



PRUDENTIAL



Purpose and responsibility

Prudential plc Environmental, Social and Governance Report 2019



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Foreword

Our purpose at Prudential is to help people de-risk their lives and deal with their biggest financial concerns, providing them with the freedom to face the future with confidence. We deliver economic and social benefits for our customers, our employees and the communities in which we work, and we create financial benefits for our investors.

We have been delivering on that purpose for more than 170 years, through immense changes in the world around us and in our business. During 2019 we went through another historic change when we successfully completed the demerger of our UK and Europe business, M&G plc. Following the demerger, Prudential plc is an Asia-led Group focused on capturing opportunities in structural growth markets, with a global portfolio of businesses meeting a large and growing consumer need.

This historic step may have changed the shape of our business, but it has not changed our long-term commitment to delivering the best possible performance across all areas of our environmental, social and governance activity (ESG). Throughout 2019 we continued to develop to improve the way we work in the interests of all our stakeholders, whether they be customers, investors, employees, governments, regulators, civil society or suppliers.

As well as fulfilling our traditional role of providing protection against life's misfortunes, savings opportunities to meet family goals, and retirement income, we aspire to lead in new areas aligned with our purpose. In health, through digital innovation we are expanding from our core role of protection to helping consumers postpone and prevent ill-health. We are increasing access to finance, by creating new partnerships, distribution and services for all segments of the societies we serve.

We are providing solutions for an ageing world, developing services to enable a dignified later life. And we are creating opportunities for sustainable, long-term investment.

We are a signatory to the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures, and in this report you can read what we've been doing as we develop our activity in this crucial area.

This report illustrates how we are fulfilling our purpose and ensuring responsible behaviour throughout our business. It shows how we are working every day to be a better and more sustainable business in every way, and one that continues, through our strong and clear sense of our purpose, to have a positive impact.



Mike Wells
Group Chief Executive

About Prudential

Capturing long-term structural opportunities

Prudential helps people de-risk their lives and deal with their biggest financial concerns, providing the freedom to face the future with confidence. Through our high-quality products, great distribution and innovative approach, we deliver value and service for our customers. Where possible, we invest our customers' money in businesses that support growth and strengthen communities. We provide

access to health care, increase financial inclusion and develop solutions for an ageing world, and we create opportunities for sustainable, long-term investment.

We deliver economic and social benefits for our customers, our employees and the communities in which we operate, while creating financial benefits and delivering growing returns for our investors.

We recognise that our impacts in all our markets go beyond the financial value

we generate. We meet the needs of our stakeholders through a strategy that is focused on both our financial operations and our wider impact.

Demerger of M&G plc

On 21 October 2019 we completed the demerger of M&G plc from the Group. The demerger resulted in two separately listed companies more closely aligned to the interests of both customers and shareholders.

United States

In the US we provide asset accumulation and retirement income products. The US has a rising retirement-age population, large and growing retirement asset pools and increasing demand for guaranteed income. Our US business, Jackson, is a leader in the world's largest retirement market, with a strong record of product innovation, exceptional distribution relationships and trust.

Asia

We are an Asia-led Group focused on capturing opportunities in structural growth markets. Our Asian markets have low life insurance and mutual fund penetration, a significant health and protection gap and increasing consumer affluence. We are serving the protection, savings and investment needs of people in the region, helping to reduce the health protection gap and innovating through end-to-end digitisation to extend our scale and what we can do for customers.

Africa

We are offering products to new customers in Africa, one of the fastest-growing regions in the world. We are now bringing our value-added insurance solutions to customers in eight countries in this dynamic region, which together have a total population of almost 400 million.

About this report

This report provides a summary of Prudential plc's 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, 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 Board of Prudential plc has approved this report. In 2019 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 2019 calendar year, both at Group level and within our various operations globally, and does not include our joint venture partnerships. On 21 October 2019, we completed the demerger of our UK and European business, M&G plc. In line with the approach in our Annual Report and Accounts, M&G plc has been treated as a discontinued operation. The data published in this report therefore covers the post-demerger Group, with additional data breakdowns provided for: M&G plc (up until the point of demerging); and the composite Group (up until the point of the demerger), unless otherwise indicated. The policies referenced in this report applied to the M&G plc business for the period in which it was part of the Prudential Group.

Our approach to ESG

Prudential plc is committed to being a responsible business with a focus on ownership, partnership and stewardship, helping us to ensure that we leave our business and communities in better shape than we find them. 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 4.

How we govern ESG

The Board approved the establishment of our ESG Executive Committee in 2018 to lead on how we identify, manage and report on material ESG risks and opportunities. Our ESG sponsor, our Group Director of Communications, was nominated as Chair and is supported by senior leaders from Group functions across financial reporting, risk, governance and human resources. There is representation from our business units, provided by the chief investment officers of our asset management businesses (PPM America and Eastspring) and the Chief Investment Officer of Prudential Corporation Asia. Jackson's General Counsel and Prudential Corporation Asia's Chief Operating Officer are also committee members. The ESG Executive Committee meets quarterly and raises matters to the Nomination & Governance Committee as appropriate. One of the ESG Executive Committee's principal responsibilities is to oversee the Group's progress towards fulfilling our commitment to report against the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

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 ESG summary pages of our 2019 Annual Report.

We make sure that the ESG issues that are important to our stakeholders are understood and managed. This enables the Group to manage risk more effectively and better inform key decision-making. 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, climate, business integrity, people, technology, environment and supporting our communities. The order in which these are presented does not reflect any priority. We have continued to evaluate which ESG matters are most material to the Group, with a focus on those which matter most to our stakeholders. In 2019 we considered and refreshed the material ESG issues on which the Group focuses to capture changes to the issues on which we report. The most significant resulting issues have been included in this report. Our material ESG issues also include all mandatory ESG reporting requirements outlined within the Hong Kong Stock Exchange Listing Rules and all ESG general disclosures and KPIs in the guidance determined to be material. Selected indicators are assured by Deloitte LLP and Deloitte's assurance statement can be found on the Prudential plc website.

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 and we are committed to engaging with our stakeholders on all of our material ESG issues.

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, institutional investors, governments and regulators. To reach a broad spectrum of stakeholders we use varied channels of communication, both through our

local businesses and through our Group functions.

The table below summarises our global and local stakeholders, how we engage with them and their key interest areas in 2019.

Stakeholder group	How does Prudential engage with these stakeholders?	Areas of interest raised by these stakeholders in 2019
Customers (including intermediaries)	Contact centre availability, face-to-face advice, annual statement despatch, dedicated account managers, sales support units, business processing and servicing, telephone technical support teams.	Hold times when calling, service delivery, difficulty in getting a new servicing agent, demerger, new business processing delays.
Investors	Half and full-year results, ESG report, annual report, investor briefings, AGM, Executive and Non-executive Directors' programme of meetings with investors, website.	Post-demerger strategy, Board composition, succession planning, 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, sustainable development agenda.
Employees (including contractors, potential recruits, agents and trade unions)	Non-executive Directors responsible for workforce engagement, away days, team meetings, performance appraisals, intranets, training programmes.	Diversity and inclusion, training opportunities, succession planning, impact of demerger and change programmes.
Governments (including central banks, stock exchanges and global policy bodies)	Meetings, partnering on initiatives and/or speaking at public and private events, memberships, input into policy forums.	Prudential as a local, responsible business, including how we create jobs and build capacity across the economy, taxes, transparency, governance, financial inclusion, life insurance penetration, health and wellness, long-term savings and investment, responsible financial services, digital services and data protection, sustainable finance.
Regulators	Regular meetings, responses to information requests and consultation papers.	Global and national perspectives on standard-setting, sustainable finance, international capital standards, demerger, governance and individual accountability, conduct standards, customer protection, financial inclusion, long-term savings and investment, climate-related risk, digital services and data protection.
Civil society	Meetings, ad-hoc requests for support, responses to campaigns, surveys.	Inclusion, education, disaster relief, safeguarding, low-carbon transition, living wage, demographic challenges, health and wellness, climate-related risk, tax transparency.
Suppliers	Pre-sourcing assessments, contract negotiations, monthly supplier meetings and quarterly performance review meetings.	Data protection, demerger, prompt payment and pricing, anti-bribery and corruption, human rights, modern slavery, health and safety.

Customers

Our relationships with our customers are at the heart of our business. We deliver products that meet their needs and help them to de-risk their lives, and we ensure that we treat them with the highest standards of care. We are continually innovating to find new ways to improve the products we deliver, how we deliver them and how we serve our customers.

Our customer commitments

Helping customers achieve their long-term financial needs through our products and services lies at the heart of our business strategy. Our Customer Commitments Policy applies to all members of the Prudential Group that deal directly or indirectly with customers. 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
- 5 Act fairly to address customer complaints and any errors.

Unveiling our customer-first brand commitment in Asia

In 2019 Prudential Corporation Asia launched its new brand commitment, 'Listening. Understanding. Delivering.' The commitment reinforces our focus on human connections, simplicity and innovation for our customers. The commitment is about:

- Focusing on customers, anticipating their needs and enhancing their experience with easy access to information and services;
- Delivering comprehensive solutions for protection, health and wellness, savings and retirement; and
- Capturing innovation with a human touch.

In line with our commitment to help 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. Across Asia, consumers, healthcare providers, insurers and governments are confronted with problems such as a rising, underinsured middle class and a growing ageing population. As lifestyles in Asia have changed and income levels have risen, there has been a rise in

non-communicable diseases such as diabetes. This has led to a growing demand for healthcare for more complex conditions, many of which require long-term treatment or management. Our digital health tools aim to empower the broader consumer group to take control of their personal health and wellbeing anytime and anywhere. More information is available in the Technology section on page 21. We also offer a wide range of insurance products that are tailored to local market requirements and fast-changing individual needs:

- **Prudential Malaysia's PRUMy Critical Care** provides comprehensive financial protection against 160 critical illnesses, making it the broadest coverage in Malaysia. The policy covers policyholders up to age 100 for early, intermediate and late-stage conditions and allows multiple claims on early to late-stage conditions up to a total of four times the sum assured. The plan pays an additional 20 per cent of the sum assured for diabetic and joint-related conditions. PRUMy Critical Care also provides protection in the event of a re-diagnosis for three of the most prevalent diseases – cancer, heart attack and stroke – even after a claim has been made.

Customers continued



Ready for 100: Helping to prepare Singaporeans for longer lives

Prudential Singapore's 'Ready for 100' study, researched and written by The Economist Intelligence Unit, examines the opportunities and challenges that lie ahead for Singapore's residents, employers, healthcare practitioners and policymakers as people live longer. Singapore currently has the highest life expectancy in the world, yet 55 per cent of Singaporean residents surveyed for the report said they were not ready to live to 100 years of age from a financial or health perspective. Residents who were interviewed said they would want

their companies to provide greater financial benefits, such as medical insurance, to support them in their extended careers. To meet the needs of the ageing workforce, Prudential Singapore has raised the age cap for medical insurance coverage for employees of its corporate clients and its own employees to 100. By providing insurance to the age of 100, Prudential Singapore is aiming to help employers attract and retain senior talent, and to help deliver the government's vision of enabling productive longevity.

- **Prudential Hong Kong** became the first insurer in Hong Kong to provide cancer protection to cancer survivors, with PRUHealth Cancer ReCover. It is a first-in-market cancer protection plan tailored for cancer survivors.
- **Prudential Indonesia's** PRUPrime Healthcare Plus and PRUPrime Healthcare Plus Syariah are the first health insurance products in the market that offer the most comprehensive and flexible hospital room and medical coverage options, as well as a protection period of up to 99 years of age. Customers can add this health insurance to their existing unit-linked basic policy.
- **Prudential Vietnam** has launched two new universal life products, PRU-SafePlus and PRU-FlexiProtect. The new solutions combine savings benefits and protection into one, empowering customers to design a holistic financial protection plan against unexpected risks. According to a Prudential Vietnam-sponsored study on the life insurance industry in 2018, while people in Vietnam believe unexpected accidents and illnesses will have the biggest impact on them financially, only one-sixth are financially prepared to cope with a possible crisis.

Financial security in the US

In the US, for those nearing the end of their working careers, a financially secure retirement is at risk due to insufficient accumulation of savings and the current combination of low yields and market volatility. Through our distribution partners, Jackson provides products that offer Americans the retirement strategies they need. In June 2019, Jackson launched RateProtector, a single-premium, multi-year guarantee fixed annuity. RateProtector offers consumers the opportunity to protect and grow their assets through guaranteed interest rates that will not fluctuate during a select period, combined with the ability to defer taxes on any earnings until money is withdrawn.

