choose to send a personalised card to their selected partner upon purchase. Another notable entry was from our business in the Philippines, which developed PRUHealth FamLove, a family solution that gives customers the ability to share coverage with up to three family members. It also recognises the diversity of Filipino families by allowing for these to include spouses, but also other de facto partners, including same-sex couples, and adopted children. We will be working to implement these concepts in 2022.

Prudential Hong Kong has expanded its beneficiary list for all its life insurance policies, embracing inclusiveness in support of evolving family structures. Customers who purchase a life insurance policy can now choose from either their same-sex or opposite-sex fiancé/fiancée and spouses, grandparents, grandchildren, cousins, nephews and nieces, stepchildren and stepparents, or legal guardians, as their beneficiary.

We DO family

With our purpose to help people get the most out of life, Prudential is striving to widen our scope and provide protection solutions that are more inclusive to meet these evolving customer needs. During 2021, we developed a campaign, We DO Family, to support the development of more inclusive products that recognise the evolution of nuclear families. The initiative seeks to address this through expanding our product coverage to include a wider array of relationships. Families exist in many forms, such as grandparent-grandchildren families, aunts and uncles parenting nieces and nephews, single-parent families, stepfamilies, cohabitation and adoptive families, as well as other de facto family units.

Women
In Thailand, Prudential introduced a 'Rewrite Her Life' campaign aimed at empowering women. As part of this, Prudential Thailand introduced products and services designed to support and help Thai women through all stages of life, including those who plan to manage their financial security. These included PRUClick Saving 8/20 and PRUSuk Samran, as well as various wellness products covering women's health, such as PRUBreast Cancer Care, PRUCritical Care, PRUSmart Health and PRUHealthy Plus.

In Indonesia, we launched Lady's Account Critical Cover, a group-based critical-illness product that is bundled with the UOB Lady's Account (savings account). The coverage focuses on seven types of female cancer including breast, cervix uteri, uterus and ovary.

In the Philippines, PRUHealth Prime – Select Breast Cancer was introduced as an affordable product that supports early interventions for breast cancer.

Muslim community
Prudential Malaysia is committed to progressively evolving Pulse into an all-in-one health and wealth app for Malaysians, as well as addressing the needs of the Muslim community. As such, a Sharia-based ecosystem has been developed within Pulse, known as PRUIman & My Iman, available by subscription. The Sharia-based ecosystem serves as a digital Islamic lifestyle companion that helps users achieve total wellness, with the integration of health and wealth management through Islamic lifestyle practices. It includes tools, content and information to support the journey towards achieving quality of life spiritually, physically and financially, the Islamic way.

Prudential Indonesia continues to lead in the Sharia segment, where we have a market share of 29 per cent, driven by our commitment to expand inclusive product offerings to the mass market segment. In 2021, Prudential Indonesia diversified its product offerings by launching PRUCerah, the first Sharia-based traditional life insurance that offers monthly education fund benefits and an additional education fund. Demonstrating our commitment to fulfilling the diverse needs of Indonesians, we are establishing a dedicated Sharia business, Prudential Sharia Life Assurance. This will enable full product vetting by the Sharia religious authorities and the use of specialist distribution techniques.

Small and medium-sized enterprises
In 2021, Prudential Singapore introduced Business@Pulse, a one-stop platform that helps small and medium-sized enterprises (SMEs) broaden and simplify access to insurance and employee benefits, which will be implemented in 2022. This is part of our regional enterprise business offering that enhances the way we support and interact with our SME partners. Unlike multinational corporations, SMEs may not have sufficient resources to build or buy their own digital platforms, often resulting in manual processes. As Singapore grapples with an ageing workforce and rising healthcare costs, there is a need to help SMEs support their employees with the necessary protection through our digital tools. Through Business@Pulse, employees will be able to view their group insurance coverage and make claims easily from within the app itself.

Prudential Thailand is also supporting corporate customers, including SMEs, through the delivery of digital solutions, technologies and insurance products via its new group employee benefits health services. The new services offer corporate customers the flexibility to choose and adjust insurance benefits to suit every type of enterprise needs. With 24/7 access to Pulse by Prudential, including online telemedicine services, employees are able to access holistic health management services, designed to help maintain the physical and mental health of all employees.

In July 2021, the Philippines business launched a group insurance package for companies and their employees through a collaborative partnership with AstraZeneca, a leading biopharmaceutical company, Avega, the country's leader in healthcare administration, and Intellicare, the country's pre-eminent health maintenance organisation (HMO). The product is made available via Pulse and is supplemented by health awareness content from AstraZeneca that can also be accessed in the app, to create a holistic approach in providing the best health and wellness programmes for the Filipino workforce.

Low-income groups

One of our flagship programmes in Malaysia, PRUKasih, has been helping low-income families and the disabled community with temporary financial relief since 2011. As a public-private partnership, we work with government agencies, 11 NGOs and 27 community volunteers to scale up and support members and their families with financial aid in the event that they experience a loss of income due to illness, accident or death. This sponsored financial protection plan supports more than 40,000 households across 35 communities and provides protection to over 33,000 members. Since the project began, PRUKasih has paid out approximately US$3.87 million (RM16.2 million) on over 11,000 claims cases.

As part of plans to scale the PRUKasih programme to benefit more low-income families, we plan to convert the programme into a microinsurance offering, providing affordable premium products for the low-income community. With PRUKasih 2.0, we hope to reach more low-income families nationwide and make financial protection widely available and affordable.

Bite-sized offerings

A critical aspect of inclusive offerings is affordability. We ensure this by developing bite-sized insurance products that cater to those who seek ease and convenient processes without complex documents, as well as under-insured consumers or first-time buyers who are seeking financial planning without neglecting their income and lifestyle needs. We are also specifically designing products to address conditions that are becoming more prevalent as a result of climate change. For example, cases of dengue fever, a mosquito-borne viral disease, are increasing in several of our markets. Examples of such affordable products, including those addressing such infectious diseases, include:

- In the Philippines, the PRUDengue MedCare and PRUDengue MedCare Pro plans provide benefit if the insured is diagnosed with dengue from only $4 for six months or $7 for 12 months. PRUDengue MedCare provides dengue protection with a lump sum benefit of PhP10,000 ($200) upon diagnosis, while PRUDengue MedCare Pro provides an added death benefit due to dengue of PhP100,000 ($2,000). Parents can also purchase this for their children. PRUMedCare – Select Infectious Disease is the first and only product in the Philippines that offers coverage for any of the four infectious diseases of dengue, typhoid, measles and malaria.
- In Cambodia, we launched a product that provides coverage in case of diagnosis or death due to dengue and/or malaria, from $4 a year.
- In Vietnam, PRU-Tropical delivers protection against three tropical diseases of dengue, malaria and measles. We also offer PRU-Guard 24/7 to provide protection against accidents, as well as PRU-Care, which protects against three critical illnesses – cancer, stroke and heart diseases – from $3.80 a year.

Customers

Our trusted brands, digitally enabled multi-channel distribution, and efficient and agile infrastructure enable us to meet the growing health and wealth needs of people and their communities. We are enhancing our digital tools and capabilities (such as Pulse) to make it easier for customers to interact and stay with us.

In parallel to Pulse, we use a multi-channel distribution model with over 540,000 licenced tied agents and access to over 26,000 bank branches. We are equipping our people and our advice channels with new skills, so that we have a much more inclusive approach to the markets that we serve.

Customers are at the centre of our business. We have a Group Code of Business Conduct (see *Good governance and responsible business practices* section on page 117) that sets out how we do business. Within this, the Group has set out five Customer Conduct Standards within the Customer Conduct Risk Policy, each with its own key control processes and activities:

1. Provide and promote high standards of customer service

We measure customer service in a number of different ways to ensure we are delivering for our customers, including complaints, persistency and policy cancellations. On an annual basis we use a third party to conduct a customer satisfaction survey in each of our businesses, measuring both net promoter score and overall customer satisfaction. While cultural differences may not allow a meaningful Group-wide aggregation on the current methodologies, we are seeking to develop a more consistent methodology during 2022, which includes in-depth insights to determine which part of the customer journey has the most impact on their advocacy, and to better understand customers' sentiments from their verbatim comments.

We use the insights from these surveys to drive further improvements in our sales and servicing processes. For example, our claims promise was developed as a result of this feedback. We also carry out a series of transactional touchpoint surveys at the local business level on a systematic, consistent and regular basis to assess customer satisfaction. Monthly trends are analysed by our businesses and specific customer feedback is used to carry out root cause analysis.

We recognise that when a customer is making a claim this may be a particularly stressful time in their lives. Therefore we strive to ensure that our claims process is simple, fair and transparent, and our staff and agents are professionally trained to support customers in their time of need. During 2021, we launched our claims promise for our customers in Asia:

> ***'A Prudential policy protects you and your family during life's difficult moments. We pay your claim as quickly as possible and with compassion and care. We make it simple and easy, and only ask for necessary information.'***
>
> **Our claims promise**

We make the following commitments as part of our claims promise:

- **Timeliness:** We handle each claim as soon as we receive it and will keep you informed of its progress.
- **Communication with care:** We let you know when we receive your claim, when we require additional documents and the outcome of your claim. Our staff and agents are professionally trained to guide you whenever you need help.
- **Fairness:** We understand that your claim is important to you. We treat every customer fairly. We ensure our claims process is clear, transparent and without customer bias.
- **Customer experience:** Your feedback is important to help us serve you better. If you have a complaint, we will deal with it seriously.
- **Privacy:** We take your privacy seriously and will protect it at all times.

To support customer service, we are upgrading and digitising our learning and development programmes. Our approach enables our agents and partners to more capably and confidently advise on an ever-evolving set of customer needs.

FUTUReady is a suite of Pulse-enabled tools and programmes that support all aspects of agency management. Our new agent onboarding programme, PRUExpert includes digital content, plus several weeks of instructor-led and work-based learning. The programme is designed to support clear outcomes around performance, customer-centricity and market conduct. PRUExpert initially went live in Malaysia and the Philippines in 2021 and will continue to be rolled out across our markets in 2022. We also provide agents with more than 1,200 bite-size videos, for anytime anywhere learning and sales enablement. Our ambition is to help new agents attain MDRT certification in their first year and for agents to benefit from enhanced coaching from their leaders.

2. Treat customers fairly, honestly, and with integrity

Our local customer committees monitor our strategic customer initiatives, with the aim of transforming the customer journey and fulfilment and embedding a customer-focused culture. Our customer committees are responsible for making executive decisions on strategic customer initiatives and incorporating identified actions into their business operations or plans. Local customer committees feed up to a Group-level committee, which meets on a quarterly basis, known as the Transforming Customer Fulfilment Council. One particular topic that the council focused on during 2021 was revisiting our underwriting and claims rules to be more inclusive for diverse families.

Our businesses are required to comply with their local regulatory requirements and meet our Group-wide policies and standards covering the fair treatment of customers. We provided regular training for intermediaries to ensure that the salesforce has a clear understanding of our products, the target customers for each product, and the customer risks inherent in each product; and through the embedding of controls, including customer financial needs analysis and risk appetite profiling, to ensure the suitability of product sales.

3. Provide and promote products and services that meet customer needs, are understood by them and deliver value

In ensuring that our products meet customer needs, we consider product, suitability, marketing and sales quality policies.

Customer proposition

Our approach to responsible proposition design is intended to ensure that we provide products and services that meet the diverse needs of our customers and deliver real value. We design the entire pre-sale, onboarding and fulfilment journey with a deep understanding of the target customers' protection and savings needs across their life stages. The Customer Proposition Council is the forum for our business and Group-level executives to innovate and institutionalise customer solutions that can be rolled out and implemented across our markets. During 2021, the Council focused on the diverse family concept and standalone critical illness plan, promoting equal access for wider family members, providing future-proof benefits and value-added services in an affordable way. Covering governance and oversight, our Product Approval Committee is responsible for approving products from our business units, including new insurance products, alterations of existing products and the launch of new funds on investment-linked products.

Our product approval process

Quantitative and qualitative customer and agent research to understand customer needs, and optimise product ideas to meet those needs

New product proposals reviewed and approved by business product approval committees, which include risk and compliance teams and other relevant functions

New product proposals reviewed and approved by Product Approval Committee

Suitability

We aim to simplify our insurance products and how they are explained in product documentation and by salespeople, so that customers can easily understand the features, benefits and associated terms and conditions and are able to clearly assess how our products fit with their needs. We have worked to simplify product brochures, information on our corporate website and our marketing campaigns to enable customers to understand the risk and benefits of products by looking at a single fact sheet. To protect vulnerable customers, our product development and customer engagement process identifies customer segments for which the product is not suitable and/or where assistance and further protection might be needed during the sales journey. Identifying and treating vulnerable customers with extra care is a core component of training for our sales force.

4. Maintain the confidentiality of our customer information and handle the data appropriately

We take all reasonable steps to ensure that customer data is processed fairly and in accordance with applicable data protection laws. This is discussed in detail in our Digital Responsibility section on page 104.

5. Act fairly and in a timely way to address customer complaints

We define a complaint as any explicit expression of dissatisfaction, grievance or criticism of our products or services provided by our employees/agents, regardless of the form or source, whether written or verbal, whether justified or alleged and whether from or on behalf of the complainant. A significant complaint is defined as an allegation or infraction that may adversely impact the business, whether financial or non-financial in nature.

Providing prompt and due action, where required, in response to customer complaints is essential to ensure appropriate outcomes for customers, treat them fairly and to maintain or rebuild confidence and trust in the Prudential brand.

Our local businesses are responsible for ensuring appropriate initiatives are implemented to mitigate or prevent complaints and associated risks, always striving to improve the handling of complaints and overall customer experience in the delivery and performance of products and services to them. Local businesses follow robust procedures, including governance frameworks for effective management of complaints, aimed at protecting customers' interests.

Our local businesses have independent and dedicated teams tasked with responsibility for managing complaints and maintaining databases of complaints received. Across the Group as a whole, our level of complaints remains steady at two complaints per 1,000 policies in force.

Our local businesses analyse complaint trends and patterns to make an assessment of potential risks and root causes of complaints. Complaints metrics and accompanying analysis and details of significant complaints are reported to local management and relevant committees, guiding subsequent actions aimed at preventing and managing underlying risks. Significant complaints are escalated where necessary to relevant senior management members, which may include the local compliance head and the CEO for appropriate guidance and management action. Our businesses track follow-up actions to ensure relevant remedial and preventive actions are implemented to properly address identified root causes and issues.

Promoting financial literacy

One of the ways in which we make health and financial security accessible is through increasing financial literacy, a focus area for Prudence Foundation. Our goal is to ensure that people have a good understanding of money management from a young age to help them to make more informed financial choices later in life. More information on Prudence Foundation's areas of focus can be found in the Community Engagement and Investment section on page 113 of this report.

Cha-Ching

Cha-Ching is a global financial education and responsibility programme aimed at children aged between seven and 12. Now in its 11th year, the programme is aimed at tackling financial literacy gaps among children and today continues to expand across our markets. Cha-Ching involves a blended learning approach, leveraging digital tools and platforms as well as the school environment. Our aim is to ensure that the programme is accessible and freely available to millions of children, parents and teachers, equipping them with the necessary financial literacy skills.

In 2016, Prudence Foundation partnered with Junior Achievement (JA) to develop the Cha-Ching Curriculum, which has been successfully implemented for six years through strong NGO and government collaboration in eight Asian markets: the Philippines, Indonesia, Malaysia, Vietnam, Taiwan, Singapore, Cambodia and Thailand. More than 23,000 teachers have been trained to deliver the Cha-Ching Curriculum in schools to date, with over 870,000 primary school students having learnt the lessons of earn, save, spend and donate.

During 2021, an independent review of Cha-Ching was conducted to evaluate the progress of over 200,000 students using the curriculum across five countries in Asia.

> ***'The findings are impressive and analysis shows that students achieve higher scores on knowledge, attitude and behaviour after participating in Cha-Ching than they did before. Comparisons with other research suggest that the impact on financial knowledge is higher than is typical for developed economies.'***
>
> **Dr Adele Atkinson,** global expert in financial literacy, who conducted the review

In 2021, the teacher-led Cha-Ching Curriculum programme continued in Africa, where we worked with Junior Achievement Africa to bring this to over 7,600 primary school students in four countries: Ghana, Nigeria, Uganda and Côte d'Ivoire. In Asia, Cartoon Network continues to broadcast the Cha-Ching cartoons, reaching over 35 million households daily. Cha-Ching content continues to be available online via the website and through digital channels including social media, receiving over 93 million views to date in Asia and Africa.

Given the ongoing Covid-19 environment in 2021, we actively drove digital initiatives as part of our efforts to increase the reach and impact of Cha-Ching:

- The virtual 2021 Global Money Week campaign – led by the OECD and themed 'Take care of yourself, take care of your money' – saw the active participation of our 11 markets including Indonesia, the Philippines, Malaysia, Kenya and Nigeria , which held Cha-Ching webinars, competitions and digital campaigns to raise awareness of the importance of financial literacy for youths.
- The online Cha-Ching Financial Accreditation (CCFA) continued to be rolled out where possible. This online assessment is endorsed by education authorities and was developed in alignment with the OECD Core Competencies Framework on Financial Literacy for Youth and the ASEAN Teachers Competency Framework. The Cha-Ching teacher network continued to be strengthened through the CCFA, and online CCFA webinars were also held in the Philippines and Indonesia. To date, over 8,700 teachers have registered and 4,800 have completed the CCFA online assessment. Cha-Ching videos and parent resources have been made available for free on the Pulse app across markets including Singapore, Vietnam, Cambodia and the Philippines, with expansion into other countries expected in 2022.

PRUKasih Entrepreneurship Programme

Malaysia continued its PRUKasih Entrepreneurship Programme (PEP) for 34 members who were equipped with skills and knowledge needed to start a new business or scale their existing business. The programme focuses on developing mental and emotional wellbeing, which has been particularly critical during the pandemic, as well as honing financial skills. A total grant of US$7,200 (RM30,000) was given to participants who successfully completed their business pitch with a panel of judges. More information on PRUKasih can be found on page 78 of this report.

PRU e-FinLit

The Online Professional Certification Training Program on Financial Literacy, or PRU e-FinLit, was rolled out in June 2021 across the province of Negros Occidental in central Philippines, certifying 3,235 teachers in its first phase of implementation. PRU e-FinLit seeks to systematically improve the financial literacy of the Filipino public through inclusion of financial literacy in formal education accessible online, nationwide. This programme also supports the Department of Education's newly implemented Financial Education Policy, which aims to enhance the financial literacy and financial capability of all learners to make wise financial decisions and achieve financial health.

In Indonesia, our financial literacy efforts are focused on women, SMEs and Muslim communities, in addition to children. Through our financial literacy for women initiative, we reached more than 5,200 women in 2021. Our Sharia financial literacy programme in partnership with Sharia-based financial services and Sharia Economic Community Association (Masyarakat Ekonomi Syariah) reached and educated nearly 7,500 people about the importance of Sharia insurance and raised awareness to more than 1,000 SME entrepreneurs.

In Laos, we developed and built an online learning course called Basics of Life Insurance, where people can access and learn about life insurance online for free. There are 12 lessons led by financial consultants covering the importance of life insurance and basic financial management concepts and skills. We also launched an online tool called Insurance Protection Calculator for individuals to calculate and assess their financial wellbeing.

#MoneyParenting

#MoneyParenting, a multi-award-winning initiative that was started by our asset manager Eastspring, helps parents to learn, teach and plan more effectively when it comes to financial management. This dedicated microsite was introduced in 2020 as a result of a survey conducted by Eastspring with 10,000 parents across nine Asian markets, which revealed that there was a lack of financial management tools to help parents become better role models for their children. #MoneyParenting has seen more than 100 million impressions of advertising views and over 200,000 users to the microsite across Asia. It has also received more than one million views of its videos to date.

In 2021, Eastspring established a new partnership with The Asian Parent, a leading parenting community, to extend the reach to over two million parents across Asia. The partnership included a dedicated platform that offered tips and resources to teach parents how to introduce their children to money, as well as outreach and engagement activities. Eastspring has also organised webinar sessions in collaboration with financial education partners like Playmoolah and Little Tauke and distribution partners to equip parents with skills to teach their children financial literacy. In 2021, these sessions reached over 5,000 parents. We also work with partners outside of Eastspring to make #MoneyParenting content available, including through the Pulse app and Prudential Life business channels in various markets.

Strategic Pillar: Stewarding the human impacts of climate change

Limiting climate change and its associated increases in planetary temperatures is one of the greatest global challenges of our time. Failing to limit these increases is expected to have significant economic, societal and individual consequences. Prudential remains committed to proactively play our part in enabling the transition to a low-carbon economy. We do this by decarbonising our investment portfolio and own operations, and by working towards sustainable development and energy transition in all our markets through collaborative and collective engagement. Recognising this, as we support the move to low-carbon economies in these emerging markets, we strive to ensure that the transition is a just and inclusive one for all of society: a transition that supports sustainable growth and economic health within our local markets and communities.

This section includes:

- Climate-related metrics and targets
- Identifying climate-related opportunities
- Identifying and assessing climate-related risks
- Managing and responding to climate-related risks
- Climate-related scenario testing
- Managing our direct operational environmental impacts
- Supporting a just and inclusive transition

An index is included in the reference section on page 131 to demonstrate how we are meeting the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).

Climate-related metrics and targets

Our focus on decarbonisation of our investment portfolio, to steward the human impacts of climate change, recognises that climate change presents long-term risks to the sustainability of our business. Catastrophic climate change, or the anticipation thereof, could also have a systemic impact on financial markets before the climate change occurs.

In May 2021, we announced both long and short-term pledges for decarbonising our investment portfolio, through which Prudential can also play our part in the transition to a global low-carbon economy and the collective efforts to limit the rise in global warming. Our long-term pledge is to become 'net zero' by 2050, with the short-term pledges discussed in the table below. These pledges are aligned to the Paris Agreement, which invites parties to commit to holding the increase in the global average temperature to well below 2°C above pre-industrial levels, and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognising that this would significantly reduce the risks and impacts from climate change. We continue to review and update our ESG strategy in line with our business strategy, and all of our climate metrics and targets will be regularly reviewed to take into account evolving scientific data and stakeholder expectations. Our targets, as set out below, are for our investment portfolio, which includes both listed equities and corporate bonds, while excluding assets held by joint venture businesses and assets in unit-linked funds, as we do not have full authority to change the investment strategies of these.

In 2021 we recorded a reduction in the WACI of our investment portfolio of 23 per cent against our 2019 baseline. However, as we seek to achieve a just and inclusive transition towards a low-carbon economy, some of the actions which we may take in pursuit of our long term carbon reduction ambitions may create short to medium term volatility in our WACI performance. For example, there are companies in our markets who currently have high levels of emissions, but are committed to transition and require financing to support this. In investing in green bonds from such companies, this will have the impact of increasing the WACI of our investment portfolio in the short to medium term, until the underlying companies' emissions reduce, as the green bond also takes the score of the overall company. We believe supporting such companies is consistent with our inclusive transition policy. Our public target nevertheless remains to achieve a 25 per cent reduction in WACI in our investment portfolio by 2025, whilst continuing to support a just and inclusive transition in the markets in which we operate.

	2021	2019	% change
Weighted average carbon intensity (WACI)	**296***	386*	(23)
Coverage	**69%**	67%	

* Within the scope of EY assurance – see page 74.

Data availability remains an ongoing challenge, as is reflected in the coverage level of the WACI calculation for our investment portfolio in the table. We continue to work with data providers and our asset managers to improve the availability of data.

We have reviewed climate metrics being adopted by the financial sector for their appropriateness, data availability (ie coverage) to support them and their relevance to our markets. We selected a suite of metrics to measure our exposure to climate change to utilise the strengths of specific metrics while also addressing their shortcomings. Absolute emissions measure the total carbon footprint associated with the investments held in an investment portfolio, whereas WACI compares that carbon footprint to the revenue also associated with the investments in the investment portfolio. We use absolute emissions to monitor our engagements (so as to help reduce absolute levels of greenhouse gas emissions) and WACI for our investment portfolio of assets (so as to be able to compare progress in intensity improvements on different investment portfolios, which is very important in our roles as asset owner and asset manager).

An example of the need for the use of different metrics is the current treatment of green bonds: certified green bonds have the same carbon footprint as a conventional bond from the same company, even though the green bond is issued to support transitioning to, for example, low-carbon operations. This equal treatment could disincentivise purchasing such green bonds from companies who are committed to transition and require financing. Using a suite of intensity and absolute emissions metrics helps overcome these unintended consequences.

