

For the long term

Environmental, Social and Governance Report 2018





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Foreword

At Prudential, we are clear about our purpose. Our business exists to help people de-risk their lives and deal with their biggest financial concerns. At the same time, we invest our customers' savings in the real economy, helping to drive long-term, sustainable growth and deliver benefits to all our stakeholders and the communities in which we work.

That clear sense of purpose flows into everything we do, from the services we create and the way we deliver them to our customers, to how we plan our investments on their behalf and how we engage with our people and our suppliers.

We support that purpose through strong values. Ownership, partnership and stewardship are at the heart of how we do things.

Ownership means that all of us at Prudential are required to treat our business as if we had created it ourselves, to escape our silos and see the broader landscape, and to take responsibility for our actions.

Partnership is about building an open, collaborative approach, working with the best people internally and externally to develop new ideas and ways of working to meet the future needs of our customers.

Stewardship is the recognition of our responsibility as long-term custodians committed to leaving our business – and the wider world – in a better state than when we arrived.

Our Environmental, Social and Governance Report provides a window on how we are fulfilling our purpose and applying those values across our organisation. This report demonstrates the positive, purpose-driven way we are approaching our key responsibilities, and provides an update on the advances we have made throughout 2018 in dealing with the main risks we face and addressing the opportunities before us.

Our organisation is also going through an historic change as we work towards the demerger of M&GPrudential from Prudential plc. This will result in the creation of two businesses that are both better able to deliver benefits to all their stakeholders. Within this report we share an update on our progress in establishing the new businesses and how we are working to successfully manage this crucial change. I am confident that, after the demerger, both of these businesses will continue to demonstrate ever-greater progress.

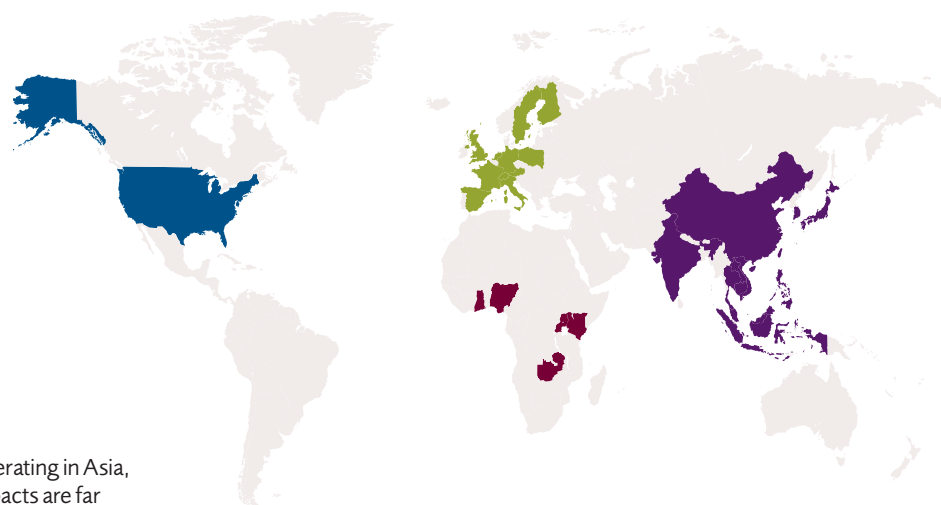


A handwritten signature in black ink, appearing to read 'Mike Wells'. The signature is fluid and stylized, with a long horizontal line extending from the end.

Mike Wells
Group Chief Executive

Generating long-term value

Prudential helps customers manage the uncertainty in the unexpected events in life. We offer financial peace of mind for our customers, whether that's saving for a child's education, starting a family or planning for retirement, and we provide them with increased confidence as they face the future. We invest our customers' money in the real economy, supporting growth and strengthening communities, while delivering consistent and growing returns for our investors.



We recognise that, as a global organisation operating in Asia, the US, the UK and Europe and Africa, our impacts are far broader than the financial value we generate. To meet the needs of customers, investors, employees and communities across four continents, we have a strategy that is focused on both our financial operations and our non-financial impact:

Asia

We are continuing to develop and expand our products, distribution capabilities and footprint to meet the evolving needs of our customers. A large and increasingly wealthy population in Asia, with low levels of insurance and asset management coverage, is creating a huge and fast-growing market for our health, protection and savings products.

UK & Europe

M&GPrudential helps customers in the UK and Europe to meet their financial goals, managing the long-term savings of millions of people through a range of investment solutions. As well as serving retail customers, we manage the savings of millions of corporate and public sector pension scheme members. With £342 billion in assets under management, M&GPrudential is a major investor in the UK and global economy.

United States

About 40 million Americans are expected to reach retirement age over the next decade alone. At the same time, 72 per cent of American workers do not have access to a defined benefit retirement plan. Our retirement income products are designed to help customers avoid running out of money and provide them with a reliable cushion against volatile markets.

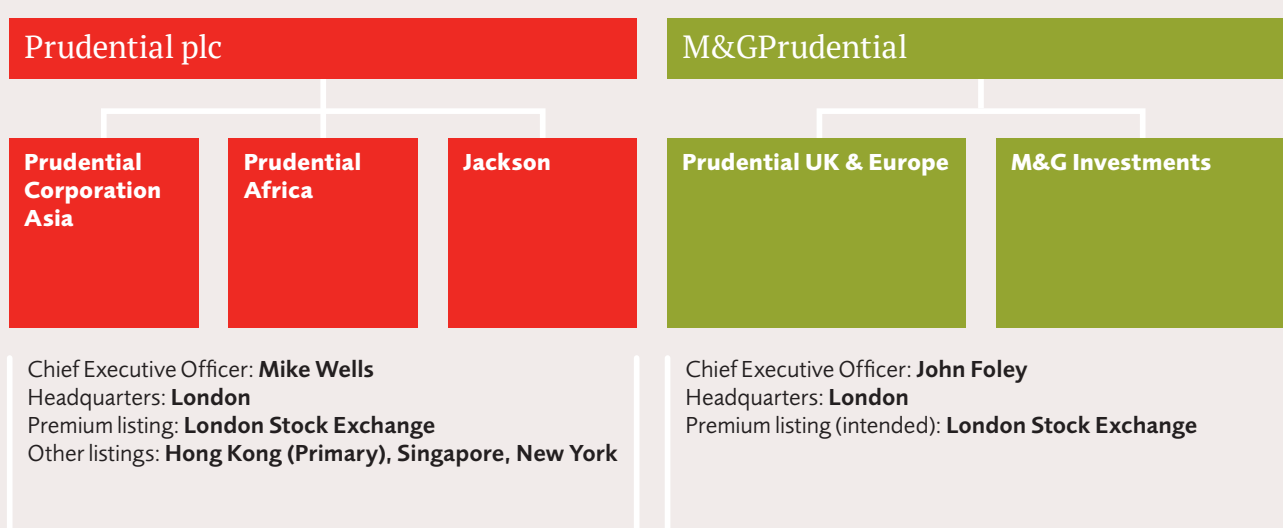
Africa

We are developing our businesses in our newer markets in Africa, which is one of the world's most underserved life markets. We have insurance operations in five markets in Africa – Ghana, Kenya, Nigeria, Uganda and Zambia – and will expand further in West Africa after acquiring a majority stake in a leading life insurer operating in Cameroon, Côte d'Ivoire and Togo.

M&GPrudential demerger – creating two distinct businesses

In March 2018 we announced our intention to demerge our UK and European business, M&GPrudential, from Prudential plc. On completion of the demerger, M&GPrudential will be an independent, capital-efficient UK and Europe savings and investment provider. Prudential plc will be a leading international insurance group focused on high-growth opportunities in Asia, the US and Africa. Both businesses will be headquartered and premium-listed in London, and our existing shareholders will hold interests in both Prudential plc and M&GPrudential.

We believe this important step will deliver long-term benefits to both businesses and to our shareholders, our customers, our colleagues and the communities we serve.



Frequently asked questions

What is the rationale for the demerger?

Following separation, M&GPrudential will have more control over its business strategy and capital allocation. This will enable it to play a greater role in developing the savings and retirement markets in the UK and Europe through two of the financial sector's most trusted brands, while Prudential plc will be able to focus on the attractive returns and growth potential of its market-leading businesses in Asia, the US and Africa.

How is the demerger progressing?

In preparation for the demerger, we have already completed a number of key steps, including:

- We announced that the Hong Kong Insurance Authority would be the Group-wide supervisor of Prudential plc after the demerger;
- We raised £1.6 billion of debt in September 2018. This debt issuance contained a substitution clause, allowing us to substitute M&GPrudential for Prudential plc as the issuer;
- We established a new holding company for M&GPrudential and completed the transfer of the legal ownership of The Prudential Assurance Company Limited (M&GPrudential's UK-regulated insurance entity) and M&G Group Limited to this company;
- We announced the independent Chair of M&GPrudential in October 2018 and the appointment of three non-executive directors in March 2019; and
- We completed the transfer of the legal ownership of our Hong Kong insurance subsidiaries from The Prudential Assurance Company Limited to Prudential Corporation Asia Limited.

About this report

This report provides a summary of Prudential plc's environmental, social and governance (ESG) performance. The contents meet the ESG 'comply or explain' requirements under the Rules Governing Listing of Securities on the Stock Exchange of Hong Kong Limited. More information on key topics, such as our tax strategy and corporate responsibility performance, can be found in our regular financial reports and stand-alone reports, available on our [website](#).

We aim to disclose our ESG management and performance as transparently as possible. The Group Audit Committee and the Board of Prudential plc have approved this report. In 2018 we considered and refreshed the material ESG issues on which the Group focuses to capture changes to the issues on which we report. This included identifying emerging ESG trends, risks and opportunities directly applicable to the Group and our stakeholders. The most significant resulting issues have been included in this report.

Scope of the report

Information included in this report covers our activities in the 2018 calendar year, both at Group level and within our various operations globally, and does not include our joint venture partnerships.

Our approach to ESG

As a global provider of savings and protection products, stewardship is core to what we do. We recognise that to help our customers look to the future with confidence, we need to take a long-term view on a wide range of issues that affect our business and the communities in which we operate. To do this, we maintain a proactive dialogue with our stakeholders – customers, investors, employees, communities, regulators and governments – to ensure that we are managing these issues sustainably and delivering long-term value. Further information on how we engage with our stakeholders can be found on page 5.

How we govern ESG

The Board approved the establishment of our ESG Executive Committee (ESG ExCo) in 2018 to lead on how we identify, manage and report on material ESG risks. Our ESG sponsor, Jonathan Oliver (Group Executive Committee member), was nominated as Chair and is supported by senior leaders from Group Head Office across financial reporting, investor relations, risk, compliance, governance, investment and human resources. There is representation from our business units, provided by the Chief Investment Officers of our asset management businesses PPMA and Eastspring, M&G's Head of Corporate Finance and Stewardship and Jackson's General Counsel. The ESG ExCo meets quarterly and is required to report to the Board at least twice each year, with additional ad hoc reporting provided as necessary. Our ESG ExCo is focused on the holistic assessment of ESG matters material to the Group, raising matters for Board decision-making and implementing resulting decisions, supporting the sustainable delivery of the Group's strategy. Its principal responsibility is to oversee the implementation of the recommendations of the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD).

Our Group Governance Manual sets out the policies and procedures by which the Group operates. For further information on our Group-wide policies relating to our material ESG issues, refer to the [Corporate Responsibility Review](#) pages of our 2018 Annual Report and Accounts.

Across the Group, we continually monitor developments in the environment in which we operate, to make sure that the ESG issues that are important to our stakeholders are understood and managed. We strive to meet the expectations of our stakeholders in a transparent and fair manner, and this is underpinned by our comprehensive identification process, which enables us to address our material ESG issues effectively and constructively.

Content of the report

Our key ESG issues can be categorised into the following areas: customers, responsible investment, business integrity, people, our supply chain, technology, environmental performance and supporting our communities. The order in which these are presented does not reflect any priority.

Our material ESG issues correspond to the 'Aspects' within the ESG Reporting Guide detailed under the Hong Kong Listing Rules. In addition to our material ESG issues, we have incorporated the Health and Safety aspect within the 'People' section of our report. The aspect is covered in reference to how we provide a safe working environment for our employees. There were no significant areas of non-compliance with relevant laws and regulations set out in the Hong Kong Listing Rules ESG reporting 'Aspects'.

Engaging with our stakeholders

We recognise that our stakeholders are central to how we operate as a business. Through our engagement we are able to understand which ESG issues are important to them and how we should take on board their perspectives and incorporate them into our overall management. Feedback that we receive from our stakeholders supports how we ultimately govern ourselves, through policy and procedure.

We engage with our stakeholders on a regular basis to inform the strategic decisions we make. Stakeholder groups include customers, employees, the wider supply chain, civic organisations, the media, institutional investors and regulators.

To reach a broad spectrum of stakeholders we use varied channels of communication, both through our local businesses and through our Group Head Office.

The table below summarises our global and local stakeholders, how we engage with them and their interest areas in 2018.