Jackson seeks to develop retirement solutions that meet customer needs, while striving to communicate information about those 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 crises, the [Alliance for Lifetime Income](#). The Alliance is a significant step forward in Jackson's ongoing commitment to educating Americans about the importance of lifetime income in retirement planning.

The Alliance has achieved great success in raising awareness among consumers, financial professionals and others about the importance of protected lifetime income. The Alliance has done this through a national campaign leveraging TV, radio, print, digital and event sponsorship. Jackson has led the charge in this space, first as a co-founder of the Alliance, and then as a co-chair of the Alliance board of directors.

Expanding our distribution

In July, we completed our acquisition of a majority stake in Group Beneficial, a leading life insurer operating in West and Central Africa. Group Beneficial provides savings and protection products to over 300,000 customers. The acquisition enhances our growth in Africa, enabling us to enter into Cameroon, Côte d'Ivoire and Togo, which have a combined population of over 65 million.

In Asia, we renewed our regional strategic bancassurance alliance with United Overseas Bank (UOB). The new agreement increases the geographical scope of the alliance across Singapore, Malaysia, Thailand and Indonesia to include Vietnam. Through this partnership, our life insurance products will be distributed through UOB's extensive network, providing solutions for Asia's increasing number of mobile-first and mobile-only consumers.

Prudential Vietnam signed long-term bancassurance agreements with Shinhan Bank and PVcomBank in 2019. Through these exclusive partnerships, Prudential Vietnam's comprehensive financial protection products will be available to its customers nationwide, providing convenient one-stop financial services covering protection and savings needs. The partnerships expand the bancassurance partner network of Prudential Vietnam, taking our total number of partner banks in the country to seven domestic and foreign banks.

Treating customers fairly

Product design, the quality of product marketing materials and communications with customers, and the value that products are likely to bring to customers are given utmost consideration in our businesses. Although many of the financial needs and objectives of our customers are simple, the products we design may be complex from a customer's perspective. This complexity may make it difficult for a customer to understand the costs and value of the product, and how best to utilise the products to avoid poor outcomes. We seek to ensure that the documents that we provide to our customers, from point-of-sale materials to policy contract terms and conditions, are fair, transparent and not misleading, and in compliance with local regulatory standards.

All of our businesses are required to comply with their local regulatory requirements and meet our Group-wide policies and standards, including our Group Code of Business Conduct and our Customer Commitments Policy, which covers the fair treatment of customers. Compliance is achieved through the training of intermediaries and the embedding of controls, including customer financial needs analysis and risk appetite profiling, to ensure the suitability of product sales. We are increasingly using technology, particularly electronic point-of-sales tools and e-submissions, to control the sales process and provide sufficient consumer safeguards. Compliance monitoring is performed across the customer and product lifecycle, and disciplinary frameworks reinforce compliance through actions up to and including termination. In Asia, tied agents are core to our multi-distribution platform and we provide training for them at every stage of their career with us.

We have created a culture whereby agents aspire to attain membership of the 'MDRT', an industry-recognised indicator of capability, and place great emphasis on agent professionalism. To support this we promote career progression by providing tailored training programmes that share experience and best practice across different markets and by upgrading the tools used by our agents to facilitate sales. The distribution partners that we work with, including bank partners and brokers, are subject to due diligence, including independent compliance review.

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 causes, with the aim of reducing the overall number of complaints, and perform ongoing monitoring to identify issues that could lead to customer detriment and take prompt action to address any errors.

Industry awards

— In Asia, **Prudential Hong Kong** won 'Insurance Company of the Year' at the Bloomberg BusinessWeek Financial Institution Awards 2019 for the fifth consecutive year. As well as the top award, Prudential Hong Kong was awarded a total of eight honours, including the 'Excellence Award' in critical illness protection, customer services and digital innovation.

— **Prudential Malaysia** was the sole insurance company to win the Silver award in the Banking, Investment & Insurance category at the 2019 Putra Brand Awards. This award has reflected customers' trust in the Prudential brand, highlighting our history of growth and innovation through 95 years in Malaysia. We also received double honours at the 2019 Reader's Digest Trusted Brand Awards, including a Gold Award for Life Insurance and Health Card categories. This is the 12th consecutive year in which our business in Malaysia has been recognised as the Gold Award winner in the Life Insurance category.

— **Prudential Thailand** won five awards at the Best Thailand Contact Centre Awards 2019, highlighting its dedication and ongoing commitment to enhancing the level of service it provides its customers, including the best possible insurance care and service experience.

— **Prudential Vietnam** won three awards at the Insurance Asia Awards for its digital products. The awards scheme honours insurance companies in Asia that pioneer ground-breaking initiatives that bring changes to the industry.

— In the US, **Jackson** was awarded SQM's (Service Quality Management Group, Inc.) top honour — Contact Centre of the Year — for earning the highest combined ratings for customer and employee experience among a field of leading call centres from across North America. Jackson was also honoured with three additional awards including 'Contact Centre World Class CX Certification' and 'Highest Customer Service — Financial Industry.'

— At the 2019 APEX Awards for Publication Excellence, **Jackson** received eight awards, including for its Digital Advisor Success Hub and Financial Freedom Studio website.

Responsible investment

As a life insurer, asset owner and manager, we are long-term stewards of our customers' assets. We have a responsibility to our customers, the communities in which we operate and the environment, to apply ESG considerations in our investment decisions and our fiduciary and stewardship duties.

Responsible investment landscape

As a life and health insurer and long-term investor, we believe that the quality of corporate governance practices, and how companies manage the environmental and social aspects of their operations, can be material to delivering superior financial returns and longer-term shareholder value. Responsible investment at Prudential involves incorporating ESG factors into our investment decisions, alongside traditional financial analysis, to better manage risk and generate sustainable, long-term returns for our customers. As an active asset owner and manager with a long-term bias, we embrace sustainable investment strategies to help individuals and institutions build a financially sound future, while playing a positive role in the development of capital markets and encouraging strong corporate governance in the markets in which we operate.

Across the Group's footprint, the policy and regulatory landscape continues to evolve with respect to sustainable finance and ESG. Specifically, the Hong Kong Monetary Authority has launched three measures to support the development of green finance, including a framework for green and sustainable finance, promoting responsible investments and setting up a centre for green finance. We continue to engage with policymakers in the jurisdictions in which we operate and also actively participate in global initiatives such as the Insurance Working Group of the Institute of International Finance.

Among policymakers, we continue to see increasing focus on the need to develop a view of the exposure of the insurance sector to climate-related financial risk. The Task Force on Climate-related Financial Disclosures (TCFD) recommendations were released in 2017 to provide a framework for companies to develop voluntary, climate-related financial risk disclosures. Following Board discussion, Prudential plc became a signatory to the recommendations in 2018 in order to meet the growing expectations of our investors and regulators, and to support the ambitions of our business units in the local markets in which they operate. Our Climate section on page 11 includes further details on our work towards implementing the TCFD recommendations.

Strengthening our governance of responsible investment

In late 2018 we established our ESG Executive Committee, which was tasked with leading on how we identify, manage and report on material ESG risks, including those incorporated in our investment activities. Following the successful completion of the demerger of M&G plc in late 2019, we took the opportunity to further integrate our responsible investment activities within the ESG Executive Committee by extending membership of the Committee to the chief investment officers of our asset owner businesses.

Our Group-wide Responsible Investment Framework (GRIF) is designed to draw together the ESG-related approaches of our asset management businesses (Eastspring in Asia and PPM America in the US) and our asset owner insurance businesses (Prudential Corporation Asia in Asia and Jackson in the US). Oversight of the GRIF was previously the responsibility of our Group-wide Responsible Investment Advisory Committee (GRIAC). Merging the GRIAC into the ESG Executive Committee has enabled us to continue to develop a fully integrated approach to ESG that spans our investment, underwriting and operational activities. Consequently, the ESG Executive Committee now maintains our Group-wide Responsible Investment Standards, which are based upon our Group Code of Business Conduct and set minimum requirements for each of our business units. These Group-level standards require all of our businesses to develop and maintain their own local responsible investment policies, which capture their own approaches to responsible investment and are appropriate to the jurisdictions in which they operate. The strength of the commitment of our asset management businesses to responsible investment and helping to build a sustainable financial system can be demonstrated by the fact that they are both signatories to the United Nations-supported Principles for Responsible Investment (Eastspring since February 2018 and PPM America since October 2018).

ESG integration in the investment process

Integrating ESG analysis into our investment processes is an ongoing activity that will continue to progress over time as the characteristics of each asset class and each of our investment strategies evolve. When making investment decisions, PPM America and Eastspring's Singapore-based equity team look to identify all material risks to sustainable earnings for a company. ESG issues are incorporated into our fundamental analysis and integrated into our decision-making process when we believe they could have a material impact on a company's valuation and financial performance. This analysis incorporates the governance of a company, as well as its social and environmental impact, including any plans or strategies to improve environmental performance and resilience, in our assessment of the drivers of longer-term returns.

We believe that there is no universal approach to responsible investment and we recognise that sustainable investing requires a patient approach and an understanding that changes in corporate behaviour can support shareholder value over time. We firmly believe that companies that adopt sustainable business practices are more likely to deliver superior shareholder value in the long term and, where appropriate, we encourage ongoing

improvement through an ongoing and collaborative dialogue. We seek to gain a deep understanding of the medium to longer-term sustainable earnings potential of a company by applying detailed fundamental analysis, and we invest significant effort into conducting thorough due diligence on both financial and non-financial aspects of a company. We do not screen out companies solely on the basis of perceived ESG issues, choosing instead to actively engage with the companies to determine how the issues are being addressed and influence them as appropriate. While the approach does not necessarily prohibit purchasing or holding a position due to an ESG issue, consideration of these issues informs our financial assessments of potential and existing investee companies.

Within Eastspring, all investment professionals are responsible for incorporating all factors deemed to impact the investment decision-making process, and are equipped with a combination of third-party and bespoke tools developed internally in partnership with digital teams. The equity and fixed income investment teams at Eastspring aim to encourage business and management practices that support sustainable financial performance through constructive engagement based on in-depth knowledge of the companies and their business environment.

Investment professionals may engage with company management on a variety of issues, including ESG matters, that present a potential material risk to a company's financial performance. Eastspring also participates in collaborative engagement initiatives where we believe it to be in clients' best interests to do so.

Similarly, at PPM America, ESG analysis is embedded into the decision-making processes, so that investment professionals can assess and evaluate potential ESG risks. For example, credit analysts include a summary of ESG information and ratings in the materials that are presented for discussion to each relevant credit committee. Direct engagement with management is an important part of PPM America's research process, whereby investment professionals seek opportunities for in-person discussions with company leadership, join investor phone calls and attend conferences. PPM America sees these opportunities as both a chance to listen and learn directly from company management and as a chance to ask questions and provide feedback. In these interactions, investment professionals may look to address any potentially material issues to clients' investments, including those related to ESG.

Eastspring: considering ESG factors in equity investment analysis

During late 2018 and 2019, Eastspring identified rising governance risks associated with the management control of a manufacturing business in Japan. Eastspring's active engagement with the business throughout this period was aimed at understanding the potential changes in the corporate governance structure and practices, specifically with respect to the likely ongoing influence of the founding family and the potential for a truly independent board structure.

In line with the concerns of some other shareholders, Eastspring sought an explanation for the removal of the then CEO. It had become apparent that there were irregularities relating to the circumstances and process leading to the decision. During the period between January and May 2019, Eastspring engaged with the company's Investor Relations and ex-CEO, as well as another board director, to gain an understanding of the circumstances leading to the removal. Eastspring also participated in a call to discuss the findings of an

investigation by third-party lawyers into the appropriateness of proceedings related to the ex-CEO's dismissal. Eastspring's detailed engagement activities assisted in differentiating its position from the proxy adviser recommendations for the shareholder proposal and allowed Eastspring to make well informed proxy votes for all Board nominations at the annual general meeting. Eastspring's votes were independent of both the company and proxy adviser recommendations for board composition.

Responsible investment continued

PPM: considering ESG factors in investment analysis

During the course of underwriting a potential investment in a large, global snack manufacturer, PPM America's analysts highlighted a potential material environmental and social risk related to labour standards in West Africa and potentially unsustainable sourcing practices for one of the company's key raw materials. Following a discussion at the credit approval committee, additional diligence was conducted on the issue. The analyst identified that

the company had implemented several environmentally and socially focused programmes designed to improve oversight of its suppliers' environmental practices, including an environmental scorecard for its packaging suppliers and a pledge to source 100 per cent of its primary raw materials from certified sustainable sources by 2020. Additionally, through industry associations and its own programmes, the company is taking steps to combat child labour and improve gender equality.