Our metrics and targets for the Scope 1, 2 and 3 footprint of our operations are discussed in the *Managing our direct operational environmental impacts* section on page 89 of this report.

We actively monitor and provide feedback to industry bodies, such as on the TCFD consultation on Proposed Guidance on Climate-related Metrics, Targets and Transition Plans. We continue in collaboration with our asset management and asset owner business units to develop further metrics that are appropriate for our business, to support enhanced management and reporting for climate risk, and to integrate into broader investment processes aligned with our responsible investment framework.

Our short-term targets and progress made

Short-term climate target	Progress up to end of 2021	Metric rationale
A 25 per cent reduction in the carbon emissions of our investment portfolio by 2025 against our 2019 baseline	By the end of 2021, we had reduced the weighted average carbon intensity (WACI) of our investment portfolio by 23 per cent against our 2019 baseline, placing us on track to achieve the 25 per cent target by 2025. We operate in both developed and emerging markets in Asia and Africa and the carbon footprint of investments in these markets, which underlies our WACI, are higher than in areas such as Europe. Investment decisions such as strategic asset allocation, portfolio construction and investment selection can influence the direction of the WACI, as can changes in the carbon intensity of the underlying businesses in which we invest. Implementing our coal policy was a key driver of the reduction in WACI. Looking forward, we have a range of investment and active ownership strategies available to further reduce the WACI, including the orderly implementation of our current coal policy during 2022. In addition, Eastspring seeks to actively engage with companies in the investment portfolio in order to influence them to adopt positive strategies to further improve carbon efficiency, and to work with sub-fund managers on reducing the emissions of their funds while maintaining a focus on performance.	We use the WACI as a proxy for the transition risk in our investment portfolio: a higher WACI normally indicates that an investment portfolio has to transition more extensively to align with the Paris Agreement. By reducing the WACI of our portfolios, we also support the transition to a low-carbon economy. A key benefit of using WACI is that it allows comparisons between different investment portfolios, which is very important in our roles as asset owner and asset manager.
Divestment from all direct investments in businesses which derive more than 30 per cent of their income from coal, with equities to be fully divested by the end of 2021 and fixed-income assets by the end of 2022	During 2021 we divested from all direct equity investments in businesses which derive more than 30 per cent of their income from coal, whether from mining or energy production. We remain on track to divest by end of 2022 from fixed-income assets in businesses meeting the same criteria.	We believe our coal policy supports a just and inclusive transition in the markets where we operate, as discussed in the *Supporting a just and inclusive transition* section on page 67. When considering different thresholds, each was tested against whether it supported a just and inclusive transition and fit our requirements on risk and return. Companies that are highly dependent on coal are a stranded asset risk, while a well-diversified portfolio is important, but challenging for our businesses in emerging markets, which invest in underdeveloped capital markets. Ultimately, the threshold for our coal policy was set so as to balance the risk and return, while also allowing companies in those markets to phase out of coal in an inclusive manner.
A target to engage with the companies responsible for 65 per cent of the absolute emissions in our investment portfolio	Eastspring has developed a process to meet this engagement target and has made progress in 2021 towards meeting the target by reviewing 44 per cent of these investee companies, and engaging with 31 per cent of the same group.	We aim to support a just and inclusive transition to a low-carbon economy through our engagement target, based on a belief that engagement is preferable to divestment to secure a just transition. Engagement is a core part of providing effective stewardship and we seek to encourage business and management practices that support sustainable development through constructive interaction, based on our in-depth knowledge of the companies and their business environment.

Pru Life UK study offers key insights on climate change

Our business in the Philippines, Pru Life UK, commissioned an independent study (which can be found here: https://www.prulifeuk.com.ph/en/explore-pulse/health-financial-wellness/climate-change/) to better understand the impact of climate change on Filipino families. The pioneering study explores the health impacts of climate change and their potential pressures on financial security and wellbeing.

The impacts of climate change on physical and mental health will eventually affect the financial health of individuals, households and communities. While it is hard to calculate the actual cost of climate-sensitive diseases, it is known that healthcare needs lead to depletion of savings resulting from hospitalisation and loss of incomes due to absenteeism. Therefore, financial security in anticipation of a warming planet is an urgent priority.

The paper concludes that:

- There is no disease group that is immune to the effects of climate change, and the incidence of some conditions is expected to increase as a result of climate change.
- Multiple responses will be needed for the variety of physical and mental health issues that are likely to arise.
- Climate change must be viewed as a public health issue.
- Rapid decarbonisation to stabilise the climate will be good not just for the planet but for people's health too.
- Financial security at all levels is a climate adaptation measure.
- Climate and health knowledge needs to be communicated to raise awareness and equip people with tools to contribute to both mitigation and adaptation.
- Building societal resilience to climate change and its health effects is also an urgent priority since climate change is already happening.

Identifying climate-related opportunities

We believe our strategic ESG framework, including the goal to decarbonise the investment portfolio while supporting a just and inclusive transition, is an important way in which we can meet our stakeholders' expectations and fulfil our stewardship obligations. Over time, it reduces the Group's asset exposure to climate change risk – which includes both physical and transition risks – while also contributing to efforts to mitigate climate change by decarbonising the global economy.

We also recognise that the implementation of our strategic ESG framework could generate some climate-related opportunities for the Group. As a significant investor and asset owner with long-term investment horizons and liabilities, the Group is in a position to invest in and develop products linked to climate mitigation and resilience.

In response to this, we are developing responsible investment products that channel our customers' savings towards investments such as the Asia Sustainable Bond Fund by Eastspring. More information on our ESG-related investment activity is available in the *Responsible investment* section starting on page 107, including increasing the ESG choices for our investment-linked products (ILP), as described in the *Capital allocation* section on page 112.

Climate change is also likely to drive demand for new health, insurance and savings products. New health products need to reflect the impact of climate change on human health through changes in the incidence and impact of diseases, and the emergence of new diseases. This topic is discussed in the *Making health and financial security accessible* section on page 75, which also explains how we are developing more products for underserved sections of the market.

Identifying and assessing climate-related risks

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

Our risk identification processes in our Group Risk Framework recognise thematic emerging and principal risks. ESG risks, which include climate risk, have previously been identified as a Group principal risk. The Group Risk Committee and the Board receive updates on the principal risks identified, the Group's exposure to these risks and subsequent management activities. More information is available in *section ii. of the risk management cycle* of the Risk Review report in our Annual Report and Accounts.

We actively participate in industry forums and networks, including the Chief Risk Officer (CRO) Forum, to further develop understanding and support collaborative action in relation to ESG risks, including climate change, and to remain aware of industry best practice as it develops. The emerging industry consensus, as expressed by both the Climate Financial Risk Forum and the CRO Forum, is for insurers to treat climate risk as a cross-cutting amplifier of the existing standalone risk types. As such, climate-related risks are considered within our existing risk management processes. By treating climate-related risk as a cross-cutting risk, we recognise that there could be significant interdependencies with, and impacts on, other established standalone risks, such as credit, market, insurance and operational risk. See the Risk Review report in the Annual Report and Accounts and *section ii. of the risk management cycle* for further information on the broader risk identification process.

During 2021, we continued to focus on developing our understanding of our exposure to actual and potential climate-related risks and their associated impacts on the Group, focusing on key local markets in Asia. We also identified several existing business activities and processes where risks may be heightened when a climate lens is applied. Building on the climate-related risk assessments carried out in 2020, a series of workshops were held with the appropriate subject matter experts across the Risk, Compliance and Security teams. These workshops explored in detail the potential impact of cross-cutting climate-related risks to existing risks and risk management processes across short, medium and long-term horizons.

This holistic process enabled us to identify the following areas of potential exposure to climate-related risks over the short, medium and long 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, 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. We have limited financial exposure to such assets in high emission, carbon-intensive and carbon-reliant sectors, as set out in our *Climate-related metrics and targets* section.
- **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.
- **Insurance and product risks** – Our strategy focuses on life, health and wealth products, which excludes us from underwriting greenhouse gas-intensive activities. Climate change could result in changes in mortality, morbidity and/or persistency for our life and health underwriting portfolio. The overall financial impact should be mitigated by our ability to reprice contracts if needed and develop new products.
- **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. We continue to assess the methods for quantifying the financial impact of climate risks as they evolve in the industry and also within the Group. We also use independent internal and external reviews.
- **Regulatory, legislative and disclosure expectations** – The pace and volume of new climate-related regulation across the Group's markets could pose compliance and operational challenges that may necessitate multi-jurisdictional coordination. The increasing disclosure expectations of stakeholders heightens the potential for litigation risk associated with external reporting conveying a material false impression or misleading information. We continue to monitor and engage on regulatory and industry developments. Our governance process is designed to help avoid misstatements and/or overstatements in external reporting.
- **Strategy implementation** – As the Group implements its ESG strategy and climate-related commitments, there is a continuing need to balance potentially different interests, expectations and objectives, both within and across stakeholder groups. We have regular internal and external engagement to identify potential required trade-offs and assess the implications of them through our governance structures.

While many climate-related risks are common at Group and business level, the nature, focus and impact of these risks can differ across the Group's markets. Our emerging risk process, at both the Group and the business level, helps ensure that we continue to quickly identify and adapt nimbly to new and evolving climate change and ESG topics.

Managing and responding to climate-related risks

The management and mitigation of ESG and climate-related risks is enacted through our Group Governance Manual, which includes a number of ESG-related policies that support the implementation of our ESG strategy. Following the series of workshops held with Risk, Compliance and Security subject matter experts, we identified initial areas of the Group Risk Framework to update in order to reflect climate considerations. The main updates are noted below.

The concept of climate as a 'cross-cutting risk' was included in the annual refresh of the Group Risk Framework and associated policies, and qualitative references to ESG considerations have been added to the Group Risk Appetite framework, specifically focusing on the Group's externally communicated ESG commitments.

CRO Forum participation

As a member of the CRO Forum, we contributed to the paper published in November 2021 which provides guidance on industry best practice for embedding ESG and sustainability risks into insurers' existing risk management framework ('Mind the sustainability gap – Integrating sustainability into insurance risk management' at www.thecroforum.org/category/publications/). We have used the concepts and approaches outlined in the paper across the Group during 2021 to further embed climate risk considerations into the Group Risk Framework.

Updates to the Enterprise Risk Management framework in 2021 included changes to the Group's non-financial risk appetite statements to consider risks through a stakeholder lens. This stakeholder-focused approach recognises the importance of considering topics, including climate change, from the perspective of both their impact on the Group and the Group's impact on its wide range of stakeholders (a concept known as 'double materiality'). It also recognizes that what is considered financially material to the Group may change rapidly (a concept known as 'dynamic materiality'), particularly in light of rising stakeholder influence, greater international connectivity, and the increased transparency and speed of information exchange. It also supports a more forward-looking approach to identifying emerging ESG considerations.

Other enhancements included adding our ESG-related models, including the tools developed for measuring and managing the Group's investment portfolio decarbonisation, to the scope of the model and user developed application (MUDA) policy. Additionally, the updated Outsourcing and Third-Party Supply Policy includes a direct reference to ESG, and incorporates Responsible Supplier Guidelines on ESG topics including labour, health and safety, and ethics.

ESG considerations, including those associated with climate, have been incorporated into core decision-making processes, including:

- **Remuneration:** changes to the incentive plan have been aligned with the Group's externally communicated decarbonisation targets.
- **Strategic Decisions, Mergers and Acquisitions:** the policies and processes supporting significant decisions and transactions have been updated to systematically include consideration of how the matter requiring approval supports and/or impacts the Group's ESG strategy.
- **Strategic and Business Planning and Performance Management:** climate and ESG considerations have been included within the business planning process.

The industry's understanding of climate-related risks is evolving quickly. To address this and recognising the cross-cutting nature of climate risk, we have carried out a number of training initiatives to raise the level of knowledge and understanding of our colleagues:

- The Group Risk Committee received a briefing on the embedding of climate risk within the enterprise risk management framework.
- During 2021, we ran a Group-wide monthly climate risk forum, with participation from specialist risk teams, representatives from local business risk teams and other functions, including Actuarial and the Investment teams.
- This training was supplemented with regular direct engagement with our larger businesses to address specific climate-related themes relevant to their local markets. Follow-up presentations covered topics including the practicalities of climate scenario analysis and guidance on incorporating climate considerations in the business plan risk assessment process.
- We provided specific training sessions to business continuity and operational risk colleagues on our third-party physical climate risk platform to support the adoption of the platform across our businesses.
- We delivered a series of training sessions on ESG, including dedicated sessions on climate-focused topics, to over 500 members of the Risk, Compliance and Security function. These sessions were led by the appropriate business risk owners and subject matter experts, ensuring that experiences and lessons learned from climate-focused activities were shared broadly across the Group's business locations and teams.
- Across the broader business, climate risk awareness was increased through functional and business awareness sessions and workshops as well as specific sessions on business planning. Climate change considerations were also a specific focus during a briefing session with the chairs of the Audit and Risk Committee of the major businesses.

Climate-related scenario testing

Scenario testing is a key tool to improve understanding and support decision-making. Scenario testing is particularly useful for raising awareness of climate change risks due to the wide scope and unknown timing of potential mitigation and adaptation actions.

Climate scenarios used

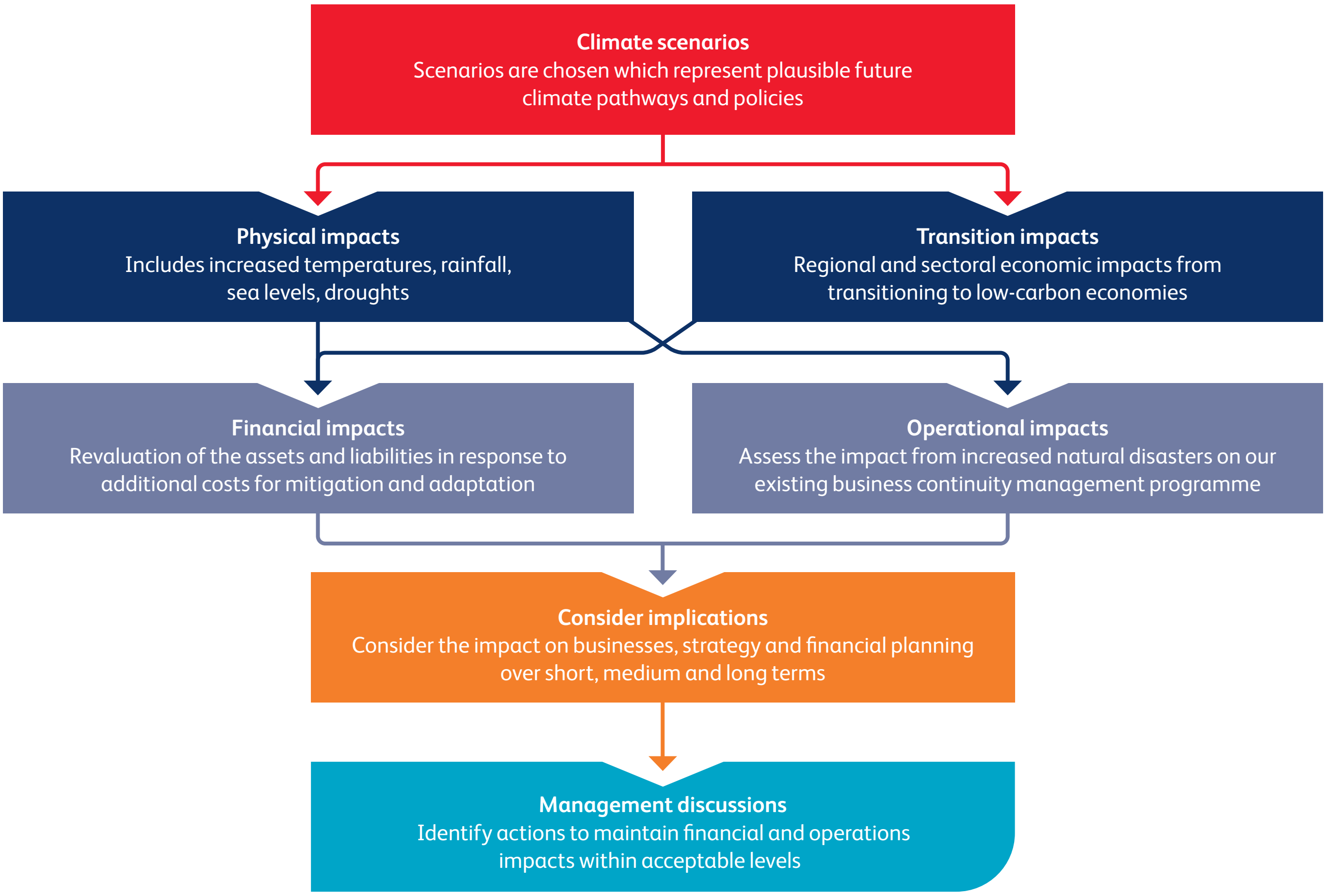
During 2021, we continued developing our scenario testing approach for climate change. Investigating different methodologies appropriate to our nature, scale and complexity also supports our ability to engage with our Group and local business regulators on this topic. We monitored and evaluated developments in climate scenario testing, including publications by our Group and local regulators and global bodies, such as the International Association of Insurance Supervisors (IAIS), the Network for Greening the Financial System (NGFS), the Principles for Responsible Investment (PRI) and the International Energy Agency (IEA).

We use three scenarios to identify risks over the short, medium and long term:

- Orderly transition scenario: Temperature increases are kept well below 2°C through the orderly introduction of climate policies, in line with the second-lowest United Nations IPCC emissions pathway, known as Representative Concentration Pathway (RCP) 2.6. This scenario includes transition impacts, in an orderly manner, as well as physical impacts in line with a 1.6°C increase in temperature.
- Disorderly transition scenario: Temperature increases are kept well below 2°C but with delayed and sudden introduction of policies, in line with RCP 2.6. This scenario includes transition impacts, in a disorderly manner, while still limiting the physical impacts by the end of the century in line with a 1.6°C increase in temperature.
- Failure to transition scenario: Temperature increases exceed 4°C with no further policies introduced beyond those already announced. Little transition impacts are included in the scenario while dramatic physical impacts are explored, in line with RCP 8.5.

The three scenarios provide plausible future outcomes and are constructed to simulate the complex and non-linear interactions between energy, economy and climate systems. They also account for various policy and technology developments, supporting a sophisticated exploration of different plausible futures and an understanding of the impacts from trade-offs between the policy and technology options. The insights from the scenario testing work were reported in the Group's Own Risk and Solvency Assessment report, which continues to be provided to the Board.

Summary of how we use climate change scenario testing



Impact on assets and insurance liabilities

We used three commonly applied scenarios, comparable to those from the NGFS and Bank of England, to quantify the exposure of the Group's insurance balance sheet assets and liabilities to physical and transition climate-related risk.

Each scenario is translated into sensitivities to economic factors, which are then applied to the Group's assets and liabilities to quantify the potential financial impacts of climate change relative to our base assumption. The scenario with the largest overall impact on the Group balance sheet is the failed transition scenario, where physical climate change impacts in the longer term, which could result in financial market impacts sooner. The disorderly transition scenario has the biggest impact in the short term as markets assimilate policy changes, resulting in limited impact in the medium and long term. As expected, the orderly transition scenario has the lowest overall impact on the Group balance sheet. Our analysis did not take account of the potential actions available to the Group to mitigate the impact, in line with emerging industry practice, and is an area where we expect to consider further the opportunities available.

Though the Group remains exposed to financial impact from climate change, the results for each scenario were not outside observed market volatility and therefore do not indicate the need for an explicit allowance for climate change in the assumptions used for the liability valuations or observed market values.

An additional scenario exercise applied to a sample of our carbon-intensive holdings highlighted the potential range of impacts on equity prices and corporate bonds between those companies that have started to transition and those who have not. A key challenge identified in this exercise is the limited availability of disclosed climate-related financial reporting across our Asia and Africa holdings, which is required for sophisticated climate scenario models. We expect such limitations to be overcome as more climate disclosures occur in these regions, potentially using established frameworks such as the TCFD or the anticipated standards from the International Sustainability Standards Board (ISSB).

We focus on life, health and wealth products and therefore do not have greenhouse gas (GHG) intensive activities in our underwriting portfolio. While climate change can impact morbidity, mortality and persistency, the impact of climate change does not directly alter the Group's assumptions for its insurance business based on the annual review of experience. If experience or exposure were to change, for example due to a step change in long-term morbidity and/or mortality expectations in a particular region due to climate events, the financial impacts from climate-related risks on our insurance liabilities could be more significant and would be allowed for as part of the regular review. However, the longer-term impact to the Group should be managed by our ability to reprice contracts if needed and develop new products. Work continues on plotting significant clusters of customer locations to assess the potential risk from physical climate events to our known customer base.

The complexity and long-term nature of these climate scenario tests result in the need for some simplifications in the exercises, in line with developing industry practices, such as using a static balance sheet. Simplifications are also applied in estimating the sectoral and regional impacts. The regional impacts are particularly important for Prudential given our operational footprint across Asia and Africa. We participate in and contribute to bodies working towards overcoming these simplifications, as described in the *Supporting a just and inclusive transition* section, starting on page 92.

Climate scenario testing has helped develop our understanding of the nature of the climate risk the Group faces, reinforcing that the main financial risk from climate change is to the asset side of the balance sheet. This is consistent with our business model: as a major asset owner and manager, we rely on investment returns to meet the longer-term obligations of our liabilities and remain exposed to risks that could interrupt or impair those returns, such as a disorderly transition. This also reinforces the case for our strategic objective to decarbonise the investment portfolio.

Impact on financial planning and strategy

As part of our annual strategy and business plan exercise, we applied scenarios comparable to the disorderly transition scenario, ie the below 2°C scenario, which has the largest financial impact over the relevant period, to the economic and non-economic assumptions underlying the exercise. The scenario showed the Group's financial plan remains viable over the period under assessment.

Impact on our operations

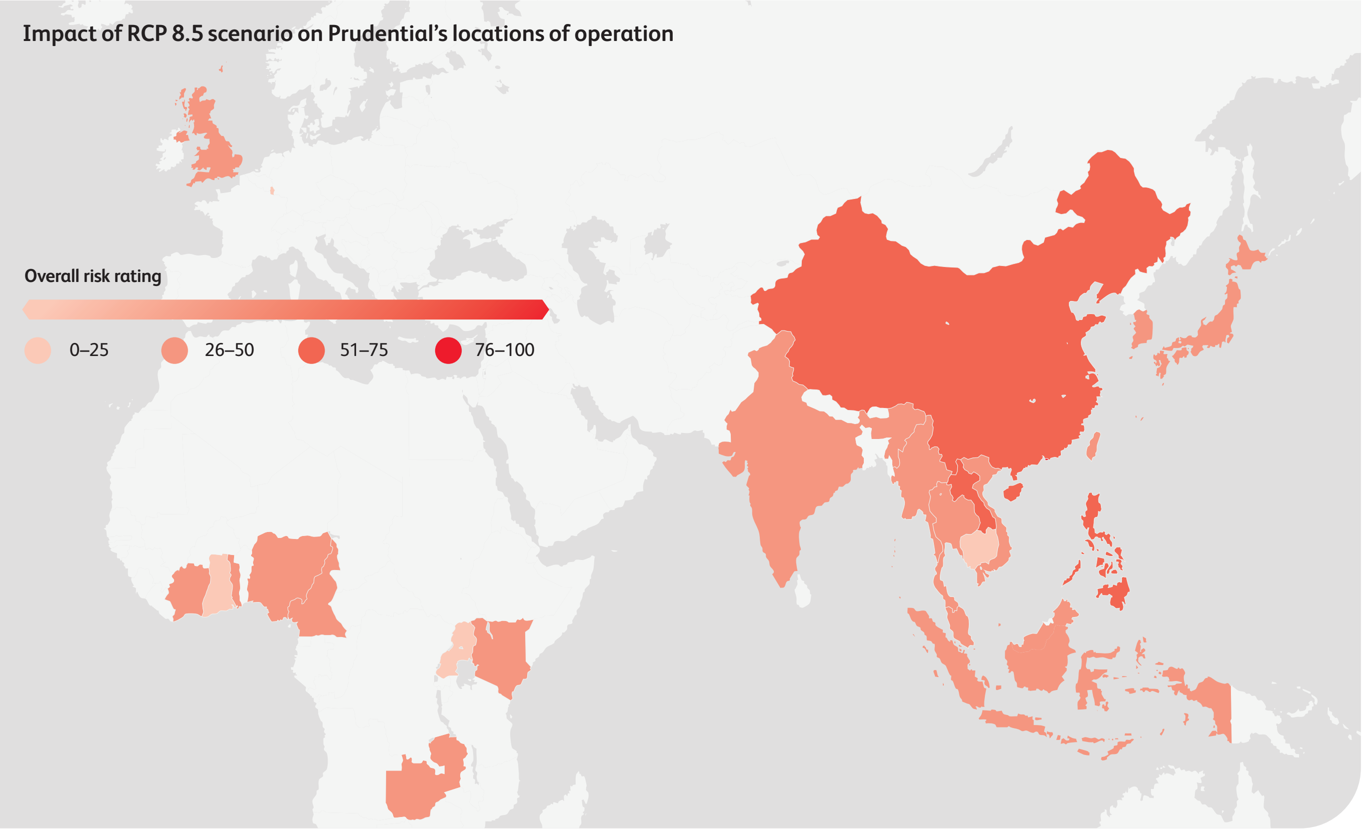
We are also exposed to climate-related physical risk, which may threaten our real estate, corporate facilities, infrastructure and other real assets, and customers.