Stakeholder group	How does Prudential engage with these stakeholders?	Areas of interest raised by these stakeholders in 2018
Customers (including intermediaries)	Contact centre availability, face-to-face advice, annual statement dispatch, surveys, dedicated account managers, sales support units, business processing and servicing, telephone technical support teams.	Hold times when calling, service delivery, anti-money laundering requirements, difficulty in getting a new servicing agent, new business processing delays.
Investors	Website, half and full-year results, ESG Report, Annual Report, investor briefings, AGM, Chairman's annual meeting with investors.	Financial performance, integration of ESG within Group strategy and governance, customers, diversity and inclusion, cyber security and data privacy, responsible investment, climate risk and implementation of TCFD, and sustainable development agenda.
Employees (including contractors, potential recruits, agents and trade unions)	Surveys, awaydays, team meetings, performance appraisals, intranets, training programmes.	Diversity and inclusion, training opportunities, succession planning, the impact of transformation activities, including the demerger.
Governments (including central banks, stock exchanges and global policy bodies)	Meetings, partnering and/or speaking at public and private events, memberships, tax strategy, input into policy forums.	Prudential as a local, responsible business, including how we create jobs and build capacity across the economy, taxes, transparency, governance, responsible financial services, sustainable finance.
Regulators	Regular meetings, responses to information requests and consultation papers.	Global and national perspectives on standard-setting, sustainable finance, international capital standards, governance and individual accountability, conduct standards, customer protection, climate-related risk.
Civil society	Meetings, data sharing, ad-hoc requests for support, responses to campaigns, surveys.	Inclusion, education, disaster relief, safeguarding, low-carbon transition, living wage, climate-related risk, tax transparency.
Media	Media releases, social media, regular meetings and calls, discussions between media and senior executives, monitoring of media output.	Financial performance, business strength, demerger, investment in the low-carbon economy, environmental performance.
Suppliers	Pre-sourcing assessments, contract negotiations, monthly supplier meetings and quarterly performance review meetings.	Data protection, anti-bribery and corruption, human rights, modern slavery, health and safety.

Customers

Our relationships with our customers are long-term and are central to our ability to continue creating sustainable value. We provide fair, transparent, inclusive and accessible products to best serve our customers' needs and to support them in de-risking their lives. We are constantly looking for new ways to innovate and provide the highest level of service.

Our customer commitments

It is our duty as a responsible business to uphold the interests of our customers. We are guided in this by our Group Customer Commitments Policy, which supports the delivery of the five customer commitments in our [Group Code of Business Conduct](#). These are:

- 1 Treat customers fairly, openly and honestly;
- 2 Provide and promote a range of products and services that meet customer needs, are clearly explained and deliver real value;
- 3 Maintain the confidentiality of our customer information;
- 4 Provide and promote high standards of customer service; and
- 5 Act fairly to address customer complaints and any errors.

Increasing access to health and financial protection

In Asia, the health protection gap remains large and continues to expand. In line with our commitment to help close this gap and protect our customers' health, we have continued our efforts to create best-in-class health capabilities by offering more comprehensive and flexible coverage and a wider range of value-added services.

— **Hong Kong:** Prudential Hong Kong has established itself as a leader in the growing critical illness segment, introducing PRUhealth Critical Illness Extended Care (CIE) and PRUhealth Critical Illness Multi-Care Prestige (CIM2) during 2018. CIE provides in-depth protection against 118 disease conditions. CIM2 is an integrated,

multi-claim critical illness protection plan that offers 100 per cent of life protection against 126 disease conditions. The plan offers market-distinct home care services to facilitate rehabilitation at home, including a digital portal to monitor the progress of recovery and share status updates with family members.

— **Malaysia:** We launched PRUcancer X, a cancer plan that addresses the high costs of treatment and the impact of any potential loss of income if a customer has to stop work to focus on recovery. It offers the highest coverage of any cancer-specific insurance product in the market, giving patients the opportunity to seek the best care in-country and overseas. PRUmy child plus and PRUmy medical plus were launched to meet the growing demand for customisable and flexible insurance products. PRUmy child plus provides comprehensive protection to both the mother and the unborn child. After the child is born, critical illness or savings options can be added to the plan to provide the child with additional coverage. This plan has no annual and lifetime limits, ensuring that customers are protected with continuous coverage even as healthcare costs continue to increase.

— **Singapore:** Recognising that most of the population is not sufficiently protected against the financial impact of critical illnesses, we launched PRUtriple Protect, which provides financial protection against 36 critical illnesses, including cancer. We also introduced PRUvital Cover, the first of its kind, which offers coverage to people with existing medical conditions. This

provides protection to individuals who have been diagnosed with type 2 diabetes and the three 'health highs' – high blood pressure, high cholesterol and high body mass index.

— **Thailand:** To help more people access adequate medical coverage, we introduced PRUeasy care. This affordable, stand-alone term plan provides a range of benefits, including inpatient advantages of up to four hospital stays per year.

Increasing access to financial protection is a significant socio-economic issue and we seek to provide the right products through appropriate means to improve access for new and existing customers. Our business units comply with the relevant product advertisement or labelling requirements of the local markets in which they operate. Recognising the role that distribution plays in our ability to reach customers, we continued to extend our partnerships with banks across Africa in 2018. We agreed a new long-term partnership with a bank, helping us bring market-leading products and services to up to 1.2 million new customers, through 69 bank branches. We also extended a previous partnership, extending our geographic reach and providing savings and protection products to the previously uninsured.

After launching our 'never lapse' feature in Ghana in 2017, we rolled this out across Kenya in 2018, enabling customers to keep their policy and its benefits, regardless of unforeseen financial circumstances. After the first six months' premium, customers will not lose their savings if they fall behind on their payments, providing greater flexibility to customers and helping them to achieve their financial goals.

Engaging and empowering consumers

We seek to provide the best solutions that we can for customers. We also strive to communicate information about our products in a fair and transparent way. In the US, Jackson continues to be a leader in shifting perspectives and simplifying the language around financial products. In 2018, Jackson led the creation of a ground-breaking, industry-wide coalition seeking to help mitigate America's looming retirement crisis, the [Alliance for Lifetime Income](#). The Alliance is a tremendous leap forward in Jackson's ongoing commitment to educating Americans about the importance of lifetime income in retirement planning. The Alliance, which Jackson co-chairs, comprises 24 financial services organisations in the US that have united around a shared purpose – to educate Americans on the risk of outliving their income, so that they can enjoy their years in retirement. The Alliance rolled out a nationwide, multi-year educational campaign designed to help consumers and financial advisers discuss not only the importance of income planning in retirement, but also the importance of protected income in retirement – income that is sheltered from market volatility and longevity risk.

Following on from the launch of Jackson's website, [The Financial Freedom Studio](#), in 2017, the site has evolved to offer more financial education resources for consumers. The Studio is a forum to bring together the breadth of perspectives and experiences of industry experts and thought leaders who share their unique points of view around financial and life planning. These regular, third-party contributors provide actionable, practical 'how-to' tips, offering an objective, non-product-centric perspective to help consumers make thoughtful and informed decisions about their financial lives. The Studio now provides video content, and during 2018 traffic to the Studio doubled, with over 80 per cent of the traffic being new visitors.



Designing the digital health ecosystem for our customers

Our ambition is to protect the health and wealth of our customers by the use of artificial intelligence (AI) to enable access to affordable and quality healthcare. As a life and health insurer, and given our customers' increasing needs in healthcare, we want to play a greater role in preventing and postponing illness in order to protect our customers. Through partnerships with other healthcare providers, we are looking to introduce the following five areas of services to our customers:

- Lifestyle and wellness: By tracking daily activities, such as sleep and dietary patterns, we can provide coaching to encourage our customers to improve their health by maintaining a healthy lifestyle;
- Risk factor identification: Monitors current health and identifies future risk factors through the use of DNA testing and health assessments;
- Disease management and recovery: Chronic disease management programmes can help customers maintain or even improve their health conditions. This can improve adherence to medications, diet and exercise regimes;
- Triage and symptom diagnosis: Directs customers to appropriate and timely treatments based on their interactions with the AI-backed chatbot or data collected from various devices; and

- Telemedicine, e-prescription and physical doctors: Avoiding the need to first physically visit a doctor, consultations with doctors can be arranged through video before deciding if a physical visit is required. We can also arrange medication to be sent to the user's home or office address.

Underlining our commitment to affordable and accessible healthcare, Prudential Corporation Asia has entered into an exclusive partnership with the healthcare technology and services company, Babylon Health. Through this partnership, we will be able to provide Babylon's AI expertise to new and existing customers in up to 12 markets in Asia. A comprehensive set of digital tools will be available 24/7, enabling customers to take control of their health and make better-informed healthcare decisions. By providing health and wellness services digitally at scale, we are significantly expanding our role from protection to encompass the prevention and postponement of adverse health events, helping to close the healthcare gap in Asia.

Customers (continued)

Customer service and addressing complaints

We are committed to offering our customers the highest standards of professional care and service. We take our commitment seriously when training our personnel, who deliver service consistent with our values.

Where customers have cause to complain to us, we have documented procedures in place to manage complaints received through multiple touchpoints, in a timely, robust and professional manner and in accordance with our Customer Commitments Policy and local regulatory requirements. Business units conduct analysis of complaints to understand their underlying root causes, with the aim of reducing the overall number of complaints, and perform ongoing monitoring to identify issues which could lead to customer detriment and take prompt action to address any errors.

In some jurisdictions in which we operate, customers can refer complaints to independent dispute resolution bodies. In the UK, customers have the right to approach the Financial Ombudsman Service (FOS) for independent complaint adjudication if they remain unhappy with the outcome of a complaint raised directly with a financial services provider. The FOS will investigate the complaint and issue an adjudication with its findings to the customer and financial provider. We have averaged more than 80 per cent since 2009 on the FOS adjudication support rate, which is published annually and based on industry-wide data.

Industry awards

In Asia, Prudential won eight awards at the Bloomberg BusinessWeek Financial Institution Awards 2018, including 'Insurance Company of the Year' for the fourth year in a row. Prudential Malaysia won the Reader's Digest Trusted Brand award, as voted by consumers, and the Best Brand 2018 award at YouGov's Brand Index awards for the third consecutive year.

In the US, Jackson was awarded Outstanding Achievement at the WealthManagement.com Industry Awards for its Retire on Purpose Platform. Our Financial Freedom Studio website and Retire on Purpose campaign both won a Grand Award at The APEX Awards for Publication Excellence, where we also won six awards of Excellence. At The Communicator Awards, we gained four Gold Awards of Excellence and 29 Awards of Distinction for our marketing and communications.

In the UK, we were again awarded our 'Five Star' ratings in the Life & Pensions and Investment categories at the Financial Adviser Service Awards, as well as the Outstanding Achievement Award. For the eighth year running, we were awarded Best Investment Bond Provider at the Investment Life & Pensions Moneyfacts Awards, as well as the Best Income Drawdown Provider Award for the second year running. At the European Pension Awards, M&G won Multi Asset Manager of the Year and Property Manager of the Year.

Responsible investment

As a life insurer, asset owner and manager, we are long-term stewards of our customers' assets and we recognise the importance of ESG matters. We also recognise our responsibility to our customers, society and the environment to effectively integrate associated considerations into investment decisions and fiduciary and stewardship duties, helping to improve outcomes for our customers and finance a more sustainable economy.

Our responsible investment approach

At Prudential, we take an inclusive approach to responsible investment, seeking to integrate ESG considerations into our investment processes and stewardship activities through active ownership practices and engagement with investee companies. We also maintain the ability to exclude entities from our internal investment mandates, where their practices, policies or procedures conflict with our Group values, or where we see a need to explicitly recognise international consensus.

As a long-term investor, we consider both financial and non-financial factors in our investment processes, decision-making and ownership practices that may have a meaningful impact on our clients' long-term investment outcomes. Similarly, as active asset owners of the capital we invest on behalf of our clients, we believe that due consideration of the various factors that can impact investment returns is part of our fiduciary duty to our customers.

Governing our ESG investment risks and opportunities

We operate an asset management business in each of our three main regions – Eastspring in Asia, PPMA in the US and M&G Prudential in the UK & Europe. In recognition of the distinct investment risks faced by our asset management and ownership businesses through investing in different markets and asset classes, each business unit manages ESG-related matters through the pursuit of local, business-specific responsible investment strategies.

Our Group Responsible Investment Framework draws together the individual ESG-related investment strategies and activities of our global businesses and is aligned to our Group Code of Business Conduct. The Framework provides a mechanism to inform our senior executives of the local ESG investment strategies of each of our businesses.

Central to the Framework is our Group Responsible Investment Advisory Committee (GRIAC), which comprises the Chief Investment Officers or their delegates of each of our asset management and insurance business units. The GRIAC is responsible for overseeing our responsible investment activities and further developing our overall Group-wide responsible investment strategy. Our Group-wide responsible investment activities, overseen by the GRIAC, are periodically reported to the Board and senior executive committees.

Strengthening our governance of responsible investment

Following on from the establishment of the GRIAC and Group Responsible Investment Framework in 2017, our governance of responsible investment activities has continued to be strengthened during 2018 by our businesses. Each asset management business now has a clearly designated responsible investment committee. The GRIAC links these independent business unit committees, serving as a forum for sharing best practice innovations across the Group. It also enables our Group-wide Responsible Investment Standards to be adopted in a consistent manner across our business units, while still affording them the flexibility to manage investments in a way that balances the needs of their clients and the local regulatory environments in which they operate.

In 2018 our Group Responsible Investment Standards, which underpin our Group Responsible Investment Framework and Principles, were in the road-testing phase with our businesses, which focused on developing internal monitoring and reporting capabilities to support the implementation of the Standards. In Asia, for example, Prudential Corporation Asia has implemented a new investment portfolio and risk management system as part of the ongoing enhancement of its approach to ESG integration. This provides its regional and local investment offices with increased transparency of how ESG factors are being incorporated into its investment decisions, manager selection and manager reporting process, in line with its commitment to responsible investing. Eastspring has also embraced technology solutions in 2018, with Group Digital working in partnership with the investment

Responsible investment (continued)

teams to develop tools that utilise AI and learning to facilitate faster and scalable ESG screening of investee companies.