Considering all factors related to the risk and return of the company, including the steps the company is taking to address the environmental and social issues described above, PPM America issued an internal rating and a relative value recommendation. As part of the continuous re-evaluation of the company's fundamentals, PPM America's analysts will continue to monitor the company's progress towards these sustainability commitments.

ESG integration – 2019 highlights

In 2019, both PPM America and Eastspring made progress in enhancing the integration of ESG factors into their respective investment processes.

Since implementing its Responsible Investment Policy in 2018, PPM America has continued to integrate ESG information in its processes, wherever possible, so that its investment professionals can assess and evaluate potential ESG risks. To facilitate this, internal training took place through 2019 to continue helping employees understand how to integrate ESG factors into the investment process. Recently the focus has been on integrating third-party ESG information on each investee company directly into the proprietary credit research portal for use by fixed-income portfolio managers and credit analysts. Other initiatives include implementing a formalised system to record and map the discussion of ESG topics at company meetings in which fixed-income and public equity research analysts participate, and tracking additional data points for commercial mortgage loans and the credit risks posed to sovereign debt.

During 2019, the fixed income team at Eastspring Singapore built on its ESG approach and launched its first investment strategy focusing on sustainable bonds. For Eastspring Singapore's fixed income team, assessment and monitoring of ESG factors are an integral part of bottom-up credit research process. ESG issues are incorporated in the fundamental analysis of individual companies to assess their impact on an issuer's financial performance, its risk of default, and the valuation of the bonds it issues. This process involves an

assessment of the quality of corporate governance, as well as material environmental and social issues that could have an impact on a business's day-to-day operation, financial performance, and subsequently the ability to pay back its obligations. Eastspring Singapore's fixed income team has been participating in external ESG seminars, training and forums, as well as engaging with rating agencies, data providers and banks to understand their ESG scoring methodologies and to provide feedback. Eastspring Singapore has also been building its industry presence through participation in ESG-related committees and panels and establishing networks with supranational green bond issuers, financiers and regulators.

Capacity building, industry engagement, memberships and collaborative bodies

During 2019, Eastspring continued to engage with industry participants to promote awareness and understanding of responsible investment across Asia, organising a number of workshops in Asia to continue to help improve the understanding of climate-related risks across the region. These were jointly held in partnership with organisations including the Asia Investor Group on Climate Change (AIGCC), the World Wildlife Fund and ISS Climate. A broad range of topics were covered, from climate change and financial disclosure to ESG integration and active ownership. Eastspring Singapore also participated in roundtables organised by its local regulator, the 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. Similarly, Prudential Singapore 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 (see case study on page 11).

Eastspring is an active member of the AIGCC, which aims to create awareness among Asia's asset owners and financial institutions about the risks and opportunities associated with climate change and low-carbon investing. In 2019, Eastspring became a member of the Climate Bonds Initiative, which is an international organisation working solely to mobilise the US\$100 trillion bond market for climate change solutions.

Eastspring continued to participate in industry roundtable discussions throughout 2019 and was a Sustainable Finance panel member at Euromoney's Asia Sustainable & Responsible Capital Markets Forum in June. In April, Eastspring Singapore also hosted a Bloomberg Buy-side Women's Network on Responsible Investment and ESG Integration. Both Eastspring and Prudential Corporation Asia are members of the Asian Corporate Governance Association (ACGA), and during 2019 Eastspring contributed to a number of ACGA white papers on corporate governance in the China and Japan equity markets. Eastspring Indonesia also engaged with the ACGA regarding strategies related to improved corporate governance practices in relation to proxy voting.

Climate

We recognise that climate change presents long-term risks to the sustainability of our business, as well as a range of opportunities associated with the transition to a low-carbon economy.

In 2018, following Board discussion, Prudential became a supporter of the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). This reflects both the growing expectations of our external stakeholders and colleagues, and the ambition among our businesses to develop their capabilities to pursue products and services aligned to the global need to address the impacts of climate change.

We are committed to developing a more granular understanding of the diverse risks we face and to working collaboratively with governments, peers and business partners to identify opportunities at scale for our businesses. During 2019, we focused on enhancing access to ESG and climate risk data sources and the carbon footprinting of sample Asian investment portfolios. During 2020, our priorities are to determine the Group's exposure to carbon-intensive sectors and companies, to extend carbon footprinting across the Group's investment book and to refine the initial stress testing of the investment book for climate-related scenarios.

Governance

Our ESG Executive Committee, established in 2018, is focused on the holistic assessment of ESG matters material to the Group, raising matters to the Nomination & Governance Committee as appropriate. One of the ESG Executive Committee's principal responsibilities is to oversee the Group's progress towards fulfilling our commitment to report against the TCFD recommendations. This involves oversight of our Group-wide efforts to assess the climate-related risks and opportunities facing our businesses, and to subsequently identify and deliver the supporting implementation activities.

Prudential Singapore: Supporting the development of sustainable finance in Asia

The Monetary Authority of Singapore (MAS) has signalled its commitment to promote sustainable practices by encouraging financial institutions to adopt ESG best practices and encourage the development of the green bond market. As of June 2019, S\$6 billion worth of green bonds have been issued in Singapore. In the same year, MAS announced the launch of a US\$2 billion (S\$2.7 billion) Green Investments Programme to promote environmentally sustainable projects to mitigate climate change risks in Singapore and the region.

We are highly supportive of the government's efforts to grow the sustainable finance sector in Singapore and are an active industry contributor, working closely with the regulator to advance this aim. In 2019, Prudential Singapore joined the Sustainable Insurance Taskforce, led by MAS together with the Life Insurance Association Singapore, General Insurance Association and Singapore Reinsurers' Association to drive the development of sustainable insurance guidelines. These guidelines are expected to be finalised in 2020.

Prudential Singapore recognises its responsibility to customers and stakeholders to effectively integrate ESG considerations into investment decisions and fiduciary duties. It has invested S\$25 million in the Asia Sustainable Bond Fund, which covers a range of green, social and sustainability bonds and other debt securities which are aligned to ESG principles. In 2020, Prudential Singapore will scale its investments and aims to invest at least S\$200 million of its assets under management in ESG product offerings.

Climate continued



Dengue outbreak predictor

Mosquito-borne diseases remain a major cause of mortality and dengue fever is responsible for an increasing disease burden. There are currently few licensed vaccines and no specific therapeutics available for dengue. Malaysia in particular is hit hard by the two annual dengue seasons and there is recognition that climate change may be driving an increase in cases of dengue fever. Pulse by Prudential, our end-to-end digital health app, features a dengue outbreak prediction platform that uses big data and artificial

intelligence to predict whether a location will be hit by an outbreak three months before it happens. It also indicates the current trend of dengue cases and outbreaks as reported by the authorities. Users will be alerted and encouraged to avoid high-risk areas and stay indoors when mosquitoes are most active, while taking other preventive actions to break the mosquito breeding cycle, ultimately protecting them by preventing them contracting the disease.

As an asset owner and asset manager, we rely on investment returns to fulfil the longer-term obligations of our saving, annuity and health and protection liabilities. We recognise that in the transition to a low-carbon economy, there may be a disorderly adjustment to the value of the assets that we hold, arising from regulatory and technological change. The physical impacts of climate change, such as rising temperatures, rising sea levels and increased occurrence of extreme weather events, may also impact the value of the Group's assets. Such physical risks may also cause disruption to our customers, employees and property portfolio.

We also recognise that climate-related opportunities can support the delivery of the Group's strategy. For example, Eastspring is a member of the Sustainable Development Investment Partnership initiative, coordinated by the World Economic Forum with support from the OECD, working with others to scale the use of finance in sustainable infrastructure investments in emerging and developing countries. Since 2016, our US asset manager's approach to ESG integration was a key factor in the sale of US\$55 million of utilities credits that generate electricity primarily by coal, and the purchase of US\$105 million of single-asset project bonds that generate 100 per cent of their electricity through renewables.

Following the successful completion of the demerger of M&G plc in late 2019, we took the opportunity to increase Committee representation from our businesses in Asia. We also took steps to further integrate our responsible investment activities within the ESG Executive Committee by extending participation on the Committee to the chief investment officers of our asset owner businesses, reflecting the increasing importance of our investment activities within the development of our overall ESG strategies. Committee members include: the chief investment officers of our asset management businesses (PPM America and Eastspring), the Chief Investment Officer of Prudential Corporation Asia, Jackson's General Counsel, Prudential Corporation Asia's Chief Operating Officer, and representatives from Group functions.

The ESG Executive Committee meets quarterly and is required to report to the Board at least twice each year, with additional ad hoc reporting provided as necessary. The ESG Executive Committee reports to the Board through the Group Nomination & Governance Committee, which comprises the Group's Chairman, the Senior Independent Director, and the chairs of the Audit, Remuneration and Risk Committees, and is regularly attended by the Group Chief Executive.

Strategy

Our purpose is to remove financial risk from life's big events, helping people plan for the future with confidence. We provide our customers with long-term savings and protection products and, as stewards of our customers' capital, we invest responsibly to create long-term value for our customers, shareholders and the communities where we operate.

As a life insurer, the potential impact of climate change on life expectancy (mortality risk) and medical health and wellbeing (morbidity risk) could impact the profitability of our protection and health insurance products respectively. The long-term impact of climate change on the life insurance sector is complex, as climate change acts in conjunction with other factors, including demographic and social change and rapid urbanisation, all of which place increased demand on health services. As the risks from climate change intensify, so will the consequences for humanity and the natural environment – from disruptions in food, water and energy supplies to rising sea levels and increased occurrence of extreme weather events. In some regions, the negative impacts of climate change may have serious implications on public health, for example increasing the levels of life-threatening vector-borne diseases. Against this backdrop, there is a need for us to develop products and services that help to provide protection and support climate change adaptation.

Risk management

As a long-term investor, the Group's most significant exposure to climate-related risk is through our role as an asset owner and manager, with US\$543.9 billion of assets under management. Our portfolio is exposed both to physical risk and transition risk as a result of climate change and we are using a range of methodologies to develop a more accurate understanding of the carbon intensity of our asset book and its exposure under a range of climate change scenarios. Through this process, we are seeking to develop metrics for actionable insights, which will help to inform the Group's Responsible Investment Standards and to direct our investments in the low-carbon economy and reduce our exposure to climate risk.

We have begun to assess the climate transition risk exposure of our portfolios using a third-party carbon footprinting data and software provider. Our Asian asset manager, Eastspring, has taken the lead across the Group in starting to measure and interpret the carbon footprint for listed equities in sample portfolios. This tool allows us to assess the carbon footprint of the portfolio constituents compared to historical constituents, the carbon efficiency of the portfolio, the exposure of a portfolio to fossil fuels, potential emissions from fossil fuels, the strength of carbon risk management relative to industry peers and a portfolio's exposure to clean technology.

In order to assess our exposure to transition and physical risk respectively, we have begun to explore the impact of temperature increase scenarios, over medium and long-term time horizons, on our investment portfolios. For this, we are using the guidance provided by the UK's insurance regulator, the Prudential Regulation Authority and informed by the IPCC, as part of the regulator's August 2019 stress test exercise.

As a global business, we recognise the need for the Group to understand and mitigate the physical risks associated with climate change. The location of a significant number of our markets increases their vulnerability to climate change. Local environmental risks, including their potential short- and medium-term impacts, are tracked and managed by our business units, with support from Group Risk and Security teams. This includes but is not limited to forecasts and reporting, business continuity advice and incident management planning. We manage the physical risk to our operations through comprehensive risk assessment during the selection of properties, including factors such as location, geography and weather events.

Our business units manage morbidity and mortality risk by analysing our experience from our customers, supplemented by industry data and stress testing. We assess changes in morbidity and mortality that have been observed in the past and consider how they may emerge in the future. As a life and health insurer, we are committed to playing a greater role in preventing and postponing illness in order to protect our customers. We are investing in artificial intelligence technology to enable access to affordable and quality healthcare and enhancing our digital offering to help improve access to finance and health protection products.

We continue to engage with policymakers and NGOs on this topic. We also work collaboratively with our peers through a range of networks, including the CRO Forum, the Asian Investor Group on Climate Change and ClimateWise. During 2019, we contributed to a ShareAction/AODP report entitled 'Insuring a low-carbon future', exploring leading practice and common barriers in managing climate-related risks and opportunities.

Metrics and targets

We participate in external benchmarks that assess our management of climate change risks and opportunities. In 2019 we continued to participate in CDP (formerly the Carbon Disclosure Project) and maintained our score with a B grading (2018: B). We continue to participate in ClimateWise, which in 2019 changed significantly to align itself with the TCFD framework. The Group score, similar to other organisations, is down from our previous submission (2019: 51, 2018: 78), but we remain committed to enhancing our climate change disclosures, in line with TCFD. Our scoring in CDP and ClimateWise is based on the performance of the combined Group, including M&G plc. We seek to minimise the impact of our direct operations on the environment. More detail on our environmental performance is included in the Environment section on page 25 of this report.