Our business continuity management programme assesses the risk to our staff and operating locations from natural disasters, including those caused by climate-related physical impacts, such as increased frequency and severity of tropical storms or increased flooding. We remain focused on maintaining and enhancing our organisational resilience.

We use a third-party provider to assess our exposure to physical climate risks and the results of this can be seen in the diagram below. Exposure estimates are based on the highest United Nations IPCC emissions pathway, known as RCP 8.5, which is a high-emissions scenario predicted to lead to temperature increases in excess of 4°C by the year 2100 from the average temperatures between 1850 and 1900, resulting in significant climate-related physical impacts. The diagram shows the extent to which our operations could be exposed to the physical impacts of climate change, if there is no transition to lower-carbon economies. The climate data used by the third-party provider is derived from internationally recognised sources, including IPCC data sets and modelling. The validity of this data has been spot-checked by back-testing global events.

We continue supplementing existing business continuity management activities with scenario analysis to identify additional areas of vulnerability that may arise due to climate change, including potential impacts on our properties, operations, third-party supply chains and customers. Utilising our third-party provider's platform, pilot scenarios were developed during the year to assess climate-related impacts within local businesses. Specifically, the operational risk scenarios were used to investigate how a severe typhoon and/or flood would cause property damages and business interruption, providing insight in the potential increases in operational costs and/or reputational impact.

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



Managing our direct operational environmental impacts

We seek to actively reduce our direct impact on the environment in line with our purpose of improving the lives of our customers and their communities. To understand our impact, we measure our environmental performance and take action to improve our performance.

Our Group Environment Policy forms part of our Group Governance Manual and applies to our operational properties worldwide, guiding our approach to the management of the direct impacts of our businesses. This includes compliance with environmental laws and regulations with respect to emissions, energy consumption, water use, waste disposal, environmental supply chain management and the adoption of risk management principles for all property-related matters.

The highlights of our 2021 environmental performance are available below. Our 2021 reporting covers the period 1 October 2020 to 30 September 2021, and selected indicators, as noted in the disclosure tables below, are assured by EY. On 13 September we demerged Jackson, our US operations. These metrics and commentary cover the performance of the continuing Prudential Group for 2021 and form the new baseline data from which we will measure future environmental performance.

As the fall in our 2021 emissions is ahead of the reduction trajectory required to meet our 2030 target for Scope 1 and 2 emissions, we have not purchased any carbon offsets for Scope 1 and 2 emissions in 2021. Data in respect of business travel emissions is collected and reviewed within the consideration of our broader operational emissions. Reflecting the previous structure of the Group, and the associated need to regularly travel to and from operations, we chose historically to offset our UK procured air travel emissions. Given the reduction in air travel as a result of the pandemic and the changes in the Group's structure, we no longer believe that adopting this approach on an ongoing basis is meaningful in the context of our broader climate change activities. Whilst we consider the ongoing role and value of offsets as they relate to business air travel, we have decided not to offset any air travel emissions for 2021. We continue to keep our policy around the use of offsets under review.

Group emissions data

Greenhouse gas (GHG) emissions are broken down into three scopes. We have included full reporting for Scope 1 and 2 and selected Scope 3 reporting. Scope 1 emissions are our direct emissions from the combustion of fuel, fugitive emissions and company-owned vehicles. Scope 2 emissions cover our indirect emissions from the purchase of electricity, heating and cooling. We have stated our Scope 2 emissions using both the location and market-based methods in line with the GHG Protocol Scope 2 Guidance. We recognise that our Scope 3 emissions footprint is greater than the emissions relating to our own operations, as reported under Scope 1 and 2. During 2021, we carried out a review of our Scope 3 emissions and more information on this is available below.

We aim to broaden the assured scope over time and as such, we are focused on improving data quality year-on-year, for example the expansion of our Scope 3 reporting in 2021, as detailed below and in the Basis of Reporting. We have also focused in 2021 on improving Scope 1 and 2 data collection from Africa and water and business travel data reporting from Asia.

A summary of our Scope 1, 2 and 3 emissions, excluding Jackson, is provided below, including a restatement of 2020 on the same basis. Data for Jackson, and the composite Prudential Group up until the point of the demerger of Jackson, can be found in the *Reference* section of this report.

The emissions table shows Scope 3 emissions on a consistent basis to those reported for 2020, and the expanded 2021 boundary, as follows:

- The inclusion of 2,001tCO$_2$e for Asia business travel meant our business travel emissions increased by 8.9 per cent to 2,139.5 tCO$_2$e in 2021, reflecting the continued impact of travel restrictions and other control measures related to the Covid-19 pandemic, even with the enhanced assured reporting scope.
- Inclusion of the fuel and energy related activities generated Scope 3 emissions of 6,451 tCO$_2$e in 2021. This category of emission is directly linked to Scope 1 and 2 emissions and therefore, the actions we are taking to reduce our carbon intensity in these areas will enable us to deliver reductions in these Scope 3 emissions.

Emissions Source (tCO$_2$e)	**2021***	**2020**	**Change (%)**
Scope 1	1,481	1,378	7.5
Scope 2 – market based	19,986	23,608	(15.3)
Scope 2 – location based	21,547	23,525	(8.4)
Scope 3 (2020 boundary comparative)	160	1,998	(92)
Scope 3 (expanded 2021 boundary)	8,793	n/a	
Total: Scopes 1 and 2	21,467	24,986	(14.1)
Total: Scopes 1, 2 and 3 (2020 boundary comparative)	21,627	26,984	(19.9)
Total: Scope 1, 2 and 3 (expanded 2021 boundary)	30,260	n/a	
kg per m^2 – Scopes 1 and 2	58.22	66.72	(12.7)
Tonnes per employee – Scopes 1 and 2†	1.47	1.69	(13.0)
kg per m^2 – Scopes 1, 2 and 3 (2020 boundary comparative)	58.65	72.06	(18.6)
kg per m^2 – Scopes 1, 2 and 3 (expanded 2021 boundary)	82.07	n/a	

* Within the scope of EY assurance – see page 74 and the Basis of Reporting on the Prudential plc website at www.prudentialplc.com/~/media/Files/P/Prudential-V13/esg-report/basis-of-reporting-2021 which notes which Scope 3 categories were assured in 2021.

† Outside scope of EY assurance.

The Covid-19 pandemic has continued to affect our operations, with lockdowns and office closures for non-essential workers across the regions where we operate. Our global absolute Scope 1 and 2 (market based) GHG emissions across our occupied estate, excluding Jackson, were 21,467 tCO_2e, down 14.1 per cent in 2021. Electricity use in our buildings is the largest contributor to our operational footprint at 19,986 tCO_2e (market based), making up 93 per cent of our total Scope 1 and 2 emissions. The energy consumption associated with our employees working from home has not been captured in our reporting.

Monitoring our progress

Based on the site assessments undertaken in previous years, we have identified emissions reduction opportunities and developed target projections and emissions reduction roadmaps with each of our businesses. These roadmaps are being used to track delivery against our target.

In support of the implementation of these roadmaps, we have been working to strengthen the processes in place for communicating, collating, and reviewing environmental data. We have remained focused on sharing knowledge between our businesses, including via an online conference aimed at property management teams across our markets.

During 2021, we migrated the environmental data for our entire property portfolio into a single digital reporting platform. This platform allows us to visualise and interrogate the emissions performance of our property portfolio down to a single building. This level of granularity enables us to gain better insights where potential emission reductions can be found and to provide our business units with a tool to measure the impact of their sustainability actions. This will support us in tracking progress towards achieving our 2030 carbon reduction target.

Operational carbon reduction target

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.

We are ahead of the emissions reduction trajectory required to meet our 2030 target. However, we are aware that office closures and operational restrictions imposed to manage the spread of Covid-19 have played a part in the achievement of this reduction. We anticipate that as social distancing restrictions ease, and a more normalised level of operations resume in our offices, we will see a rebound in our Scope 1 and 2 emissions closer to normalised levels. Anticipating this partial rebound, we are developing and implementing reduction measures across our operations portfolio to address this anticipated increase and to ensure we continue to meet our target aspirations. We will continue to keep our performance and our target under review.

Leasing and fitting out our portfolio

The properties we occupy and the decisions we make around the leasing and fitting out of our facilities form a critical part in achieving our environmental objectives. During 2021, we updated our internal property approval process to require our local businesses to demonstrate that they have assessed the environmental impact associated with the proposed project.

We also developed internal guidance for incorporating environmental performance considerations into the office design process, such as using LED lighting with sensors, installing timers, lighting zones and maximising natural light. This guidance has been adopted for projects undertaken in Thailand, Kenya and the Philippines. Two of these new offices became operational during 2021 and will generate energy and carbon reductions in the future.

We are also focusing on the materials used and the waste generated by office relocations. To reduce the waste from an office move in Malaysia, we worked with the landlord to reduce the requirements of the reinstatement clause in their contract, saving the disposal of 152 tonnes of waste being generated. Our business in Malaysia has recently used carpet tiles certified carbon neutral. This project used 900m^2 of flooring and resulted in a reduction of the embodied carbon of eight metric tons of carbon dioxide.

Scope 3 emissions review

During 2021, we carried out a review of our Scope 3 emissions to better understand which areas of our value chain contribute most significantly to our overall emissions footprint. The assessment was carried out in accordance with both the Greenhouse Gas Protocol and Partnership for Carbon Accounting Financials (PCAF) and considered all 15 Scope 3 categories.

Our review identified eight of the Greenhouse Gas (GHG) Protocol's Scope 3 categories that were relevant to Prudential. Of these Scope 3 categories, our most significant emissions are from our investment portfolio, which we are reporting for the first time in 2021. Data gaps across some of our Scope 3 categories remain and as Scope 3 data accuracy and methodologies continue to evolve, we will seek to align with best practice, and broaden the scope of reported Scope 3 categories. The table below summarises our Scope 3 emissions review.

Category		Relevant	Why category is relevant or not	Reported in FY21	Assured
1	**Purchased goods and services**	Yes	There are emissions associated with the products and services we purchase, for example IT and professional services.	No	No
2	**Capital goods**	Yes	There are embedded emissions with the capital goods we purchase, for example IT hardware and furniture.	No	No
3	**Fuel- and energy-related activities (not included in Scope 1 or Scope 2)**	Yes	There are emissions associated with the extraction, production and distribution of the fuels and electricity that we purchase, including for business travel.	Yes	Yes
4	**Upstream transportation and distribution**	Yes	We generate emissions through third-party courier and logistics services.	No	No
5	**Waste generated in operations**	Yes	We generate emissions through the disposal and treatment of waste generated in our on-site operations.	Yes. Water data reported for UK and Asia. Waste data is UK only.	Partly, as set out in Basis of Reporting
6	**Business travel**	Yes	We generate emissions by travelling for business-related activities, including flights and land transport, booked through our travel partners.	Yes. UK and Asia only.	No
7	**Employee commuting**	Yes	We generate emissions through staff commuting and from remote working, however, we have a limited ability to influence these.	No	No
8	**Upstream leased assets**	Yes	We generate emissions from landlord-provided services, such as air-conditioning, that are not captured in our Scope 1 and 2 disclosures.	No	No
9	**Downstream transportation and distribution**	No	We do not sell products that are transported.	No	No
10	**Processing of sold products**	No	We do not process intermediate products.	No	No
11	**Use of sold products**	No	We do not sell products that have an associated energy use outside of our operations.	No	No
12	**End-of-life treatment of sold products**	No	We do not sell physical products that can be disposed.	No	No
13	**Downstream leased assets**	No	We do not lease assets to other entities.	No	No
14	**Franchises**	No	We do not operate any franchises.	No	No
15	**Investments**	Yes	We hold significant financial investments which generate emissions.	Yes (see *Climate-related metrics and targets* section on page 82)	Yes

Enforcement actions and other regulatory events

No fines or regulatory actions occurred during the year for environmental incidents (2020: zero)

Supporting a just and inclusive transition

As a steward of long-term capital, we seek to use our scale and expertise to drive decarbonisation at pace, and to do so in a way which is just and fully inclusive. This means that we are continuously mindful of the need to implement our decarbonisation strategy in a way that acknowledges the nature of the markets in which we operate, and seeks to share the financial and social burden of the transition in a fair manner, promoting sustainable development for all stakeholders.

Our Asian and African markets include highly developed economies, such as Hong Kong and Singapore, that have diversified, service-led economies and mature financial markets. It also includes emerging markets that are more dependent on primary and energy-intensive industries. These emerging markets have a greater reliance on fossil fuels in their energy generation mix than developed economies. These countries' energy transition is likely to proceed at a slower pace, as acknowledged by the Paris Agreement and reflected in the countries' Nationally Determined Contributions.

Supporting a just and inclusive transition through our Responsible Investment targets

The need for a just and inclusive transition was an explicit consideration for Group while evaluating possible targets and commitments. This was brought to life specifically in the decision around our coal policy where in considering different thresholds, each was tested against whether it supported a just and inclusive transition. Ultimately, the threshold for our coal policy was set so as to balance our stewardship duties in developing markets, while also allowing companies in those markets to phase out of coal in a just and inclusive manner and encouraging companies in more developed countries to phase coal out quicker. In reviewing and approving the targets, the Board and its Responsibility and Sustainability Working Group (RSWG) took a specific interest in a just and inclusive transition aspects.

We further support an inclusive transition through our engagement targets, based on a belief that engagement is preferable to divestment to secure a just transition, though divestment may be the appropriate response in certain circumstances. Engagement is a core part of providing effective stewardship and we seek to encourage business and management practices that support sustainable development through constructive interaction, as described in the examples in our *Active ownership* section on page 109.

Policy engagement and advocacy

With operations in Asia and Africa, we are well placed to bring an emerging markets perspective to stakeholder discussions to help ensure the need for a just and inclusive transition in developing markets is considered in policy and regulation.

We regularly engage with regulators and monitor evolving climate risk-related initiatives that could develop into new regulation in the markets in which we operate. We consider the transition to a low-carbon economy to be essential and we engage constructively with trade associations, policymakers and NGOs to shape the evolution of regulation and standards relating to climate risk and transition.

Throughout 2021, we actively engaged with international standard setters, and with governments and regulators in the markets where we operate on key issues shaping the ESG policy environment. As in 2020, a major area of engagement with our host governments was the ongoing management of Covid-19 and the impact on our customers, communities and staff. We have engaged with governments to support their health priorities, including the use of digital solutions in healthcare and insurance, and in supporting financial inclusion. More information on our approach is available in the *Making health and financial security accessible* section on page 75. At the same time, attention on the effects of climate change and the role of the financial sector increased at both the international and national level (see Prudential and COP26 on page 94).

As well as direct engagement with governments and regulators, we worked with a number of trade associations and working groups to understand and inform approaches to international and national-level policy and regulations and to benefit from the collaboration and cooperation that comes from working alongside peers in industry to inform and understand policymaking.

The table below summarises the key stakeholders and topics we engaged with and the topics we contributed to.

Stakeholders and topics	Prudential contribution
At the international level, we closely followed the climate-related initiatives set out by both the International Association of Insurance Supervisors (IAIS) and the International Organisation of Securities Commissions (IOSCO)	> Ongoing discussions with the IAIS on how to assess and incorporate climate-related risks in its yearly Global Monitoring Exercise. > Early participation in the IAIS's Climate Task Force, established in October 2021 with the purpose of engaging with industry stakeholders to provide input to IAIS climate work. This will continue in 2022. > Engagement with, and feedback to the Taskforce on Climate-Related Financial Disclosures (TCFD) consultation on Proposed Guidance on Climate-related Metrics, Targets and Transition Plans.
We also monitored and contributed to a range of consultations through the IIF	> With the IIF, we led the creation of a working group within their Insurance Regulatory Committee to focus on how issues affect Asia-Pacific markets specifically, including on climate change and sustainability and digital transformation and the implications for financial inclusion. > We contributed to the following consultations via the IIF: – IOSCO ESG ratings consultation. – IFRS Foundation Exposure Draft on Proposed Targeted Amendments to the IFRS Foundation Constitution to Accommodate an International Sustainability Standards Board (ISSB) to set IFRS Sustainability Standards. – IIF Sustainable Finance Working Group (SFWG) response to the TCFD public consultation on Climate-related Metrics, Targets and Transition Plans. – IAIS Application Paper on the Supervision of Climate-related Risks in the Insurance Sector.
As governments and regulators in the markets we operate in have developed their policies and regulations to support sustainable finance, we have engaged actively in the policy development process	> The Group CEO's membership of, and participation in, the Monetary Authority of Singapore's International Advisory Panel (IAP), which included a focus on national and regional sustainable finance priorities. > Membership of Singapore's Green Finance Industry Task Force's Workstream on Disclosure. Our Singapore business provided inputs to the development of a best practices disclosure document, which sets out pathways for financial institutions (specifically banks, asset managers and insurers) to adopt and put in place TCFD recommendations based on the different stages they are at in their sustainability reporting journey. Our Singapore business also provided responses to the SGX Consultation Paper on Climate and Diversity, and ESG Metrics. > Response to Indonesia's regulatory requirements to submit a Sustainable Finance Action Plan (SFAP). > Participation in the Mayor of Shanghai's annual International Business Leaders' Advisory Council meeting, with a paper on developing Shanghai's role in sustainable finance.
Engaged with UK policymakers and regulators during its COP Presidency on UK listing requirements and international policymaking	> Membership of the CBI's Sustainable Finance Working Group. > Input to the UK Financial Reporting Council consultation on the use of scenario analysis by FTSE350 companies. > Participation in an ABI roundtable to help provide feedback on the PRA/FCA Climate Financial Risk Forum Scenario Analysis Working Group's draft Scenario Analysis Guide for Insurers and Asset Managers.

Prudential and COP26

A major focus of policymakers, regulators and business in 2021 was the preparation for and meeting of the UNFCCC's Conference of Parties (COP26), under the UK and Italian Presidency, with the meeting from 31 October to 13 November 2021.

Through 2021, Prudential worked with the UK government's COP Unit and UK embassies in our markets on key themes ahead of COP26. We participated in local Energy Transition Councils facilitated by the UK government in a number of ASEAN markets. We also participated in green finance workshops organised by the UK government or other partners in collaboration with domestic policymakers.

At COP26, across a range of activities, the Chair, Group CFO and COO and senior Prudential representatives highlighted the importance of an inclusive transition in Asia and Africa; the challenges of addressing coal retirement and investment in renewables in developing markets; and the framework for financial market participants to achieve net-zero goals – for example, the creation of an International Sustainability Standards Board (ISSB) to deliver a global baseline for sustainability-related disclosure standards. Prudential partnered with the GHS@COP26 conference, which took place during COP26, led by the City of London Corporation and the Green Finance Institute, to amplify these messages and initiatives.

Prudential supported the publication during COP26 by the World Economic Forum (WEF) of a set of principles to ensure a 'Just and Urgent Energy Transition', while Don Kanak, chairman of Prudential Insurance Growth Markets, took part in the Asian Development Bank's partnership launch for the development of an Energy Transition Mechanism, alongside the Indonesian and Philippine governments.

Memberships of trade associations, such as Asia House, the UK-ASEAN Business Council and the China-Britain Business Council, and a number of British and European Chambers of Commerce, enabled the organisation of, and participation in roundtables and meetings with policymakers on green and sustainable finance, healthcare and digital issues, often virtually given the continuing restrictions on international travel. Green and sustainable finance also featured in various government-to-government and regulatory dialogues that took place through the year, and into which Prudential advocated relevant priorities and perspectives. Through membership and chairmanship of the EU-ASEAN Business Council, contributions were made to a range of policy papers and events covering issues including plastics, energy transition, healthy ageing, fuel economy and fuel standards, and digital tools for affordable protection, health and wellness.

We developed and contributed to a range of advocacy and position papers and events covering a broad range of issues from climate and health to financial inclusion. Examples include Prudential's Philippines business, Pru Life UK, which commissioned a study that aimed to support greater understanding of the effects of climate change on Filipinos' health and wealth, and to guide the industry and government in developing practical preparation and mitigation strategies (see case study). With support from Prudential Singapore, EuroCham Singapore produced a 'Future of Healthcare and Wellbeing White Book, 2021–2022', including a paper on 'Healthcare and Innovation – a Healthcare financier perspective' by Prudential. We were the headline sponsor of the Singapore FinTech Festival 2021, with a major focus on the role and impact of digital innovation on expanding financial inclusion. We participated in the Commonwealth Trade and Investment Summit in September 2021, highlighting the role of technology in expanding financial and health inclusion. We sponsored the CamTech 2021 Summit which included a focus on the potential for digitisation to drive inclusion and on green finance.

Energy Transition Mechanism

Coal-fired power plants represent a fifth of total global carbon emissions, and nearly three-quarters of emissions from the electricity and heating sector. Given the global reliance on coal, the private and public sectors must work together to support the transition to a low-carbon economy. The development of the Energy Transition Mechanism (ETM) is an example of the type of project that will be needed, which is being trialled in Indonesia and the Philippines. The ETM concept was developed by Don Kanak, Chairman of Prudential Insurance Growth Markets.

The ETM is a scalable public-private partnership that can be used to acquire and then retire coal-fired power plants well before the end of their useful life, in an orderly and just way. The ETM proposes that an investment fund is established in collaboration with national authorities in order to purchase and retire coal-fired power plants within 10 to 15 years, cutting short their expected lifetimes of 30 to 40 years. A complementary facility would channel proceeds into renewable power, grid upgrades and support for workers and communities. In this way, the ETM would help developing countries to finance an orderly transition towards less reliance on coal in the total energy mix and have access to affordable renewable power.

In 2021, the Asian Development Bank (ADB) commissioned a study to validate and refine the ETM concept in Indonesia, the Philippines and Vietnam. After the first study was completed, the ADB launched a detailed feasibility study of operationalising the ETM in Asia, with a pilot in late 2022 in Indonesia and the Philippines. The 'Southeast Asia ETM Partnership' was formally launched in November 2021 at COP26, with attendance from senior officials in developed and developing countries and philanthropists.

We continue to support the ETM as an example of the practical private-public solutions needed to progress the energy transition and we look forward to seeing the outcome of the detailed feasibility study in Indonesia and the Philippines.

Sustainable Development Investment Partnership (SDIP)
The SDIP is a multi-stakeholder initiative under the World Economic Forum and OECD, of which Prudential and over 40 other companies, foundations, multilateral development banks and governments are members. Its goal is to mobilise finance at scale in developing countries in support of the Sustainable Development Goals. Through the SDIP, we work with public and private sector institutions in emerging markets, particularly in South-east Asia, to scale domestic and international investment in sustainable infrastructure and promote energy transition.

Working with SDIP, we became an initial signatory of the 'Principles for Financing a Just and Urgent Energy Transition' (JUET Principles), launched at COP26. These principles create a better context for the developed countries to step up their financial assistance to the emerging markets and complement the ETM through creating the right enabling environment to facilitate large-scale and urgent energy transition in developing economies.

Work is underway to further explore where the SDIP and the EU-ASEAN Business Council can work together with the Net Zero Asset Owner Alliance to increase the voice of emerging markets in transition finance.

Joining the Net Zero Asset Owner Alliance

In June 2021, we joined the United Nations-convened Net Zero Asset Owner Alliance (NZAOA). The NZAOA is a network of institutional investors committed to the decarbonisation of their investment portfolios with support from scientific advisers and collaborators, including the Partnership for Carbon Accounting Financials and the Science Based Targets initiative.

In joining the NZAOA, we aim to bring an emerging markets perspective to the discussions on investment portfolio decarbonisation, which is critical to ensure that the specific needs of those developing markets are addressed. Since joining the NZAOA, we have participated in a range of discussions, including updates to the NZAOA's target setting protocol, inclusion of additional asset classes such as sovereign bonds in carbon accounting, engagement and protocols. Additionally, we have taken the initiative to set up a new sub track, within the NZAOA, focused on financing the transition in emerging markets.