Assessing the implications of evolving expectations of the Group in financing a sustainable and low-carbon economy

Over 2018 there have been a number of regulatory, supervisory and investor-driven sustainable finance and climate-related financial risk initiatives. From a supervisory perspective, the International Association of Insurance Supervisors and the UK's Prudential Regulation Authority (PRA) have made clear that they expect insurers to assess and consider the risks from climate change. We engaged with the PRA on the topic during 2018 and continue to focus on developing our practices in this area, with the implications for us as a Group being considered by our Board. Climate risk is under similar scrutiny from the UK's Financial Conduct Authority, and the Securities and Futures Commission in Hong Kong launched its Strategic Framework for Green Finance. In addition to assessing the implications for the Group of evolving regulatory and supervisory expectations, we continued to monitor the changing legislative landscape, including developments set out in the European Commission's Action Plan for Financing Sustainable Growth. Our approach to meeting these evolving expectations of financial institutions is twofold: to consider the need for enhancing our ESG integration and disclosure practices and to continue to increase our industry participation and collaboration.

Climate risks and opportunities and the FSB's Task Force on Climate-related Financial Disclosures (TCFD)

As a life insurer, asset owner, asset manager and occupier of over 400 properties worldwide, we recognise both the risks and opportunities posed by climate change to our businesses, and our Group's impact on the environment. With respect to the impact that climate change poses to our businesses, we are cognisant that the risks and opportunities may manifest in a number of different ways. Further detail on our approach to managing our direct operational environmental impacts is outlined in the 'Environmental performance' section of this report (page 25).

We as a Group welcomed and are a signatory to the recommendations of the FSB's TCFD. The management of climate-related risks and opportunities is a Group Strategic Priority, and the delivery of these priorities is linked to the remuneration package of relevant executives in the business. Our governance structures, which provide oversight in this important area, were enhanced in 2018 through the establishment of our ESG ExCo. The ESG ExCo will oversee the Group's processes to assess the climate-related risks and opportunities facing our businesses, which are currently under development, and the identification and delivery of supporting

implementation activities, with the view to enhancing our climate-related financial risk management practices. Over the next year the Group will take action to enhance our climate-related financial risk management practices and disclosure.

Our strategy needs to be tailored to the local US, Asian, European and African countries in which we operate. Climate change is a material risk for the global economy and, in conjunction with other global trends, may impact each part of the world differently. The physical risks will be as difficult to determine as the risks resulting from transitioning to a low-carbon economy. Accompanying those risks are inherent investment opportunities that we will continue to explore. We are keen to position our organisation in order to best place us to respond to and manage material climate risks and capitalise on the opportunities from the economy's transition.

Our investment businesses have also begun to consider the implications of climate-related risks and opportunities on investment activities, with relevant developments including M&G Investments signing up to use the new MSCI Carbon Portfolio Analytics tool in 2018. This tool enables portfolio managers to monitor a portfolio's carbon emissions, carbon intensity and fossil fuel reserves, supporting enhanced carbon investment risk management. Similarly, in order to

M&G engages Britvic on reducing single-use plastic

M&G met with Britvic's head of sustainability to understand soft drinks maker Britvic's strategy to reduce single-use plastic, improve recyclability of products, deliver innovation and demonstrate governance in this area.

While acknowledging that Britvic's disclosure practices to date have been commendable, M&G emphasised the importance of alignment with TCFD and CDP (Carbon Disclosure Project) disclosure. As a leading soft drinks business with operations in the UK, Ireland, France and Brazil, Britvic has committed to 2025 targets by signing up to the UK Plastics Pact.

These commitments to eliminate problematic or unnecessary single-use plastic would ensure that: 100 per cent of plastic packaging is designed and manufactured to be reusable, recyclable or compostable; 70 per cent of plastic packaging is effectively recycled or composted by the consumer; and the company sources 30 per cent average recycled content across all plastic packaging.

M&G has tabled this issue for discussion at the next meeting with the CEO and the desired outcome is to see Board oversight of this commitment linked to remuneration.



support enhancing industry climate-related disclosure practices, in 2018 M&G collaborated on a pilot initiative sponsored by the United Nations Environment Programme to work on climate-change scenario modelling for portfolios across different asset classes, which is a central part of the TCFD framework. The key output will be an industry climate scenario modelling tool.

Industry participation and collaboration on sustainable growth and climate change

Principles for Responsible Investment (PRI)

M&G Investments, PPMSA (our asset manager in South Africa), Eastspring Investments and now PPMA are signatories to the PRI. These voluntary principles offer guidance to understand the implications of ESG issues and to embed their consideration into investment practices and processes. The PRI reports for M&G Investments and PPMSA can be found here: [M&G Investments](#), [PPMSA](#).

Strengthening Asian stewardship commitments

Both Prudential Corporation Asia and Eastspring have continued to support the development of Stewardship Codes across the Asian region by becoming signatories to a number of new country initiatives in addition to those they have already endorsed. In Taiwan, both Prudential Corporation Asia and Eastspring became signatories in 2018 to the new Taiwan Stewardship Code, which includes among its principles a commitment to monitor investee companies and maintain appropriate dialogue and interaction. In addition, during 2018 Prudential Corporation Asia joined Eastspring in supporting the Singapore Stewardship Principles for Responsible Investors and Eastspring also became a signatory to the Korean code.

Climate Action 100+ and the Institutional Investors Group on Climate Change

M&G continues to participate in the Climate Action 100+ initiative, since joining in 2017. This initiative brings together more than 250 global institutional investors to engage with the world's largest corporate greenhouse gas emitters to improve climate-related financial disclosure and curb emissions. M&G also remains a member of the Institutional Investors Group on Climate Change, which provides a useful forum for collaboration on this topic.



Fostering an ESG mindset at Eastspring

Eastspring Investments signed up to the Principles for Responsible Investment (PRI) in 2018 and has since placed a strong emphasis on internal education on ESG issues and capacity-building to support the firm's responsible investment development. In May, two tailored sessions were arranged for all Eastspring investors to explore potential issues that could impact capital markets and companies, while also outlining effective ways to integrate non-financial ESG factors into investment decisions.

The sessions, which were designed to encourage collaboration and the sharing of investment ideas, saw Sustainalytics discuss how ESG information can be turned into analytics to aid investment decisions, while the Worldwide Fund for Nature explored what investors can do to assess the climate alignment of their portfolio.

In July 2018, Eastspring hosted the first PRI round-table discussion on ESG factors in credit risk and ratings in Singapore. The event was part of a series of rating forums that the PRI is organising around the world for credit risk analysts and fixed income portfolio managers/strategists as part of the PRI ESG in Credit Ratings Initiative.

Eastspring's development continues into 2019 with further sessions with the Worldwide Fund for Nature and the Asia Investor Group on Climate Change, building awareness of key climate change risks and the opportunities for the asset management industry. Climate change is a pertinent focus in the midst of changes to regulatory and industry standards, with an increased expectation on companies to develop climate and sustainability capabilities.

Responsible investment (continued)

Climate Bonds Initiative and the Asian Investor Group on Climate Change

In January 2019, Eastspring joined M&G to become a member of the Climate Bonds Initiative. Eastspring also joined the Asian Investor Group on Climate Change. Through 2018 Eastspring participated in round-tables organised by its local regulator, Monetary Authority of Singapore (MAS), to help raise awareness of climate risk in the region and promote the integration of ESG frameworks in investment strategies. Also in Asia, Prudential Singapore has engaged with its local regulators (the Life Insurance Association Singapore and MAS) to discuss its approach to climate change risk as an Asian asset owner.

Asset Owner Disclosure Project

In 2018, we again participated in the Asset Owner Disclosure Project, a survey managed by ShareAction to assess the insurance sector's response to addressing climate risk, where we ranked 30th out of 80 (2017: 31st) in its Global Climate Insurance Index (an assessment of the 80 largest insurance companies globally). In its 2017 Asset Owner survey, we ranked 113th out of the world's 500 largest asset owners, including pension funds, sovereign wealth funds, insurance companies, foundations and endowments. The next benchmarked assessment is anticipated in 2019. In the 2017 Asset Manager survey, M&G Investments ranked fourth out of the world's top 50 asset managers for management of the financial impact of climate change on investment portfolios. The next benchmarked assessment is anticipated in 2019.

ClimateWise

Facilitated by the Cambridge Institute for Sustainability Leadership, ClimateWise supports the insurance industry to better communicate, disclose and respond to the risks and opportunities associated with the climate risk protection gap. Members produce an annual submission addressing six ClimateWise principles and are ranked against their peers. In 2018, we improved our score, achieving 78 per cent, compared with 71 per cent in 2017. Our performance in ClimateWise against six core principles is independently audited by PwC.

Enhancing our ESG-focused investment product offering

M&GPrudential continues to innovate in this field, launching two new retail funds in 2018 – the M&G Positive Impact Fund and the M&G Sustainable Multi Asset Fund, both employing a structured approach to ESG and both investing in companies that are aligned with the United Nations Sustainable Development Goals.

The Positive Impact Fund seeks to invest in companies that have a positive impact on society through addressing the world's major social and/or environmental challenges, while providing attractive financial returns. Sustainability and impact considerations are fundamental in the stock selection process. The M&G Impact team undertakes a 'triple i' approach to identifying impactful investments, analysing the investment case, intentionality and impact of a company to assess its suitability for the fund. The Fund won Best New Entrant (Fund) at the 2018 Investment Week Sustainable and ESG Investment Awards.

In Malaysia, Prudential Corporation Asia plans to launch five new investment-linked products in 2019, which will all explicitly embed ESG principles as part of the investment process.

Business integrity

We embed responsible and ethical behaviour across our organisation. From how we conduct ourselves, shape and monitor our culture and meet our responsibility to prevent bribery and corruption, through to transparency in our tax practices, our contribution to the global economy and our leadership role in our industry, we are a responsible, ethical business.

Our Code of Conduct

Our governance framework, setting out the principles by which we conduct our business and ourselves, is composed of our Group Code of Business Conduct and our Group Governance Manual. Our [Group Code of Business Conduct](#) sets out the ethical standards that the Board expects of itself, our employees, agents and others working on behalf of the Group. The Group Governance Manual consists of a range of policies covering all of our business units, setting out our principles for good governance. We review these policies on a regular basis to ensure that we meet the expectations of our stakeholders.

Financial strength

We contribute to financial stability and sustainability in all of the markets in which we operate. We are strongly aware of our purpose, which is to help people de-risk their lives and deal with their biggest financial concerns. Our products and services are designed and delivered with that purpose clearly in mind. Through the combination of our consistent strategy, our diversified portfolio of businesses and our disciplined execution, we have continued to produce high-quality earnings and deliver consistent returns for our investors and good outcomes for all our stakeholders. For details on our financial performance last year, see our [2018 Annual Report](#). We work in partnership with policymakers and regulators. In 2018 we remained actively engaged in global regulatory policy debates with standard-setters such as the International Association of Insurance Supervisors (IAIS) as well as with industry trade bodies, on the soundness of the international financial system and the conduct of business regulation. To

underpin insurance penetration rates, protection and savings, we support the process of deepening capital markets, building robust regulatory and legal frameworks and enhancing financial literacy in the markets in which we operate, which in turn supports economic growth and stability.

Responsible tax practices

The responsible and sustainable management of our tax affairs helps us to maintain constructive relations with our stakeholders and play a positive role in the economy. We take a long-term perspective and balance our responsibility to support our business strategy with our responsibility to the communities in which we operate, which need sustainable tax revenues.

We understand the importance of paying the right amount of tax on time. We manage our tax affairs transparently and seek to build constructive relationships with tax authorities in all the countries in which we operate. Our tax risk policy outlines our processes to identify, measure, control and report on risk across four categories: technical judgements, operations, regulations and reputation.

Our tax strategy is published annually and complies with the mandatory requirements under the UK 2016 Finance Act, focusing on:

- Acting responsibly and taking an objective view in all of our tax matters;
- Managing tax in line with our Group governance and risk management procedures; and
- Ensuring transparency and engagement with all our stakeholders.

Our tax strategy continues to include a number of additional disclosures, including a breakdown by country of revenues, profits and taxes for all countries where more than £5 million tax was paid and more detail on what drives our tax payments, demonstrating that our tax footprint (ie where we pay taxes) is consistent with our business footprint.

Prudential was highly commended, for the second successive year, in the Tax Reporting category of PwC's Building Public Trust awards. Independent judges stated that our reporting on tax risks, and appetite for them and how they are managed, goes into a level of detail not often seen, and that we had done well to explain the complexity of insurance tax clearly. Judges were also impressed by how we set the tone of openness and transparency, singling out the clear reconciliation and breakdown of cash tax paid versus the effective tax rate, supported by an easily understood diagram.

In 2018, the Group's global tax contribution was £2,839 million. This significant contribution plays an important part in helping the communities in which we operate provide valuable public services and build infrastructure for the benefit of the wider community and the economy.

We are continuing to 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. More information on our tax strategy, including details of how much tax we pay, how we manage our tax affairs and the governance and management of tax risk can be found [here](#).