Business integrity

Responsible and ethical behaviour are embedded in our business. Our governance framework is clear about our standards of behaviour and those standards flow into every part of what we do, from our financial performance and tax practices to the way we fight financial crime and deal with our suppliers.

Our Code of Conduct

Our governance framework, setting out the principles by which we conduct our business and ourselves, includes our [Group Code of Business Conduct](#), which is a central feature of our Group Governance Manual. Our Group Code of Business Conduct sets out the ethical standards that the Board expects of itself, our employees, our 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 seek to provide products and services that align with important global social needs and thereby generate sustainable value for stakeholders. 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 create long-term value for customers, shareholders and other stakeholders. For detail on our financial performance last year, see our [2019 Annual Report](#).

We continue to work in partnership with policymakers and regulators. In 2019 we remained actively engaged in global regulatory policy debates with standard-setters such as the International Association of Insurance Supervisors, as well as with industry trade bodies. In addition to our international engagement, we regularly engage with regulators and policymakers in the key markets in which we operate to further support the development of sound prudential and 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. Tax revenues are fundamental to sustainable development in those communities.

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 document includes a number of additional disclosures, including a breakdown of the types and amount of taxes we pay globally, which includes taxes borne and collected on employee income, for example social security. Furthermore we disclose the revenues, profits, average employee numbers and taxes on a country-by-country basis where more than US\$5 million tax was paid. Our tax strategy also provides more detail on what drives our tax payments and demonstrates that our tax footprint (ie where we pay taxes) remains consistent with our business and employee footprint.

In 2019, the total tax contribution of Prudential's businesses was US\$2,168 million. This figure covers Prudential plc entities and does not include any tax paid by M&G plc pre-demerger. This significant contribution plays an important part in helping the communities in which we operate to provide valuable public services and build infrastructure for the benefit of the wider community and the economy.

We actively monitor developments in the tax transparency agenda and look to further develop the disclosure of meaningful tax information to help our various stakeholders' understanding of our tax footprint. We will be publishing our updated tax strategy, which will include more information on the tax we paid in 2019, how we manage our tax affairs and the governance and management of tax risk, by 31 May 2020.

Fighting financial crime

We take the fight against money laundering, terrorist financing, bribery, corruption and fraud seriously and are committed to implement and maintain industry-leading policies and standards. In the majority of our markets we maintain business relationships with agents and intermediaries, who act on our behalf. We provide training to our staff to ensure they are familiar with international standards and best practice, as well as being well equipped to implement our policies in their respective markets.

Our Group-wide financial crime policies were updated in 2019 to reflect the requirements of our new lead regulator, the Hong Kong Insurance Authority. As the requirements in Hong Kong are similar to those in the UK, policy changes were minimal. Our [Group Anti-Bribery and Corruption Policy](#) provides guidance to our diverse businesses on gifts and hospitality and how we deal with government officials and highlights the importance of due diligence when dealing with third parties, reflecting themes we have identified from recent publicly reported cases.

All of our Group-level financial crime policies are cascaded down to local business units through regional compliance teams, which ensure adherence to the Group requirements and applicable laws and expectations of local regulators. These policies are part of the Group governance framework, with business units attesting their compliance in addition to compliance and internal audit reviews. Our policies require business units to monitor compliance with Group policies and the legal and regulatory framework by which we are governed. The Group and Regional Compliance teams undertake a range of monitoring activities during the year to provide assurance that business units are complying with Group policies. These include quarterly reporting, annual risk assessments, compliance monitoring reviews and reporting to Board-level committees.

We complete annual risk assessments across all of our businesses to assess and monitor their risk profile. The residual financial crime risk is managed through the continuous update and enhancement of the control environment and is implemented at local level. In 2018 we implemented an automated transaction monitoring system in Hong Kong and Singapore to profile transactions and take a risk-based approach to assessing customer transactions. We continued the implementation work throughout 2019 in Indonesia and the Philippines, and are continuing to do so in 2020 to cover all other jurisdictions in Asia.

We are committed to complying with international sanctions requirements and continue to monitor international sanctions closely and integrate updated lists into our regular customer screening process. In order to improve the screening process we have updated screening solutions at our Eastspring and Africa business units.

The Group Risk Committee continues to review the effectiveness of the financial crime programme and the Group Financial Crime Compliance team regularly updates the Committee on risks and controls, and on the improvements made to processes in the financial crime framework. Any material matters on financial crime are reported to the Committee.

During 2019, we engaged an external party to deliver bespoke anti-bribery and corruption (ABC) training to colleagues in Asia and Africa in our insurance and asset management businesses. The content was customised to train colleagues on industry best practice and to assist in their development needs. It focused on third-party due diligence, in-depth risk assessment analysis and the implementation of our gifts and hospitality procedures. The training has resulted in an improvement in the quality of risk assessments being carried out, with additional information about the business operations and details of the risk and control environment being provided.

The financial crime teams remain committed to professional development and regularly participate in conferences and seminars in London, Europe, Hong Kong and Singapore to build colleagues' skills and knowledge in a specialist area. Best practices are cascaded through training and communications to ensure our colleagues are fully prepared to recognise any form of economic crime and take adequate steps to fight it. Training completion levels are monitored throughout the year.

Whistleblowing

Our Group-wide whistleblowing procedures apply to all our colleagues and are supported by [Speak Out](#), our Group-wide whistleblowing programme. Speak Out is available both internally and externally to staff, contractors, vendors, agents, clients and the public, enabling reporters to raise concerns in a choice of languages through web and hotline channels. Reporters are able to log concerns covering a range of issues, including but not limited to ABC, compliance breaches, discrimination and harassment and health and safety. Concerns are recorded by an independent third party and investigated by appropriately trained and skilled investigators. Qualitative programme improvements in 2019 included updates to the website, case management system upgrades, refreshed staff training and enhanced training for line managers. Since launching Speak Out in 2016, the number of concerns reported has increased by nearly 200 per cent. That increase has been constant over time, suggesting increased confidence in the programme.

Business integrity continued

The programme is supported by training, communications and awareness material. Whistleblowing reporting is overseen by the Group Audit Committee through quarterly reporting and discussion with the Group Resilience Director, with any material issues reported to the Board. On an annual basis, emerging trends and an assessment of the effectiveness of our whistleblowing approach are reported to the Group Audit Committee and Whistleblowing Champion.

Supply chain

Our Group Code of Business Conduct outlines the values and standards that are required by each of our suppliers. Our Group Third Party Supply 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.

Business units conduct due diligence before engaging with and ultimately selecting a new supplier. We perform regular due diligence, review meetings and audits where required, and our policies and procedures are supported by regular employee training exercises. Our due diligence requires our suppliers to pass financial stability tests and demonstrate a track record of high performance. We also review the controls the supplier has to prevent data leakage and look for any personal data protection issues. Additional due diligence is enacted for any problem categories where we are exposed to potential labour malpractice issues. Our Speak Out whistleblowing service enables employees to raise any concerns they may have in relation to our third-party relationships, and our contractors and third-party suppliers are also able to use this service.

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. In Asia, vendor governance procedures support compliance with the Group Third Party Supply Policy and

ensure appropriate due diligence and risk management activities are applied. The vendor governance procedures provide additional guidance to our business units on non-mandatory best practices in relation to procurement and vendor management activities. Our controls, due diligence and compliance to our third party risk management frameworks are continuously monitored through policy attestation processes at a regional level and local teams are responsible for applying the framework effectively. In 2020 the vendor governance procedures will be refreshed, with the intent to expand the scope of the current policy to cover the governance of all third-party relationships. The new policy will be supported by detailed management guides. Additionally, Prudential Corporation Asia has developed a new risk profiling and segmentation tool to help assess the third-party risk associated with our relationships. This supports us in ensuring that more robust levels of governance are dedicated to arrangements that are of high risk and importance to Prudential. In the UK, our 'Responsible Business' module covers third-party contract terms and conditions for London Head Office (Angel Court) contracts. In addition to meeting our existing conditions on modern slavery and human rights, the Responsible Business module requires our suppliers to pay their employees the London or UK Living Wage, as set by the Greater London Authority and Centre for Research in Social Policy respectively.

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 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](#) on the Prudential plc website.

2019 highlights

— **London:** In July 2019, we introduced the Workday platform, an e-procurement and general ledger system to improve the control and monitoring of all purchasing activities. This system also allows us to better understand the composition of our supply chain and to automate our payments to help make sure we pay businesses in a timely way. In advance of the demerger of the Group's UK business, we engaged over 200 suppliers to explain the changes to the business and discuss the subsequent impacts to them. This allowed us to successfully re-contract ahead of the demerger, helped continuity of service to Prudential and ensured the continued orderly flow of payments for the impacted suppliers.

Additionally, using the Workday platform, we conducted an analysis of all our UK supplier spend to examine and re-confirm that, against the Walk Free Foundation's Global Slavery Index, we are not exposed to Modern Slavery issues in our supply chain. This review identified that, across the top 100 countries in the index, 2.8 per cent of UK procurement spend is exposed to these territories. Our spend in these countries is in categories that are typically considered to be low-risk, such as property rental and professional services. Full supplier due diligence is maintained in these areas to avoid any potential issues.

— **Asia:** In Asia, we began to roll out Coupa, a procurement management platform, across our business units. The system will facilitate cost savings and process efficiencies, helping us to become more accessible to a broader range of businesses. The platform will also support the completion of risk assessments as part of vendor and contract onboarding processes. The system has been implemented in Hong Kong, Malaysia and Singapore and we will continue to implement the software across our other Asian business units.

People

We provide an inclusive working environment in which we develop our talent, reward great performance, protect our people and value our differences, and we believe that such an environment is essential to enabling us to deliver for our customers, shareholders and communities.

Diversity and inclusion

Having the benefit of diverse perspectives and experiences within our organisation is important to our success and fulfilling our purpose. Diversity and inclusion (D&I) is an important priority for Prudential, and the Group HR Director is the executive sponsor for D&I across the Group. Through the Group D&I Policy we ensure that we provide equal opportunities to our workforce, fostering a collaborative and supportive environment in which our employees are treated with dignity and respect. This helps to ensure that we have an appropriately diverse range of skill sets and backgrounds to enable us to create an engaged and successful workforce to deliver success across the Group. This policy helps to nurture an inclusive culture, with all of our employees being both 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. The policy ensures that our business units implement effective approaches to comply with local laws and regulations safeguarding the rights of employees, promoting D&I, providing equality of opportunity and encouraging our suppliers to do the same. The policies are reviewed annually by Group HR, and D&I leads across our business units are responsible for the implementation, monitoring and review of

their policy locally, with regular updates provided through the Group D&I Advisory Committee. As part of the management of the Group Governance Manual, annually each business unit confirms to Group HR that it has complied with all of the policies, including the D&I Policy.

Our strategic, long-term approach to D&I is reviewed regularly to ensure that it remains outcomes-focused and enables Prudential plc to be appropriately placed to become a more diverse and inclusive organisation over time. The Board of Prudential plc is committed to recruiting the best available talent and appointing the best candidate for a role, from Board level to any role within the wider company, ensuring the necessary diversity of experience, skill sets and professional backgrounds.

We aspire to having a senior management team that better represents the diverse experience and backgrounds of our customers and stakeholders and we are focused on achieving this aspiration. The Board monitors progress regularly through the Group D&I Advisory Committee, the membership of which has been updated to reflect the shape of the Group following the demerger of M&G plc. Our Board governance in this area includes reviewing our progress against peers on key points such as the diversity of our leadership team. Most of our D&I activity and policy enhancement is managed by the individual business units, with a focus

on the priorities that make an important difference in each specific market, in alignment with the Group-wide strategy.

Prudential Corporation Asia's D&I Works Committee, which is made up of representatives from across our Asia businesses, continues to plan and support local initiatives. These are aligned with the regional strategy, which focuses on three key areas: People – Bridging Generations; Place – Harnessing Workplace Differences; and Power – Fostering Authenticity & Openness. In the US, Jackson's D&I Advisory Council advises Jackson's Chief Executive Officer and has gained traction through business-led activity, priorities and plans for 2019 and 2020. As a result, Jackson is pursuing D&I goals in key areas including culture and communication, recruiting process, education, opportunities for career development and growth, benefits and equitable pay processes. The Nomination & Governance Committee has responsibility for keeping the diverse leadership needs of the Group under review and ensuring that suitable succession plans are in place for the Board and other senior executives to achieve the Group's strategic objectives. Diverse membership contributes to the effectiveness of a Board and is necessary for the successful delivery of the strategy of an international Group. For more information on diversity within our Board, please refer to page 110 of the Governance section within the [Annual Report](#).