Strategic Pillar: Building social capital

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

Our people responsibility

As an employer, we have made a pledge to make Prudential a place where our people can *Connect, Grow and Succeed*.

Our Employee Value Proposition
With 'Ambitious' as one of our values, we have a bold vision for what it is like to work at Prudential. We are on a multi-year transformational journey to reach this, within which 2021 was a critical year.

Our Group Culture Framework outlines who we are, why we exist, and how we conduct our business and ourselves, as well as how we behave while at work and in the wider world. The four components that comprise our culture framework are: *Purpose, Principles, Values, Future-Ready Skills*.

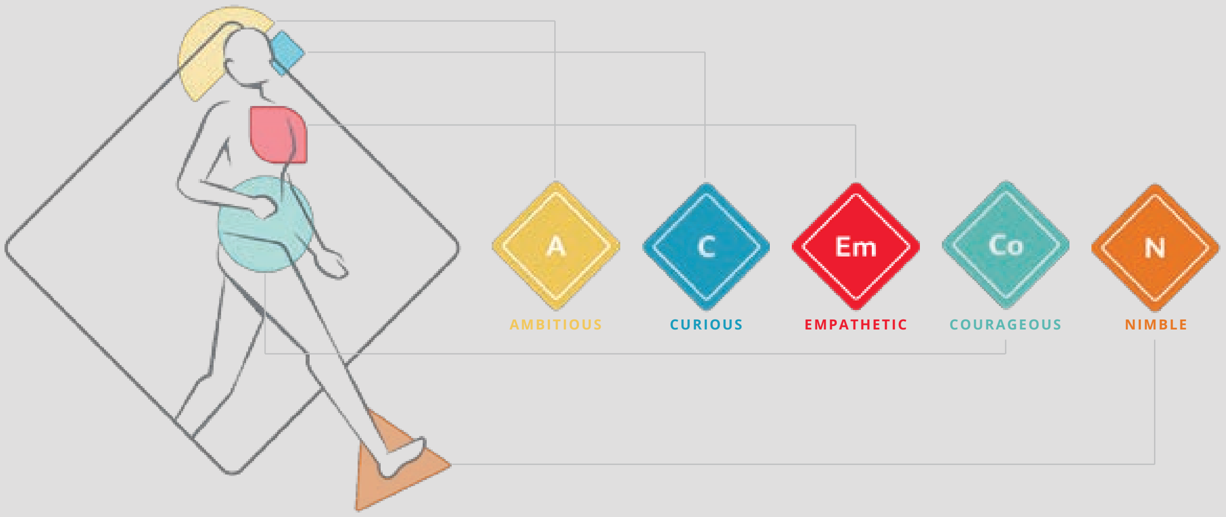
In October 2021, to give form to our Group Culture Framework, we launched a unified employee value proposition (EVP). The EVP speaks to our current and prospective employees, prompting reflection on the impact they can make at Prudential, and providing tangible proof points on how Prudential powers their careers. The EVP is as follows:

> *'Prudential's purpose is to help people get the most out of life. We do that for customers and employees alike. We know that career decisions are significant – and that you entrust us with your time, talent and passion. This powers our ambitions in Asia and Africa. In exchange, to honour the trust you place in us, we pledge to make Prudential a place where you can Connect, Grow, and Succeed.'*
>
> **Prudential plc's Employee Value Proposition**

The EVP is a pledge, not a strategy itself. Our people strategy and a three-year roadmap were socialised with our Board and guide our work to fulfil the promises it makes. The strategy covers areas including culture, diversity and inclusion, learning and development, leadership, talent, performance and more; the roadmap lays out a series of intended outcomes. During 2021, the roadmap called for aligning processes and engaging our people, with performance management being a focal point.

Purpose	We help people get the most out of life					
Principles	We put customers first	We act with integrity	We embrace a growth mindset	We invest in communities	We take the long view	
Values	AMBITIOUS	CURIOUS	EMPATHETIC	COURAGEOUS	NIMBLE	
Future-Ready Skills	Look Broadly	Tell Stories	Think Conceptually	Imagine Possibilities	Build Iteratively	Work Collaboratively

Our values



Culture

Our people surveys are central to measuring our progress on our three-year culture journey. We conducted our first survey in May 2020 and our second in January 2021. These initial surveys told us that, although our people were proud to work for Prudential and were being supported in our initial response to Covid-19, they needed more support in the areas of work-life balance, raising concerns, and career and learning opportunities.

We then carried out our third global people survey in December 2021, with 95 per cent of our colleagues participating and providing feedback. Understanding of the Group's values was the most improved factor on the survey, compared to January 2021. Overall engagement continues to improve, and our 2021 engagement score was above the benchmark median score for all industries globally. Since we ran the initial survey in May 2020, we have made significant improvement in the following areas:

- Open and honest two-way communications;
- Reporting a concern without fear;
- Rarely feeling overstressed by work; and
- Doing something when someone is not delivering in their role.

At Group level, topics raised by colleagues included learning and development opportunities, positioning our colleagues for growth during business transformation and enhancing colleague wellness. Insights from the survey will help inform plans at both business and Group level.

In 2020, we conducted our first Collaboration Jam, a three-day inclusive online conversation where colleagues could connect and co-create solutions for the issues that matter most to them. Input from our colleagues during 2020's Collaboration Jam helped us to define our new values: ambitious, curious, empathetic, courageous and nimble, which we believe are fundamentally human values, represented by different parts of the body so that they are accessible regardless of language or seniority. Each value is defined by different mindsets and acceptable and unacceptable behaviours, making it clear what is expected of our colleagues. Our values are embedded in our approach to feedback and reward. We launched our values in early 2021, with a series of videos where colleagues explained what the values meant to them personally.

We conducted our second Collaboration Jam in August 2021, with over 9,000 colleagues registering to participate and more than 75,000 comments made over the 72-hour period. As in 2020, the 2021 Jam engaged our people to define another aspect of our Group Culture Framework, our future-ready skills, which we explored through key themes of culture and connection, customer-centricity, hybrid work, and wellbeing and the future of work. We used this colleague input to identify the values associated with the future-ready skills as well as the competencies necessary to put them into action. The competencies will be used to build our self-directed learning paths, which will be offered to colleagues in 2022. Insights gained from the Collaboration Jam form a key part of the ongoing development and iteration of our people roadmap.

The values and the future-ready skills work together to signal to our people how we want them to 'show up' in everyday interactions with customers and colleagues and also what we want them to do as they undertake their work. Our learning programmes are organised around the future-ready skills and our people receive continuous feedback on how well they are living the values from peers and managers through TellMe, an internal app that enables this feedback.

Learning

We have made a pledge to make Prudential a place where our people can connect, grow, and succeed. A significant part of our pledge to employees is preparing them for the future of work, so that they can participate in and contribute to our transformation, and also so that they are confident and well equipped for wherever their careers may take them.

In 2021, at the Group level, we made a series of strategic investments in learning and development (L&D). Our vision is to build a workforce that knows how to learn and does so in the flow of work and in service of our business ambitions. Our L&D strategy is intertwined with our Group Culture Framework, linking our learning programmes to our organisational culture. More information about the training provided to our agency force is provided on page 79.

We have partnered with LUMA Institute, an education company, to help develop our innovation and design thinking capability. To achieve scale, we have introduced LUMA Workplace, which is an online platform that enables a do-it-yourself approach to design thinking that includes tools, templates, suggested agendas and more. To lay a foundation for a broader rollout of design thinking as a future-ready skill, we have trained almost 250 people from across the Group on LUMA's Practitioner Certification Programme.

We hosted two company-wide webinars: one on 'New ways of working', and another called 'What could go wrong?' The first unpacked our values and introduced the concepts around our future-ready skills. It also served as the launch for LUMA Workplace and LinkedIn Learning, which hosted curated learning paths around our future-ready skills. The second webinar extended the narrative around values into the space of sound risk management. Both webinars were broadcast with live simultaneous translation in several local languages to increase accessibility of the content.

Our local businesses also developed local learning programmes tailored to specific needs. Notably, Prudential Singapore held a week-long 'Learning Fest' called PRUYou Fest: Supercharging You to Power up PRU, focused on capability building and celebrating the learning culture at Prudential Singapore. The event saw 1,260 attendees, including employees and agency distributors, who clocked over 1,700 learning hours that week.

Employees are expected to complete mandatory training each year on key topics such as anti-bribery and corruption, anti-money laundering, privacy and competition law, completing an average of 12 hours training during 2021.

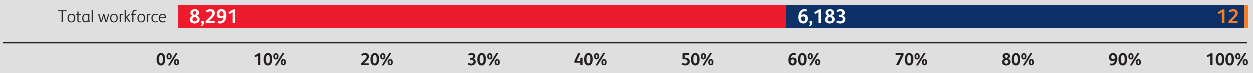
Diversity, inclusion and belonging

We seek to build a culture where diversity of thinking, skills, identity and experience is celebrated and inclusion assured for our people, customers and partners.

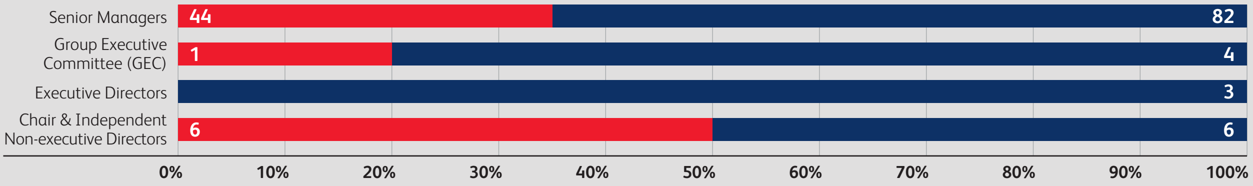
To proactively manage the hiring and promotion of senior leaders, we have developed a dashboard that will be used at both a Group and local business level to support the management of talent pipelines. A summary of our D&I performance is included below. While our diversity figures have improved year-on-year, we recognise that we have more to do in this area, and a number of the initiatives set out below are aimed at addressing this, for example our Talent Sponsorship Programme that launched in 2021.

- At 31 December 2021, the representation of women on our Board was 40 per cent. However, following the 2022 AGM, the representation of women will be 33 per cent, just below the average for FTSE100 companies, and we expect further changes during 2022 as the Board continues to evolve.
- We have exceeded the recommendation of the Parker Review to have at least one director being from what is regarded in the UK as an ethnic minority background on the Board by 2021, with five of our 15 directors meeting this criteria.
- As a signatory to the HM Treasury Women in Finance Charter since 2016, we had a target of 30 per cent women in senior management by the end of 2021. At 31 December 2021 this figure was 35 per cent.

Gender diversity – total workforce*



Gender diversity – senior management*



● Female
● Male
● Unspecified†

* Within the scope of EY assurance – see page 74
† No specification or information is captured on gender for an immaterial number of our employees. These employees are recorded as 'unspecified'.

Our Global D&I Council, established in May 2020, is responsible for defining our global D&I strategy and supporting programmes, promoting and championing D&I initiatives in respective businesses and challenging the organisation when progress is limited. The Council provides updates to the Board twice a year and the Responsibility and Sustainability Working Group (RSWG) receives quarterly D&I updates. In July 2021 we expanded the Council to include five additional members to ensure alignment to the broader ESG strategy. The Council has established a global D&I Charter guided by the principles of empowering our employees, fostering transparency, and creating communities.

In October 2021, after reviewing our approach to employee networks, the Global D&I Council launched PRUCommunities, which are led and owned by our people and open to everyone at Prudential, providing person-to-person connections and a strengthened sense of belonging. PRUCommunities is designed to be a safe place for our people to share identities, interests and goals, and ignite the changes they would like to see at Prudential. PRUCommunities of our people enable them to Connect, Grow and Succeed through building connection and community locally, regionally and globally across businesses and functions. On 19 November 2021 the first global event for PRUCommunities was hosted with #PinkFridayPride, run by PRUPride to support LGBTQI+ colleagues.

During 2021, we launched our Talent Sponsorship Programme, which is aimed at accelerating diverse talent and matches our most senior executives as sponsors to selected leaders and sponsees who have been identified through our talent review process as critical pipeline for our future. This programme aims to provide sponsees with greater visibility in the organisation, increasing their impact in their existing roles and accelerating their career progression. The programme has been a learning experience for both sponsors and sponsees, who built trusted relationships across the organisation, gained a greater understanding of other functions and developed their personal leadership. To date, over 70 per cent of sponsees have achieved their objectives. The programme will expand in 2022 by cascading to the next level of our talent pipeline, doubling the number of sponsees to 60, and focusing on underrepresented talent groups, based on gender, generation and background, to drive diversity and inclusion in leadership at Prudential.

As part of our ongoing commitment to transparency, during 2021 we again submitted responses to the ShareAction Workforce Disclosure Initiative, where we achieved a score of 88 per cent (2020: 76 per cent) and the Bloomberg Gender Equality Index, being listed on the index for the second year.

Leadership

We have taken steps to embed inclusive traits into the mindsets and behaviours that underpin our values. We focus on Senior Management Team (SMT) hiring, succession and development, leveraging a tool underpinned by Hogan Assessments. The tool has been developed to provide insight on alignment with our values and leadership capabilities and identify potential derailers including potential biases an individual may have. Furthermore, certain local businesses have run workshops to invite leaders to reflect on their personal leadership and engage conversation around changes that could help them become more inclusive. This is consistent with our approach on learning, where we set Group-wide strategy and run certain company-wide programmes, which local businesses complement with interventions to meet local needs.

With our focus on raising awareness and embedding our values and inclusiveness, we provided our top 200 leaders with the Leadership Culture Journey programme during 2021. The programme provided a safe space, connecting leaders from across the organisation to reflect and freely discuss our values and what they mean to our leaders personally. They have also learned practices and tips to reinforce our values in daily reality. As part of this, we introduced an Adaptive Leadership framework, which supports systemic change around mindsets, behaviours, capabilities and more.

Since 2020, we have enrolled a cohort of our leaders in a Transformative Journey, a deeply contemplative programme aimed at developing more human-centric leaders and change agents for the organisation. Over 60 per cent of this year's cohort reported improved wellbeing and all say they have shifted their mindset and feel more empowered to drive change. Going forward, we are aiming to reach a critical mass of our leaders in order to drive a more courageous and entrepreneurial mindset throughout the organisation. To sustain the momentum of this programme, we are aiming to enrol up to 50 per cent of our leaders and top talent on this programme in 2022.

Talent and succession

Our talent management approach is evolving by providing both targeted interventions for selected segments of talents and leaders identified as successors for future leadership roles, as well as providing all employees with access to individual development and career opportunities. To align with external hiring, individuals identified in succession pipelines will undertake our Hogan-based Assessment, which will inform their selection when the role becomes available and also guide their development in preparation for their next career move.

Our focus is to promote from within to provide meaningful careers for our people and strengthen our leadership capabilities deeper into the organisation. In 2021, almost 70 per cent of our leadership appointments have been internal candidates, of which a number have come from the promotion of talents, including those who have participated in our Talent Sponsorship Programme. We also focus on internal mobility, and nearly 50 per cent of all appointments came from cross-business mobility.

We have improved succession coverage by accelerating readiness of successors who are ready to take a designated role within the next 18 months and we have increased our talent pipeline by 30 per cent over three years. We have achieved this by moving deeper into the line of succession to mitigate the risk of promotions leaving gaps. To strengthen our pipelines in commercial, financial and HR roles, we piloted new functional assessment centres, using psychometrics to identify future potential and panel interviews on critical skills assessed by internal leaders. Our Executive Development Centre supports the talent pipeline for the most strategic roles in our organisation, with 43 per cent of participants being promoted within a year, 14 per cent taking on expanded roles and the remainder continuing to grow into their existing roles.

Recognising that every employee is a talent, we are developing a more democratised approach to talent development, providing all employees with the opportunity to access mentoring and new career experiences.

In June, we launched myMentor, a platform to provide mentoring at scale, where employees can register as a mentor and/or search for a mentor across the entire organisation. Mentors can share their extensive knowledge, insights, advice and experiences with colleagues across the Group, supporting personal and organisational growth in a transparent and democratised manner. Over 130 mentoring relationships have been created during 2021 on the platform, significantly increasing the number of mentorship opportunities for our people.

In October, we piloted our Opportunity Marketplace platform, which aims to provide colleagues with new learning and development opportunities, capturing the untapped energy and capabilities of our people. The Marketplace applies machine learning to match our people's skills and aspirations with project opportunities, permanent roles and learning opportunities. It allows people to drive their own growth and development by furthering their experience and skills in areas that interest them. We will continue to roll out the Opportunity Marketplace during 2022.

Reward and recognition

We aim to build reward plans that attract and engage exceptional people, foster their wellbeing and provide with them fair and personalised opportunities to share in organisational success. We recognise and reward high performance and are committed to a fair and transparent system of reward. Among our benefits, we offer employees competitive pension arrangements. Remuneration is linked to the delivery of business goals, our values and expected behaviours. We ensure that our rewards for our people do not incentivise inappropriate risk-taking by assessing employees on 'what' they have achieved, and on 'how' they have done so.

We aim to create the right environment for all of our people to excel and contribute to the company's success, in line with our purpose to help people get the most out of life. In 2021, we introduced a new performance management framework based on our employee value proposition to connect, grow and succeed. The framework is based on our 'Coach' principles:

- Continuous: Frequent feedback anytime, anywhere;
- Ownership: Each of us is responsible for our own careers;
- Authentic: Open conversations in a trusted, honest and motivating manner;
- Clear employee, team and individual goals: Clarity on what is expected of our employees and teams; individual goals all align to our business strategy; and
- How we behave and exhibit our Group values form an integral component of individual performance.

We have prioritised linking our values to reward outcomes. We continue to drive 360-feedback for our colleagues, which we adapted in 2021 to ensure the way in which we evaluate performance and development is aligned with our values. The behaviours associated with our values form the basis of peer-to-peer feedback, which in turn is included in annual performance reviews, linking behaviours to reward outcomes.

The Group's executive remuneration arrangements reward the achievement of Group, business, functional and personal targets, provided that performance is aligned to the Group's risk framework and appetite and that our conduct expectations, as well as those of our regulators and other stakeholders, are met. Information on executive remuneration and its alignment with the pay of other employees, including the CEO pay ratio and UK gender pay gap, is provided in the Directors' Remuneration Report within the Annual Report.

Wellbeing

Following feedback from our Collaboration Jams, we have sought to raise awareness on wellness, as well as connection with and recognition from colleagues. During 2021, we co-created our wellbeing framework with all of our businesses to define how we ensure that we look after the health and wellness of our employees. Our focus is on four main wellbeing pillars: health and wellness, financial, work-life blend and mental wellbeing. More detail on how we support our colleagues across these four areas of wellbeing is provided in the table below. These Group-wide programmes are supplemented by local initiatives, including family Fridays, where employees are encouraged to finish early, virtual fitness challenges and wellbeing webinars and speaker events. The implementation of the wellbeing framework is monitored through a dashboard, which provides an indication of how well we are performing against the wellbeing standards and enablers.

We continue to develop our wellbeing approach in the context of the rapid transition to hybrid ways of working, which will see an ongoing proportion of people continuing to work remotely. We have developed our approach to hybrid working, including principles and toolkits to support our employees based on guidance from our people through the 2021 Collaboration Jam, along with input from our managers and leadership. In October, we engaged over 120 managers across the Group to understand how to support them to implement hybrid working at Prudential on an ongoing basis. This identified three key areas of focus for successful hybrid working, namely technical skills and the need for digital upskilling of employees, human skills to support and manage wellbeing, and organisational support to provide consistent access to hybrid working arrangements for our people. The aim of this is to enable a transition to sustainable performance that prioritises employee wellbeing while facilitating working in a hybrid way.

Wellbeing at Prudential is defined across four pillars:

Area	Benefit principles	Core company-wide benefits	Additional benefits available in some of our markets
Health and wellness	We create a workplace that fosters a healthy lifestyle We provide competitive protection benefits for employees and their families	All our markets offer minimum life coverage of 48x monthly base salary to help provide financial security for colleagues' families, subject to local insurer approvals. This is in addition to the supplementary support of six months guaranteed basic cash and other benefits, such as accrued pension and extended medical coverage. Pru Care Fund – In addition to life protection and sick leave benefits in place, we are ready to provide financial assistance of up to US$20,000 so that employees can meet basic needs in the event of hardship resulting from unexpected loss of income due to permanent disability, critical illness or exceptional circumstances.	Home Environment – To foster a safer and more comfortable home environment we offer to provide colleagues with home office and gym equipment, as well as hygiene and cleaning devices. Healthy Lifestyle – To emphasise a healthy lifestyle, we offer nutrition, fitness training and also collective office exercise breaks. Vaccination Leave – We offer extra time off for colleagues to receive vaccinations and have proper time to rest and recover.
Mental wellbeing	We promote mental health through access to services and support, when and where our people need them within an environment of psychological safety at work	Our medical plans include coverage for clinical psychologists and psychiatrists for employees and their dependants. Employee Assistance Programme (EAP) – We offer 24/7 counselling for colleagues and dependants, supplemented by a year-long series of webinars on wellbeing.	Staycation – Additional time off is offered in conjunction with annual leave to encourage leisure and recharge during lockdown.
Financial wellbeing	We support our employees to achieve financial security through innovative financial tools, financial literacy and planning	We offer competitive retirement savings plans. PruSharePlus – this is an employee share scheme offered across most of our markets that gives employees an opportunity to invest in the Company in return for matching share awards.	Parental Care Expenses – This replaces maternity coverage expenses and is extended to cover expenses related to adoption and surrogacy.
Social wellbeing	We provide an inclusive, family-friendly work environment and promote community work opportunities We recognise different ways of working	Hybrid working. Global Wellness Day – All colleagues across our global footprint were encouraged to take a synchronous day off, dedicated to resting, recharging and spending time with family and friends. PRUCommunities, with a focus on health and sport, have been supported and created across the organisation and are being further encouraged with the launch of the Global PRUCommunities Governance Framework in October 2021.	Parental Leave – Primary caregivers can have up to 16 consecutive weeks of paid leave, subject to statutory requirements, following the birth, adoption or surrogacy of a child. This replaces maternity leave. Partner Leave – Partners supporting primary caregivers in the event of the birth, adoption or surrogacy of a child can have up to 10 days of paid leave. This replaces our current five-day paid paternity leave. Phase Back – Colleagues may return to work on a part-time basis (minimally 50 per cent) for up to four weeks following a period of long-term absence, such as parental leave or long-term sick leave. Sabbatical – Colleagues may apply for an unpaid career break of up to 12 months, subject to your years of service. Early Release on Eve of Special Holidays – Early release will move to 12pm from 4pm to give colleagues more time to enjoy and celebrate special holidays with family and friends.

Mental Health Framework

The pandemic has led to a rising demand for mental health support. Prudential has introduced a Mental Health Framework focused on raising awareness, providing preventive care, offering protection and building sustainability through support and connection in the workplace, collectively known as 'APPS'.

Since the launch of our new Employee Assistance Programme (EAP) in March 2021, about one in four employees have accessed the services. Since inception, over 2,400 employees have attended our monthly wellbeing seminars on topics including boosting mental health, building resilience and effective stress management since inception. The top searches on the EAP website were in relation to mental health and work-related subjects.

We have also enhanced our mental health coverage by incorporating psychiatrist and clinical psychologist coverage in local health plans to support the inclusion of mental health for employees and their dependants.

Looking ahead, we are focused on building deep capability and driving mobility across the organisation. This is in line with the needs of the business as we accelerate Pulse and continue to drive our transformation. Building on this year's progress, our priorities for 2022 include:

- **Work:** Preparing our people for the future of work. We will raise the digital literacy of our entire population and host a series of design thinking programmes to reinforce our values, build out our future-ready skillsets, and equip our people managers.
- **Workforce:** Positioning our business and digital teams for growth. We will continue organisation design work that clarifies our operating model, make a significant investment in digital upskilling for select technical roles, and increase rotational assignments.
- **Workplace:** Powering high-performance teams and wellness for all. We will deploy tools and programmes that support sustainable hybrid working and continue the focus on psychological safety, particularly as it relates to workloads and expectations.

Our digital responsibility

Digital innovation is central to our aim of helping our customers to be healthier and wealthier, helping them to get the most out of life. We are ambitious and we act with integrity in regard to digital responsibility. We are resolute in our commitment to fairness, safety and transparency in the design, governance and operation of our digital ecosystem.

Group-wide Information Security Framework

With the increasing reliance on technology in delivering our business objectives, effective management of technology risk is of paramount importance. Information security and privacy is rated one of the top risks in Prudential, and we continue to demonstrate strong commitment to protect our customer data and preserve the privacy of our customers through a robust information security management framework.