Business integrity (continued)

Fighting financial crime

We have a global footprint and maintain business relationships with a range of parties, such as agents and intermediaries, who act on our behalf. As such, financial crime is a key risk and we are committed to fighting it through the maintenance and implementation of policies and procedures on anti-money laundering, counter-terrorist financing, anti-bribery and corruption and anti-fraud, and through our commitment to industry-wide efforts.

We have Group-wide policies in place in relation to anti-money laundering, fraud, counter-terrorist financing and sanctions. These policies help to:

- Ensure we fully comply with all relevant local regulatory and statutory requirements;
- Effectively identify and understand the customers and third parties with which we do business;
- Monitor customer risk profiles and report suspicious activities; and
- Undertake robust risk-based due diligence and ensure all staff receive appropriate training to be able to recognise, avoid and report any potential wrongdoing.

During 2018 we updated our Group [Anti-Bribery and Corruption Policy](#) in order to provide more and better guidance to our diverse businesses. In particular, we added further guidance on gifts and hospitality and how we deal with government officials and highlighted the importance of due diligence when dealing with third parties, reflecting themes we had identified from recent Foreign and Corrupt Practices Act enforcement cases. The Group Anti-Bribery and Corruption Policy is cascaded down through local business unit policies and procedures, which ensure adherence to Group requirements, applicable laws and expectations of local regulators.

We have continued to deliver advanced training on anti-bribery and corruption risks and regulations to cover senior managers and members of staff in higher-risk roles, particularly those who manage relationships with third parties. These training sessions were delivered face-to-face. All members of staff were also required to complete the mandatory annual computer-based training on anti-bribery and corruption, which ensures that our employees are able to recognise, avoid and report any potential instances of bribery or corruption, and we closely monitor the completion rates.

In 2017 the UK Criminal Finances Act introduced the corporate offence of failure to prevent the facilitation of tax evasion. Financial crime computer-based training across the Group has been updated to include additional material on this offence and the Group's commitment to avoid the facilitation of tax evasion.

The decision by the US to end its involvement in the Iran nuclear weapons treaty, the Joint Comprehensive Plan of Action, resulted in the re-introduction of comprehensive Office of Foreign Assets Control sanctions against Iran from November 2018 and, as a consequence, the Group Anti-Money Laundering and Sanctions Policy continues to prohibit dealings with Iran.

We perform annual risk assessments across all of our businesses to assess and monitor their risk profile. During 2018 we implemented an automated transaction monitoring system in our Hong Kong and Singapore life businesses and plan to implement this system in other jurisdictions in Asia during 2019.

Our policies require our business units to monitor compliance with our policies and the regulatory framework by which we are governed. In 2018 the Financial Crime Compliance teams across the Group undertook 23 compliance monitoring reviews on anti-money laundering, sanctions and anti-bribery and corruption. The Financial Crime teams are committed to continuing professional development and participated in numerous conferences and forums, such as the AML Professionals forums held in London, a specialised ABC training course for Compliance practitioners, based on the international standard ISO 37001 on Anti-Bribery Management Systems, and insurance industry forums covering AML, ABC and sanctions.

The Group Audit Committee continues to review the effectiveness of the programme annually and the Group Financial Crime team regularly updates the committee on risks and controls.

Whistleblowing

We operate a Group-wide whistleblowing programme, [Speak Out](#), which is able to receive reports from a variety of channels and is supported by an independent third party that captures and comprehensively records matters raised. In 2018 the Group refreshed communications, updated staff training and upgraded the case management reporting system to improve investigations. Over 45 per cent of reporters chose to self-identify, suggesting a high degree of confidence in the integrity of the programme.

To help us to identify further improvements and contribute to knowledge-sharing in the industry on whistleblowing, we participate in the 'Protect' benchmarking forum (formerly known as Public Concern at Work). This forum has developed a benchmark, which the Group applied in 2018, to measure the effectiveness of a firm's whistleblowing programme. The Group scored well in all three aspects of whistleblowing governance, engagement and operations, but the outcome will form the basis for qualitative improvements to the programme in 2019. Whistleblowing reporting is overseen by the Group Audit Committee, with any material issues reported to the Board.

Recognition

Reflecting the high standards by which we conduct our business, we were again named as one of 'Britain's Most Admired Companies' at Management Today's business awards in 2018. We won the insurance category of the prestigious awards for the second year in a row, with winners being selected by an independent survey of peers and sector experts.

People

An inclusive working environment, where we continually develop our talent, reward great performance, protect our people and value our differences, is key in delivering outstanding results for our customers, shareholders and communities.

Diversity and inclusion

Organisations benefit from a number of diverse perspectives and experiences and we consider this is important to our success today and in the future. Diversity and Inclusion (D&I) is one of our strategic objectives. Tim Rolfe, Group HR Director, is the executive sponsor across the Group. In 2018 Nic Nicandrou, Chief Executive of Prudential Corporation Asia, acted as the Board member accountable for D&I work. The Group D&I policy ensures that we provide equal opportunities to our workforce through fostering an environment where our employees are treated with dignity and respect, ensuring an appropriate diversity of skill sets and backgrounds to deliver success across the Group. Our policy supports an inclusive culture, where all our employees are protected against discrimination and provided with opportunities regardless of their age, caring responsibilities, disability status, ethnicity, gender, religion, sexual orientation, professional, social, educational or cultural background, or employment contract type. Through our policy, we govern our business units to have effective approaches in place to comply with local regulation, provide equality of opportunity and encourage our suppliers to promote equality of opportunity. All of our businesses, including Group Head Office, are required to report regularly to Group Human Resources on their compliance with the policy.

We have a strategic, long-term approach to D&I. The Nomination & Governance Committee has responsibility for developing, where appropriate, and periodically reviewing any objectives established for the implementation of diversity for the Board, monitoring progress toward the achievements of those objectives and reviewing the Group's diversity initiatives to see that these are in line with strategic objectives. Diversity contributes to Board effectiveness and is essential for successfully delivering the strategy of an international Group. Our Board is committed to recruiting the best available talent and appointing the most appropriate candidate to each role. This process ensures appropriate diversity of experience, skill sets and professional backgrounds. For more information on diversity within our Board, please refer to the Governance section within our [2018 Annual Report](#).

Over time, we aspire to have a senior management team that better represents the experiences and backgrounds of our customers and stakeholders. The Board monitors progress regularly through the Group D&I Advisory Committee, chaired by Tim Rolfe. This includes reviewing our benchmarked progress against peers on key aspects such as the diversity of our leadership team. The majority of D&I activity is managed by the individual business units, which focus on the priorities that make a key difference in their specific markets, in alignment with the Group-wide strategy. The articulation of our D&I strategy was updated in 2018 to reflect the evolution of our D&I journey. Prudential Corporation Asia continued to develop its D&I Works Committee, made up of representatives from across its regional

businesses. Its purpose is to drive the D&I strategies and initiatives in the respective countries, provide support and share best practices. In the US, Jackson has introduced a D&I Advisory Council that reports directly to the CEO, Michael Falcon, and supports senior leadership by helping to guide, implement and oversee D&I strategies and initiatives, providing updates on progress and communicating D&I efforts and commitment internally and externally.

2018 highlights

Across our businesses, our commitment to D&I is supported by initiatives such as reviews of pay, performance management consistency, providing training to staff, engaging with recruitment firms and awareness campaigns to diversify the pool of potential candidates. In 2018, building on the unconscious bias leadership workshops for senior managers and executives delivered in 2017, we aimed to reach all employees via the Group-wide roll-out of unconscious bias e-learning. Completion rates exceeded 90 per cent throughout and positive feedback was received from participants.

We were part of the first cohort of companies to sign the HM Treasury Women in Finance Charter in 2016. In 2018, we achieved our commitment to have 27 per cent women in senior management, a year ahead of the target date of the end of 2019. We continue to work towards the target of 30 per cent women in senior management by the end of 2021. See below for the gender breakdown of our workforce for 2018.

People (continued)

We again sponsored 'Dive In', the D&I festival in Insurance and the Financial Services sector, which took place in 27 countries and 53 cities in the Americas, Asia, Africa, the Middle East and Europe. In 2018 we published two Group-wide D&I newsletters for all employees on the themes of mentoring and sponsorship and cultural inclusion. The cultural inclusion newsletter highlighted how our African businesses reflect the cultural diversity of the countries in which we operate through engaging with clients in their native languages to improve understanding of our products, helping us to provide a better service.

We are committed to improving the diversity balance of our organisation. For example, Prudential Corporation Asia completed a review of recruitment processes, resulting in a clear commitment to equal opportunities being incorporated in all job adverts internally and externally across Asia. Additionally, Prudential Corporation Asia has committed to increasing the focus on blind CV assessment and gender-balanced shortlists. Group Head Office has reported a measurable improvement in the balance of gender, ethnicity, international experience and sector background experience in hires. Group Head Office offers tailored

one-to-one maternity coaching for female staff. This development initiative helps mothers to prepare for maternity leave, offers support while they are out of the office, and aids and facilitates a successful return to the workplace.

Externally, M&G Prudential achieved recognition from D&I-related awards and rankings. Several individuals were winners or shortlisted for awards, for example the EMpower100 Ethnic Minority Executives List, the Black Business Awards, Women in Investment Awards and Top 50 Leading Lights, Kindness and Leadership Awards. M&G Investments was ranked in the top 50 of the UK's Social Mobility Employers Index.

In addition to the established affinity networks – Prudential Women's Network, Pride (LGBT), CAN (cultural awareness) and Mind Matters (mental health) – we launched Enable, the Group-wide network for employees with physical and mental disabilities, allies, carers and champions, and PruPride, the first LGBT and allies network in Asia.

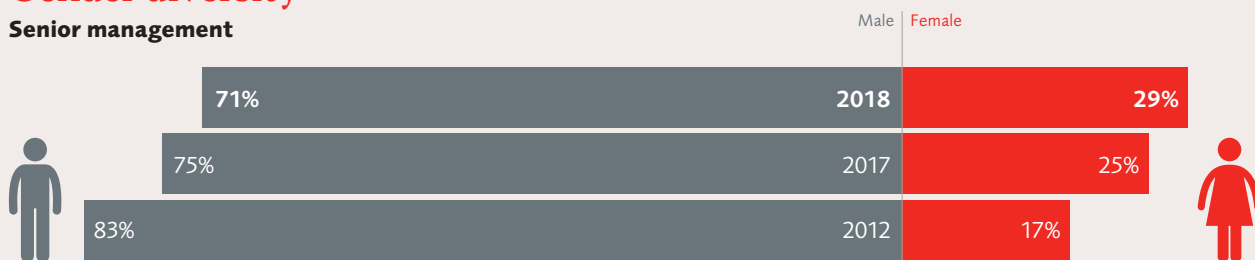
Responsible working practices

We believe in supporting human rights and acting responsibly and with integrity in everything we do. Our policies are guided by the principles of the UN's Universal Declaration of Human Rights and the International Labour Organisation's core labour standards. These are also incorporated into our Group Code of Business Conduct, which sets out the Group values and expected standards of behaviour for all employees, and in our Group Third Party Supply Policy.

Our [Group Employee Relations and Resourcing](#) policies are available on our Group website, along with our Board-approved [Modern Slavery Act statement](#). Our business units implement policies and practices at a local level that aim to ensure compliance with statutory and regulatory requirements in the local labour market and the prevention of slavery, human trafficking and child and forced labour. Compliance with Group policies is certified annually through our Group Governance Manual certification process. Additionally, we have an independent, externally hosted whistleblowing website and hotline system, Speak Out, which allows individuals to raise concerns and seek guidance on a broad range of issues (see page 14 of this report).

Gender diversity

Senior management



All employees

Headcount	Total	Male	Female	Undisclosed ²	Unspecified ³
Chairman & Independent Non-executive Directors	10	8	2	–	–
Executive Directors	6	6	0	–	–
Group Executive Committee (GEC) Includes Executive directors	11	11	0	–	–
Senior managers Excludes the Chairman, all directors and GEC members	79	56	23	–	–
Whole company ¹ Full time equivalent Includes the Chairman, all directors, GEC members and senior managers	23,792	11,354	12,375	33	30.5

Notes

1 Excludes Prudential Corporation Asia joint ventures

2 In many of our businesses, we provide our employees with the option to not disclose their gender. For these employees, gender is recorded as 'undisclosed'.

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

ShareAction Workforce Disclosure Initiative

In 2018, Prudential plc participated in ShareAction's Workforce Disclosure Initiative (WDI), which aims to create transparency for investors in how companies manage their workers, both in their direct operations and their supply chains. We achieved scores above the overall average and the sector average. More than 120 investors, with over \$13 trillion assets under management, back the WDI, with the ultimate goal of improving the quality of jobs in companies' operations and supply chains.

Talent development

Development of our people is key to our strategic objectives. Group Human Resources focuses on senior leadership through an annual talent review process. We continue to develop leaders and critical specialists for senior roles through succession planning. We segment our talent to identify short, medium and long-term successors. Development of our senior executive leaders is a bespoke exercise that we base on their aspirations and requirements. The Board receives an in-depth talent review once a year, led by the Group HR Director.

We offer a range of programmes that enable our people to grow and develop. Most programmes are managed by our business units. In 2018, 113 senior high-potential individuals participated in our established and well respected Group-wide leadership development programmes 'Impact' and 'Agility' and the 'Next Generation' emerging talent programme. These programmes were developed in partnership with world-leading academic institutions and co-delivered with business school thought leaders. Across our businesses there are many more examples of our continuing commitment to talent development. For example, in 2018 Prudential Corporation Asia built on its strategic workforce planning initiative to develop and upgrade capabilities and reshape some critical roles to ensure continued success. Prudential Corporation Asia has implemented a senior leadership behaviours framework, taking a significant step towards creating a purpose-led culture to help all employees embrace the transformation of their business.