People continued

2019 highlights

Across the Group, our commitment to D&I is supported by a variety of initiatives, including reviews of pay and performance management consistency, staff training, supporting affinity networks and engaging with recruitment firms and conducting awareness campaigns to diversify the pool of candidates for roles within the organisation.

As a signatory to the HM Treasury Women in Finance Charter since 2016, we have an externally disclosed target of having 30 per cent women in senior management by the end of 2021. At 31 December 2019 the figure was 28 per cent and we remain on track to meet our 2021 target.

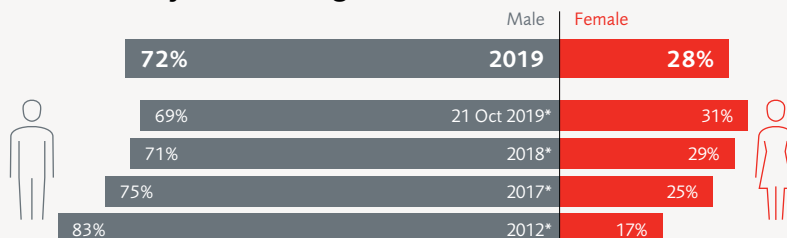
We continue to appoint the most suitable candidates to senior roles across the Group.

We remain committed to increasing diversity within the organisation, with each of our businesses focusing on the priorities that are most appropriate to its context and culture. For example, Prudential Corporation Asia has a full calendar of celebration days across the region, to support a wide range of cultural occasions, including Eid al-Fitr celebrations, various country independence days and international festivals and global events such as International Women's Day and International Men's Day. Our London head office, Angel Court, continues to work towards its aim of maintaining the balance of gender and ethnicity diversity in the organisation. To help foster an inclusive workplace, Angel Court offers membership of the professional network Cityparents, which provides free access for all colleagues to a broad range of career, family and wellbeing-focused events. Across the Group we also invite senior female leaders to participate in externally available targeted development programmes.

We have also increased our focus on disability and mental wellbeing. This is through both Group-wide initiatives and collaboration, as well as through other focused activity within specific parts of the organisation. The Enable network, for employees with physical and mental disabilities, allies, carers and champions, spans Prudential Corporation Asia, Jackson and Angel Court. The Enable network is run by and for staff across the Prudential Group and the primary objectives of the network are to create a safe space for people to share their stories and experiences, and to offer support to others; to create a culture of 'disability confidence' at Prudential, where staff feel comfortable talking about

Prudential headcount as at 31 December 2019

Gender diversity: senior management



* Pre-demergence position

Gender diversity: all employees

Headcount	Total	Male	Female	Undisclosed ²	Unspecified ³
Chairman and Independent Non-executive Directors	10	7	3	–	–
Executive Directors	3	3	0	–	–
Group Executive Committee (GEC) Includes Executive Directors	7	6	1	–	–
Senior managers Excludes the Chairman, all Directors and GEC members	53	38	15	–	–
Whole company ¹ Full-time equivalent Includes the Chairman, all Directors, GEC members and Senior Managers	18,125	8,137	9,914	41	33

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'.

disabilities; to harness the knowledge and experiences of people with disabilities to make Prudential more accessible to employees, customers and stakeholders; and to be an outstanding employer in the industry for people with disabilities.

After initially being established in Hong Kong, Prudential Corporation Asia's PruPride network has now been adopted and launched in Vietnam. Jackson has launched six new affinity groups, each supported by one or more executive sponsors: Pride (LGBT+); VIBE (Vision in Black Excellence); Jackson Young Professionals; Empower (women's network); Enable (for disabled people); and Associates-in-motion (for pre-retirees).

Responsible working practices

We are committed to supporting human rights and to acting responsibly and with integrity at all times. Our policies are

guided by the principles of the UN's Universal Declaration of Human Rights and the International Labor Organization's core labour standards, which are incorporated into our Group Code of Business Conduct, setting out our values and standards of employee behaviour, and into our Group Third Party Supply Policy.

Our Group Employee Relations and Resourcing policies are available on the [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 attestation process.

We continue to maintain our 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 15 of this report).

ShareAction Workforce Disclosure Initiative

In 2019, we again participated in ShareAction's Workforce Disclosure Initiative (WDI), which aims to create transparency for investors about how companies manage their workers, both in their direct operations and supply chains. A total of 137 investors, with a combined total of over US\$15 trillion of assets under management, back the WDI, which has the ultimate goal of improving the quality of employment in companies' operations and supply chains.

Talent development

Developing our people is key to achieving our strategic objectives as a responsible business and to the long-term success of the company. Prior to the demerger of M&G plc from the Group, we created two full Boards and senior management teams for two FTSE 100 companies, providing individuals with development opportunities and career progression. Our priority now is to ensure that we have the diverse short-, medium- and long-term talent we need in an inclusive environment to deliver on the strategic priorities of the newly shaped organisation. Group Human Resources focuses on developing senior leadership through an annual process of talent review, and we use succession planning to continue developing leaders and critical specialists, segmenting our talent to identify short-, medium- and long-term successors. We develop our senior executive leaders through a bespoke exercise based on their aspirations and the skill sets they need to continue to be successful, including fostering innovation, leading transformation and driving digital capability and execution through collaboration. The Board receives an in-depth talent review, led by the Group HR Director, once a year.

We aim to foster company loyalty through career growth and offer a range of programmes that enable our people to grow and develop. Learning modules cover regulatory policies, functional, technical and business skills and leadership development, with most programmes managed by our business units. In 2019, 48 high-potential individuals participated in the Group-wide 'Next Generation'

emerging talent programme, created and co-delivered in partnership with business school thought leaders. In Prudential Corporation Asia we invested in assessment centres across the region to identify potential future leaders and undertook a 360-degree feedback approach with leadership teams to create an environment that encourages openness and collaboration. We also launched a transformative executive coaching journey for leaders and those in the talent pipeline, which aims to optimise leaders' potential to be authentic and inspiring agents of change, to help contribute to and sustain our business success.

Jackson's Organizational Survey ensures that all associates have an opportunity to share their thoughts and make the organisation an even better place to work. The 2019 results show that associates are satisfied with their work and proud to be a part of Jackson. The areas of ethics and corporate responsibility were among the highest-scoring. In order to retain and develop talent within the organisation, Human Resources is working to help associates identify areas for future development and career growth aligned to the needs of the business.

In Prudential Africa, the ExCom Development Conference took place in August, part of the 'Stretch and Grow' agenda, which focuses on narrowing the gap between CEOs and ExCom members through targeted development, covering topics on leadership, strategy, design thinking and communication, to continue to further enhance problem-solving, customer-centricity and innovation.

Our business units continue to be active in wellbeing programmes, with PruThrive workshops being popular in our London head office, Angel Court. In planning these events, the topics selected are aimed at maintaining a link between ongoing organisational initiatives and colleague wellbeing.

Employee engagement

We want to foster an environment in which employees feel empowered and which provides them with an opportunity to make 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, our community investment strategy, networking opportunities with peers and senior leaders across functions and employee focus groups.

The Board has considered options to ensure its decisions are informed by an appreciation of employees' views and in line with expectations of the UK Corporate Governance Code. During the year it appointed two designated Non-executive Directors to represent the workforce. Kai Nargolwala was appointed to represent employees based in Asia and Africa and Tom Watjen to represent those based in the US and the UK. An initial framework of activities, combining both formal and informal interactions with employees, was established. The key focus of those discussions was the impact on staff of organisational changes following the demerger of M&G plc. We will continue to expand upon this framework in 2020, providing the designated Non-executive Directors with more opportunities for interactions with the workforce, and the Board will receive biannual updates on their activity and reflections.

We understand that during times of change within organisations colleagues can require extra support and engagement. During 2019 we continued our programme of engagement to ensure that colleagues were fully briefed on the demerger of M&G plc and the expected shape of the organisation afterwards. This involved town hall meetings with senior management, smaller question-and-answer sessions with leadership, regular updates on progress, Group-wide communications and the encouragement of colleagues to submit questions to ensure full understanding and engagement.

We recognise the value of the culture that we have built in the business. Throughout our employee communications we stress the importance of ownership, partnership and stewardship, the key elements of our culture.

Our community investment strategy is closely aligned with our business purpose and one of the principal themes is employee engagement. Many of our employees play an active role in their communities through volunteering, charitable donations and fundraising. Chairman's Challenge is our flagship international volunteering programme, bringing people together across the Group to help their communities. More information is available in the Supporting our communities section on page 28.

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. Among our benefits, we offer employees competitive pension arrangements.

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

Our UK business, Prudential Services Limited, has recently reported its 2019 UK Gender Pay Gap data and details can be found on the [Group's website](#). There has been a further narrowing of most of the pay gap figures. Where men and women perform similar roles, they are paid equally but the gender pay gap reflects that men and women are doing different roles. We remain focused on closing the remaining pay gap as soon as possible and on ensuring that we attract applicants from all backgrounds and create opportunities for all our employees to develop and progress so we have the talent needed to better reflect the communities we serve.

Remuneration is linked to the delivery of business goals, our values and expected behaviours. We ensure our rewards for our people do not incentivise inappropriate risk-taking by assessing employees on 'what' they have achieved, and on 'how' they have done so. Recognition initiatives run across our businesses. In our London head office, Angel Court, the Prudential Stars awards enable individuals to nominate colleagues, recognising examples of exceptional contributions, specifically in the areas of delivering synergy, adding value, fostering innovation, demonstrating stakeholder focus and maintaining risk awareness. The Jackson High Five Recognition Program enables individuals to recognise their colleagues in areas of creativity, empowerment, execution, impact, investment in relationships and respect. In Asia, the Prudential Corporation Asia Excellence Award recognises outstanding employees across the region for demonstrating the company's Purpose, Values and Leadership Behaviours, which is one of our initiatives to strengthen our culture as a purpose-led organisation.

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. Similar all-employee share plans operate in the UK.

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

For the seventh consecutive year, salary increases in 2019 for executives were aligned with the bottom of the range of pay budgets for the wider workforce. As part of the three-year cycle we reviewed and updated the Directors' Remuneration Policy during 2019. We plan on implementing the policy following the Group's 2020 Annual General Meeting. To strengthen the alignment between Executive Directors and the workforce, the policy includes pension benefits for new Executive Directors of 13 per cent of salary and a reduction in the pension benefits for incumbent Executive Directors.

In order to strengthen the community of interest between executives and other shareholders, remuneration is linked to sustained performance over the longer term. For example, 40 per cent of Executive Directors' bonus is deferred in shares for three years. Executive Directors are required to meet shareholding guidelines and, for awards made from 2017 onwards, a two-year holding period applies to long-term incentive awards in addition to the three-year performance period. The 2020 Directors' Remuneration Policy requires departing Executive Directors to retain a substantial interest in the company's shares for two years after they leave the Board. The Remuneration Committee's Terms of Reference were updated in 2019 to incorporate updates to the Corporate Governance Code and to reference the Hong Kong Insurance Authority's remuneration requirements, rather than the remuneration requirements of our former regulator.

In addition, the Group Remuneration Committee took separate measures in 2019 to explain how the remuneration of Executive Directors aligns with the wider Group Remuneration Policy. A microsite was established on the intranet that outlines executive pay arrangements during the previous financial year and key areas of change for 2019.

To further increase transparency of executive remuneration and its alignment with the pay of other employees, we published our CEO pay ratio one year in advance of the disclosure becoming a requirement under the UK Companies (Miscellaneous Reporting) Regulations 2018 in the 2018 Directors' Remuneration Report. In light of the demerger of M&G plc from Prudential plc on 21 October 2019, we have prepared the 2019 CEO pay ratio based on UK-based Group Head Office employees. Further information on our CEO pay ratio is detailed in the Directors' Remuneration Report within the [Annual 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. Following the demerger of M&G plc, 2019 provided an opportunity to re-baseline our health and safety reporting metrics. For the year ending 31 December 2019, no fatalities were recorded (2018: zero). We recorded 74 accidents/incidents, resulting in 203 days of lost time. Of these 74 incidents, 56 took place in the US, eight in the UK, four in the Philippines, three in Hong Kong and one each in Vietnam, Indonesia and Taiwan. A third of these physical injuries were caused by slips, trips and falls, with the remainder related to a range of other injury types. Accident/incident investigations are carried out locally and support is provided where appropriate, for example through external occupational health providers and other health providers. The relatively high number of accidents/incidents in the US can be attributed to the positive improvement in awareness of health and safety and the comprehensive recording of accidents and incidents, however minor. Accident/incident rates in the US benchmark well against the average for the industry sector.