Global Security Operating Model

The Group-wide information security team operates globally through a 'Centre of Execution' model, leveraging skillsets, experience and resources across our geographical footprint to optimise our security defences and responses across Asia, Africa and the UK. The model fosters strong collaboration and knowledge sharing, which is crucial in the new era of cyber security. The global model has allowed us to consolidate and optimise information security technologies and processes across the Group, enabling security services to become more effective and efficient.

Group Data Policy

More than ever, the ability to manage increasing volumes of data is critical to any company's success in a digital world. Prudential is currently going through a digital transformation and is creating ecosystems that enable the Group to collect and use data from various customer touchpoints. Given the Group's ongoing digital aspirations, the data that needs to be managed is expected to continue to grow at pace, with an increase in both the variety and volume of information and the speed at which it is collected. Managing this data responsibly is key to gaining the trust of customers globally.

The Group Data Policy defines Prudential's approach to ensuring that core data is managed effectively throughout its lifecycle in line with the regulatory frameworks of the markets in which we operate, data security and privacy policies and the Group Data Strategy. Under the Group Data Strategy, we seek to democratise the access of data, turning data into an organisational asset that can be leveraged to improve the health of our customers and enhance their wealth. Core data has been defined as data that is currently relevant to the single sources of truth for customer, product, pricing, contract, asset, valuation and external data.

The data lifecycle includes acquiring the right data, ingesting it, storing it, transforming it so that it can be consumed by applications to support AI, business intelligence and operational use cases, and retaining it in accordance with regulatory requirements.

The effective management of Prudential's data is a joint responsibility of the business and technology teams, and managing data responsibly is key in gaining the trust of our customers globally.

Specifically, the policy requirements are classified into five key areas:

- Data governance and structure: The practice of making strategic and operational decisions to manage organisational data effectively. Data Governance Councils are established at Group and local business levels and define data procedures and policies to be implemented across the organisation.
- Data access: Ensure data is easily explorable and accessible in a structured way.
- Data usage: Ensure data is not misused or abused, and is used ethically, according to any applicable law, and with due consideration for individual privacy.
- Data quality: Ensure that the organisation's data is accurate and consistent over its entire lifecycle.
- Training and certification: Create a data culture within the organisation. Improve the data literacy of our staff.

Group Information Security Policy

The Group Information Security Policy (GISP) underpins how Prudential governs and manages information security. To support our global approach, the GISP is applied to all relevant businesses in Prudential, and the policy is developed with reference to numerous international and local standards including:

- ISO27002;
- 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 suite of technical standards to enable consistent implementation. Our global security function retains its overarching commitment to protect the business, comply with all applicable laws and regulations, and support the growth of the Group securely.

Oversight and Governance of Information Security

As the technology landscape of Prudential continues to evolve at pace, a new technology risk management model has been established through: (i) the establishment of the Group Technology Risk Committee (GTRC) and the Technology Risk Management team; (ii) the operationalisation of technology risk reporting across all businesses; and (iii) the provision of independent second-line assurance services.

The GTRC was established in September 2021, replacing the Group Information Security and Privacy Committee (GISPC), following the demerger of Jackson. The GTRC defines and provides governance of the overall technology risk management framework, including information security and privacy risks, across the Group. The GTRC meets at least quarterly and is a sub-committee of the Group Executive Risk Committee (GERC).

As the chairman of the GTRC and a standing member of the GERC, the Group Chief Information Security Officer (CISO) provides regular update to the GERC and the Group Risk Committee (GRC) on the cyber threats facing Prudential and the progress of Prudential's security programme. Periodically, the Group CISO also holds a dedicated session with the GRC for a more in-depth discussion on the cyber risk facing Prudential.

Cyber strategy and risk management

We have developed our global information security programme to deliver our cyber security strategy and to drive continuous improvement across people, process and technology.

During 2021, the Group-wide information security programme evolved to focus on four key aspects to protect the Group and our customer data against heightened cyber threats, while enabling digital transformation of the business. These are (1) enabling secured digital platform and ecosystems; (2) uplifting the cyber defence capabilities; (3) automation and continuous improvement; and (4) transformation of the security organisation.

Data breach metrics

Total number of (privacy) data breaches	Total number of (privacy) data breaches involving sensitive health information	Total number of customers and employees affected by company's data breaches	Total number of customers and employees affected by company's data breaches involving sensitive health information
18	6	47,266	113

A total of 18 data breaches were reported and collectively involved personal data of 47,266 individuals. The top three types of data breaches were i) loss of policy documents in transit (33 per cent); ii) data disclosed to incorrect recipient by email, post or other means (33 per cent); and iii) SMSs sent to wrong customers or terminated distribution representatives (22 per cent).

Out of the 18 data breaches reported, six involved sensitive health information and collectively impacted 113 individuals. The six data breaches were mainly related to policy document loss, data disclosed to incorrect recipient via post or emails, and a contractor sending unencrypted files to an external email address.

While the incidents do not represent any systemic issue, mitigation actions have been taken to prevent recurrence of the incidents.

Digital responsibility and Pulse

Prudential is committed to providing robust security protection over both our Pulse app and customer data, via a core set of security controls that have been implemented into our Pulse app. These include multi-factor authentication as part of the device registration process, mandating minimum mobile device operating systems versions, prevention of jailbroken and rooted devices from using Pulse, and the secure transmission and storage of data.

The Pulse app follows a robust secure development lifecycle that includes scanning for vulnerabilities in code and open-source software libraries. Independent penetration testing is conducted by a third party as and when changes are delivered as part of the Pulse ecosystem development. This is further secured by continuous testing through engaging a group of professional security researchers or ethical hackers.

Our Pulse ecosystem relies on partnerships with a range of third parties. All business partners we engage with go through a detailed due diligence process to ensure that they meet our high standards on data security and protection requirements. Additionally, our in-house security monitoring tool has been developed to detect vulnerability and alert our key partners in order to keep Prudential safe by keeping our ecosystem partners safe.

Data within our digital ecosystem is treated the same as all data in our organisation and is governed by the Group-wide Information Security Policy and Group-wide Privacy Policy. Pulse collects information about users in order to provide relevant services to them. Health-related information is collected by our health partners (such as Babylon) directly and Prudential will only receive a user's health information from our health partners with the user's explicit consent. All information collected is transparent to the user through the Privacy Notice provided to them before user registration.

To align the range of regulatory expectations and requirements across our businesses relating to customer privacy, we have developed the OnePulse Privacy Framework (OPF) to standardise the implementation of privacy controls. Referencing the General Data Protection Regulation (GDPR) requirements, the OPF outlines the mandatory and configurable controls to be built into our Pulse app, covering data subject rights, customer consent and privacy notices. Additional controls are being considered as regulatory requirements evolve eg China Personal Information Protection Law. More information about our approach to privacy is available below.

Privacy

As a business with a large global footprint, Prudential must navigate a number of different privacy laws. Robust privacy governance allows us to ensure that processing activities concerning the personal data of our customers, staff members, agents and stakeholders are embedded with 'privacy-by-design' principles and their privacy rights are being respected, which includes personal data being used and processed with legitimate causes, no over-collection of their personal data or tracking them, the data subjects being well informed about our processing and their respective privacy rights and processes being in place for handling their requests. This supports Prudential's trustworthiness with customers, enabling them to let us process their personal data without concern that their data will be misused. A key focus in 2021 was to further embed privacy across the Group and ensure that the protection and compliant use of personal data is considered a key component during new projects and initiatives. In addition to the local privacy training that employees receive, global training focusing on the requirements of the Group Privacy Policy has been rolled out to ensure that employees are regularly reminded of their responsibilities when handling personal data. Privacy maturity reviews were conducted across Asia, Africa and the UK and work is underway to further strengthen our Group-wide privacy controls.

The Group Privacy Office continues to have oversight of privacy compliance through implementation of the Group Privacy Policy and regularly reports on Privacy compliance to the Group Executive Risk Committee. The office works closely with privacy officers across Asia and Africa to support and advise on ongoing privacy compliance, as well as to provide a point of escalation for resolving data privacy issues.

Development of AI Council and AI Ethics Principles

Artificial intelligence (AI) is not only core to Pulse, but in the course of 2021, AI has successfully been deployed in several insurance business processes. This is guided by our eight AI Ethics Principles, which we developed in 2020 and which are governed by the Global AI Council. They are:

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, avoid bias and unfair discrimination

Reliability
Design AI that is highly reliable and robust

Compliance
Comply and respect relevant regulations, including human rights laws

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

Privacy and Security
Respect user privacy and security

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

Building AI and digital capabilities for the next generation

AI Bootcamp – Prudential Cambodia organised an AI Bootcamp in October 2021 to raise awareness of AI technology and its applications among local universities, as well as create brand awareness of Pulse and recruit Pulse Ambassadors. Thirty students from seven local universities with different backgrounds and majors participated in the event. Prudential colleagues led workshops that took students with no knowledge of AI to create a workable AI prototype during the one-day hackathon, which ended with a competition. The event was well received by the students, and Prudential Cambodia plans to organise similar hackathon events in the future.

PRU AI Explorer Programme – Launched in the Philippines, the PRU AI Explorer Programme is a capability-building programme that offers AI and digital learnings, and immersion opportunities for underserved teens, in partnership with Junior Achievement Philippines and Microsoft Philippines. Its pilot run entailed a complementary Microsoft-powered online introductory Data Science course and Data Analyst certification for 1,000 senior high students from public schools and alternative learning systems in various marginalised communities including Tondo in Manila, Cabanatuan City in Luzon, Negros Occidental province in Visayas, and the Bicol region.

An AI Centre of Execution (CoE) has also been set up to optimise expertise and serves as a platform for best practices sharing across the Group.

The Ethics Working Group of the Global AI Council is instrumental in upholding our AI Ethics Principles and is the only working group that approves or rejects AI prototypes. This working group was constituted and met for the first time in 2021. Chaired by Prudential's Global Chief Science Officer, its 15 members include representatives from various businesses and functions, with expertise in the fields of AI, medicine and ethics. Its main responsibilities include providing approval of all AI initiatives and prototypes and maintaining a record of all assessments and certifications.

In 2021, the Ethics Working Group reviewed AI systems that were in production for compliance with our eight AI Ethics Principles, based on real-world system performance. In several instances, the Ethics Working Group has made the decision to remove existing AI functionality from production where it has not been possible to ascertain compliance with all eight principles. The features removed include My AI Clinic, AI Skin Health Check, and Gout Buster, demonstrating how we evolve our AI deployment to align with our customers' needs and provide tangible value to them.

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

Strategic Enabler: Responsible investment

As a significant allocator of capital in financial markets, our commitment to responsible investment encompasses our role as both asset owner and asset manager. In that capacity, we can play a vital role in the just and inclusive transition to a low-carbon economy. We seek to apply ESG considerations more broadly in our investment decisions and in our stewardship duties, including ensuring that our investment decisions are aligned with our diversity values and support our focus on making health and financial security accessible.

Responsible Investment Governance

We see responsible investment as the dual responsibility of both the asset owner and the asset manager. Our life insurance businesses (as asset owners) and Eastspring (as asset managers, including its advisory activities through Eastspring Portfolio Advisers) therefore work closely together on all aspects of responsible investment. This dual responsibility is reflected both in our governance and in our Group Responsible Investment Policy, which outlines our expectations as described further below in this section. The governance for ESG, which includes the governance for responsible investment, is set out in the *ESG governance* section on page 69 of this report.

Responsible investment activity is overseen by the Group ESG Committee. Operational responsibility for responsible investment activity is delegated to the Group Responsible Investment Advisory Committee (GRIAC), which provides a forum for the Group and local businesses to consider responsible investment approaches. The GRIAC is co-chaired by the Chief Investment Officer (CIO) of Prudential and Co-Chief Investment Officer of Eastspring, who are both senior executives within our main asset owner and asset management businesses. Other permanent members include the CIOs of the major life businesses, as well as representatives from the Group Finance and Group Risk functions.

The GRIAC meets at least monthly to monitor the implementation of current responsible investment activities, and considers and prioritises new initiatives. The GRIAC considers potential trade-offs between responsible investment initiatives and the risk/return profile of the investment portfolio. The new Group Responsible Investment Policy and the targets announced in May 2021 were both discussed by the GRIAC, prior to approval by the Group ESG Committee and the Responsibility and Sustainability Working Group (RSWG).

Our asset manager, Eastspring, has established its own governance structure for responsible investment, which is aligned with the Group governance, to ensure ESG considerations are taken into account in all investment activities, and also for assets managed for third-party clients. Additionally, Eastspring is responsible for the implementation of certain elements of the Group Responsible Investment Policy, for which an appropriate governance structure is needed. The Eastspring Investments Sustainability Steering Committee, chaired by the Eastspring's Chief Executive Officer, oversees all sustainability and responsible investment activities. The Eastspring Responsible Investment Working Group assists in implementation of the activities. Further information on Eastspring's governance can be found at www.eastspring.com/about-us/responsible-investment

Group Responsible Investment Policy

During 2021, we made significant updates to our Group Responsible Investment Policy. The purpose of the policy is to articulate the Group's expectations relating to responsible investment and guide our local businesses and asset managers, including Eastspring Portfolio Advisers (EPA), on how to consider ESG factors in investment activities. EPA is our investment centre of excellence for tactical asset allocation, model portfolio construction, manager selection, liability-driven investments and solutions and derivative expertise.

The policy aims to manage ESG risks and improve long-term returns on assets, producing better results for both clients and communities. The policy ensures that, as an asset owner and asset manager, Prudential can monitor and measure ESG considerations over time. A summary of the policy can be found here: www.prudentialplc.com/en/investors/governance-and-policies/policies-and-statements, including details on the scope of the policy. The updated Group Responsible Investment Policy is structured across six different implementation strategies as shown in the diagram below to support the investment portfolio targets we announced in May 2021, as set out in the *Climate-related metrics and targets* section on page 82. This implementation strategies approach was developed in 2021 as part of the policy update.

Our six implementation strategies

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

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

ESG integration
Incorporation of ESG information into our parts of the investment process:
- Asset allocation
- Portfolio management
- Risk management
- Manager selection

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

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

Capital allocation
Shifting capital from harmful activites towards environmental or social needs
- Portfolio decarbonisation
- ESG investments

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

Screening the portfolio

Our local businesses are required to maintain an awareness of ESG risks in the investment portfolio and report on these, enabling us to take appropriate action if an investee company's products or conduct are not in line with our values. This screening is integrated to internal reporting on responsible investment and is also carried out on an ad hoc basis. Screening is the starting point for any new policy on responsible investment and it informs our follow-up actions, such as engagement or shifting invested capital away from the company, with complete exclusion as a last resort. Examples of screening the investment portfolio include assessments of our exposure to violators of the UN Global Compact and other severe incidents relating to conduct.

Exclusion

We exclude companies from our investment portfolio if their products or conduct are considered to be unacceptable to Prudential. When considering a Group-wide exclusion, an assessment is made on the expected risk vs return impact of the investment portfolio. A proposal for an exclusion needs to be approved by the local business and follows our responsible investment governance process.

We have Group-wide exclusions on coal, tobacco and controversial weapons as defined below. Our local businesses may add additional companies to their exclusions if they see fit. The scope and nature of the Group-wide exclusions are reviewed regularly, both for appropriateness and impact on the investment portfolio.

Our Group-wide exclusions

Coal exclusion

Description	Companies generating more than 30 per cent of their revenue from coal mining and/or electricity generated from coal.
Exceptions	Green bonds of coal companies with clear alignment to the Paris Agreement are exempted as Prudential will support these companies in contributing to the energy transition. The investment portfolio manager should also seek reasonable assurance that funding provided by the green bond is not freeing up additional financial capacity for that issuer or related companies in the market that will be used to fund non-sustainable alternatives.
Status	Divestment by the end of 2021 for equities has been completed, and by the end of 2022 for corporate bonds is on track.

Tobacco exclusion

Description	Companies that produce tobacco, which are labelled as 'Tobacco' by GICS level 3 (or GICS Sub-Industry).
Exceptions	None
Status	Divestment by end 2021 has been completed.

Controversial weapons exclusion

Description	Companies with verified involvement in cluster munitions, anti-personnel mines, biological weapons, chemical weapons and nuclear weapons outside of the UN Treaty on the Non-Proliferation of Nuclear Weapons.
Exceptions	None
Status	Divestment by end 2021 has been completed.

In 2021, Eastspring developed and implemented an exclusions policy for the large majority of its Collective Investment Schemes (CIS). While this exclusions policy currently addresses tobacco and controversial weapons exclusions, Eastspring is committed to an ongoing review of this policy. For example, Eastspring is assessing the potential implications related to the exclusion of companies generating revenue from coal, where it has direct control over mandate guidelines, and the potential for engagement with clients in relation to their own mandate guidelines. The definitions of Eastspring's exclusions align to the definitions of the Group-wide exclusions.

ESG integration

We seek to integrate ESG factors into our investment decisions alongside traditional financial analysis, to better manage risk and generate sustainable, long-term returns for our customers. ESG integration is relevant for the entire investment process, and all the relevant investment teams within the Group are expected to demonstrate how ESG considerations are integrated into investment decisions. Eastspring in Singapore has integrated the Sustainability Accounting Standards Board (SASB) framework into the majority of its investment processes to help systematically identify financially material ESG factors at the company level.

Eastspring also reports annually to the Principles of Responsible Investment (PRI), demonstrating how ESG is integrated into investment decisions. In 2020, Eastspring achieved A+ scores across two categories and A scores across four categories, well above the median scores for the PRI's asset management signatories. The PRI's next reporting cycle has been postponed until 2023, but we remain committed to providing transparency on our progress.

We operate in both developed and emerging markets in Asia and Africa and the responsible investment landscape differs significantly across these markets. Challenges relating to the emerging markets in which we operate include the availability of company-level ESG data. If data is not available in a certain market, local investment teams are required to set up their own framework to assess ESG risks. Eastspring Vietnam has set up such a framework, leveraging industry standards and combining this with company-level assessments, which are often obtained by speaking to companies directly.

We are supportive of further regulation around ESG integration in investments (see the *Policy engagement and advocacy* section on page 92). The European Union's Sustainable Finance Disclosure Regulation (SFDR) is one such development. In 2021, 82 per cent of Eastspring's international funds (SICAV) received Article 8 status, which means the fund 'promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices'.

Additionally, we have integrated climate risk into our investment process for our balance sheet assets, where relevant. We treat climate risk as a cross-cutting risk within our risk management and we continue developing our climate scenario testing approach. More information on how we take climate risk into account is covered in the *Stewarding the human impacts of climate change* section on page 82. We are also exploring methods to integrate climate change in our strategic asset allocation. Our asset manager, Eastspring, approaches climate risk at the company level and has engaged with the Singapore regulator, Monetary Authority of Singapore (MAS), on its Environmental Risk Management Guidelines.

Active ownership through engagement and voting

As custodians of our customers' assets, it is important that we act in ways consistent with our stewardship responsibilities. This means seeking to maximise the long-term capital growth of the assets entrusted to us, while remaining accountable to our customers for our actions and being aware of our duty to uphold their best interests when carrying out investment activities.

Eastspring is a member of International Corporate Governance Network (ICGN) and its stewardship approach is aligned with the ICGN Global Stewardship Principles and ICGN Global Governance Principles. Eastspring is also a member of the Asian Corporate Governance Association, which seeks to promote high standards of corporate governance across the Asia-Pacific region.

We believe active ownership via engagement and voting is preferable to divestment and will seek to engage with investee companies where we have concerns, and use divestment only in circumstances where that is the appropriate response.

Engagement

Engagement is a core part of providing effective stewardship and we seek to encourage business and management practices that support sustainable financial performance through constructive interaction, based on our in-depth knowledge of the companies and their business environment. Our level of conviction to hold a particular investment can be impacted by the results of engagement.

Eastspring undertakes company engagements focused on both financial and non-financial matters on an annual basis. Engagement is traditionally carried out for equity holdings, but investing in companies' debt can also be used as a way to engage with companies on important matters. Engagement is therefore happening across different teams within Eastspring, with its Equity, Fixed Income and Sustainability teams engaging on different topics:

- Engagement with the companies responsible for 65 per cent of the absolute carbon emissions of Prudential's investment portfolio, as described in the box below;
- Engagement with companies on ESG risks that are financially material for the specific company to get a better understanding on how the company is handling these risks; and
- Collaborative engagement focusing on specific ESG topics.

With respect to specific engagements related to material ESG issues, Eastspring's Equity, Fixed Income and Sustainability teams have engaged with around 500 companies in 2021, in addition to engagement on financial issues with companies.

Engagement target on climate change

We have set a target to engage with the companies responsible for 65 per cent of the absolute carbon footprint of our investment portfolio. Eastspring has developed a process to meet this engagement target. Engagement is carried out by the portfolio manager and/or by the sustainability team. The sustainability team works closely with the investment teams to make sure the engagement is aligned and the relevant information is incorporated. Eastspring relies on multiple sources of input to inform engagement, including input from the portfolio manager, CDP, Climate Action 100+ and the company's sustainability reports.

For engagement relating to decarbonisation, the requests included in the engagement are aligned with the expectations of the Net Zero Asset Owner Alliance for companies to:

- commit to net-zero greenhouse gas (GHG) emissions across their value chains by no later than 2050 and be supportive of the transition to a net-zero greenhouse gas emission world by 2050;
- define interim GHG reduction targets that are in line with reaching net-zero emissions by 2050;
- develop and implement plans for their businesses to remain viable in a climate-neutral economy, with meaningful consideration of associated social impacts;
- support adoption and implementation of governmental policies facilitating the transition to net-zero emissions;
- prepare for and not disrupt price mechanisms on GHG emissions;
- take action and make progress on efforts to lower GHG emission intensity of their operations and products, and to disclose in line with the four core elements of TCFD recommendations: governance, strategy, risk management, and metrics and targets; and
- enter direct time-bound engagement dialogue with Alliance members and/or other investor initiatives to discuss efforts to decarbonise their business by 2050.

Eastspring has developed a process to meet this engagement target and has made progress in 2021 towards meeting the target by reviewing 44 per cent of these investee companies and engaging with 31 per cent of the same group. Eastspring will continue engagement until it is decided the company has implemented our requests satisfactorily.

Collaborative engagement

Eastspring participates actively in industry working groups on sustainability. On climate change, Eastspring is actively involved in the following:

- Asia and Japan engagement by Climate Action 100+
- the ASEAN utilities engagement undertaken by the Asia Investor Group on Climate Change (AIGCC)
- engagement on disclosure on climate change, water and deforestation by the CDP

The production of palm oil is linked to deforestation and biodiversity loss, with over 85 per cent of the global supply of palm oil produced in Indonesia and Malaysia. Prudential operates in both of these countries and, as an example of collaborative engagement, Eastspring has joined the PRI Sustainable Commodities Programme. Within this working group, Eastspring Indonesia and Eastspring Malaysia are engaging with companies to produce more RSPO-certified palm oil, which is an important step in making the sector more sustainable.

Another example of collaborative engagement is with a Malaysian utility company, where Eastspring combined direct and collaborative engagement. The equity team in Malaysia conducted four engagements with the company in 2021 to address its renewable energy ambitions, including technology applications, its overseas acquisitions, and its plans to reduce its reliance on coal via its energy transition. Eastspring was part of a collaborative engagement whereby the company's net zero ambitions were discussed. Eastspring, through the AIGCC Utilities Engagement Programme, followed this engagement with a written request for the company to specifically state its plan on how it will reach its net zero ambitions with short, medium, and longer-term targets. Currently, the company is signalling that target-setting is expected to take place in early 2023.

Engagement on financially material ESG impacts

In the case of Eastspring's Fundamental Equity and Fixed Income teams, company engagements assist in understanding how companies are using their capital and conducting their business. Engagements may take place on a variety of issues, including ESG matters that present a potential material risk to a company's financial performance.

Example 1
Eastspring's equity team has been actively engaging management of a Japan-based steel company since 2017 on three key issues: carbon emissions and energy usage (including disclosure policies), board governance and structure, and workplace safety. Starting from 2021, our topic of engagement expanded to include our monitoring of progress of the company's efforts to transition to a low-carbon economy, and raising the quality and diversity in the Board and senior management.

The team discussed the potential shift in the business model and strategies in the transition to a low-carbon economy and monitored the progress of transition. The team also challenged the management's decision to issue convertible bonds to fund transitioning projects as well as overseas acquisition. In addition, Eastspring advocated for further training, particularly on diversity, for Board directors and senior management, and suggested the adoption of disclosure standards by the Sustainable Accounting Standards Board (SASB) in the annual sustainability report.