Jackson offers customised on-premise programmes, as well as access to an online university, to meet the personal and professional development needs of employees with all levels of experience. Development programmes have been

aligned to known enterprise-wide skills gaps to further develop critical capabilities for the future.

Group Head Office continues to provide innovative programmes designed in partnership with top academic institutions and industry experts, focused on early career development, leadership development and opportunities, to develop a strategic and innovation mindset through varied career experiences and projects. In 2018 the Enhance programme incorporated several new themes, notably collaboration, including virtual, and a new course, 'Experiments at Work', which encourages expansive thinking in finding fresh perspectives for repetitive challenges and applying creative behaviours in everyday situations.

M&GPrudential supports talent development through a range of programmes to increase personal and organisational capability, alongside bespoke development support for individuals in key roles, including leadership roles and critical specialists such as fund managers, technologists and actuaries.

The success of our talent development efforts have been recognised externally: in 2018 Prudential UK was ranked 16th and M&GPrudential was ranked 31st in the Top 100 employers for RateMyApprenticeship, based on student reviews.

Employee engagement

We want to foster an environment in which employees feel empowered and that they are making an active contribution to the organisation and the communities we serve. We drive employee engagement through a number of initiatives, including colleague appreciation programmes, wellbeing programmes, networking opportunities with peers and senior leaders across functions and employee focus groups. Each of our businesses manages its own activities in this area, including employee engagement surveys, regular employee open forums with senior management and team awaydays to discuss business performance.

Our businesses, including Group Head Office, have processes and, where appropriate, a policy in place for engaging with employees. For any significant issues that are likely to impact either positively or negatively on our reputation as an employer – at both business and Group level – immediate reporting to Group Human Resources is required.

One of the ways in which many employees feel connected is through volunteering activities and charitable causes. For instance, in 2018 significant funds were raised by M&GPrudential employees who took part in the London Dragon Boat race and the range of volunteer activities that employees took part in included education, mentoring, social welfare and youth programmes, while Prudential Corporation Asia's Prudence Foundation has a unified charitable platform to align and maximise the impact of community efforts across the region. See page 29 for further details.

The Board has considered options to ensure its employee engagement is developed in line with the provisions of the UK Corporate Governance Code. Actions are being taken over 2019 to implement this and will be reported on in our 2019 Annual Report.

Employee engagement in the context of the demerger

We understand that during times of change within organisations colleagues can require extra support and engagement. Since we announced in March 2018 our intention to demerge M&GPrudential from the Group, we have embarked on a programme of engagement to ensure that colleagues are fully briefed on progress towards the demerger and the expected shape of the organisation afterwards. This has involved town hall meetings with senior management, smaller question-and-answer sessions with leadership, regular updates from senior management on progress, line managers playing a key role in demerger-related communications and encouraging colleagues to submit questions and concerns, with a commitment to respond as soon as practicable. The frequency of these two-way communications is increasing during 2019 as we move closer to the demerger.

We appreciate that managing and supporting our people through such a period of change is vital in ensuring that they remain engaged with the business, and we also recognise the value of the culture that we have built up in the business and are taking steps to ensure that this culture is protected during the process of the demerger. Throughout our communications we have been stressing the importance of ownership, partnership and stewardship, key elements of our culture, and we are doing everything we can to ensure that our colleagues are aware that they have a stake in the future success of the demerged businesses.

People (continued)

Performance and reward

We structure our reward arrangements to attract, motivate and retain high-calibre people. Our people contribute to the success of the Group and are rewarded accordingly. We recognise and reward high performance and are committed to a fair and transparent system of reward.

We are committed to paying the Living Wage/London Living Wage to permanent and temporary employees, and to contractors who regularly work on our premises in the UK.

Our UK businesses have recently reported their 2018 UK Gender Pay Gap data and details can be found on the [Group's website](#). There has been a narrowing of the pay gaps in some areas and modest increases in others. While we have made progress, the Gender Pay Gap cannot be removed overnight. We remain focused and committed to closing it as quickly as possible. We have a policy and carry out procedures to ensure that, where men and women perform similar roles, they are paid equally.

Remuneration is linked to the delivery of business goals, our values and our expected behaviours, and we ensure that rewards for our people do not incentivise inappropriate risk-taking. To enable this, employees are not only regularly assessed on 'what' they have achieved, but also on 'how' they have done so. There are recognition initiatives running across our businesses, such as the Prudential Stars awards at Group Head Office, where individuals can nominate their colleagues to recognise examples of exceptional contributions, specifically in the areas of delivering synergy, adding value, fostering innovation, demonstrating stakeholder focus and maintaining risk awareness, while the Jackson High Five Recognition Program enables individuals to recognise their colleagues in the areas of creativity, empowerment, execution, impact, invest and respect. We also believe in the importance of giving employees the opportunity to benefit from the Group's success through share ownership, and operate share plans for employees in the UK and Asia. This includes the award-winning PruSharePlus plan, which enables employees in Asia to share in the longer-term success of the business and actively encourages share ownership and engagement.

Executive remuneration

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 appetites, and that our conduct expectations, as well as those of our regulators and other stakeholders, are met.

Executive Directors' recent salary increases have been aligned with the bottom of the range of pay budgets for the wider workforce. To strengthen the alignment between Executive Directors and our shareholders, 40 per cent of Executive Directors' bonus is deferred in shares for three years. Executive Directors are required to meet shareholding guidelines and, from awards made in 2017, a two-year holding period applies to long-term incentive awards in addition to the three-year performance period. Our detailed Directors' Remuneration Report can be found in our [2018 Annual Report](#).

The Remuneration Committee's Terms of Reference were updated in 2018 to include responsibility for reviewing workforce remuneration practices and policies across the Group and the alignment of incentive and awards with culture, taking these into account when setting the policy for Executive Director remuneration.

To further increase transparency of executive remuneration and its alignment with the pay of other employees, we are publishing our CEO pay ratio one year in advance of the disclosure becoming a statutory requirement under the Companies (Miscellaneous Reporting) Regulations 2018. The employee comparator group used for the purpose of this analysis is all UK employees. Further information on our CEO pay ratio is detailed in the Directors' Remuneration Report.

Protecting the health, safety and wellbeing of our people

We are committed to ensuring compliance with health and safety legislation and standards to which all our businesses are subject and have adopted a [Group-wide Health and Safety policy](#) that applies to all our companies, locations and activities.

In 2018, Jackson launched a staff engagement campaign encouraging employees to commit to safer driving behaviours. Our businesses are increasingly looking to computer-based training solutions to improve occupational health and safety standards, with Jackson rolling out Ergopoint and our UK businesses

commencing the roll-out of Healthy Working for ergonomic assessment and training for office workstations. We seek accreditation where relevant to help us manage health and safety across our occupied estate and to drive improvements. For example, our UK property estate is certified to the occupational health and safety standard OHSAS 18001.

In 2017, we reported for the first time the number of working days lost due to injury or ill-health (excluding the day of the accident or illness, modelled on US OSHA standards) and any fatalities. For the year ending 31 December 2018, no fatalities were recorded (2017: zero) and 13 accidents/instances of work-related ill-health were recorded, resulting in 274 days of lost time (2017: six accidents and 38 days lost). Nine of these incidents related to physical injuries (one each in Malaysia, Cambodia and the US and two each in Germany, Hong Kong and the UK). Seven of these physical injuries were caused by slips, trips and falls, one from a falling object and the other a fall from height, resulting in a total of 48 lost working days. Four incidents were due to work-related medical illness, resulting in long-term absence from work totalling 226 lost days. Physical injuries were comparable to 2017 and improved awareness of illness at work may have contributed to reporting of medical illnesses for the first time. Investigations are carried out locally and support is provided where appropriate, for example through external occupational health providers.

Our business units continue to be active in wellbeing programmes, with PruThrive workshops remaining popular in the UK. M&G Prudential's sponsorship of the Chelsea Flower Show was used to bring the workplace closer to nature through planting programmes, including a winter garden, and workplace design features inspired by nature. Employee wellbeing was integral to the design and fit-out of M&G Prudential's new corporate headquarters at 10 Fenchurch Avenue in London. Staircases have been installed to encourage walking between floors as opposed to taking the lift, racking installed for 194 cycles and showers provided for cyclists and runners. All workstations have been fitted with sit-stand height-adjustable desks as standard to allow for flexible working styles. Close attention has also been paid to indoor air quality by specifying paints, adhesives and soft furnishings with low volatile organic compound content.

Our supply chain

Managing ESG risks when sourcing goods and services, and throughout the lifecycle of our third-party relationships, is vital to our position as an ethical and responsible business. We take this position seriously and seek to both maximise value and minimise risk throughout our interactions with our supply chain.

Managing our supply chain risk

We work with a range of partners who support our business units with our IT network and systems, specialist professional and advisory services, facilities management, contractors and agents that form our distribution network. Our Group Code of Business Conduct outlines the values and standards that are required by each of our suppliers. Our Group Third Party Supply 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.

Our business units are responsible for managing third-party supply arrangements and are able to adopt further policies as they require, to meet localised operating conditions. Business units conduct due diligence before engaging with and ultimately selecting a new supplier. During this process, our employees are trained to ensure that the contractual arrangements reflect the requirements of those policies. Our supplier relationships are managed on an ongoing basis. We perform regular due diligence, review meetings and audits, where required, and our policies and procedures are supported by regular employee training exercises. 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. The confidential service is available on our website and intranet, and through email, hotline and written format. More information on our whistleblowing service is available on page 14.



Conducting due diligence on Babylon

We recognise that as society innovates there is a need to equip our customers with both traditional and modern services that support their long-term planning. This underpins our ambition to make healthcare accessible and affordable. Starting with our Asian markets, we partnered with Babylon to offer a world-leading AI health assessor. Further information on Babylon is available on page 7 of this report. No matter how beneficial a service is, we believe it is vital that all our partners meet the same procurement standards that we apply to ourselves. Before signing the partnership with Babylon we conducted extensive due diligence, carried out by our Group Security and Privacy teams. This covered

Babylon's processes and documentation around data protection and management. Though in most cases the existing procedures were already robust, where we believed they required strengthening these requirements were stipulated in the contract. We were conscious that this partnership would be multi-country, in a field where technology and regulations are changing very quickly. As such, our contract allows for navigating the regulatory landscape, giving our local business units sign-off that the deployment in their territory meets the local market regulations. We are contractually able to audit Babylon and ensure that it continues to meet our best practice standards.

Our supply chain (continued)

Our new partnership with Tata Consultancy Services

Our new partnership with Tata Consultancy Services (TCS) consists of two separate agreements. The first is with Diligenta (the FCA-regulated subsidiary of TCS) and covers the administration of around 6 million life and pension and annuity contracts for an initial term of 10 years, and commenced in August 2018. The contract also provides for the migration and consolidation of Prudential UK's systems over a four-year transformation programme, ensuring that the business is more adept at responding to the needs of customers and other stakeholders.

The second contract with TCS covers infrastructure hosting, telephony and network provision of the existing IT estate, across all of the Prudential Group's UK business, including M&G Prudential and Group Head Office functions. Services commenced on 1 May 2018, and will run for up to seven years.

Implementation of the IT services agreement in May 2018 resulted in the transfer of around 200 roles from Prudential to TCS under TUPE. The transition of Capita (life and pensions administration) services to Diligenta on 1 August 2018 involved the transfer of over 1,100 UK roles under TUPE arrangements. In India, where TUPE regulations do not apply, around 700 further Capita colleagues were rehired by TCS. Annuities servicing was transitioned from Prudential to Diligenta on 1 October 2018, resulting in the transfer of around 450 UK-based colleagues under TUPE, and the rehire of close to 200 colleagues in India by TCS.

Since the strategic partnership began, the customer service team have worked hard to deliver new ways of working refocused on end-to-end customer journeys. This has driven significant improvements in customer satisfaction and operational efficiency, reducing end-to-end customer journey times.

A number of significant digital improvements have already been delivered, including:

- Introducing new best-in-class contact centre infrastructure, significantly reducing call waiting times and ensuring customers get through to the right colleague much more quickly than before;
- Moving a number of our operational teams to the new industry-leading TCS BaNCS platform, making it quicker and easier for customers to self-serve and access funds from their bonds online. This has reduced the time to release customer funds by over 80 per cent, and has now been rolled out to advisers acting on behalf of their clients; and
- Deployment of a new platform for MyPru, the engine for growing our self-service proposition, and an enhanced registration process, cutting the time it takes to just minutes, and removing reliance on paper.

Our business units are required on an annual basis to formally attest that they are meeting the requirements of our Group Third Party Supply Policy, which is used to confirm the satisfactory state of compliance and, in the event of any problems, to allow for prompt corrective actions. Our Group Head Office uses an e-procurement system across all departments. This creates end-to-end automation for supplier spend at Group Head Office, covering supplier ordering, invoicing, payments and contracting. The system adds a new layer of control and visibility across our and our suppliers' supply chain and enables purchasing and approvals to be conducted securely online. Our invoices are scanned then transmitted, with contracts signed and shared electronically – all part of our drive to be a transparent, accountable and responsible business. To ensure the correct due diligence is being applied, a weekly 'Deal Review Panel' at Group Head Office reviews all new contract awards and renewals. This forum checks that standards are upheld, with departments including Group Compliance, Group Security, Group Privacy and Group Risk as key attendees.