Technology

In the face of technological advancements and evolving customer needs, we actively embrace the latest technology and embed digital capabilities in our business model. We continually raise the automation of our operations in order to improve both business efficiency and customer satisfaction.

Increasing access to digital health tools in Asia

Access to physicians remains a challenge for many communities across Asia. To aid the expansion of our role from providing protection to preventing and postponing adverse health events, we have launched Pulse by Prudential, an all-in-one digital app that forms the core component of our pioneering digital health proposition. Accessible to everyone, Pulse uses artificial intelligence-powered self-help tools and real-time information to offer holistic health management to customers in Asia. Pulse combines healthcare and technology to prevent and postpone disease and protect customers by empowering them to take control of their health and wellbeing, anytime, anywhere. Pulse by Prudential was first introduced in Malaysia in March 2019 and will be available in 11 markets across the region. More than 1 million users have downloaded the app since its launch in August.

Pulse is an evolving platform and consists of a range of partnerships with health and technology companies. Our partnership with Babylon enables users to monitor their health status online. We are also working with a range of local and regional partners to provide increasingly personalised health management services to consumers. For example, through our partnership with Tictac, we are able to provide personalised

wellness services to consumers by combining a user's lifestyle signals from their apps and wearables with contextual information about their surroundings. This information helps guide users to achieve their health objectives, such as preventing diabetes or reducing stress levels, by establishing good nutritional and fitness habits or instilling behaviours that are beneficial to their health.

Using technology to enhance our capabilities

In 2019, Jackson invested significant time and resources with fintech partners to help illustrate the benefits a lifetime income solution can provide within a comprehensive wealth management plan. The fintech platforms where Jackson is actively engaged include eMoney, MoneyGuidePro and Envestnet. Jackson formed a new strategic alliance in September with eMoney Advisor, a leading provider of technology solutions and services that help people talk about money. The collaboration enables Jackson's wholesalers to show financial advisers how to use eMoney's comprehensive financial planning software to evaluate how protected lifetime income can help address certain needs in retirement. The technology solutions provided by eMoney reach more than 60,000 financial professionals, serving nearly 4 million households in the US.

During 2019, Prudential Singapore strengthened its partner network of fintech, insurtech, healthtech and medtech companies with the third edition of its flagship innovation initiative – the PRUFintegrate Partnership. The financial sector is an integral part of Singapore's ambition to be a smart nation and Singapore has emerged as a global fintech hub. The goal of the partnership is to build a network of partners to solve business challenges through digital innovation. Through these platforms, we are co-developing solutions that will address the areas of improving customer engagement and expanding our data analytics capabilities.

Our smart underwriting tool, which is now used in 64 per cent of all new sales, offers dynamic underwriting that streamlines the application process and communicates instant underwriting decisions to customers.

Technology continued

Promoting financial inclusion, protection and participation

In June 2019, we announced a strategic partnership with OVO, a digital payments, rewards and financial services platform in Indonesia. Available on over 115 million devices, OVO is the preferred digital payments platform for Indonesians, with over 500,000 merchants and a presence in 319 cities. The partnership significantly enhances our reach to digitally minded consumers in one of Asia's fastest-growing insurance markets and is a key step in our broader commitment to make health and wealth services affordable and accessible to all Asians. Prudential and OVO will jointly develop new digital propositions for customers encompassing wellness, health and wealth products and services. Through this partnership, customers will enjoy the convenience of transacting online with electronic underwriting, e-payments, e-claims and easy access to Prudential's wide hospital network, complementing the face-to-face service from Prudential's financial consultants in 160 cities in Indonesia.

Healthcare in the Philippines continues to face the challenge of lack of medical facilities and infrastructure, high cost and lack of medical professionals. There is also a rise in mortality from diseases that can easily be prevented, such as heart and vascular disease, cancer, diabetes complications and infectious diseases. Recognising the high cost of and unequal access to healthcare in the Philippines, Pru Life UK, our life insurance business in the Philippines, has the ambition to make health accessible and affordable to all through the use of mobile digital health. Earlier this year, Pru Life UK published an independent study, which it commissioned to examine the readiness of the country's regulatory and legal framework to support the development of mobile digital health. The paper, 'Mobile Digital Health in the Philippines', proposes solutions on how to integrate mobile digital technology, including applications powered by artificial intelligence, as part of the current reforms in healthcare in the Philippines. The paper underlines PruLife UK's commitment to working with the public and private sectors to help the government achieve its health goals.

Information security

As consumers seek on-demand, 24-hour access to our products and services, loss of access has the potential to have a significant impact on our customer relationships and our brand reputation. Furthermore, 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, information risk remains an area of prominent concern and focus for ourselves, regulators and businesses globally. For us, information security is rated as a principal risk, demonstrating our continued commitment to securely managing the information our customers entrust to us.

Our threat assessments suggest that our principal threat remains criminal actors. However, as with all other organisations, there remains a risk of becoming 'collateral damage' in a larger, untargeted but sophisticated attack. Our understanding of the key threats facing us informs our strategy and our internal threat intelligence team refresh this understanding regularly.

A new global model for information security

During 2019, we implemented a long-term shift from federated information security teams within each business unit to a single Group-wide team leveraging skills, experience and resource globally via a 'centres of excellence' model. This new model will support collaboration and skills-sharing across the whole Group.

The new model allows us to consolidate and rationalise information security technologies and processes across the Group, enabling security services to become more consistent and effective. This is critical to our business as it ensures the appropriate assessment, management and assurance of all third parties with potential to manage or impact Prudential Group data or systems. For example, we previously held multiple contracts in different regions with a single vendor for third-party security scanning and rating services. We recently consolidated the service into a single contract. In doing so, we were able to increase the scope of services, increase coverage and so further mature our third-party security discipline. The efficiency savings gained by consolidating these tools can be re-invested to mature and improve our Group-wide capabilities or to develop new ones to meet new emerging threats.

Throughout 2019, the transition to the new model has been progressing under the newly appointed Group Chief Information Security Officer. To support the new model, we developed a new Global Information Security Policy, which came into force in 2020. The policy has been mapped to numerous international and local standards including:

- ISO27002
- NIST Cyber Security Framework
- The New York Department of Financial Services Cybersecurity Regulation
- The Monetary Authority of Singapore Guidelines on Technology Risk Management
- The Hong Kong Insurance Authority Guideline on Cybersecurity
- The Bank Negara Malaysia Risk Management in Technology Standard

This supports our global approach to security and our commitment to protecting the data entrusted to us by customers across our global footprint. The policy is also supported by a suite of technical standards that are currently being refreshed to better align with the new policy.

How we manage information security risk

Effective risk management is key to the successful execution of our objectives and the newly formed Group-wide Information Security and Privacy Committee defines and provides governance and the risk management framework for information security risks across the Group. This Committee meets at least quarterly and is a sub-committee of the Group Executive Risk Committee (GERC), which is chaired by the Group Chief Risk and Compliance Officer and of which the Group Chief Information Security Officer is a standing member. The Information Security team also works closely with the Group Risk function to define information security as a risk within the business. The Information Security team regularly reports on security risk and performance to the Group Risk Committee and the GERC, demonstrating the priority and level of executive oversight assigned to information security risk and the management of these risks. Our Security function retains its overarching commitment to protect the business, comply with all applicable laws and regulations, and support the growth of the Group securely.

The new Group-wide strategy for information security rests on four key objectives to defend and protect the Group, our information and our customers' data. These are:

- 1 **Automate:** automation allows us to increase the speed and scale of our defences and reduce the need for human interaction in a number of incident types. This frees our team to focus on more challenging initiatives and continuously maturing our security and privacy disciplines.
- 2 **Global Security Operations Centre (SOC):** a Group-wide SOC is being established to provide 24-hour threat and incident management. A single SOC provides consistent, appropriate 24-hour support to our global businesses in the case of any suspicious event.
- 3 **Accelerate development of people skills:** the transition to a Group-wide function with centres of excellence and a common framework is underway to better leverage and share existing skills, knowledge and experience. Additionally, a further continuous programme to upskill staff has been launched to achieve a software-centric security and privacy team able to support digital initiatives.
- 4 **Continuous improvement:** given the rapid evolution of threats, the security and privacy disciplines need to be in a state of continuous improvement across the three dimensions of people, process and technology. The model to measure the maturity has been completed, with progress being made on rationalisation and optimisation of technology solutions.

Another key element to both managing information risk and executing on our strategy is to have good information, which our executives and other stakeholders across the business can use to inform their decision-making and to gain comfort that information risk is being appropriately managed. We monitor our information security risks through our Group-wide key performance indicators, which map to the industry-leading National Institute of Standards and Technology Cyber Security Framework and other frameworks. These cover 10 key areas of cyber security, and were created using the 'Goal, Question, Metric'. This approach seeks to derive better business-focused insights from KPIs and elevates the conversation from

specifics, such as percentage of patches applied within targets, to effectiveness of current risk management practices and levels of residual risk for the executive to consider. These metrics are collated, analysed and provided to Group-level committees on a regular basis.

In 2019 we launched several projects to enhance our approach to information security assurance using automation and analytics. In Asia we have introduced automated firewall rule analytics to provide deep-dive real-time reviews on the performance of our on-premise firewalls. Projects such as these are driving our approach to innovating our assurance processes to provide greater visibility in a faster and more efficient manner while protecting the information entrusted to us.

Training, awareness and Board oversight of information security risk

Our staff are critical to protecting the information entrusted to us by our customers. Consequently, information security awareness training is integral to ensuring that our information and systems remain safe. All members of staff, including temporary staff, across all of our businesses are mandated to complete this training at least annually. Training is provided locally to support local languages and reflect any local regulatory and legal requirements. Completion is tracked within each business. This training is supplemented with simulated phishing campaigns quarterly to test how staff respond to these attacks in 'real world' scenarios. These simulated phishing emails are tailored within regions and the sophistication of the techniques involved varies to ensure that staff are continually challenged to learn. The results of these campaigns and training completion rates are tracked across the Group to ensure that this remains an area of focus.

This focus extends to our Board and executives. Throughout the year our Non-executive Directors have access to one-to-one training, often delivered by the Group Chief Information Security Officer, on topics including cyber threats and privacy. This ensures that not only can they protect themselves and the information they handle on a daily basis, but they can also engage in Board-level oversight of information security risks from a more informed and confident position, something we consider to be essential to the oversight of our strategy and risk management.

Sharing intelligence and leveraging new technologies

Our threat intelligence capability continues to support analysis of our threat environment. The capability is closely aligned to the Security Operations Centre to make better use of internal tool sets and information to ensure intelligence gathered is actionable. We retain membership of various intelligence-sharing networks, such as the Financial Services Information Sharing and Analysis Centre, and maintain industry relationships to support intelligence-sharing through our network of connections. The function of the Cyber Threat Intelligence team is to assist our teams and businesses with understanding the cyber threats we face and to focus on providing actionable intelligence. The ultimate aim of the intelligence provided is to guide our decisions to ensure the most relevant and impactful risks for our business are addressed.

Throughout 2019 we have focused on automating security services to increase effectiveness and consistency and create efficiencies. This will allow us to make better use of the resources we have, enabling team members to address more complex tasks. Examples to date include the automation of security performance metrics from across the Group to create a single interactive dashboard.

Incident response and resilience

While our aim at Prudential is always to prevent incidents wherever possible, we must ensure that we are prepared to respond to any incident in a timely and effective manner. Incident response plans are developed, maintained and tested regularly, and the Group Information Security & Privacy team maintains a close working relationship 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 both to confirm the effectiveness of the plans and provide assurance that staff, including senior executives, are prepared for such an event.

Technology continued



CISSP accreditation programme

As part of our ongoing commitment to invest in our security staff, upskill and diversify skill sets, we have rolled out a programme across the Group to support information security staff through Certified Information Systems Security Professional (CISSP) training and accreditation. The programme began in Jackson in 2016 and, as a result, 30 of 65 (46 per cent) of the information security team based in the US are now CISSP-accredited. The CISSP is one of the most highly regarded professional

accreditations for information security worldwide and covers a broad scope of security domains.

As a result of the initiative, we can objectively measure the increase in qualifications across the information security workforce. Due to its success in Jackson, the programme has now been extended across the Group-wide Information Security team and these metrics are being tracked into 2020 as part of our global information security strategy objectives.

Resilience has long been a key consideration in information risk management and the information security strategy for the 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, we continue to work with colleagues in business continuity and disaster recovery to maintain our plans and contingencies to ensure that our business remains as resilient as possible to a successful cyber-attack.