Over the course of this long-term engagement, the team has observed good progress towards setting specific medium and long-term carbon emission reduction targets, with the ultimate goal of net zero by 2050. Certain progress was noted in transitioning technology, with a carbon-neutral technology project being rolled out at the specialty steel subsidiary in Europe. Management registered Eastspring's disagreement to the equity-dilutive bond issue and accepted its recommendation for training and adoption of SASB disclosure standards.

While the steel industry's commitment to transition toward a low-carbon economy is vital, we continue to actively engage on a range of material ESG issues.

Example 2
The equity team in Singapore engaged an Australian-based steel company on gender diversity. Progress has been made with a piloted talent acquisition strategy, which has driven an increase in female representation in operator and trade roles at the company.

The company has adopted a multi-faceted approach by changing work practices and modifying role designs to better accommodate more diverse talent pools: facilities were upgraded to cater for a greater proportion of women; hiring practices were changed to access wider candidate pools and shifting requirements to qualifications to attitudes and behaviours; and the company offered alternative work arrangements, inclusive leadership training for managers, and a rethink of job designs.

Eastspring engages companies around sustainable business practices, the structures that govern them and the company's commitment to improving the level of transparency.

Example 3
Eastspring's equity team in Indonesia has had an ongoing engagement with an agribusiness on governance, transparency and risks related to its capital structure. Over this time, the company has made commitments that translated into positive outcomes in their reporting, as well as progress on the Roundtable on Sustainable Palm Oil (RSPO) certification for South Sumatra. The company's focus on reducing greenhouse gas emissions and chemical fertiliser use has led to improved composting practices, which fulfil 50 per cent of fertiliser needs, and an improved yield, achieving 99.9 per cent traceability.

Eastspring engages on unsustainable practices that are likely to impact the longer-term enterprise value of a company.

Example 4
Eastspring's Fixed Income Team in Singapore engaged with a coal mining contractor around its longer-term business model and transition planning. As the company's existing customer base are coal miners, it suggested a higher revenue risk as the company is structurally unable to significantly diversify its revenues away from the customer base in the near term. The engagement led the team to conclude that the company does not have sufficient preparedness for dealing with the evolving financing landscape and lacks the intention of increasing transparency for bond investors. With an increased understanding and based on the apparent risks, the team reduced holdings in these bonds.

While these examples are not exhaustive of the topics Eastspring has raised in company engagements, they highlight the interlinked nature of environmental, social and governance impacts for companies. Good governance practices can support social and environmental impacts to business activities and in turn, the longer-term drivers of returns for a business.

Voting
Alongside engagement, voting is considered part of the investment process and a way to support long-term performance by investee companies. By exercising our votes, we seek both to add value and to protect our interests as shareholders. We consider the relevant issues, meet company management if necessary and vote accordingly. Where possible, we seek to discuss any contentious resolutions with investee companies before casting our votes, in order to ensure that our objectives are understood, and our votes will be cast in the best interests of our investors and clients. Where appropriate, we use third-party investment advisers to aid the process of making proxy voting decisions. 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.

In 2021, Eastspring voted on 97.4 per cent of the total number of proxy votes in which it was eligible to vote. Eastspring voted with management recommendations 90.7 per cent of the time and voted against management recommendations 9.3 per cent of the time. Please refer to Eastspring's website for more information on its proxy voting record: www.eastspring.com/about-us/responsible-investment

Capital allocation

Capital allocation refers to the allocation of our capital towards environmental or social needs appropriate to the markets in which we operate, while also securing the required financial returns from such investment opportunities that meet the long-term needs of our customers and investors. We will continue to refine our definitions for ESG investments in 2022 in line with best practice and industry standards, such as the Sustainable Finance Disclosure Regulation of the European Union.

Through shifting capital to companies that align more closely with our values, we believe we can incentivise companies to operate more sustainably, especially if combined with engagement. As described below, we do this for both our investment portfolio and our investment-linked products (ILP), where the investment risk associated with the product is usually borne by the policyholder.

Investment portfolio
In 2021, Prudential Hong Kong shifted a large part of its US equities core allocation to ESG factor Exchange-Traded Funds (ETFs). These ETFs reduce fossil fuel reserves by 30 per cent and reduce the carbon footprint by 30 per cent compared to the broad benchmark. As such, shifts to ETFs with a lower carbon footprint support us in achieving our investment portfolio decarbonisation target.

In 2021, Prudential Singapore reached its target of investing SGD200 million in sustainable investments mainly by investing in ETFs, despite reporting in 2020 that progress to meet the target was a challenge due to a lack of internal ESG fund strategies and shifting business priorities. At present, there are no plans to set a new investment target for ESG-related products, but Prudential Singapore anticipates integrating more investment strategies with an ESG focus in 2022.

ILP funds
Prudential Singapore launched two sustainable ILP funds in 2021. These offer clients in Singapore a way to invest more sustainably while aiming to provide long-term total returns. Singapore-based clients can now invest in:

- PRULink Global Impact ESG Equity Fund: Managed by Wellington Management Company LLC, the fund invests primarily in global equities and focuses on companies whose core business aims to generate positive social and/or environmental change alongside financial returns.
- PRULink Global Climate Change Equity Fund: Managed by GMO Investment Management Company (Ireland) Limited. The fund invests primarily in equities of companies that are positioned to directly or indirectly benefit from efforts to curb or mitigate the long-term effects of global climate change, to address the environmental challenges presented by global climate change, or to improve the efficiency of resource consumption.

Eastspring's collective investment schemes are often offered to clients as ILP funds. Eastspring has integrated ESG considerations in the investment decisions for its international fund range, in line with the Principles of Responsible Investment, of which Eastspring has been a signatory since 2018. This is evidenced by the fact that the majority of Eastspring's international fund range is managed under a regulatory classification that promotes ESG characteristics and Eastspring factsheets are progressively integrating ESG data and metrics.

Market influence

We recognise the role that we can play in our markets, both bilaterally and through industry partners, to support the development of sustainable finance. For over 100 years we have built long-term, trusted relationships with policymakers and regulators on important local issues such as capital market development, product design and innovation, capacity building and financial inclusion. We seek to engage with policy bodies and regulators in the markets in which we operate to both shape the debate and align our approach to evolving best practice. Further detail is provided in the *Supporting a just and inclusive transition* section on page 92.

We operate in both developed and emerging markets in Asia and Africa and the responsible investment landscape differs significantly across these markets. Challenges relating to the emerging markets in which we operate include the availability of ESG data, the size of the investment universe and a lack of funding to finance the energy transition. We leverage our experience within developed markets, including around risk management, financing the transition and ESG standards, to help support sustainable finance developments in emerging markets. In 2021, Prudential became a signatory to the PRI as an asset owner and joined the Net Zero Asset Owner Alliance. Since joining the NZAOA, we have sought to raise awareness of the challenges in transition finance, especially in emerging markets, such as the issue that certified green bonds have the same carbon footprint as conventional bonds from the same company, which could disincentivise investment in companies committed to the transition. Going forward, Prudential will remain active on signalling the challenges for emerging markets and, where possible, contributing to a solution. More information about Prudential's memberships, signatories and commitments is available on our website.

Eastspring collaborates closely with the Asia Investor Group on Climate Change (AIGCC). Eastspring has taken an active role in the low-carbon investment working group, the utilities engagement, the engagement and policy working group and the climate training working group.

In 2021, Eastspring contributed to several initiatives, including WWF's RESPOND tool, which aims to explore and compare how asset managers are implementing responsible investment, and WWF's Barriers to Impact report, which uncovers what driving tangible, real-world change entails for Asian financial institutions.

Strategic Enabler: Community engagement and investment

Our approach to community investment

We align our community investment strategy with our business purpose, taking into consideration our stakeholders' areas of interests. Our strategy remains focused on health issues relevant to communities where we operate, education (specifically financial education) and building community resilience through safety. In living our purpose, we contribute to improving lives and leaving a lasting impact on society through our employee engagement and volunteer programmes. We continue to build on the long-term relationships we have with our community partners, offering both financial and skills-based support.

Governance of community investment

Our Group-wide Community Investment Policy and the Group's ESG strategy guide our approach to community investment and engagement. Within this framework, our businesses have the autonomy to manage their own community investment programmes. In Asia and Africa, Prudence Foundation, a unified charitable organisation governed by a statutory Board of Directors, regularly reviews our strategy and funding for community investment programmes with the aim of maximising positive outcomes in the regions where we operate. The Responsibility and Sustainability Working Group (RSWG) oversees our community engagement and investment activities on behalf of the Board.

Our Group-wide Community Investment Policy sets out minimum standards, including not permitting any investment or contributions that are prohibited by law or regulation, those under the Political Donations Policy, and those to any religious organisation whose principal aim is to propagate a particular faith. It is the Group's policy neither to make donations to political parties nor to incur political expenditure, within the meaning of those expressions as defined in the UK Political Parties, Elections and Referendums Act 2000. The Group did not make any such donations or incur any such expenditure in 2021.

Monitoring and measuring community investment

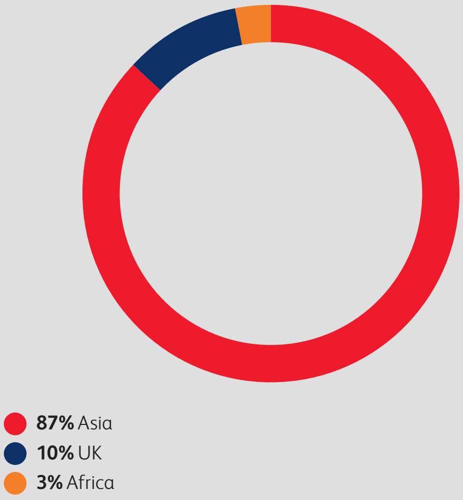
Our community investment performance metrics are aligned to the Business for Societal Impact (B4SI) Framework, which is used to monitor progress and guide the valuation of cash contributions.

In 2021, direct cash donations to charitable organisations totalled $5.9 million (2020: $9.7 million), reflecting donations made during the reporting year by continuing operations, excluding JVs. 2020 figures have been restated on this basis. For a breakdown, please refer to the charts.

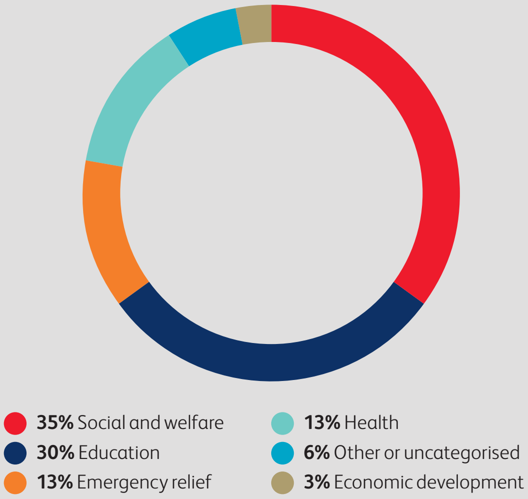
Due to the broad nature of our community work, some of our projects span different focus areas, in which case classification is made according to the activity's primary purpose. For instance, our community resilience projects may sit within social/welfare, education or health. The reduction in our overall spend was largely attributed to having more one-off donations in response to the immediate impact of the Covid-19 pandemic in 2020. Exceptional activities undertaken in 2020 included our donations to The China Research Development Foundation and a number of Covid-19 relief projects.

Prudential colleagues and agents also contributed around 26,000 hours of volunteer service in their local communities in 2021.

Charitable donations by region* %



Charitable donations by area of focus %



* Within the scope of EY assurance – see page 74.

Covid-19 Relief Fund

In 2020, the Group created a US$2.5 million Covid-19 Relief Fund, which was administered by Prudence Foundation, Prudential's community investment arm in Asia and Africa. The fund was distributed to Prudential's businesses globally, supporting approved charitable and community projects that addressed the immediate social and economic impacts of the pandemic.

In 2021, a new US$2 million fund was launched to continue to support communities still struggling with the pandemic. Local businesses' programmes have focused on supporting vulnerable communities on efforts that include Covid-19 messaging, hygiene and sanitation, nutrition and educational programmes. These include:

- Prudential Laos' support for the Laos Red Cross in providing schools with appropriate Personal Protective Equipment as children return to school.
- Two projects in Uganda, with one providing food to teachers in vulnerable communities whose livelihoods have been affected by prolonged school closures due to the pandemic. The second project focuses on providing mental health services to those suffering from the impacts of Covid-19. as well as raising awareness on the issue.

In addition to the Covid-19 Relief Fund, Prudence Foundation also launched a SAFE STEPS Kids 'Be Cool Be Clean' campaign with Cartoon Network. This campaign includes video and activity materials that teach children the importance of good hygiene. The content is distributed across all Cartoon Network platforms as well as our key SAFE STEPS Kids partnerships, such as the International Federation of Red Cross and Red Crescent Societies (IFRC) and various National Red Cross Societies.

Health

In the area of health inclusion, Prudence Foundation has been supporting early childhood care and development since 2013. In 2020, we established a new partnership with UNICEF to implement a regional early childhood development (ECD) programme that advances ECD as part of the Nurturing Care Framework. The goal is to raise awareness and provide essential knowledge and skills to parents and caregivers around holistic nurturing care for children aged from up to three years old. In 2021, the programme saw a successful pilot in Indonesia, where it reached 30,000 parents and 60,000 children aged under five. In addition, with funding support from Prudence Foundation, UNICEF has completed country rapid assessment on Nurturing Care ECD services in four countries: Cambodia, Indonesia, Thailand and the Philippines. The findings will help inform a larger initiative for developing country-specific ECD strategy and programming approach in the near future.

Virtual Mapathon

Each year, disasters around the world kill nearly 100,000 people and affect as many as 200 million people, and millions more die of preventable diseases. Many of the places where these incidents occur are 'missing' from open and accessible maps, resulting in a lack of reach for humanitarian organisations.

Since 2014, Médecins Sans Frontières (MSF), also known as Doctors Without Borders, has been supporting the Ministry of Health in Nigeria to fight Noma, a low-profile disease that mostly affects children under five living in poverty.

In October 2021, Prudence Foundation, in partnership with MSF, organised two Missing Map Mapathon sessions, where PRU Volunteers helped to put the missing places and populations in Sabon Birni and Illela of Nigeria on the digital map. The effort will help MSF get to the patients more quickly, track diseases more effectively and better understand where the needs of the people are the greatest during an emergency.

A total of 174 PRU Volunteers from 20 locations across Asia, Africa and the UK participated in the Mapathon events, mapping out over 7,000 buildings in Sabon Birni and Illela. With physical volunteering becoming more challenging, this virtual volunteering event provided a meaningful opportunity for our employees to connect with one another in a good cause. We are hopeful that our contribution will make a significant impact in enabling timely prevention and treatment of the disease. We will consider holding the activity again in 2022, given the positive response received.

In conjunction with the Mapathon, Prudence Foundation has also made a donation of US$45,000 (HKD 350,000) to fund MSF activities in providing healthcare to the people in need.

Education

Cha-Ching

Developed by Prudential to address the gap in financial literacy for children, Cha-Ching is a global financial education and responsibility programme catering to children aged between seven and 12. The award-winning programme, now in its 11th year, continues to expand across all our markets and is well received by children, parents, educators and government. For more on our approach to promoting financial literacy and how it supports making health and financial security more accessible, please see page 80.

Safety

SAFE STEPS

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

In 2020, we developed the SAFE STEPS Covid-19 campaign to provide key educational messages and awareness on Covid-19 across Asia and Africa. In 2021, Prudence Foundation worked with IFRC Africa to implement a Covid-19 Risk Communication and Community Engagement programme, providing informative materials to help address common Covid-19 misinformation and vaccine concerns. In addition, country-specific communication strategies are being co-developed between local Prudential business and National Red Cross organisations to cater for local concerns and needs across five countries.

Prudence Foundation continued with its SAFE STEPS Kids initiative, which uses popular cartoon characters to equip millions of children with actionable information to protect themselves and others in the event of emergencies or disaster situations. The programme has been leveraged by National Red Cross societies in Malaysia, Singapore, Indonesia and the Philippines and integrated into school activities, reaching more than 7,000 students via both online and offline programmes.

The programme's reach continues to be significant:

- SAFE STEPS programmes reach over 100 million people in Asia and Africa via various media partnerships;
- SAFE STEPS Kids has a TV reach of 35 million households every day; and
- On social media, SAFE STEPS Kids has reached over 23 million people, and its videos have been viewed 5.6 million times across all digital platforms since its launch.

SAFE STEPS in Asia

In Vietnam, Prudential has partnered with AIP Foundation to implement a holistic SAFE STEPS Kids Road Safety programme in two provinces in 2020 and 2021. The programme not only benefited over 2,700 students directly through educational activities, but also saw other positive benefits such as:

- The average helmet-wearing rate across the project schools increased from 26 per cent (pre-intervention) to 88 per cent at the end of the project;
- Students' road safety knowledge improved from 9.8 per cent to 59.6 per cent; and
- Safe pedestrian behaviour improved from 78 per cent to 97 per cent for students who walked on the sidewalk; and from 18 per cent to 76 per cent for those using zebra crossings.

In the Philippines, Prudential continued to partner with the Metro Manila Development Authority (MMDA) to promote the wellbeing of its employees, as well as motorists and pedestrians, through the SAFE STEPS Road Safety programme. MMDA is the frontline government agency in Metro Manila that is responsible for traffic management, waste management and disaster prevention, among others. Free personal accident insurance coverage was extended to 8,000 of its regular and contingent employees who belong to marginalised sectors and have little or no access to protection. From 2020 to October 2021, we processed benefits for 21 families of MMDA's employees.

SAFE STEPS in Africa

SAFE STEPS Road Safety Africa continues to be launched across our Africa markets:

- Zambia continues to work with the Road Traffic Safety Agency on distributing the campaign, where it is broadcast on eight radio stations, reaching 8 million people.
- In Côte d'Ivoire, new partnerships have been established to promote the campaign, reaching over 5 million people.
- In Ghana, a partnership has been established with the government's 'Arrive Alive' campaign, which will see the SAFE STEPS Road Safety campaign run on multiple channels.
- Lastly, in 2021 a partnership with Nation Media Group, the largest independent media house in East and Central Africa, was established for the promotion of the campaign in Kenya throughout 2022.

SAFE STEPS D-Tech Awards

The SAFE STEPS Disaster Tech (D-Tech) Innovation Programme, introduced in 2019, is to identify, fund and support innovative disaster tech solutions that could save lives in natural and climate-related disaster events. It is also aimed at catalysing innovation and increasing investment and non-financial support through partnerships. The programme has been unified with the SAFE STEPS programme and relaunched as the SAFE STEPS D-Tech Awards. The second awards edition kicked off in December 2020 and the finalists and winners were announced in June 2021. The Stimson Center from the US won the non-profit category with its Mekong Dam Monitor, which uses satellite data to provide near real-time monitoring of water levels in Mekong dams, enabling downstream communities to prepare for floods, water supply disruptions and other risks caused by upstream dam operations. EcoWorth Tech from Singapore was awarded the for-profit prize for its Carbon Fibre Aerogel (CFA) sponge, made of low-cost natural materials capable of cleaning waters and absorbing oil, mitigating the environmental impact of polluting industries.

In addition to prize funds, the winners had the opportunity to receive mentorship, technology support and access to investor networks across the region. The SAFE STEPS D-Tech Awards continue to grow and our network of partners supporting the D-Tech Awards now includes humanitarian partner, IFRC, technology partner, Lenovo, and eight strategic partners.

Disaster risk reduction in schools

Since 2013, Prudence Foundation has been supporting the implementation of Safe Schools in partnership with Save the Children and Plan International, which aims to address the objectives of the Comprehensive Safe Schools Framework (CSSF), a globally recognised framework that focuses on the importance of school infrastructure, school disaster management and disaster risk education. This partnership also supports the objectives of the Sendai Framework for Disaster Risk Reduction.

In 2021, in view of the Covid-19 pandemic and the ongoing risks related to climate change that continue to impact learners globally, Prudence Foundation supported a global initiative led by Global Alliance for Disaster Risk Reduction & Resilience in the Education Sector (GADRRRES) and Save The Children, to revise and strengthen the CSSF. The revised Global Comprehensive Safe School Framework is expected to be completed by March 2022 and will look to include an all-hazards approach to education resilience compared to previous editions.

To date, Safe Schools has been implemented in Indonesia, Vietnam, Thailand, Cambodia and the Philippines, with over 141,000 students and 51,000 adults trained in disaster risk reduction planning and capacity building. In 2019, Prudence Foundation renewed its partnership with Plan International to roll out the programme across Thailand, Cambodia and the Philippines between 2019 and 2022, aiming to reach a further 20,000 children and adults by the end of 2022. However, we have since reached over 48,000 children and adults, exceeding the original three-year target.

In the Philippines, Prudence Foundation has partnered with Save the Children and the Philippines' Department of Education to develop a management information system for schools designed to reduce disaster risk, along with training and capacity-building for teachers and local government officials. All components of the Disaster Risk Reduction Management Information System (DRRMIS) have been completed in 2021, however due to school closures, only the first component of the ecosystem – Rapid Assessment of Damages Report (RADaR) – was implemented nationwide. This was a timely rollout, as the Philippines was hit by five typhoons and three earthquakes in a span of just six months in 2021. During these disasters, RADaR was used by over 21,000 schools, with more than 37,000 submissions, providing timely reports to enable a speedy response from the government to ensure school safety and education continuity. The programme will continue to be rolled out and expanded through 2022 and 2023, with the aim of benefitting over 20 million students and almost 47,000 schools nationwide. External consultants have also been engaged to conduct an independent evaluation of the programme, with the intent to share evidence-based impacts and build a case study for other governments to reduce disaster risk and potentially replicate this approach in other countries.

London community investment activity

Prudential plc continued its long-term support of Save the Children's Emergency Fund, which helps the charity prevent and respond to crises across the world. In 2021, the charity responded to a number of incidents in our markets, including floods in Indonesia and Nigeria, the threat of Ebola in Côte d'Ivoire, and Covid-19 relief efforts in Uganda and Thailand.

Prudential's London office continued its three-year partnerships with four local charities – The Cares Family, The Connection at St Martin's, Mind in the City, Hackney and Waltham Forest, and The Amos Bursary – supporting projects tackling homelessness, isolation and loneliness, mental health and social inclusion.

Strategic Enabler: Good governance and responsible business practices

Strong governance processes are the foundation of our business and critical to maintaining trust with stakeholders, particularly in the highly regulated financial markets in which we operate. Our governance framework is clear about our standards of behaviour, and those standards flow into every part of what we do, including our financial performance and tax practices, as well as operating to mitigate financial crime and informing how we deal with our customers and suppliers. We also recognise the importance of reducing the direct impact of our own operations on the environment and see this as a non-negotiable responsible business practice.

Our Governance Framework

Our Group Code of Business Conduct sits at the heart of the Group Governance Manual, our internal governance framework that sets out the principles by which we conduct our business and ourselves. The Code highlights the ethical standards that the Board expects of itself, our employees, our agents and others working on behalf of the Group, and is supported by a set of Group-wide principles and values that define how the Group expects business to be conducted in order to achieve its strategic objectives. Our Group Governance Manual presents our Group-wide approach to governance, risk management and internal control, and is subject to regular review to ensure that we meet the expectations of our stakeholders. Our Group Governance Manual also contains our full suite of policies, which is designed to ensure that we comply with all applicable laws and regulations. Each business must certify annual compliance with the requirements set out in the Manual, including the Code, Delegated Authorities and Group-wide policies.

The Group's Annual Report and Accounts include a comprehensive Governance section, which provides further information on how the governance framework operates, the Board of Directors, the Reports of the Committees and an overview of the risk management and internal control system.

Employee relations

Prudential's policies protect our employees by formalising its responsibilities and those of everyone in the organisation in a number of areas.

We believe in supporting human rights and acting responsibly and with integrity in everything we do. Our own Group Governance Human Resources Policies set the tone and are guided by the principles of the Universal Declaration of Human Rights and of the International Labour Organization's core labour standards. These are also reflected within our Group Code of Business Conduct, which sets out the Group's values and expected standards of behaviour for all employees, and in our Group Third Party Supply and Outsourcing Policy, which describes how we work with suppliers. Our Discrimination & 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.

Prudential's Employee Relations Policy recognises that the way we engage our employees across the Group is fundamental to our ability to attract the people we want, retain our current employees, and motivate them to achieve success. As such, each local business is required to have an effective approach in place to promote positive relationships with our employees and their representative organisations. To secure our colleagues' rights to freedom of association and collective bargaining, we encourage a positive and constructive relationship with collective employee representative bodies across Prudential. The trade union representation and collective bargaining practices vary by market. We currently have trade union representation in our business units in Malaysia, Singapore, Vietnam, Zambia, Côte d'Ivoire, Togo, and Cameroon.