Upholding our commitments to human rights

Being a responsible business requires organisations to ensure that they meet and strive to surpass commitments to the UN's Universal Declaration of Human Rights. We act with integrity to ensure that modern slavery, human trafficking, child labour or any other issue that subjugates human rights is eradicated from our supply chain. 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](#).

2018 highlights

In 2018, we introduced a new 'Responsible Business' module to our third-party contract terms and conditions for our Group Head Office contracts, detailing new compliance conditions for our suppliers. Supplementing our existing conditions on modern slavery and human rights were new parameters on the Living Wage and ESG commitments. This contractually requires our suppliers to pay their employees either the London

or UK Living Wage as set by the Greater London Authority and Centre for Research in Social Policy, respectively. We recognise the requirement for our business units to adhere to localised ESG-related regulatory requirements. Our supply chain forms part of that, and we similarly require all third parties to uphold relevant ESG legislation. If requested, suppliers to Prudential plc should be able to demonstrate their compliance with this contractual obligation.

At Group Head Office, we invested in Workday, a finance and human resources system. Becoming live in 2019, Workday will change the way we pay our suppliers. Many of the suppliers we work with are financially and operationally smaller than us, and we are committed to ensuring that we pay them promptly. Through the use of the Workday e-Procurement and General Ledger system, we seek to accelerate the processes for managing supplier invoices and increase accountability at Group Head Office for resolving queries.

Technology

New technologies present new risks and we are vigilant in working to identify these and to manage both old and new risks in ways that are proportionate to and commensurate with the threats our business faces. At the same time, we are making significant investments in technology as we continue to upgrade our digital capabilities to provide a more seamless customer experience.

Delivering digital

The Group is making significant investments in technology. These new technologies help us to provide better service that gives our customers what they want, when they want it. This is delivered through channels that suit their needs and fast-changing expectations. New technologies also help us as an organisation to better manage risk. As asset managers and asset owners, technology is also helping us to make more informed decisions about how and where to invest.

As part of our ongoing digital transformation strategy, the Jackson Digital Advisor Success Hub (DASH) was launched in 2018. A publicly accessible website, Jackson DASH connects advisers with client-friendly tools and resources, helping consumers understand the value that annuities can provide. The Purpose Meets Planning Tool enables financial professionals to quickly and easily assess the benefit of adding an annuity to a client's retirement plan. It provides three different scenarios for clients to explore their options: plug an annuity in, take it back out, and see instantly how different their circumstances can be. In September 2018, Jackson announced that it would offer its complete product suite of advisory annuities on the Envestnet Insurance Exchange. The new collaboration brings together Jackson, a leading provider of annuities in the US, with a leading provider of intelligent systems for wealth management and financial wellness.

For the second year, we invited scale-ups from all over the world to take part in Prudential Singapore's digital innovation programme, the PRUFintegrate Partnership. The programme aims to foster innovation and collaboration, using technology to make insurance as simple as possible for our customers. Highlighting our commitment to digital innovation, we will be a Grand Sponsor of the Singapore FinTech Festival until 2022. In Singapore, we also launched PRUworks, a digital ecosystem designed to help small and medium-sized enterprises (SMEs) grow their business as well as attract and retain talent. This one-stop portal is designed for SMEs, which make up more than 99 per cent of Singapore's businesses and employ up to 65 per cent of the workforce in the country. PRUworks gives business owners, human resources teams and employees easy and convenient access to insurance, employee benefits and business solutions in one seamless digital experience. Since its launch in June 2018, we have onboarded more than 200 SME customers and aim to increase this number to 5,000 by the end of 2019. In Singapore, we were awarded the Innovation and Emerging Technologies award for askPRU. Launched in-country last year, askPRU was described by the judges as an example of service excellence and innovation in the insurance industry.

We continue to explore how technology can be harnessed to process data into insights, enabling us to provide increasingly personalised services to our customers. For example, PCA Life Taiwan has established a strategic partnership with Taiwan Medical University to develop 'health propensity models', using AI to help provide people with greater insights into their health. Using National Health Insurance's data, the AI-powered models analyse the risks of chronic diseases and cancers based on an individual's personal information such as age, blood type and family medical history. Users then receive customised health tips and recommendations on how to lead healthier lifestyles.

As well as constantly enhancing the services that we offer to customers, we use technology to enhance our internal operations. During 2018, M&G Prudential focused on implementing Aladdin, BlackRock's operating system for investment managers, with 1,200 portfolios and over 500 users going live in April. This has enabled us to proceed with simplifying and modernising our technology estate by decommissioning several systems. During 2018, Eastspring rolled out Aladdin across more than 600 portfolios managed in Singapore, Malaysia, Indonesia, Japan and Vietnam. Taiwan and Thailand are to follow in 2019.

Technology (continued)

The cyber risk landscape

For all businesses, the theft of large quantities of personal data has become increasingly common, at significant cost to consumers and businesses. For us, as for many other businesses, the impact of such events has the potential to be more severe in the future as our business changes and becomes increasingly digital. These types of incidents also have the potential to have a significant impact on the continuity of our business, our customer relationships and our brand reputation, as well as to diminish customers' trust in engaging digitally with us and all businesses. The knock-on effect of this could be that many of the social benefits of new technology, such as financial inclusion and greater access to primary healthcare, may not be realised. In this context, cyber risk remains a prominent concern and focus area for ourselves, regulators and businesses globally.

How we manage cyber risk

Our cyber strategy is designed to deliver against three objectives: protect the business, comply with applicable laws and regulations, and support the growth of the business. A number of workstreams underpin the delivery of the strategy, covering risk prevention, the Group-wide baseline of security controls and capability, and resilience. This strategy supports the business to prioritise and make informed, risk-based decisions. These benefits will continue to be delivered throughout 2019 as the strategy matures under the recently appointed Group Chief Information Security Officer, who leads the Group-wide Security team (a 'first line of defence' team) and reports to the Group Chief Digital Officer.

A key element to managing cyber risk and strategies is to have good information, which our executives and other stakeholders across the business can use to inform their decision-making and to satisfy themselves that cyber risk is being appropriately managed. We monitor our cyber risks through our Group-wide cyber key performance indicators (KPIs), which map to the industry-leading National Institute of Standards and Technology (NIST). Our cyber KPIs cover 10 key areas of cyber security and were created using the 'Goal, Question, Metric' approach first developed by Victor Basili at the University of Maryland.

This approach seeks to derive business-focused insights from KPIs, focusing on the effectiveness of current risk management practices and levels of residual risk for the executive to consider. Our cyber KPIs are collated and analysed by the Group Information Security team (a 'second line of defence' team) and are reported to the Group Risk Committee on a monthly basis. In addition, each business unit has an embedded security team, ie in the 'first line of defence', that measures, analyses and makes regular reports to the respective executive team regarding the effectiveness of the controls environment.

An annual in-depth, evidence-based analysis of our Group-wide cyber capabilities, also aligned to the NIST standard, was also completed in 2018. This is a key element of the assurance programme, which follows an annual cycle of information-gathering, attestation and assessment, with reports and reviews presented monthly to committees and forums with oversight responsibility, including the Group Information Security Committee and the Group Executive Risk Committee. Recommendations and management actions are highlighted to these committees where necessary to drive action across the Group. This augments the governance and risk management performed within each business unit and provides a Group-wide global view and assurance. During the course of 2018, 18 reports on topics such as cyber security performance, as well as threat intelligence updates, have been provided to various Executive Committees, including the Group Executive Committee and the Group Risk Committee. The analysis we conduct, the programme delivered and the KPIs we gather as part of this programme are kept under constant review to ensure that they remain aligned to the business and continue to facilitate business decision-making and thus reduce cyber risk.

The assurance programme continues to evolve to ensure that the way we manage cyber risk remains effective and includes all three elements of cyber risk management – people, processes and technology. This is vital as changes to our business, the technologies we use and our operating environment continue to gather pace. For example, throughout 2018 we continually reviewed and made adjustments where necessary to our KPIs. This is to ensure that they provide appropriate oversight and cover areas of cyber risk that may have been introduced as a consequence of new technologies. Similarly, we continue to identify, adjust and review the cyber capabilities we need. The Group-wide policies and standards for information and cyber security, which were refreshed in 2018 to reflect the rapid advance in cyber threats, have been introduced and will be reviewed annually and adjusted where necessary to reflect a changing operational environment. Third-party and supplier assurance is also critical to our cyber risk management and as such we run a programme of assurance which spans the life cycle of the third-party relationship. This includes pre-contract screening and assessment, ongoing review, contractual protections and agreements on minimum controls, robust network access controls, and termination procedures to protect business and customer data.

Throughout the year, Board members, including non-executives, have received one-to-one training on cyber threats, including privacy, by a senior manager of the Group Information Security team. All staff and contractors are also provided with comprehensive information security training annually. This is further supported by simulated phishing exercises at least quarterly, where staff receive imitation phishing emails to test their responses and raise awareness of new and common attacks.



Embedding cyber security

Good cyber security culture is pivotal to the management of our business operations and our customers' data. The Group-wide Information Security team has developed an approach to understand and measure the cyber security culture across the various IT and security teams in the Group. Based on recognised academic research, a small Group-wide pilot was rolled out in 2018. The results to date are promising. In addition to adding

granularity to our understanding of the management of cyber risk across the Group, the results have the potential to drive changes in awareness and personal development programmes. Further work is required and there is the potential to better understand regional and occupational group differences in attitudes towards managing cyber security risk.

Resilience has long been a key consideration in cyber risk management and the cyber security strategy for Prudential Group. This was further emphasised in 2018 by the FCA and PRA's joint publication of the discussion paper 'Building the UK Financial Sector's Operational Resilience', which highlighted cyber security as a key factor of operational resilience. As it is impossible to guarantee that no incident will ever occur, preparation for rapid and appropriate response is critical to ensuring resilience. For this reason, well defined response plans and training for staff involved in cross-functional incident management teams form a fundamental component of our strategy to protect the business.

Not only are incident response plans developed, maintained and tested regularly, but the Group Information Security team works closely with business continuity and disaster recovery teams to ensure alignment of plans and support in the event of an incident. Regular scenario-based testing of these processes serves to both confirm the effectiveness of the plans and provide assurance that staff, including senior executives, are prepared for such an event.

The Group has an established Cyber Threat Intelligence team that assists our businesses with understanding the cyber threats we face and provides guidance on how to protect and mitigate against these threats. The principal threat we face is that of criminality, but we continue to monitor a number of threat actors ranging from 'hacktivists' through to nation states. While the risk of a sophisticated, targeted attack from one of these actors remains low, there is a higher risk of our systems being 'collateral damage' in a more widespread, untargeted attack similar to those that have been highlighted in the press.

We believe that knowledge-sharing across our businesses is key to a mature intelligence function and we use a variety of mechanisms, including a Group-wide threat intelligence-sharing platform and weekly telephone conferences with representatives of each of the business security teams, to ensure timely visibility and dissemination of intelligence to proactively defend the business. In the last year, we have further enhanced our collaboration tools and launched a weekly threat bulletin to provide situational awareness to a wider audience in information security.

In 2019, recognising that the threat landscape will continue to evolve, we continue to develop and strengthen our cyber defences and management of cyber risk. To maximise effectiveness and efficiencies we are looking to establish global cyber centres of excellence. We shall be exploring new machine learning and augmented intelligence technologies to identify if they can be used Group-wide to enhance and/or improve our understanding and management of cyber risk.

2018 highlights

In Asia, the focus of our 2018 cyber programme has been around improving the efficacy of the security operations, through automation and deployment of machine learning and data analytics tools, to promptly detect and respond to any potential threat encountered. For example, an advanced hacking simulation tool has been implemented across the region to enable automated validation of our security controls. In Asia we are also rolling out an endpoint security tool, with machine learning, to strengthen threat detection capabilities.

Technology (continued)

Recognising the importance of the human element of security, a new cyber awareness programme, a phishing simulation campaign, a security control self-assessment and an external cyber surveillance tool have been rolled out to enhance overall cyber awareness and cyber risk management practices.

Building upon work undertaken during 2017, Jackson made investments in 2018 designed to further protect client data. New technology was deployed to address growing threats related to impersonation attempts. For example, capabilities were enhanced to more quickly detect fraudulent callers with real-time monitors, and multi-factor authentication using a mobile application was deployed for advisers and customers who connect for online self-service. Jackson also created a new data protection team to improve protection of customer data and prepare for expanding regulatory requirements.

2018 was a year of significant change for our UK and Europe business following the merger of M&G Investments and Prudential UK & Europe to create M&G Prudential. In this context the Security teams have merged into a single function and continue to help the business manage its cyber risk, which includes the risk of a malicious cyber attack resulting in the loss of data or impact to availability or integrity of Prudential systems. This new team will continue to identify further efficiencies and effectiveness opportunities.

Privacy and data protection

In 2018, the Group Privacy Policy and supporting guidance documents became operational and the programme to implement the standards required for the General Data Protection Regulation (GDPR) continued across the in-scope businesses, in order to prepare for the new law, which came into force on 25 May. Working groups were mobilised across key areas including training and awareness, data subject rights, third parties and data protection by design. The focus is now on maintaining awareness as well as enhancing and embedding activities that were implemented as part of the GDPR programme, in order to strengthen and sustain ongoing compliance.