Privacy and data protection

In 2019, our focus was dedicated to maintaining awareness as well as enhancing and embedding activities that were implemented as part of the General Data Protection Regulation programme, in order to strengthen and sustain ongoing compliance. This was done through privacy reviews, ongoing awareness activities, and ensuring privacy is a key consideration during change activities. Activities also focused on compliance with the California Consumer Privacy Act regulation, which took effect on 1 January 2020 and which affords consumers in California new advanced privacy rights. Jackson, along with its subsidiaries and affiliates, will be subject to the new compliance obligations, and many other states are pursuing similar legislation. A multi-discipline team across the in-scope businesses has been formed to help ensure compliance by the enforcement date.

Our Group Privacy Office, which we established in 2018, continues to maintain oversight of privacy compliance. In addition, the office works with Group businesses across Asia, Africa and the US to support and advise on ongoing privacy compliance as well as to provide a point of escalation for resolving data privacy issues. Activities are underway to drive consistency of privacy management across the Group and use technology to automate privacy controls where possible through a global privacy management platform. Prudential now has a global privacy structure integrated with the Group-wide Information Security & Privacy team, which reports to the Group Chief Information Security Officer, giving coverage of each region and the different countries in which Prudential operates.

Environment

We are determined to minimise our impact on the environment in line with our purpose of improving the lives of our customers and their communities. We are responsible for understanding our impact on the environment and doing what we can to minimise any damaging effects. We measure our environmental performance and take action to ensure that we improve that performance year after year.

Managing our direct impact

Our Group Governance Manual underpins all our activities, including minimising the direct impacts of our operations on the environment. Our Group 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 laws and regulations with respect to emissions, energy consumption, water use, waste disposal, environmental supply chain management and the adoption of risk management principles for all property-related matters. Business unit performance is monitored against the [Group Environment Policy](#) and updates are provided to the Board. We participate in external benchmarks that assess our management of climate change risks and opportunities. More information is available in the Climate section on page 11 of this report.

Global environmental targets framework

In 2016 we developed a global environmental targets framework to drive improvements in environmental operational performance. This framework was aligned to the operational footprint of the pre-demerged Prudential Group and, as such, a number of targets are no longer relevant to the demerged Group. The Group's new operational footprint provides an opportunity to develop targets that are more closely aligned with that footprint and our ambition in this area. During 2020, we are reviewing our global environmental targets framework for the demerged Group and new targets will be established to start from 2021.

As a Group, we signed up to RE100 in 2018 to achieve 100 per cent renewable electricity sourcing by 2025 across our occupied estate. Following the demerger of our UK business in October, this commitment has been moved over to M&G plc. The majority of our property footprint now lies in Asia and we continue to explore the most appropriate options for sourcing renewable energy across the demerged Group's new operational footprint.

The highlights of our 2019 environmental performance are available below. These metrics cover the performance of the demerged Prudential Group for 2019 and form the new baseline data from which we will measure future environmental performance. The demerged Prudential Group is 24 per cent smaller (based on headcount) than the Prudential Group including M&G plc. Consequently, the reported figures are much lower than the values reported in 2018. Data for M&G plc and the composite Prudential Group up until the point of demerging can be found in our 2019 Annual Report.

Environment continued

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

In 2019, our global energy use (for the provision of small power, heating and cooling) across our occupied estate was 91,921 MWh. Across our occupied estate, our global absolute Scope 1 and 2 (market-based) greenhouse gas emissions were 56,421 tCO₂e. When normalised against net lettable floor area, our Scope 1 and 2 emissions were 105kg CO₂e/m².

In Asia, we completed seven site assessments as part of our work towards achieving our target to conduct energy assessments of our top 20 highest energy-consuming sites. This brings the total number of sites assessed to 13 and the remaining seven site inspections are scheduled for 2020. We have now completed assessments on facilities in Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, Taiwan, Thailand and Vietnam. Through this process we have identified over 70 initiatives with potential savings of 4.8 GWh, or around 13 per cent of the energy consumption for these top 20 offices. The savings opportunities will continue to build as we progress with the remaining assessments in 2020. After the assessment of our Hong Kong Gateway office, the local business implemented a range of measures such as switching off lighting, adjusting temperature set points and implementing an out-of-hours IT shutdown, yielding an instant energy and associated carbon emission reduction of 7 per cent. Further measures are being considered for implementation in 2020.

As in 2018, we have disclosed our Scope 3 air travel booked from the UK. We will continue to work with our business units across all of our regions to extend our Scope 3 emissions reporting. In 2019 our reported air travel emissions were 6,092 tCO₂e. During 2019 we chose to offset our air travel, covering both our reported and unreported emissions.

Our 2019 reporting covers the period 1 October 2018 to 30 September 2019 and selected indicators are assured by Deloitte LLP. 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. Our new London office, which we moved into in April 2019, is rated as BREEAM Excellent. During the move from the previous office, surplus office equipment was diverted from landfill by maximising reuse opportunities across other sites as well as third parties.

Stationery supplies that were no longer required in the new office were donated to local London schools.

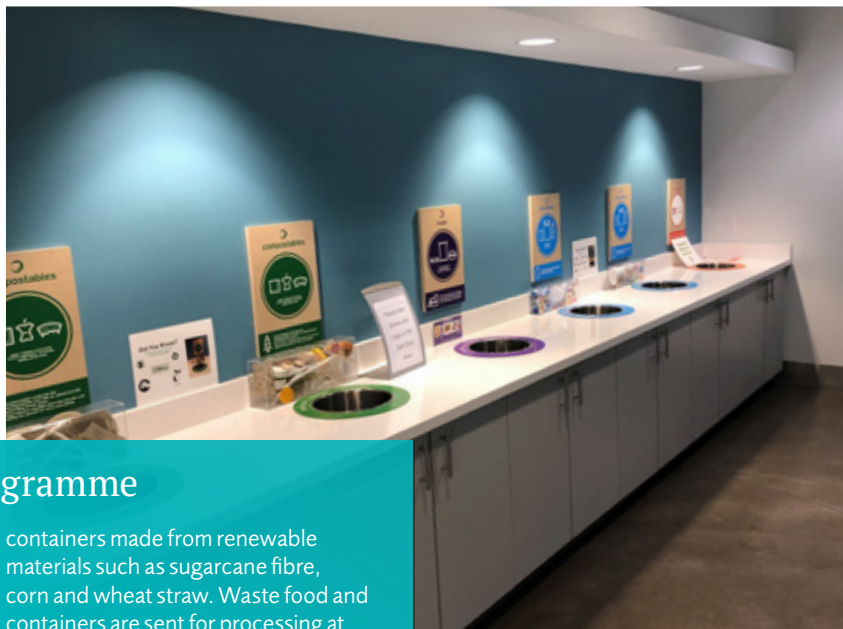
In Malaysia we have consolidated our headquarters operations into a new LEED Gold building in the Tun Razak Exchange, part of Kuala Lumpur's new business and international Financial District. The building incorporates a number of features that optimise energy and water efficiency. As part of this move, each business unit made surplus furniture and redundant equipment available to staff to minimise the wastage being generated.

In order to align and promote sustainable best practices throughout the life-cycle of our occupied estate, Prudential Corporation Asia developed a Smart Leasing Toolkit and an Environmental Design and Construction Guide. These were developed using a holistic approach covering categories such as energy, water and waste and are aligned with industry green building standard tools like LEED and WELL. As part of the lease renewal at our One IFC office in Hong Kong, we used the newly developed Smart Leasing Toolkit to assess how we could best incorporate improving our environmental performance into the lease negotiations. Through this process, the landlord agreed to replace the lighting from fluorescent tubes to new high-efficiency LED lighting throughout our leased area. Since these works were completed, we have seen a reduction in energy consumption of approximately 20 per cent.

Reducing energy usage in Jackson

In the US, Jackson continues to reduce energy usage and decrease our carbon footprint. In 2019 Jackson completed a range of projects at our Corporate Way campus in Lansing, including:

- Installing high-efficiency rooftop units with CO₂ sensors to replace older equipment
- Installing new 97 per cent-efficient condensing hot water heaters to replace two 80 per cent-efficiency hot water heaters
- Installing an energy recovery ventilation unit to replace two 10Kw electric heat make-up air units in the printing facilities in the Corporate Centre building
- Installing a new dust-collector filtration system to reduce exhaust and recover energy in printing facilities, while also improving air quality.



Jackson's Smartcycle programme

In the US, Jackson's Smartcycle programme provides an environmentally sustainable and cost-effective way for colleagues to discard food and compostable waste. Since the programme began in 2016, Jackson has diverted an additional 22 per cent of waste in our Lansing facilities from landfill through the diversion of compostable materials and food waste to aerobic compost facilities. After successful field-testing and analysis in our Lansing office since 2016, the compost programme was introduced in the Nashville office in 2019. Petroleum-based food containers have been replaced with compostable

containers made from renewable materials such as sugarcane fibre, corn and wheat straw. Waste food and containers are sent for processing at state-of-the-art aerobic composting facilities to avoid the production of methane. Jackson receives a portion of the nutrient-rich compost produced, to use on the grounds to enrich landscape beds. Jackson rewards colleagues for their commitment to the environment through an incentive programme, which provides canteen discounts for use of non-disposable dishware, encouraging colleagues to use washable cups for coffee and water to reduce the consumption of disposable cups.

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

During 2019, we generated 864 tonnes of waste in the UK and the US. The gathering of waste data in Asia continues to become more reliable in 2019. Waste and recycling continues to be a focus area for ongoing reporting.

Of the UK and US total, 63 per cent was diverted from landfill through recycling, composting or incineration. Scope 3 carbon emissions associated with our waste are calculated at 42 tCO₂e, a minor contribution to our overall corporate footprint in comparison with the energy use of our buildings and air travel.

We continue to work with our suppliers to seek opportunities to increase recycling rates and decrease waste generation in the first instance. As an office-based business, we are not large producers of hazardous waste and so do not currently capture this in our global reporting.

In Asia, we introduced Follow Me Printing in our One IFC office in Hong Kong, centralising the printer rooms, reducing the number of printers from 21 to 11 and adjusting the default printer settings to black-and-white and double-sided printing. These measures have resulted in a 50 per cent reduction in the average number of pages printed monthly.

4. Water consumption – assessing and reducing our use of water

In 2019, absolute use of water across our global occupied estate was 229,268 m³. When normalised against headcount, our use of water was 12.6 m³/employee. No sourcing issues were identified in 2019.

In the US, irrigation central control has been installed and activated for systems in part of Jackson's Corporate Way campus. Desktop software and mobile phone applications are being used to monitor water usage, providing automated shut-off capability should there be any breaks in water supply lines.

As part of the scope of the energy assessments programme on our top 20 energy consuming sites, we have included an assessment of our water usage within the same facilities, with the aim of identifying potential opportunities to reduce our water consumption. In a majority of situations we are a tenant in multi-tenanted buildings, where the common parts are controlled by our landlords, and as a result these assessments have found limited opportunities for implementing water savings programmes.

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

The continued support of our supply chain is key in becoming a sustainable business. Our procurement team ensures that environmental requirements are integrated into procurement frameworks and form part of the supplier selection criteria.

Enforcement actions

No fines or regulatory actions occurred during the year for environmental incidents (2018: 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, and is focused around four principal themes: social inclusion, education and life skills, disaster preparedness and employee engagement.

Our approach to community investment

Our relationships with our charity partners are long-term, involving support through both funding and skills-based employee volunteering. Our business units are guided by the Group's strategy and framework for investing in the community, as laid out in our [Group-wide Community Investment Policy](#), but within that framework they have the autonomy to manage their own community investment programmes. Our Group-wide Community Investment Policy sets minimum standards, as well as prohibiting political funding and contributions to religious organisations that have a clear aim to propagate a set faith.

Understanding the issues faced by local communities is part of being a responsible business, and those best placed to manage community investment are our local businesses. In Asia and Africa this is done through the Prudence Foundation, a unified charitable organisation governed by a statutory Board of Directors, which maximises the impact of our community investment across these regions. In the US, a governance committee of Jackson and the Jackson Charitable Foundation Board of Directors regularly review our community investment activity, strategy and spend.

The plc Board reviews the Group's community investment performance and approves our strategy annually, while our Material Subsidiary Boards oversee corporate responsibility initiatives undertaken by our business units. Paul Manduca, Chairman of Prudential plc, is the Board sponsor for corporate responsibility.

Monitoring and measuring our programmes

We take a strategic, long-term approach to community investment, and we ensure that all our community investment activities meet our objectives. We use performance metrics aligned to the London Benchmarking Group (LBG) guidelines, which are used to monitor progress and guide the valuation of both cash and in-kind contributions, employee volunteering and management costs.