We give full and fair consideration to applications for employment made by disabled persons and make appropriate arrangements for continuing the employment of, and arranging training for, employees who have become disabled. We seek to promote the training, career development and progression of disabled persons, making appropriate adaptations where required.

As in any company, from time to time employees may have a grievance relating to their work, working environment or working relationships that they wish to raise. Our grievance policies are owned by the local businesses. We take grievances seriously, taking into account the rights of the person raising the grievance, the rights of any person a grievance is raised against and any other affected individuals. In addition to grievance policies and procedures, our employees are encouraged to raise any concerns through other channels, including their managers, Human Resources or our third-party confidential hotline and platform, Speak Out. Speak Out is designed to receive all manner of concerns, including those relating to any violation of human rights.

We are committed to a fair and transparent system of reward. Our Remuneration Policy ensures that we pay our colleagues a fair and reasonable wage in all markets, and in the UK we pay at least the London Living Wage. Annual benchmarking exercises ensure that wages are competitive for the role performed in each location. To recognise the hard work and commitment shown by our employees in preparation for the demerger and to give our people a stake in the new chapter of the company's development, each permanent Prudential plc employee (other than the Group Executive Committee) received a Celebration Award of US$1,000 of restricted shares (settled in cash where locally required), which will be released in October 2022.

We continue to develop our wellbeing approach in the context of the rapid transition to more flexible ways of working. In order to fully support employees, we have increased flexibility around schedules and locations, increased remote working support, and reviewed and extended different types of leave support.

Supply chain

Our Group Code of Business Conduct outlines the values and standards that are required by each of our suppliers. Our Group Third Party Supply and Outsourcing Policy is core to our supply chain governance and specifies our position on supply chain management, setting out our approach to due diligence, selection criteria, contractual requirements and ongoing monitoring of relationships.

During 2021 we extensively updated our Group Third Party Supply and Outsourcing policy, with the updated policy coming into effect on 1 January 2022. The updated policy has a specific detailed section on the responsible selection of suppliers, which now includes considerations for environmental and social practices, in addition to existing requirements on supplier capability, competitiveness and due diligence activities. The policy was reviewed and approved by the Group Risk Committee, before being approved by the Board.

Supply chain due diligence

Our local businesses conduct due diligence before engaging with and ultimately selecting a new supplier. We perform regular due diligence, review meetings and audits where required, and our policies and procedures are supported by regular employee training exercises.

We require our suppliers to pass financial stability tests and demonstrate a track record of high performance. We also review the controls the supplier has in place to prevent data leakage and look for any personal data protection issues. Our Speak Out whistleblowing service enables employees to raise any concerns they may have in relation to our third-party relationships, and our contractors and third-party suppliers are also able to use this service. All third-party agreements across all our markets are required to undergo due diligence activities, which include human trafficking, anti-money laundering and anti-bribery and corruption checks on the third parties that we deal with.

During 2021, we continued to deploy an additional procurement management system module, Coupa Risk Assess, across our local businesses, providing a single system to gather supplier due diligence. The deployment of this system, which will be completed in Q1 2022, is strengthening our visibility of third-party risks across high-risk areas, such as information and technology security concerns, data privacy, anti-bribery and corruption and business continuity and resiliency risks. Through this system, we have also begun to issue due diligence questionnaires focusing on modern slavery risks, targeting high-risk categories. More information on our approach to modern slavery is available below.

Our responsible supplier guidelines

In line with our new Group-wide Third Party Supply and Outsourcing Policy, we have introduced new responsible supplier guidelines, which came into effect on 1 January 2022. These guidelines cover a range of ESG topics as outlined below, and have been incorporated into our new supplier onboarding and ongoing supplier due diligence processes. These activities are applied on a risk-based methodology, targeting our suppliers that are material to the Group or those that provide services that expose the Group to modern slavery-related risks.

Theme	Summary of responsible supplier guidelines
Environmental	Recognising that sustainable businesses should acknowledge the planet's finite resources, Prudential expects its suppliers to support sound environmental management principles and reduce their impact on the environment within which they operate. This includes a review of whether suppliers have written environmental/sustainability policies and governance systems are in place appropriate to the size and nature of their operations and that they abide by relevant laws/legislation.
Social	Prudential expects suppliers to respect the human rights of their employees and to comply with all relevant legislation, regulations and directives in the countries and communities in which they operate. Key aspects include ensuring suppliers prohibit forced and child labour; employees are paid legally mandated minimum wages and/or industry standards and are not discriminated against; suppliers provide safe working environments and abide by local laws/regulations; suppliers support fair trade and ethical sourcing practices and suppliers promote diversity and inclusion within their working environments. In the UK, we require our suppliers to pay their employees the London or UK Living Wage, as set by the Greater London Authority and the Centre for Research in Social Policy respectively.
Governance	Suppliers with which Prudential has regular and recurring dealings should have good management and governance processes in place to ensure compliance with the Responsible Supplier guidelines. Furthermore, suppliers must make reasonable efforts to monitor their supply chain, ensuring that their suppliers are aware of, and compliant with, the aims of the guidelines.

Modern slavery

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, and we continue to progress on carrying out a range of activities to enhance our approach to modern slavery across our global operations:

- Policy development – Embedding responsible supplier risk assessments and due diligence requirements within the new Group Third Party Supplier and Outsourcing Policy, effective from 1 January 2022.
- Endorsement and education – Ensuring that executives across our local businesses and our procurement and risk teams are aware of the Group's modern slavery compliance requirements. Ensuring these colleagues have a detailed understanding on how to identify modern slavery risks.
- Analysis – Continuing to understand our current exposure to modern slavery risks within our supply chain and development of remediation plan to address gaps.
- Due diligence – Development of modern slavery (and broader ESG) due diligence/risk assessment frameworks, processes and guidelines, and operationalising these via Coupa Risk Assess.
- Ongoing monitoring and reporting – Defining internal reporting metrics to measure progress and effectiveness of controls.

As part of this activity, we are continuing to review our exposure to modern slavery issues across Asia and Africa. This broad review covers key exposure to industries where low-skilled labour is often employed, including cleaning services, catering, guarding and low-cost manufacturing. Modern slavery risks are further heightened in geographies affected by conflicts, countries with weak rule of law and countries with a high degree of migrant workers. The review covers all the suppliers engaged in these key areas across Asia and Africa. The review is based on live supplier contracts and spend against the categories above, with local procurement teams investigating any issues identified. For high-risk suppliers, we ensure robust contracting and monitoring procedures are in place, with remediation plans in place where necessary.

For more information around how we are identifying and managing our risks in relation to modern slavery, human trafficking, child and forced labour, please read our Modern Slavery Statement on the Prudential plc website at www.prudentialplc.com/en/esg/esg-reporting

Commitment to small suppliers

In order to demonstrate our ongoing commitment to supporting our supply chain through the difficult trading circumstances triggered by the Covid-19 pandemic, we have continued to provide payment assistance. Our Small Supplier Accelerated Payment Scheme was launched in the UK in March 2020 to support our suppliers with fewer than 100 employees to assist with their cash flow. This has now benefited over 150 small suppliers, with payments of nearly £9 million in 2021.

Responsible tax practices

Our tax strategy considers a range of different stakeholders, supported by the Group Tax Risk Policy, which sets out the standards for managing and reporting a broad range of tax risks across the Group. In 2021, we made a total tax contribution of $1,071 million (FY2020: $1,208 million excluding Jackson), demonstrating our commitment to paying the right amount of tax, and thus helping to contribute to the health and development of the communities in which we operate.

We understand the importance of paying the right amount of tax on time in each of our markets. We manage our tax affairs in a transparent, responsible and sustainable manner and seek to build constructive relationships with tax authorities in all the countries in which we operate. Our Tax Strategy Report is published annually and provides further support on how we meet this commitment, through disclosures demonstrating the clear link between our business footprint and our tax footprint.

Our tax strategy report also complies with the mandatory requirements of the UK Finance Act 2016 and provides more information on:

- How we act responsibly and take an objective view in all of our tax matters;
- How we manage tax in line with our Group governance and risk management procedures;
- How we ensure transparency and engagement with all our stakeholders by setting out how we contribute to our communities through the taxes we pay and collect in all of our major markets;
- What drives our tax payments and why there is a difference between the corporate taxes paid and the tax charge in our accounts;
- Our operations in low tax jurisdictions; and
- How we monitor domestic and global tax developments.

We actively monitor developments in the tax transparency agenda and look to further develop the disclosure of meaningful tax information to help our various stakeholders' understanding of our tax footprint. We will be publishing our updated tax strategy, which will include more information on the tax we paid in 2021, how we manage our tax affairs and the governance and management of tax risk, by 31 May 2022. Information on our tax charge and effective tax rate can be found on pages 261 to 264 (note B3) of our 2021 Annual Report.

Fighting financial crime

As with all financial services firms, Prudential is exposed to risks relating to money laundering, terrorist financing, sanctions, fraud, bribery and corruption. Preventing, detecting and responding to these risks is embedded within the Prudential Group's global financial crime risk management operations. We conduct risk assessments on all our businesses to identify, understand and assess the risks; and take measures to mitigate these. Financial crime risks are reported to the Group Risk Committee, which oversees the effectiveness of controls. The residual financial crime risk is managed through monitoring, assurance and enhancement of the control environment at a local level.

During 2021 we continued to take action to reduce our residual risk exposure, strengthen our capability and reduce the impact of financial crime. To mitigate financial crime risk and support ongoing compliance with relevant legislation and regulation, core policies dealing with all aspects of financial crime, supported by minimum compliance standards, have been refreshed and cascaded to all businesses. Our Anti-Bribery and Corruption standards include a commitment to fostering a culture in which bribery is never acceptable. 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 have to comply with sanctions, laws and regulations by screening, prohibiting or restricting business activity, and following up through investigation. Collectively these policies form part of the Group Governance Framework, with local businesses attesting their compliance to the requirements each year.

This is complemented by the implementation of automated transaction monitoring systems and risk-based assurance activity. We have continued to strengthen and enhance our financial crime risk management capability through investment in automation and advanced analytics.

Our financial crime team remains committed to professional development and regularly participates in industry conferences and seminars across Asia. We delivered a comprehensive financial crime training programme across the Group to ensure the staff are made aware of new developments in financial crime, as well as the latest statutory and regulatory requirements.

We continue to comply with international sanctions requirements by monitoring international sanctions closely. We integrate updated lists into our operational processes to detect exposure, including our regular customer and vendor screening processes. During 2021, we continued to focus in particular on the US-China sanctions developments and regulations that have been issued in order to assess their impact on our business activities.

Whistleblowing

Our Group Speak Out Policy sets out our framework and controls relating to whistleblowing. Our Group-wide whistleblowing programme, Speak Out, is accessible both internally and externally to all our stakeholders in multiple languages. Speak Out provides a range of reporting channels that include web, hotline and mobile app, as well as post, email and in-person. Reporters are able to log concerns – anonymously, if they prefer – on a range of issues such as anti-bribery and corruption, compliance breaches, discrimination, harassment and health and safety. Concerns are received by an independent third party then managed by an internal team, independent of the business. These matters are then investigated by appropriately trained and skilled investigators. On an annual basis, all colleagues are required to complete a computer-based training module on Speak Out. The programme is also supported by regular communications containing useful resources. In addition to the Speak Out programme, colleagues are encouraged to raise concerns through HR channels.

Whistleblowing reporting is overseen by the Group Audit Committee and local business audit committees through quarterly reporting and frequent discussions with the Group Chief Security Officer. These committees have access to analysis of case trends and an annual assessment of the effectiveness of the Speak Out programme, which is benchmarked externally. Any material issues are reported to the Board.

In 2021, the Speak Out programme was widely promoted across the Group and received reports from every market in which Prudential has an active business. During 2021, the total number of cases reported to the Group increased slightly when compared with the previous year, and the total number reported was in line with external benchmarks. The greatest volume of reported issues related to staff or agency conduct and breaches in Group policies. Training, promotional awareness material and internal communications have all contributed to the encouraging growth in the use of Speak Out and the number of concerns raised. The programme was the subject of independent benchmarking, using Protect (UK whistleblowing charity) and on all three aspects (Governance, Operations & Engagement), the Group scored above benchmark.

Responsible working practices and health and safety procedures

We recognise the importance of health, safety and wellbeing to help staff get the most out of life and meet business objectives. The Group Health and Safety Policy and operational standards ensure that local businesses establish, implement and maintain a comprehensive health and safety governance framework. Our policies aim to provide a safe and healthy working environment that prevents injury and ill-health, and reduces risks to the health and safety of employees, contractors, visitors and others who may be affected by our operations, to as low a level 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. The Group Chief Security Officer has overall responsibility for the health and safety programme, reporting to the Group Chief Risk & Compliance Officer. Local business performance relating to health and safety is monitored through local health and safety committees and at Group level by the Group Security function, with key operational compliance metrics and updates on specific activities being reported to the Group Risk Committee and cross-functional working groups and committees. The Group continuously reviews and develops the health and safety programme to ensure continual improvement.

We sadly lost 52 staff and agents during the year to Covid. We have taken steps throughout the year to support the emotional, mental and financial wellbeing of our people across the Group through these challenging times. More information on our approach to employee wellbeing is available in the *Building Social Capital* section on page 101.

Our health and safety programmes have primarily focused on our ongoing response to the Covid-19 pandemic, ensuring that appropriate precautions are implemented in the workplace. We have also focused on providing training and awareness on prevention measures and health and safety best practices for the home. Communications are regularly sent to staff reminding them of the behaviours and key protocols needed to protect themselves and the wider community from Covid-19. Our communications have focused on local regulatory changes, maintaining high standards of hygiene, protocols around health monitoring and attendance at the office, and sensible social distancing. Masks are encouraged to be worn by staff in common areas of the office and, in some jurisdictions, this is mandated due to local regulations. We have provided intranet resource centres where staff can seek information concerning Covid-19 precautions and best practices, travel restrictions and Covid-related news. Staff support has been provided through wellbeing programmes focusing on mental, physical, family and social wellbeing, and we also provide support and advice though a 24-hour Employee Assistance Programme offered by an external provider.

Reference tables

Hong Kong Stock Exchange requirements

We demerged Jackson on 13 September 2021. The metrics and commentary covered in this section include the performance of the continuing Prudential Group and exclude Jackson.

<table>
<tr><th>HKEX KPI Requirement</th><th>Indicator</th><th>Disclosure</th></tr>
<tr><td colspan="3">Environmental</td></tr>
<tr><td>Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</td><td>A1</td><td>Our Group Environment Policy applies to our operational properties worldwide, guiding our approach to the management of the direct impacts of our business units.</td></tr>
<tr><td>The types of emissions and respective emissions data.
Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.</td><td>A1.1 & A1.2</td><td>Prudential provides full reporting for Scope 1 and 2 emissions and selected Scope 3 reporting. More information is provided in the <i>Group emissions data</i> section on page 89.
<table>
<tr><th></th><th>2021</th><th>2020</th></tr>
<tr><td>Direct Scope 1 emissions (tCO_2-e)</td><td>1,481</td><td>1,378</td></tr>
<tr><td>Direct Scope 1 Emissions (tCO_2-e/FTE)</td><td>0.10</td><td>0.09</td></tr>
<tr><td>Direct Scope 1 Emissions ($kgCO_2$-e/m^2)</td><td>4.02</td><td>3.68</td></tr>
<tr><td>Direct Scope 2 (market based) Emissions (tCO_2-e)</td><td>19,986</td><td>23,608</td></tr>
<tr><td>Direct Scope 2 (market based) Emissions (tCO_2-e/FTE)</td><td>1.37</td><td>1.62</td></tr>
<tr><td>Direct Scope 2 (market based) Emissions ($kgCO_2$-e/m^2)</td><td>54.21</td><td>63.04</td></tr>
</table></td></tr>
<tr><td>Total hazardous waste produced (in tonnes) and, where appropriate, intensity.</td><td>A1.3</td><td>As a life insurer, the production of hazardous waste is not applicable to our operations.</td></tr>
<tr><td>Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.</td><td>A1.4</td><td><table>
<tr><th></th><th>2021</th><th>2020</th></tr>
<tr><td>Total non-hazardous waste produced (tonnes)</td><td>222</td><td>376</td></tr>
<tr><td>Total non-hazardous waste produced (tonnes/FTE)</td><td>0.02</td><td>0.03</td></tr>
</table>
Waste associated with our operations includes office waste and limited food waste from canteens. As we occupy leased assets and smaller offices, waste is commonly controlled by the landlord or the municipal government via direct roadside collection. It therefore it is not always possible to obtain waste data. We continue to work with our landlords in all the areas we operate to enhance the coverage of our reporting. During 2021, we increased the scope of reporting of waste data to cover 60 per cent of our occupied floor area.
While the scope of our waste reporting increased, the volume of non-hazardous waste produced fell during 2021. This reflects the impact of Covid-related office closures and reduced office occupancy across our markets.</td></tr>
</table>

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 > Tracking the application of energy savings measures in all assets we occupy. These will be reviewed quarterly. > Developing roadmaps for all business units with identified reduction measures to be implemented by 2025. To date, we are ahead of the emissions reduction trajectory required to meet our target. More information is available on page 90. We have also set a target to reduce the carbon emissions of our portfolio of shareholder and policyholder assets by 25 per cent by 2025. Our ambition is that the assets we hold on behalf of our insurance companies will be 'net zero' by 2050. During 2021 we reduced the WACI of our portfolio by 23 per cent against the 2019 baselines. More information is available on page 82.
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 business units.
Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	A2.1	See table below. More information is available in the SECR report on page 136.
Water consumption in total and intensity.	A2.2	See table below. We are not currently able to report the water consumption of all our assets as some sites do not have water submetering or water is charged as part of the service charge. During 2021, we increased the scope of reporting of water data to cover 74 per cent of our occupied floor area.
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, 93 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.

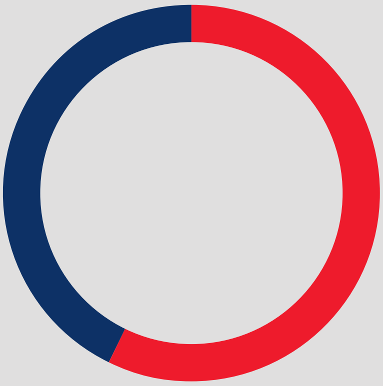
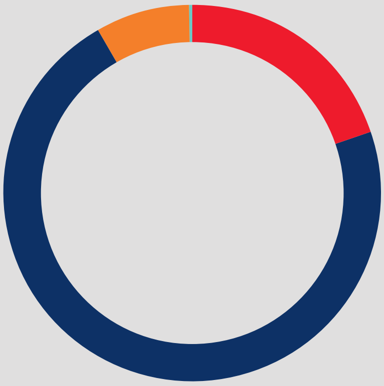
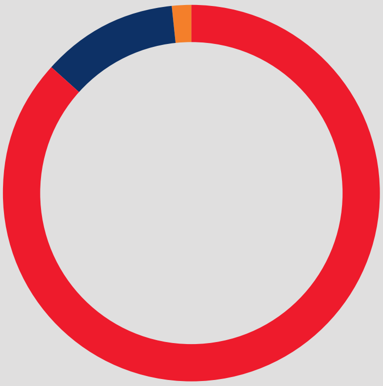
A2.1:

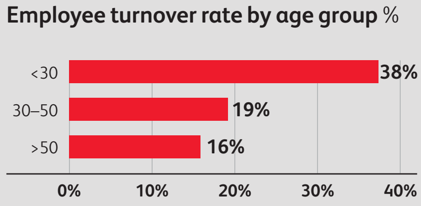
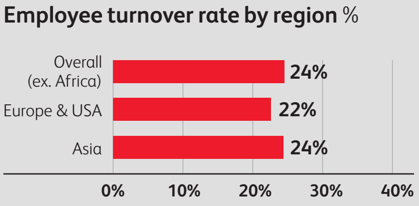
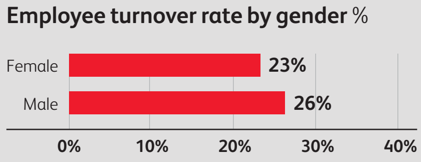
	2021	2020
Total Consumption (kWh)	**42,131,700**	43,981,515
kWh/FTE	**2,891.48**	2,974.34

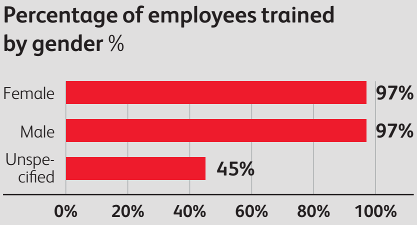
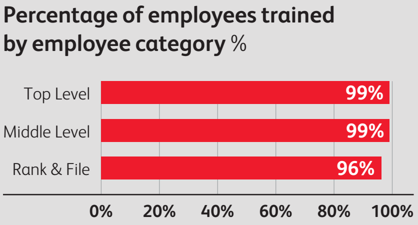
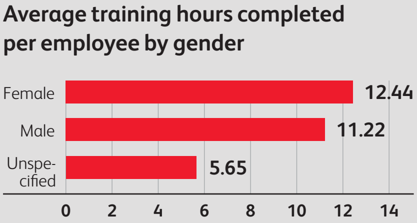
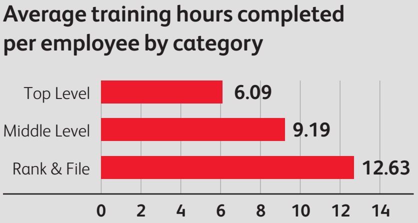
A2.2:

	2021	2020
Total water withdrawal (m^3)	**123,025.82**	133,241.18
Total water withdrawal (m^3/m^2)	**0.33**	0.36

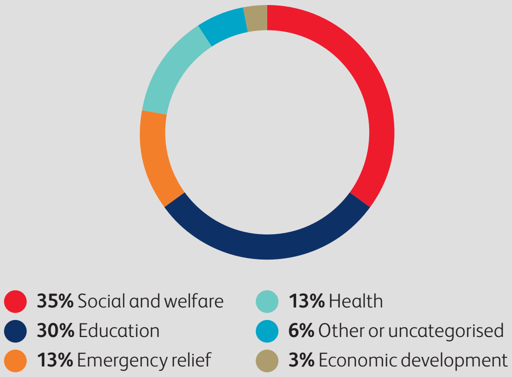
HKEX KPI Requirement	Indicator	Disclosure
Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	A2.4	As a life insurer with office-based operations, water consumption and water efficiency are not material to 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 business units.
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 82. More information is available in the *Responsible investment* section on page 107.
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 the *Identifying and assessing climate-related risks* section on page 84 and the *Managing and responding to climate-related risks section* on page 85.
Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	A4.1	Different scenarios, including below 2°C scenarios, have different potential impacts on our businesses, strategy, and financial planning, as described in the *Climate-related scenario testing* section starting on page 86. We have identified short, medium and long term climate-related issues as described in the *Identifying and assessing climate-related risks* section starting on page 84. We have taken actions, including integrating our processes for identifying, assessing, and managing climate-related risks into our overall risk management, as described in the *Identifying and assessing climate-related risks* section on page 84 and the *Managing and responding to climate-related risks* section on page 85. We also identified climate-related opportunities, as described in the following sections: the *Description of ESG strategic framework* section starting on page 71, the *Inclusive offerings* section starting on page 76, and the *Identifying climate-related opportunities* section on page 84.