A Data Protection Officer has been appointed to monitor compliance with the GDPR, provide advice on the firm's privacy obligations and act as a point of contact for European data subjects and supervisory authorities. A Group Privacy Office has also been established, which owns the Group Privacy Policy and maintains oversight of privacy compliance. In addition, the office is working with Group businesses across Asia, Africa and the US to support and advise on ongoing privacy compliance. This is being done through privacy reviews, ongoing awareness activities and ensuring that privacy is a key consideration during change activities.

Environmental performance

We recognise the risks and opportunities posed by climate change and our impact on the environment, and we strive to play our part in reducing both our direct and indirect impacts where possible. Our approach includes not only understanding our impact on the environment, through measuring and improving the environmental performance of our global operations, but also developing our understanding of the environment's potential impact on our business.

This section covers our programmes to manage the direct environmental impacts of our operational property estate. Further information on our role as an asset manager and owner and how we manage our indirect environmental impacts can be found in the Responsible investment section on page 9. This includes work undertaken in response to the need for enhanced climate-related financial disclosures established by the FSB's TCFD recommendations.

Managing our direct impacts

Our Group Code of Business Conduct underpins all our activities, including minimising the direct impacts of our operations on the environment. In addition, our [Group-wide Environment Policy](#) applies to our operational properties worldwide, guiding our approach to the management of the direct impacts of our business units, including compliance with environmental regulations, energy consumption, water use, waste disposal, environmental supply chain management and the adoption of risk management principles for all property-related matters, such as leasing and development.

Our Corporate Property team has global accountability for the Group-wide Environment Policy, reviewing business unit performance against targets, sharing best practice and reporting progress to the Board. This section summarises our progress against these targets.



Prudential Corporation Asia launches energy and water audit programme

The first six energy and water audits of the 20 largest sites in the Asia region (based on energy intensity/cost) were conducted during 2018. Assessments were completed in Hong Kong, Indonesia, the Philippines and Thailand against the ASHRAE Level 1 requirements for commercial building energy audits. Total savings of 1.6 MWhs from improvement opportunities were identified and shared with all local business units within the region.

Of the total savings, 38 per cent were through lighting upgrades and motion sensors, a further 28 per cent from simple operational changes (such as reducing speeds of fan coil units and increasing

temperature set points in server room air conditioning systems) and the remainder from IT equipment (switching to energy-saving mode), optimising back-up power requirements in server rooms and assigning designated air-conditioned zones for out-of-hours working. Cost-effective improvements for water reduction were more limited (single WC replacement identified).

A further seven audits are scheduled for delivery in 2019, with a view to completing the full programme of audits by 2020. We will report further on improvements identified and delivered through the audit programme in future reporting.

Environmental performance (continued)

We continue to adopt environmental accreditation where appropriate to help us minimise the environmental impacts of our operations, validate good performance and drive continual improvement. As part of our ongoing environmental management system (ISO 14001:2015) in the UK, we achieved zero non-conformities in 2018, and focused on improving recycling rates and minimising single-use vending cups and plastics, as well as completing the roll-out of advanced energy analytics software across our largest UK properties following a successful trial. In 2018 we joined more than 150 other leading corporates in signing up to RE100, committing to achieving the use of 100 per cent renewable energy. We also pursue sustainability certifications for major property projects, such as BREEAM Excellent for M&G Prudential's new headquarters in London.

Our 2018 environmental performance and initiatives

Sector benchmarks

We participate in external benchmarks on our management of climate change risks and opportunities. In 2018, the CDP (formerly the Carbon Disclosure Project) aligned its annual climate change disclosure assessment with the FSB's TCFD Framework. The Group scored strongly, with a B grading, although this is down from our score of A- in 2017. Changes to the questionnaire this year have made it more challenging for financial services companies, but we remain committed to enhancing our climate change disclosures, in line with TCFD. We continue to make progress against the six core principles for insurance industry action on climate change in ClimateWise, managed by the Cambridge Institute for Sustainability Leadership. We increased our ClimateWise score to 78 per cent (2017: 71 per cent), placing us joint second out of 16 participants, our highest-ever ranking. We believe this is due to our increased focus on ESG within reporting, covering our operational sustainability work, such as projects in the UK and energy efficiency work in Asia.

Global environmental targets framework

In 2016, we established a global environmental targets framework and roadmap to drive progress across a range of environmental aspects and impacts for our operational property portfolio worldwide. This framework aligns to our regional footprints covering Asia, the UK and the US, reflecting the maturity of our environmental management practices in these markets and the autonomy given to our business units in managing their operations. We have reviewed the framework, added our RE100 target and completed a full update on progress against the targets in the roadmap, summarised below under the headings of:

- 1 Energy and climate change
- 2 Construction and refurbishment
- 3 Waste and recycling
- 4 Water consumption
- 5 Sustainable procurement

For the year ending December 2018, we have completed or are on track with 18 of our targets, nine are running behind plan but with actions in place to get back on track, and four have not progressed. We continue to improve the scope and quality of our data collection, moving away from estimation to direct measurement and billing. For example, we have improved the scope of our air travel data to capture flights booked from the UK, Europe and Africa for the first time. With the demerger underway, some elements of the roadmap, such as the development of science-based targets, have been put on hold and will be reviewed in 2019.

1 Energy and climate change – understanding our impacts, reducing our greenhouse gas emissions and developing longer-term actions

We recognise the importance of our own internal environmental targets and decarbonisation goals in reducing our direct footprint. In 2018, global energy use across our occupied estate was 127,098 MWh (2017: 129,324 MWh), a decrease of 1.7 per cent. Our absolute Scope 1 and Scope 2 (market-based) greenhouse gas emissions decreased by 7 per cent to 61,317 tCO₂e (2017: 65,979 tCO₂e restated) across our occupied estate. When normalised against net lettable floor area, our Scope 1 and 2 emissions fell by 13 per cent to 99 kg CO₂e/m², influenced by a number of factors such as decarbonisation of the UK/European grid (cleaner electricity generation), outsourcing our UK data centres and a 7 per cent increase in occupied floor area.

We continue to apply energy reduction programmes across our estate, including installing energy-efficient equipment such as LED lighting, improved efficiencies with Variable Speed Drives and air handling units. Use of advanced data analytics at key UK buildings identified 147 actions to reduce energy wastage, resulting in estimated potential cost savings of £85,000.

In 2018, Jackson completed a further three Energy Star assessments, in addition to the two completed in 2017. The US Environmental Protection Agency Energy Star scheme is a certification programme and performance benchmark identifying the buildings nationwide that use 35 per cent less energy than typical buildings.

As a Group, we signed up to RE100 in 2018 to achieve 100 per cent renewable electricity by 2025 across our occupied and managed investment estates. Thirty per cent of our global electricity consumption is procured from 100 per cent certified renewable sources (solar PV and onshore wind). Looking ahead, we will develop roadmaps in 2019 for the demerged businesses to set out strategies to achieve this target, on a country-by-country basis.

As our business becomes increasingly global, we recognise the importance of understanding the impact of air travel on our overall carbon footprint. We have disclosed Scope 3 greenhouse gas emissions data from air travel booked from the UK, Europe and Africa. Our reported air travel data amounted to 21,622 tCO₂e, representing a 50 per cent increase over preliminary estimates made in the prior year (2017: 14,413 tCO₂e). We aim for completeness in reporting of Scope 3 emissions across all our business units and all the markets in which we operate and will work to extend our reporting to include business travel emissions by air for Asia and the US.

Our carbon footprint from air travel is a significant contribution to our emissions. As part of a holistic approach to the management of our operational emissions, we will focus management effort on reducing the need for travel through the deployment of digitally enabled office working practices and offsetting emissions from unavoidable flights as final mitigation. This offsetting programme will be developed in 2019 for deployment across both Prudential plc and M&G Prudential post-demerger.

Further information about our greenhouse gas emissions reporting can be found [here](#), including an assurance statement provided by Deloitte.

2 Construction and refurbishment – delivering sustainable outcomes through property projects and improved wellbeing of our employees

Refurbishment projects and new office builds provide an opportunity to improve the environmental performance of our estate. Each business unit has the autonomy to deliver sustainable building certification most relevant to its region and develop standards or guidelines considered most appropriate in its market.

For example, Prudential Corporation Asia developed a Smart Leasing Toolkit for use by local business units to leverage good and best-practice environmental outcomes during lease negotiations with landlords. Topics included the sharing of utility information, sub-metering, shared energy reduction targets and minimising unnecessary restatement works prior to surrendering leases. Environmental construction guidelines have also been prepared for reducing the environmental impact of fit-outs and refurbishment works where appropriate. A range of options is set out in the guide, with progressively more demanding requirements, including suggested environmental certification ratings (eg LEED and Green Mark), energy efficiency standards, renewable energy targets, low volatile organic compound materials (eg low-solvent content paints and adhesives), indoor air quality, responsible sourcing, waste segregation and recycling.

M&GPrudential's new headquarters building in London is targeting BREEAM Excellent, with a 64 per cent rating achieved year-to-date, and is on track to deliver the 70 per cent required by this sustainability standard on project completion. As part of the move from its existing office, M&GPrudential worked across its supply chain to target zero waste to landfill in terms of surplus office equipment and furniture disposals. Furniture was either redeployed to other office locations, auctioned off to other users or recycled.



Leveraging our supply chain to deliver a sustainable community legacy for M&GPrudential's new HQ

The fit-out of the new HQ building for M&GPrudential was one of the largest construction projects commissioned by the Group in recent years. With M&GPrudential's strong track record in supporting disadvantaged communities, we brought together the skills of our supply chain and volunteers from M&GPrudential and Corporate Property, to deliver new green space for a primary school in a disadvantaged neighbourhood of East London.

Through partnering with the Royal Horticultural Society, we supported and challenged the students to meet our sustainable design brief and develop their team-working, research, creativity, problem-solving and presentation skills. A total of 59 Year 6 pupils (ages 10–11) were set the challenge of designing three sustainable garden spaces at their school, including:

- i Using plants specifically selected to combat air pollution from vehicles;
- ii Providing enhanced green space for both students and residents to enjoy (many of whom live in high-rise residences with limited or no garden space); and

- iii Establishing an outside classroom and refreshed garden club space to bring students closer to nature, enabling them to grow their own fruit and vegetables, encourage wildlife and develop a deeper understanding of sustainability and the value of gardens for improved health and wellbeing.

These ideas were used to inspire the design of each garden. Staff volunteers re-used surplus materials from the project and we applied the skills of our fit-out contractor, joiners, bricklayers, landscaping supplier and total facilities management provider to turn these ideas into reality. Over 750 hours of volunteering time from our staff and supply chain were provided to deliver the project over the year. In establishing these sustainable garden spaces, we now have a platform to further build our relationship with the school, improve educational outcomes and raise aspiration for future career choices.

Environmental performance (continued)

Our new Group Head Office in London is rated as BREEAM Excellent. The building operates a mixed recycling and residual waste system, and the building's Property Management Team is committed to diverting 100 per cent waste from landfill. The building also features 296 bicycle parking spaces with locker and shower facilities.

3 Waste and recycling – reducing the waste we generate and diverting waste from landfill through recycling and recovery

Significant improvements were made to the scope and quality of our non-hazardous waste reporting during 2018. We generated 2,026 tonnes of waste from the UK and US (2017: 1,947 tonnes, UK and US only). It is common practice in the Asia region for landlords to manage general/non-recyclable waste on a collective basis for all the tenants in a building, with tenants then looking after recycled streams. These data are not reported here and we will continue to explore how best to report waste data for this geography.

Of the UK and US total, 82 per cent was diverted from landfill through recycling or incineration (2017: 82 per cent, UK and US only). The greenhouse gas emissions associated with our waste are calculated at 72 tCO₂e, a small overall contribution to our corporate footprint in comparison to buildings' energy use and air travel. The development of waste management guidelines for our Asia businesses to raise awareness of the waste management hierarchy and good practices has been rescheduled for delivery in 2019.

We continue to collaborate with our suppliers to seek opportunities to increase our recycling rate. We do not currently report the waste associated with our products and services, as this is considered immaterial to our overall waste footprint. Furthermore, as an office-based business, we are not large producers of hazardous waste (1 per cent of UK waste) and so do not currently capture this in our global reporting. We continue to review the use of disposable plastics in our offices.

4 Water consumption – assessing and reducing our use of water

Absolute use of water across our global occupied estate increased by 1.6 per cent to 264,355 m³ (2017: 260,100 m³, restated) following improvements in the quality of data collection. When normalised against headcount, our use of water increased by 0.8 per cent to 11.03 m³/employee (2017: 10.94m³/employee restated). No sourcing issues were identified in 2018. Water audits were completed in six of our larger serviced offices in Asia during 2018 (see page 25), although opportunities to reduce consumption at these sites were considered low. Opportunities to reduce consumption in our larger UK and US offices offer more potential where we exercise greater control on facility-related investments.

In the US, computer control monitoring and additional metering have been installed at Jackson's Corporate Way campus. This automatically detects a variance in flow of greater than 10 per cent and shuts down the water supply to the affected zone to enable investigation. Since its introduction, there has been a 6.7 per cent reduction in water use across the campus. Accurate baselines will be established to enable targets to be set. In the UK, additional metering will be installed at our Craigforth campus in Scotland in 2019 to help track consumption and inform the setting of reduction targets as part of a wider UK portfolio approach.

5 Sustainable procurement – partnering with our supply chain to deliver sustainable solutions and source responsibly

Our procurement and supplier relationship management teams ensure that environmental sustainability requirements feature in key contracts with our supply chain partners. For example, in the UK the Group re-tendered our total facilities management and catering contracts for our operational property portfolio in 2018, including sustainability deliverables for both. Corporate Property continues to work with our new catering supplier to set targets and establish improvement programmes.