In 2019, the Group spent US\$29.1 million supporting community activities. Direct cash donations to charitable organisations amounted to US\$20.6 million. The balance includes in-kind donations as set out on the [Group website](#) that are calculated in accordance with LBG guidelines. This included 10,834 employees who contributed 103,775 hours of volunteer service in their communities. Our 2019 community investment reporting is assured by Deloitte LLP. Further information and Deloitte's assurance statement can be found on the [Prudential plc website](#).

2019 highlights

Cha-Ching – the first global financial education programme

Developed by Prudential to address the gap in financial literacy, Cha-Ching is a global financial education and responsibility programme for children aged from seven to 12. Now in its ninth year, the programme has expanded from its origins in Asia to the US and Africa. It has been very positively received in all markets, with strong feedback from parents, teachers, children and government stakeholders. For more information on Cha-Ching in the US, please see the case study on page 31.

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, which has reached more than 700,000 children since launch, with more than 8,000 teachers trained. The curriculum, developed in partnership with Junior Achievement (JA), was rolled out to over 200,000 students in 2019 across Indonesia, the Philippines, Malaysia, Thailand, Vietnam, Taiwan and Cambodia.

Since launching in Africa in 2017, the Cha-Ching curriculum has been implemented by JA Africa in Ghana, Kenya, Zambia and Uganda, and is supported by Prudential volunteers. In 2019, Prudential Zambia partnered with the Securities and Exchange Commission and Junior Achievement Zambia to roll out the Cha-Ching curriculum programme to schools, reaching 5,000 students.

Safe Steps

Safe Steps is a ground-breaking Asia and Africa public service programme aimed at enhancing awareness about natural disasters, road safety and first aid through the dissemination of survival tips. The programme was created and developed by the Prudence Foundation. Principal partners involved in the programme's development and continuing to support its roll-out are National Geographic, the International Federation of Red Cross and Red Crescent Societies (IFRC) and the Federation Internationale de l'Automobile (FIA).

Safe Steps is a long-term education programme that uses multiple platforms, including on-air video messages, an informative website and educational collateral that can be shared among communities. At its core are one-minute videos providing simple messages on how to be prepared and stay safe in natural disasters (launched in 2014), road safety (2016) and first aid (2017). The programme continues to reach an estimated 250 million people every day across Asia through partnerships with government, humanitarian and private sector organisations.

Building on the success of Safe Steps, in 2019 the Prudence Foundation launched Safe Steps Kids, leveraging well known cartoon characters from the Cartoon Network to equip millions of children with actionable information to protect themselves and others in the event of emergencies or disaster situations. Safe Steps Kids comprises 12 public service announcement videos addressing the same topics as Safe Steps, accompanied by education materials and an online platform to reach as many children as possible. The information reaches over 34 million households across Asia every day.

Safe Steps Kids materials have also been used in partnership with national Red Cross organisations in Indonesia, Malaysia and Singapore, where first aid training for schoolchildren has been implemented by Red Cross and Prudential staff volunteers.

In 2019, the Prudence Foundation also launched Safe Steps Road Safety Africa, with international footballer Didier Drogba as Ambassador, and in partnership with the Didier Drogba Foundation, the FIA and the IFRC. The programme was launched in Côte d'Ivoire in October and will be expanded into other African markets in 2020.

Safe Schools

During 2019, the Prudence Foundation continued to support the Safe Schools programme in partnership with Plan International and Save the Children in Cambodia, the Philippines and Thailand. This programme primarily focuses on disaster preparedness for students, teachers and local community members. Since 2013, almost 90,000 students and 43,000 adults have participated in the Safe Schools programme.

In 2018, the Foundation formed a new partnership with Save the Children and the Philippines' Department of Education to implement an innovative nationwide-focused programme. In 2019, the three-year programme was on track to develop a disaster risk reduction management information system, together with training and capacity-building of teachers and local government officials. During the year, the Foundation also renewed its partnership with Plan International to continue to scale up its efforts in Cambodia, the Philippines and Thailand.

Early childhood development

The Prudence Foundation has supported the First Read programme since 2013, partnering with Save the Children to invest in early childhood care and development in Cambodia and the Philippines.

First Read helps parents to develop their children's numeracy and literacy skills by providing books in the local language or dialect, and encouraging them to read, sing and count together. It also helps parents understand the importance of healthy and nutritious food for their children's development.

Since 2013, more than 330,000 children and their parents have benefited through this home-based early childhood development programme, while over 1 million people have benefited indirectly through shared knowledge and resources developed from First Read.

Since 2018, Prudence Foundation has also partnered with China Development Research Foundation on two early childhood development programmes, one focusing on rural education and children's health and the other on nutrition improvement. The programmes were aligned with the strategic development focus of the Chinese government and were rolled out in rural China.

Supporting our communities continued

Jackson Career Exploration Centre

In partnership with Junior Achievement of Middle Tennessee, Jackson has underwritten the Jackson Career Exploration Centre in JA Finance Park. This state-of-the-art programme serves seventh to 12th-grade students across Middle Tennessee. JA Finance Park combines hands-on classroom activities with a real-world simulation, which allows students to put their money-management skills to the test, giving students a solid foundation for making intelligent personal finance decisions throughout their lives. The career exploration centre boasts an interactive module where students can explore different career paths, the education required and the earning potential for their career aspirations. The new programme will host 10,000 students each school year, serving 22 counties in the region. Jackson and more than 200 associates contributed more than US\$150,000 toward the project.

Prudential RideLondon

Prudential RideLondon is a major mass-participation and charity fundraising event in the UK which has raised more than £77.5 million for charity in the last seven years. In 2019 it raised more than £11.5 million for over 980 charities.

Prudential has sponsored the event since its inception in 2013, and in 2019 our community engagement partnership, PruGOals, supported 273 young people from 21 schools across the UK to improve their self-esteem, aspiration and educational outcomes. This programme, developed in partnership with Teach First, Greenhouse Sports, The Transformation Trust and Dame Kelly Holmes Trust, focused on providing opportunities for young people to develop new skills and build resilience and greater aspiration with a challenging but achievable goal.

The success of Prudential RideLondon, with its focus on encouraging a healthy lifestyle for all ages and abilities, has inspired similar events in many of our other markets in Asia and Africa. Our business in the Philippines continued with its PRURide event, which

has become the largest cycling festival in the country, with more than 2,000 riders participating. In March the inaugural PRURide Six Day Hong Kong festival included family, community and fundraising events. In September, PRURide Lusaka saw 585 cyclists set off for a 97.7-kilometre ride through the city on closed roads in aid of charity, the first event of its kind in Zambia. In Ghana, 200 riders took part in the first PRURide Accra in November to promote the benefits of cycling and a healthier lifestyle; and in December, PRURide Indonesia combined professional and amateur rides with a two-day family festival.

Volunteering across the globe

Many of our employees play an active role in their communities through volunteering, charitable donations and fundraising.

Chairman's Challenge is our flagship international volunteering programme, bringing people together across the Group to help their communities. Colleagues give their time and skills to support our global charity partners, including Junior Achievement, Plan International and Help Age International. The programme continues to appeal to colleagues, with over 5,400 signing up to participate across 21 projects. Each volunteering project focuses on one or more of our community priorities and enables us to support both large, well established charities and innovative, smaller-scale activities with volunteers and financial support. Prudential donates £150 to our charity partners for every employee who registers for the programme. Charity partners use this money to fund charitable projects for Prudential volunteers.



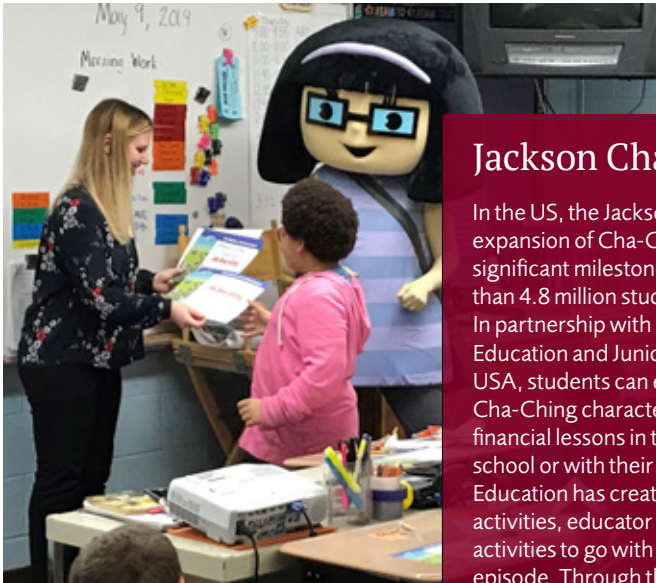
Disaster Tech Innovation Programme

In 2019, the Prudence Foundation developed and launched a new programme called the Disaster Tech Innovation Programme in partnership with the Asia Venture Philanthropy Network (AVPN). The programme raises awareness of innovative and viable technology solutions that protect and save lives before, during and after natural disasters.

Participating organisations competed for grants from a pool of US\$150,000 to support the implementation and scaling up of their solutions. The finalists were also given the opportunity to showcase their solutions at the annual AVPN

Conference in Singapore in June 2019, the largest gathering of social impact funders and resource providers in Asia.

FieldSight took home the first prize for its mobile platform, which supports disaster reconstruction activities. The runners-up were SeismicAI, with an AI-powered early warning system that detects seismic activity within two seconds, and PetaBencana.id, whose web-based platform produces megacity-scale visualisations of disasters, leveraging social media to crowd-source data for real-time reporting to assist the government.



Jackson Charitable Foundation

In the US, the Jackson Foundation's expansion of Cha-Ching hit a significant milestone, reaching more than 4.8 million students since launch. In partnership with Discovery Education and Junior Achievement USA, students can engage with Cha-Ching characters and their financial lessons in the classroom, after school or with their parents. Discovery Education has created classroom activities, educator guides and family activities to go with each Cha-Ching episode. Through their vast network of Discovery Educators and the annual Money-Smart Kids Pledge Challenge, the resources are distributed to educators across the country.

In the 2018-2019 school year, Cha-Ching was fully integrated into JA's third grade curriculum, JA Our City.

The curriculum is composed of five sessions, developing students' understanding of the choices people make with money. JA Our City featuring Cha-Ching has now reached more than 1 million students, and an assessment found a positive impact on student understanding of key learning objectives.

The Jackson Foundation also sponsored Ramsey Education's Foundations in Personal Finance curriculum for 500 high schools (2018: 250 schools) for the 2019-2020 school year, at no cost to the schools. Since this partnership began in 2018, the Foundation has committed US\$1.6 million toward financial education for high school students across the country, reaching 60,000 students in total.

As well as volunteering on behalf of the Chairman's Challenge, employees around the Group volunteered on a huge range of other charitable projects, from providing disaster relief to mentoring schoolchildren, supporting the elderly and skills-sharing. We recognise that employee volunteering brings benefits not only to the charities but also to the development of our people, and we actively encourage colleagues to participate.

Since 2009, Prudence Foundation has been implementing Asia-wide volunteering programmes that support communities in need and also those involved in disaster recovery. In March 2019, over 50 volunteers from across the region spent one week in Lombok, Indonesia to assist with disaster recovery efforts after a series of earthquakes devastated the region in 2018. The disasters left more than 400 people dead and hundreds of thousands homeless, and destroyed public facilities and infrastructure. Prudential volunteers worked alongside the Posko Jenggala Humanitarian Movement Foundation in Gumantar Village to help build over 100 houses and public facilities, including two early childhood education centres.

In the US, Jackson continues to support charities through volunteering programmes in its local communities in Lansing, Michigan; Nashville, Tennessee; and Chicago, Illinois. As part of Jackson's ongoing efforts to support the Boys & Girls Club of Lansing, associates volunteered throughout the school year to help strengthen students' education in maths and financial literacy. Jackson associates in Lansing also raised nearly US\$87,000 on behalf of five charities in the greater Lansing area through their sixth annual IT charity golf outing. In May, over 300 associates participated to benefit Big Brothers Big Sisters of the Capital Area, Ele's Place, Boys and Girls Club of Lansing, Mother Teresa House and the Alzheimer's Association of Greater Michigan.

In Nashville, associates participated in the Bowl for Kids' Sake fundraiser supporting Big Brothers Big Sisters of Middle Tennessee, raising more than US\$44,500. In Chicago, more than 300 associates participated in an eight-week ongoing summer volunteer service project with Sweet Water Foundation to create safe and inspiring spaces that foster healthy, intergenerational communities. Our Chicago associates also supported the Special Olympics of Chicago, raising more than US\$133,000 through a variety of fundraising activities, including 72 associates taking part in the 'Annual Polar Plunge' at North Avenue Beach on Lake Michigan.

In total in 2019, more than 1,750 Jackson associates volunteered in their local communities, donating nearly 49,000 hours.

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