HKEX KPI Requirement	Indicator	Disclosure
Social		
Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	**B1**	Prudential’s policies protect our employees by formalising its responsibilities and those of everyone in the organisation. More information on the following policies is available on page 133: > Discrimination and Harassment Policy > Diversity and Inclusion Policy > Employee Relations Policy > Recruitment Policy > Remuneration Policy > Talent Policy
Total workforce by gender, employment type, age group and geographical region.	B1.1	**Total workforce (FTE) by gender**  ● **Female** – 57% (8,291.1) ● **Male** – 43% (6,182.6) **Unspecified** – 0% (12.0) **Total workforce (FTE) by employee type**  ● **Full time** – 100% (14,471.8) **Part time** – 0% (13.9) **Total workforce (FTE) by age group**  ● **Below 30** – 20% (2,962.4) ● **30–50** – 72% (10,406.2) ● **Over 50** – 8% (1,080.1) ● **Unspecified** – 0% (37.0) **Total workforce (FTE) by region**  ● **Asia** – 87% (12,574.5) ● **Africa** – 12% (1,692.0) ● **Europe & USA** – 1% (219.2)

HKEX KPI Requirement	Indicator	Disclosure
Employee turnover rate by gender, age group and geographical region.	B1.2	 Employee turnover rate by age group %  Employee turnover rate by region %  Employee turnover rate by gender %
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 Health and Safety Policy and operational standards ensure business units establish, implement and maintain a comprehensive health and safety governance framework. Our policies aim to provide a safe and healthy working environment that prevents injury and ill-health, and reduces risks to the health and safety of employees, contractors, visitors, and others who may be affected by 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 (2020: nil, 2019: nil).
Lost days due to work injury.	B2.2	23 incidents resulting in 88 days lost to work injury.
Description of occupational health and safety measures adopted, and how they are implemented and monitored.	B2.3	Health and safety measures adopted are predictive and reactive, centrally coordinated and locally executed and include: > Defined policy, roles, responsibilities, and management mechanisms; > Legal requirements, and monitoring changes on an ongoing basis; > Risk profiling, assessment and control plans; > Incident reporting and investigation protocols; > Protocols for procurement of equipment and services; > Provision of information, instruction, and training; > Arrangements for communication and consultation with employees; > Workplace welfare facilities and wellbeing programmes; and > Mechanisms for monitoring, reviewing and reporting performance.
Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	**B3**	Our Performance and Learning Policy sets out the importance of our people and frames how we invest in their development to deliver against our strategy and the future success of the organisation. This includes our Performance Management Framework. More information is available in the *Learning* section on page 98.

HKEX KPI Requirement	Indicator	Disclosure
The percentage of employees trained by gender and employee category.	B3.1	 
The average training hours completed per employee by gender and employee category.	B3.2	 
Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	**B4**	We are committed to ensuring that slavery, human trafficking, child labour or any other abuse of human rights has no place in our organisation or supply chain. The nature of our business means that main risk would be in our supply chain. More information is available in the *Modern slavery* section on page 119.
Description of measures to review employment practices to avoid child and forced labour. Description of steps taken to eliminate such practices when discovered.	B4.1, B4.2	We believe in supporting human rights and acting responsibly and with integrity in everything we do. Our own Group Governance Human Resources Policies set the tone and are guided by the principles of the Universal Declaration of Human Rights and of the International Labour Organization's core labour standards. These are also reflected within our Group Code of Business Conduct, which sets out the Group's values and expected standards of behaviour for all employees, and in our Group Third Party Supply and Outsourcing Policy which describes how we work with suppliers. The nature of our business means that main risk would be in our supply chain. More information is available in the *Modern slavery* section on page 119.
Policies on managing environmental and social risks of the supply chain.	**B5**	Our Group Code of Business Conduct outlines the values and standards that are required by each of our suppliers. Our Group Third Party Supply and Outsourcing Policy is core to our supply chain governance and our responsible supplier guidelines cover a range of ESG topics. More information is available in the *Supply chain* section on page 118.
Number of suppliers by geographical region.	B5.1	Asia 8,751 Africa 1,255 Europe 517 **Total 10,523**
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	During 2021 we continued to deploy an additional procurement management system module, Coupa Risk Assess, across our business units, providing a single system to gather supplier due diligence. The deployment of this system across our business units is strengthening our visibility of third-party risks across high risk areas, such as information and technology security concerns, data privacy, anti-bribery and corruption and business continuity and resiliency risks. Through this system, we have also begun to issue due diligence questionnaires focusing on modern slavery risks, targeting high risk categories. More information on our approach to modern slavery is available below.
Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	B5.3	More information is available in the *Supply chain due diligence* section on page 118 and the *Modern slavery* section on page 119.

HKEX KPI Requirement	Indicator	Disclosure
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 new Group-wide Third Party Supply and Outsourcing Policy, we have introduced new responsible supplier guidelines. Our responsible supplier guidelines cover a range of ESG topics. More information is available in the *Supply chain* section on page 118.
Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	**B6**	Our Customer Conduct Risk Policy includes our Customer Conduct Standards and sets out the core values and standards that the Group expects all employees and persons acting on behalf of it to observe. More information is available in the *Customers* section on page 78. Our Group Data Policy defines how we should manage data throughout its lifecycle and employ the technology best suited for the business use cases. More information is available on page 104. Our Privacy Policy governs the protection of data and complies with the General Data Protection Regulation. More information is available on page 105.
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	42,038 (2020: 34,308) While the overall number has increased, our level of complaints remains steady at two complaints per 1,000 policies in force. More information on how we deal with customer complaints is available on page 80.
Description of practices relating to observing and protecting intellectual property rights.	B6.3	Prudential's brand, 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. Certain elements of our artificial intelligence development are considered to be intellectual property, and a dedicated working group within the AI Council is tasked with formalising, registering and protecting Prudential's intellectual property in this space. Further disclosure is not provided due to commercial sensitivity.
Description of quality assurance process and recall procedures.	B6.4	A description of our quality assurance procedures is available in the *Customers* section on page 78. As a life insurer, product recall procedures are not relevant to our business.
Description of consumer data protection and privacy policies, and how they are implemented and monitored.	B6.5	Our Group Data Policy defines how we should manage data throughout its lifecycle and employ the technology best suited for the business use cases. More information is available on page 104. Our Privacy Policy governs the protection of data and complies with the General Data Protection Regulation. More information is available on page 105. 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.

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 bribery, extortion, fraud and money laundering.	**B7**	More information on the following policies is available on page 135: > Anti-Bribery and Corruption Policy > Anti-Money Laundering and Sanctions Policy > Group Escalation Policy > Group Counter Fraud Policy
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	None
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 120.
Description of anti-corruption training provided to directors and staff.	B7.3	We provide training to our staff to ensure that they are familiar with international standards and best practice, as well as being well equipped to implement our policies in their respective markets. Training completion levels are monitored throughout the year.
Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	**B8**	Our Community Investment Policy covers how we are committed to working with the communities in which we operate as active and supportive members. It also outlines our strategy for investing in the community and how we make investments and report against them.
Focus areas of contribution	B8.1	
Resources contributed to the focus area.	B8.2	In 2021, direct cash donations to charitable organisations totalled $5.9 million (2020: $9.7 million).

SASB Insurance Standard

<table>
<tr><th>SASB Topic</th><th>Accounting metric</th><th>Code</th><th>Disclosure</th></tr>
<tr><td>Transparent Information & Fair Advice for Customers</td><td>Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customer</td><td>FN-IN-270a.1</td><td>Nil</td></tr>
<tr><td></td><td>Complaints-to-claims ratio</td><td>FN-IN-270a.2</td><td>Total number of complaints received / total claims raised x 1,000 = 25
Prudential believes that this metric is less applicable to the life insurance sector, and that a more appropriate metric is the number of complaints per 1,000 policies in force, which remains steady at two.</td></tr>
<tr><td></td><td>Customer retention rate</td><td>FN-IN-270a.3</td><td>89 per cent</td></tr>
<tr><td></td><td>Description of approach to informing customers about products</td><td>FN-IN-270a.4</td><td>More information on the way we communicate with customers and our approach to responsible marketing is available in the <i>Customers</i> section on page 78.</td></tr>
<tr><td>Incorporation of Environmental, Social, and Governance Factors in Investment Management</td><td>Total invested assets, by industry and asset class</td><td>FN-IN-410a.1</td><td>
<table>
<tr><th>Total invested assets by asset class</th><th>US$ million</th></tr>
<tr><td>Debt</td><td>81,540</td></tr>
<tr><td>Loan</td><td>2,367</td></tr>
<tr><td>Equity securities and portfolio holdings in unit</td><td>48,448</td></tr>
<tr><td>Other financial instruments</td><td>0</td></tr>
<tr><td>Derivatives</td><td>212</td></tr>
<tr><td>Deposits including items classified as cash equivalents</td><td>5,351</td></tr>
<tr><td>Cash (as defined under IFRS)</td><td>1,112</td></tr>
<tr><td>Property</td><td>56</td></tr>
<tr><td>Total</td><td>139,086</td></tr>
</table>
<table>
<tr><th>Total invested assets by industry</th><th>US$ million</th></tr>
<tr><td>Basic materials</td><td>1,435</td></tr>
<tr><td>Communications</td><td>3,879</td></tr>
<tr><td>Consumer, cyclical</td><td>2,452</td></tr>
<tr><td>Consumer, non-cyclical</td><td>4,913</td></tr>
<tr><td>Energy</td><td>3,302</td></tr>
<tr><td>Financial</td><td>20,016</td></tr>
<tr><td>Funds</td><td>9,261</td></tr>
<tr><td>Government</td><td>46,102</td></tr>
<tr><td>Industrial</td><td>2,578</td></tr>
<tr><td>Other</td><td>40,205</td></tr>
<tr><td>Technology</td><td>1,807</td></tr>
<tr><td>Utilities</td><td>3,136</td></tr>
<tr><td>Total</td><td>139,086</td></tr>
</table>
</td></tr>
<tr><td></td><td>Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies</td><td>FN-IN-410a.2</td><td>We seek to integrate ESG factors into our investment decisions, alongside traditional financial analysis, to better manage risk and generate sustainable, long-term returns for our customers. Our Group Responsible Investment Policy guides our business units on how to consider ESG factors in investment activities. More information is available in the <i>Responsible Investment</i> section on page 107.
Additional information is provided in Eastspring's PRI report.</td></tr>
</table>

SASB Topic	Accounting metric	Code	Disclosure
Policies Designed to Incentivize Responsible Behaviour	Net premiums written related to energy efficiency and low-carbon technology	FN-IN-410b.1	As a life insurer, this metric is not applicable to our business.
	Discussion of products and/or product features that incentivize health, safety, and/or environmentally responsible actions and/or behaviors	FN-IN-410b.2	As a life insurer, this metric is not applicable to our business.
Environmental Risk Exposure	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	FN-IN-450a.1	As a life insurer, this metric is not applicable to our business.
	Total amount of monetary losses attributable to insurance payouts from (1) modeled natural catastrophes and (2) non-modeled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance)	FN-IN-450a.2	As a life insurer, this metric is not applicable to our business.
	Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firm-level risks and capital adequacy	FN-IN-450a.3	As a life insurer, this metric is not applicable to our business.
Systemic Risk Management	Exposure to derivative instruments by category: (1) total potential exposure to noncentrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives	FN-IN-550a.1	(1) total potential exposure to noncentrally cleared derivatives US$31,156m (2) total fair value of acceptable collateral posted with the Central Clearinghouse US$769m (3) total potential exposure to centrally cleared derivatives US$13,377m
	Total fair value of securities lending collateral assets	FN-IN-550a.2	US$158m
	Description of approach to managing capital and liquidity-related risks associated with systemic non-insurance activities	FN-IN-550a.3	A description of our approach is covered in the Risk Report of our Annual Report and Accounts, under the discussion of the Group's principal risks.
Activity Metric	Number of policies in force, by segment: (1) property and casualty, (2) life, (3) assumed reinsurance	FN-IN-000.A	Total policies in force: 17,760,921

TCFD index

Pillar	Recommended disclosure	Disclosure
Governance Disclose the organisation's governance around climate-related risks and opportunities.	a) Describe the Board's oversight of climate-related risks and opportunities.	The Board oversees climate-related risks and opportunities as described in the *ESG governance* section starting on page 69, which includes our governance around climate-related risks and opportunities. Our governance for responsible investment is disclosed in the *Responsible Investment Governance* section starting on page 107.
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	Management has an active role in assessing and managing climate-related risks and opportunities, as described in the *Management oversight* section starting on page 69, and the management of responsible investment as described in the *Responsible Investment Governance* section starting on page 107.
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	We have identified short, medium and long term climate-related risks as described in the *Identifying and assessing climate-related risks* section starting on page 84. We identified climate-related opportunities, as described in the following sections: the *Description of ESG strategic framework* section starting on page 71, the *Inclusive offerings* section starting on page 76, and the *Identifying climate-related opportunities* section on page 84.
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Our businesses, strategy, and financial planning is impacted by climate-related risks and opportunities as described in the following sections: > Businesses: the *Identifying and assessing climate-related risks* section starting on page 84, the *Climate-related scenario testing* section starting on page 86, and the *Managing our direct operational environmental impacts* section starting on page 89. > Strategy: the *Description of ESG strategic framework* section starting on page 71, the *Inclusive offerings* section starting on page 76, and the *Identifying climate-related opportunities* section starting on page 84. > Financial planning: *The Impact on financial planning and strategy* section starting on page 88.
	c) Describe the potential impact of different scenarios, including a 2°C scenario, on the organisation's businesses, strategy, and financial planning.	Different scenarios, including below 2°C scenarios, have different potential impacts on our businesses, strategy, and financial planning, as described in the *Climate-related scenario testing* section starting on page 86.
Risk management Disclose how the organisation identifies, assesses and manages climate-related risks.	a) Describe the organisation's processes for identifying and assessing climate-related risks.	We have processes for identifying and assessing climate-related risks, as described in the *Identifying and assessing climate-related risks* section starting on page 84.
	b) Describe the organisation's processes for managing climate-related risks.	We have processes for managing climate-related risks, as described in the *Managing and responding to climate-related risks* section starting on page 85.
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	We have integrated our processes for identifying, assessing, and managing climate-related risks into our overall risk management, as described in the *Identifying and assessing climate-related risks* section on page 84 and the *Managing and responding to climate-related risks* section on page 85.

Pillar	Recommended disclosure	Disclosure
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material.	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	We use a suite of metrics to assess climate-related risks and opportunities, which are disclosed in the *Climate-related metrics and targets* section on page 82 and in the *Managing our direct operational environmental impacts* section on page 89.
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	We disclose Scope 1, Scope 2 and selected Scope 3 greenhouse gas emissions in the *Group emissions data* section on page 89. Scope 3 category 15 is our most material source of GHG emissions, for which we describe the related risks in the *Identifying and assessing climate-related risks* section starting on page 84. We do not have material climate-related risks and opportunities related to our Scope 1 and Scope 2 GHG emissions.
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	We use a suite of targets to manage our climate-related risks and the performance against those targets, as described in the following sections: > Investment portfolio: *Climate-related metrics and targets* section starting on page 82 > Operations: *Operational carbon reduction target* on page 90 We have, to date, not yet set targets for opportunities. In summary for our investment portfolio, in May 2021, we announced both long and short term pledges. Our long term pledge is to become 'net zero' by 2050 with the short term pledges as follows: > A 25 per cent reduction in the carbon emissions of our investment portfolio by 2025 against our 2019 baseline. By the end of 2021, we had reduced the weighted average carbon intensity (WACI) of our investment portfolio by 23 per cent against our 2019 baseline, placing us on track to achieve the 25 per cent target by 2025. > Divestment from all direct investments in businesses which derive more than 30 per cent of their income from coal, whether from mining or energy production, with equities to be fully divested by the end of 2021 and fixed-income assets by the end of 2022. During 2021 we divested from all such direct equity investments and remain on track to divest by end of 2022 from fixed-income assets in businesses meeting the criteria. > A target to engage with the companies responsible for 65 per cent of the absolute emissions in our investment portfolio. Eastspring has developed a process to meet this engagement target. In 2021, Eastspring reviewed 44 per cent of these investee companies, and engaged with 31 per cent of the same group. For operations, 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, we are ahead of the emissions reduction trajectory required to meet our target.

Our Group-wide policies relating to our ESG Strategic Framework

ESG strategic pillar/enabler	Our Group-wide policies	Owner and date of last review
Making health and financial security accessible	To ensure we treat our customers fairly, management of conduct risks is key. Prudential mitigates conduct risk with robust controls, which are identified and assessed through the Group's conduct risk assessment framework, and regularly tested within its monitoring programmes. Our Customer Conduct Risk Policy provides this framework and includes our Customer Conduct Standards, which set out the core values and standards that the Group expects all employees and persons acting on behalf of it to observe, and which further support our ESG strategy. These values and standards include specific requirements regarding customers. In particular, the Group has committed to: > Treat customers fairly and honestly; > Provide and promote products and services that meet customer needs, are clearly explained and deliver real value; > Maintain the confidentiality of our customer information; > Provide and promote high standards of customer service; and > Act fairly and in a timely way to address customer complaints and any errors we find.	Group Chief Executive July 2021
Stewarding the human impacts of climate change	Our Responsible Investment Policy articulates how ESG considerations are integrated into investment activities and processes in a consistent and coherent way. It describes our approach to ensure external commitments and internal targets on responsible investment are met and to ensure the different objectives of responsible investment are taken into consideration when making investment decisions.	Group Chief Financial Officer and Chief Operating Officer July 2021
	Our Environment Policy outlines our approach to 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.	Group Chief Financial Officer and Chief Operating Officer July 2021
Building social capital	Our Discrimination and Harassment Policy reflects our commitment to creating and maintaining a welcoming, supportive culture in which all can work in a friendly and professional working environment. This policy prohibits discrimination, harassment, bullying and other types of misconduct where the behaviour is contrary to Prudential's values and standards. Where our people experience or witness inappropriate behaviours, they are encouraged to report this via a range of available channels including their line manager, Human Resources, grievance procedures or Speak Out. Finally, the policy reinforces Prudential's zero-tolerance stance over retaliation against reporters of any concerns or for cooperating or participating in the investigation of a complaint.	Group HR Director July 2021
	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.	Group HR Director July 2021
	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.	Group HR Director July 2021

ESG strategic pillar/enabler	Our Group-wide policies	Owner and date of last review
Building social capital continued	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.	Group HR Director July 2021
	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.	Group HR Director July 2021
	Our Remuneration Policy outlines our effective approach to appropriately rewarding our employees in a way that aligns incentives to business objectives and performance, and enables the recruitment, retention and incentivisation of high-calibre employees in line with our risk appetite and Group Reward Principles.	Group HR Director December 2021
	Our Talent Policy demonstrates how we attract, select and develop the best people for roles that will ensure high performance in the short term and future-proof leadership capability through building business-relevant longer-term succession and talent pipelines. It sets out our fair and effective approach to pursuing this.	Group HR Director July 2021
	Our Consensual Relationships Policy reinforces our values, as well as the Group Code of Business Conduct. The policy applies to consensual romantic and sexual relationships and reflects our continuing commitment to a professional and supportive working environment, where everybody is treated fairly, has equal opportunities, and is respected and valued for their contributions to our company.	Group HR Director July 2021
	Our Group Data Policy is centred on the principle that data must be well governed and effectively managed through its lifestyle. The Policy provides a data, business, people and technology framework, which defines how we should manage data throughout its lifecycle and employ the technology best suited for the business use cases.	Group Chief Digital Officer July 2021
	Our Privacy Policy governs the protection of data and complies with the General Data Protection Regulation. 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.	Group Chief Digital Officer July 2021
Responsible investment	Our Responsible Investment Policy articulates how ESG considerations are integrated into investment activities and processes in a consistent and coherent way. It describes our approach to ensure external commitments and internal targets on responsible investment are met and to ensure the different objectives of responsible investment are taken into consideration when making investment decisions.	Group Chief Financial Officer and Chief Operating Officer July 2021

ESG strategic pillar/enabler	Our Group-wide policies	Owner and date of last review
Good governance and responsible business practices	Our Group Code of Business Conduct sits at the heart of our Group Governance Manual, and highlights the ethical standards that the Board expects of itself, our employees, our agents and others working on behalf of the Group. The Code is supported by a set of Group-wide principles and values that define how the Group expects business to be conducted in order to achieve its strategic objectives.	Group Chief Executive December 2021
	Our Group Risk Framework describes the Group's approach to risk management, and the key arrangements and standards for risk management and internal control that support the Group's compliance with Group-wide statutory and regulatory requirements.	Group Chief Risk and Compliance Officer July 2021
	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.	Group Chief Risk and Compliance Officer July 2021
	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 have to comply with sanctions, laws and regulations by screening, prohibiting or restricting business activity, and following up through investigation.	Group Chief Risk and Compliance Officer July 2021
	Our Security Policy has been replaced with a number of new policies. The Group Resilience Policy covers physical security, health and safety and business continuity management. The Group Escalation Policy sets the framework by which the Group can conduct investigations relating to a range of security issues. The Group Counter Fraud Policy supports our business units in the development of proportionate fraud systems to enhance fraud detection, protection and investigation. The Group Speak Out Policy sets out the framework and controls relating to whistleblowing.	Group Chief Risk and Compliance Officer July 2021
	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.	Group Chief Financial Officer and Chief Operating Officer July 2021
	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 affect support for any political party. It is defined as covering any payment or gift or contribution, direct or indirect, as defined by the UK's Political Parties, Elections and Referendums Act 2000. The policy covers expenditure on engagement activity on public policy discussions and applies across the Group.	Group Chief Financial Officer and Chief Operating Officer July 2021
	Our 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, the policy considers the requirements of the UK Modern Slavery Act and the principles of the UN's Universal Declaration of Human Rights.	Group Chief Financial Officer and Chief Operating Officer July 2021
Community engagement and investment	Our Community Investment Policy covers how we are committed to working with the communities in which we operate as active and supportive members. It also outlines our strategy for investing in the community and how we make investments and report against them.	Group Chief Financial Officer and Chief Operating Officer and Group HR Director July 2021

SECR Report

Our 2021 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 2021. Information on energy reduction initiatives across our Asian and African portfolio are included in the section on Managing our direct operational environmental impacts. This table shows emissions for the composite Prudential Group (including Jackson up until the point of the demerger) and covers the period 1 October 2020 to 30 September 2021. More information on the methodologies used is available in the Basis of Reporting.

	2021		2020	
	UK and offshore	**Global (excluding UK and offshore)**	**UK and offshore**	**Global (excluding UK and offshore)**
Emissions from activities for which the company own and control, including combustion of fuel and operation facilities (Scope 1) tCO_2e	**122**	**3,954**	147	5,490
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2, location based) tCO_2e	**122**	**36,516**	125	42,995
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2, market based) tCO_2e	**177**	**34,900**	208	42,995
Total gross Scope 1 and Scope 2 emissions (location-based) tCO_2e	**244**	**40,470**	272	48,485
Intensity ratio: tCO_2e/m^2	**0.0119**	**0.0850**	0.0484	0.0972
Intensity ratio: tCO_2e/fte	**1.1675**	**2.3354**	1.0146	2.6245
Energy consumption used to calculate above emissions: kWh (Scope 1)	**663,621**	**19,252,400**	764,344	23,903,383
Energy consumption used to calculate above emissions: kWh (Scope 2)	**559,790**	**69,984,995**	543,498	77,714,027

GHG emissions tables

Group (Including Jackson)

Emissions Source (tCO_2e)	**2021**	**2020**	**Change (%)**
Scope 1	**4,076**	5,637	(27.7)
Scope 2 – market based	**35,077**	43,203	(18.8)
Scope 2 – location based	**36,638**	43,120	(15.0)
Scope 3 (2020 boundary comparative)	**296**	2,164	(86.3)
Scope 3 (expanded 2021 boundary)	**10,397**	n/a	
Total: Scopes 1 and 2 market based	**39,154**	48,840	(19.8)
Total: Scopes 1, 2 and 3 (2020 boundary comparative)	**39,450**	51,004	(22.7)
Total: Scope 1, 2 and 3 (expanded 2021 boundary)	**49,551**	n/a	
kg per m^2 – Scopes 1 and 2	**78.85**	96.24	(18.1)
Tonnes per employee – Scopes 1 and 2	**2.23**	2.61	(14.5)
kg per m^2 – Scopes 1, 2 and 3 (2020 boundary comparative)	**79.44**	100.51	(21.0)
kg per m^2 – Scopes 1, 2 and 3 (expanded 2021 boundary)	**99.79**	n/a	

Jackson

Emissions Source (tCO_2e)	**2021**	**2020**	**Change (%)**
Scope 1	**2,595**	4,259	(39.1)
Scope 2 – market based	**15,091**	19,595	(23.0)
Scope 2 – location based	**15,091**	19,595	(23.0)
Scope 3 (2020 boundary comparative)	**137**	166	(17.5)
Scope 3 (expanded 2021 boundary)	**1,605**	n/a	
Total: Scopes 1 and 2	**17,686**	23,854	(25.9)
Total: Scopes 1, 2 and 3 (2020 boundary comparative)	**17,823**	24,020	(25.8)
Total: Scope 1, 2 and 3 (expanded 2021 boundary)	**19,291**	n/a	
kg per m^2 – Scopes 1 and 2	**138.33**	179.34	(22.9)
Tonnes per employee – Scopes 1 and 2	**5.96**	6.03	(1.2)
kg per m^2 – Scopes 1, 2 and 3 (2020 boundary comparative)	**139.40**	180.58	(22.8)
kg per m^2 – Scopes 1, 2 and 3 (expanded 2021 boundary)	**150.88**	n/a	