Enforcement actions

No fines or regulatory enforcement actions occurred during the year for environmental incidents (2017: zero).

Supporting our communities

We take an active approach in helping tackle environmental and social challenges. Our strong contribution, harnessing the commitment of our people, continues to improve lives and build communities, wherever we work.

Our community investment strategy is closely aligned with our business purpose and with our stakeholders' concerns and interests, focused on four principal themes: social inclusion, education and life skills, disaster preparedness and employee engagement.

We establish long-term relationships with our charity partners to ensure that the projects we support are sustainable, and we work closely with them to ensure that our programmes continuously improve.

Our approach to community investment

We maintain long-term relationships with our charity partners, providing support through both funding and skills-based volunteering led by our employees. Our business units have the autonomy to manage their community investment programmes, depending on the local market need. They are guided by our strategy and framework for investing in the community. This is set out in our [Group-wide Community Investment Policy](#). The policy outlines minimum standards expected from our community investment programmes and prohibits political funding and contributions to religious organisations with a clear aim to propagate a set faith.

Being a responsible business requires a connection to, and an understanding of, the local issues communities face. We believe that our business units are best placed to manage community investment. In the US and Europe, Jackson and M&G Prudential have governance committees in place that regularly review community investment activity, strategy and spend. In Asia, the Prudence



Jackson Charitable Trust – building access to financial education

In 2018, in addition to Cha-Ching, Jackson's Charitable Foundation sponsored Ramsey Education's Foundations in Personal Finance curriculum in 250 high schools across the US. The Foundation, which has a mission to advance financial knowledge on a national scale, has teamed up with Ramsey Education to ensure that more than 20,000 high school students have access to this critical financial education programme that teaches valuable skills to prepare them for a life of financial freedom. More than 3 million students have benefited from Foundations in Personal Finance in middle schools, high schools and universities nationwide.

Foundations in Personal Finance can be used as a primary resource to fulfil requirements in mathematics, economics, family consumer science, business mathematics and personal finance. Educators who use this programme see their students build confidence, security and hope. They share stories of students going to college debt-free, paying cash for their first car, or even helping their parents learn about the importance of an emergency fund.

Supporting our communities (continued)

Foundation, established as a unified charitable organisation governed by a statutory Board of Directors, maximises the impact of its investment across a large geographical reach. In Africa, Group Head Office oversees community investment initiatives that are vetted and approved during our annual reviews.

The Board regularly reviews the Group's community investment performance and scrutinises and approves the strategy on an annual basis. Paul Manduca, Chairman of Prudential plc, is the Board sponsor for corporate responsibility. The Material Subsidiary Boards oversee the business unit corporate responsibility initiatives. All business units submit comprehensive Board Reports to the Subsidiary Board and to the Board of Prudential plc annually, providing detailed information on major strategic initiatives.

Monitoring and measuring our programmes

As a Group, we review all community investment activities to ensure they meet expectations. We believe that being a responsible business means going beyond charitable cash donations for programmes. We believe the focus of our community activities should be strategic and long-term. Programmes that we support include significant in-kind support and skills-based employee volunteering.

We use performance metrics that are aligned to the London Benchmarking Group (LBG) guidelines. These are used by Group Head Office to monitor progress and cover the value of: cash and in-kind contributions, employee volunteering and management costs.

In 2018, the Group spent £27.3 million supporting community activities. The direct cash donations to charitable organisations amounted to £19.6 million, of which approximately £4.4 million came from our UK and Europe operations. The remaining £15.2 million was contributed to charitable organisations by Jackson and Prudential Corporation Asia.

The cash contribution to charitable organisations from our UK and EU operations is broken down as follows: education £2,337,000; social, welfare and environment £1,995,000 and cultural £64,000.

The balance includes in-kind donations as set out on the [Group website](#) and is prepared in accordance with LBG guidelines. This included 11,710 employees who dedicated 117,491 hours of volunteer service in their communities, both of which were record figures for the Group. Furthermore, £479,633 was donated across the Group by our employees through our payroll giving scheme.

Our 2018 community investment reporting is assured by Deloitte LLP. Further information and Deloitte's assurance statement can be found [here](#).

2018 highlights

Prudential RideLondon

Prudential RideLondon has established itself as a major mass-participation and charity fundraising event in the UK and in the past six years has raised more than £66 million for charity. In 2018 it raised more than £13 million for charity to set a European record for a cycling event, beating the previous year's record of £12.75 million. There was a sharp rise in the number of participants riding for charity – 55 per cent, up from 44 per cent in 2017. More than 900 charities have benefited.

Prudential has sponsored the event since inception in 2013 and in 2018 our own community engagement partnership, PruGOals, supported 420 16 to 18-year-olds from 41 schools across the UK to improve their self-esteem, aspiration and educational outcomes. The PruGOals programme helps young people to achieve their goals regardless of social or economic background by providing aspirational challenges, culminating in taking on the Prudential RideLondon Surrey 46. The 2018 post-event evaluation report from the charity Teach First reveals that students' 'resilience' and 'determination' rose by a third after completing the programme.

Cha-Ching – the first global financial education programme

Developed by Prudential to address financial illiteracy, Cha-Ching is a global financial responsibility and education platform. Now in its eighth year, the programme is aimed at primary school-age children and has expanded from its origins in Asia to each of the four continents where the Group does business. In all of the markets where it has been launched, it has been very positively received, with strong feedback from parents, teachers, children and political stakeholders.

In Asia, the programme reaches over 34 million households a day through a multi-distribution platform including Cartoon Network Asia, and through its own standardised curriculum and school contact programme it has reached more than 400,000 children so far. The curriculum, developed in partnership with Junior Achievement, continued to be well received during 2018 and was rolled out to a further 180,000 students in Indonesia, the Philippines, Malaysia and Thailand. A new song titled '10 Things', summarising key Cha-Ching learnings, was launched in Asia in August 2018. The song is a collaboration with six child stars from across South East Asia who donated their time to record it. It has since generated more than one million views on social media and digital platforms. Cha-Ching was also selected to be showcased at the Paris Peace Forum in November 2018, where around 900 projects were submitted worldwide and only around 100 were selected.

In the US, the Jackson Charitable Foundation has brought Cha-Ching to more than 1.5 million elementary school students annually through partnerships with Junior Achievement USA and Discovery Education. The Cha-Ching videos and lessons have been integrated into Junior Achievement's third-grade classroom programme.

In the UK, working with Young Enterprise, Prudential has developed an online educational resource for primary school students in England and Wales that has enabled the Cha-Ching programme to be brought into the classroom. The Quality Marked teaching resource is linked to the Personal Finance Education Group's Financial Education Framework and has guidance for teachers on how most effectively to integrate activities into their teaching as well as activities for home learning. Since its launch in late 2016, the resource has been downloaded 28,478 times in 1,179 schools across the UK.

In other markets, the online educational resource has also been utilised to support the roll-out of the Cha-Ching programme across our African markets as part of a financial literacy campaign delivered jointly by Junior Achievement Africa and Prudential Africa employees.

Secondary school scholarships across Africa

In our markets in Africa we have committed to provide support for academically able but financially disadvantaged high school students, and to help build capacity for training in actuarial sciences at local universities. Prudential has worked with several charities operating in Ghana, Kenya, Uganda and Zambia to deliver the Prudential Scholarship programme, with the aim of improving quality and access to education for all and ensuring that everyone marginalised by society receives education, skills and support towards employability. The Prudential Scholarship Programme has supported more than 7,000 academically able but financially disadvantaged high school students to complete their secondary education over either four or five years of high school. This has included financial bursaries to cover the cost of school fees and boarding fees where necessary, uniforms and books, as well as a programme to upgrade conditions to increase attendance at three schools in Uganda.

Disaster readiness and relief with the Prudence Foundation

Since its inception, Prudence Foundation has had a clear focus on creating social value through building disaster preparedness capabilities in communities and maintaining disaster relief support in emergencies, with a focus on three key areas: mass education and awareness, capacity building and advocacy. Natural disasters are a key issue in Asia, with over 40 per cent of the world's natural disasters happening in the region, making it the most disaster-prone area in the world.

While focusing on disaster preparedness and long-term recovery, the Prudence Foundation also continues to undertake major emergency relief efforts across Asia. During 2018 the Foundation provided support to help with relief and recovery efforts in Taiwan (Hualien earthquake) and Laos (flooding) and in 2019 we will be supporting long-term recovery needs in Lombok and Sulawesi, Indonesia, which were both severely affected by natural disasters in 2018.



Safe Schools Programme – developing disaster response and support

Asia-Pacific is the world's most disaster-prone region, and the Prudence Foundation continues to focus on disaster preparedness, relief and recovery in our Asia markets. The Prudence Foundation works with the humanitarian, government and private sector to help communities better prepare for such disasters before they strike, as well as providing support at times of emergency response and recovery.

During 2018, the Prudence Foundation continued to support the Safe Schools programme, partnering with Plan International and Save the Children in Cambodia, the Philippines and Thailand. The programme focuses on capacity-building for students, teachers and local community members on disaster preparedness. Since 2013, more than 85,000 students and 40,000 adults have participated.

In 2018, the Foundation formed a new partnership with Save the Children and the Philippines Department of Education to implement a nationwide-focused programme. The three-year programme is based on the experience of the Foundation and Save the Children regarding the Safe Schools programme. It will aim to develop a disaster risk reduction management information system, together with training and capacity-building of teachers and local government officials. This innovative new approach to Safe Schools aims to ensure that every school in the Philippines will be able to benefit from the Safe Schools programme, providing the Department of Education with the information to help allocate its resources and expertise to support the ongoing implementation of the global and ASEAN Comprehensive Safe Schools framework. This programme has the potential to benefit 20.9 million students in close to 47,000 schools across the Philippines. The Foundation also aims to develop robust research on this programme so it can potentially be implemented in other markets across Asia.

Supporting our communities (continued)

In addition, as part of a regional partnership with Habitat for Humanity for regional volunteering programmes to support communities in need, in April 2018 over 70 volunteers from across the region spent one week in Yogyakarta, Indonesia, helping to build homes for those in need and an early childhood development centre. In November 2018, the Foundation led another group of over 80 regional volunteers to Siem Reap in Cambodia to build houses for families desperate for new homes and also support the refurbishment of a primary school.

Prudence Foundation believes the private sector has an important role to play in strengthening community disaster resilience. While there is no simple solution, cooperation between civil society, government and the private sector is key to reducing human and economic loss. The Foundation is aiming to evolve its efforts in encouraging more strategic investment in disasters by the private sector through focusing on technology used in this context. In 2019, a new programme is being developed to support organisations in using technology to protect and save lives in the region from the devastating effects of natural hazards.

Helping to make Asia more prepared and safer

Globally, around 3.5 million people die every year due to unintentional injuries. Three thousand adolescent deaths per day worldwide could be prevented with better preparedness and access to health services, education and social support. To support efforts to address this issue, Prudence Foundation developed and implements the Safe Steps programme.

Safe Steps is a first-of-its-kind, in terms of reach and breadth of partnerships, pan-Asian public service initiative to enhance awareness through the dissemination of educational survival tips for natural disasters, road safety and first aid. The programme was created and developed by Prudence Foundation in partnership with National Geographic and the International Federation of Red Cross and Red Crescent Societies. It is a multi-platform programme including on-air video messages and informative website and educational material that can be shared among communities. At its core, Safe Steps utilises one-minute videos to provide simple-to-understand messages on how to be prepared and stay safe in three areas linked to unnecessary loss of life: natural disasters (launched 2014), road safety (2016) and first aid (2017).

The programme continues to reach an estimated 250 million people every day across Asia via various partnerships with government, humanitarian and private-sector organisations. In 2018, new partnerships were formed in Cambodia, Hong Kong, the Philippines, Singapore and Vietnam. For example, in Hong Kong a two-year partnership was formed with the Hong Kong Red Cross Society to roll out all Safe Steps topics to schoolchildren and the community, together with the support of Prudential Hong Kong. In Singapore in 2018, the Prudence Foundation and Prudential Singapore embarked on a new partnership with the Singapore Red Cross Society, focusing on a mass-community first-aid training programme aimed at the younger demographic. Prudence Foundation and Prudential Hong Kong also entered into a partnership with the

Hong Kong Red Cross, working on a two-year partnership to build 'Resilient Communities'. In Vietnam, Prudential formed a partnership with the Vietnam Red Cross Society to distribute the Safe Steps First Aid information to school students, teachers and the community in Ho Chi Minh City and Hanoi.

2019 – Expanding and developing

In 2019, we will extend the Cha-Ching curriculum across schools in Asia, as well as continuing to expand the programme in all our markets, including the US, the UK and Africa, to promote greater financial literacy. In addition to Cha-Ching, we have continued to support the high-school scholarship programmes in Ghana, Kenya, Uganda and Zambia. Our Africa business is working to develop new community investment partnerships, with a focus on health.

In 2019, building on the success of the 2018 PruGOals programme, in collaboration with Teach First, Greenhouse Sports, The Transformation Trust and Dame Kelly Holmes Trust, we will support a further 300 young people to take part in PruGOals. The programme focuses on providing opportunities to develop new skills and build resilience and greater aspiration with a challenging but achievable goal. In 2019 key elements of the programme, such as certificated cycling proficiency, will be delivered directly in schools, helping to prepare the next generation of commuter cyclists. The programme is inclusive, with young people taking part from all backgrounds across the UK.

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