

Responsible Investment Policy

As a life insurer, asset owner and manager, Prudential plc is a long-term steward of its clients' assets. We have a responsibility to our clients, the communities and environment in which we operate, to apply Environmental, Social & Governance (ESG) considerations into our investment decisions and our fiduciary and stewardship duties.

The purpose of the Group Responsible Investment Policy is to guide the Business Units within the Group to articulate how they consider ESG factors in their investment activities. Prudential believes that ESG considerations are increasingly important elements of good investment practices. The objective of the Responsible Investment Policy and guidelines is to manage ESG risks and improve long run returns on assets. While conflicts of interest could occur, Prudential believes that incorporating ESG considerations in investment decisions and engagement will produce better results for both clients and communities.

Responsible Investment Principles

The Group's overall strategic ambition is: 'Making healthcare accessible and affordable, empowering our clients to save for their goals and increased financial inclusion in society through the increased provision of health and protection and long-term savings'. To achieve the Group's strategic ambition, it is Prudential's fiduciary duty to act in the best interests of its clients taking into consideration financial security. The following principles provide a general framework of thinking to our overall investment strategy and in-scope asset book.

- We take into consideration ESG factors that have the potential to have a material financial impact.
- We apply a long-term approach, whilst remaining sensitive to mandate time horizons and individual ESG issues.
- We take an inclusive transitional approach, where we are mindful of the need to implement Responsible Investment strategies in a way that acknowledges the nature of the markets in which we operate and seeks to share the financial and social burden of the transition in a fair manner.
- We identify ESG risk factors and incorporate them into our general risk management and monitoring processes.
- Where material trade-offs exist, we seek to apply judgement in setting out a reasoned investment case that is consistent with our fiduciary duty and overall investment strategy.
- We require active investment managers to engage with and influence investee companies on business sustainability and company behaviour, where appropriate. A focus on transitioning companies towards the creation of a more sustainable economy is possible and desirable across all types of investment mandates.
- With a longer-term transitional perspective in mind, if we believe that investee company behaviour is not sustainable and highly unlikely to improve over time, we may revise our mandates, in consultation with the investment manager, to reduce our holding in that company. We may also exclude a company from our investment portfolios.
- We are committed to take a longer-term approach to fostering innovation, which may include seeding new investment strategies in order to create effective solutions to meet our client requirements.
- Where applicable, we will review and implement recognised industry standards and frameworks to address certain ESG issues and to inform and enhance our approach.
- We recognize the power of our voice within a broader alliance. As such, we actively contribute to sustainable collaborative initiatives, such as the Principles of Responsible Investment, collaborative engagement and the UN-convened Net Zero Asset Owner Alliance (NZAOA). Additionally, we support global standards of corporate governance and investor stewardship by promoting standards, such as the principles of the International Corporate Governance Network.
- We acknowledge we are part of an ongoing ESG journey. We expect that our approach will evolve over time to reflect changes in business practices, structures, technology, and the law.

These principles support, and do not supersede, our overall objective of achieving a good return investment for our clients for an appropriate level of risk.

Scope

This policy applies to the portfolio of assets held on behalf of the insurance entities of Prudential plc and is relevant for all investment managers when managing assets on behalf of Prudential plc. Joint ventures are excluded from the scope of the policy. Although unit-linked funds are outside the scope of the policy, Prudential plc strives to offer ESG unit-linked funds to customers where feasible.

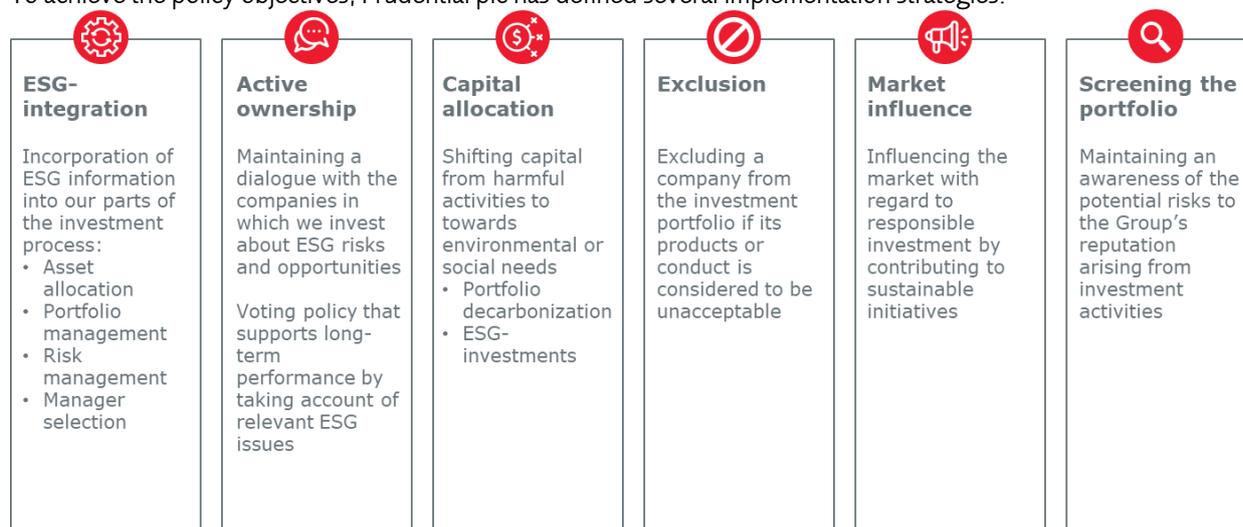
Governance

At Board level, the Responsibility & Sustainability Working Group has been established to oversee the embedding of the Group's ESG framework and progress on diversity and inclusion initiatives and employee engagement activities. The Group ESG Committee oversees execution of ESG activity at a management level. The Group Responsible Investment Advisory Committee (GRIAC) is a sub-committee of the Group ESG Committee with designated responsibility to oversee Prudential's Responsible Investment activities. The Committee assists the Group Chief Financial Officer and Chief Operating Officer in providing oversight of the activities of the Group and its subsidiaries relating to Responsible Investment activities and requirements. The GRIAC provides a forum for Group and the Business Units / Local Business Units (BUs / LBUs) to discuss topics and propose approaches related to Responsible Investment.



Implementation strategies

To achieve the policy objectives, Prudential plc has defined several implementation strategies.



These implementation strategies lead to both requirements and expectations for the businesses.

Policy requirements

The policy requires Business Units:

- to incorporate ESG considerations into their investment processes and decisions and demonstrate their process for considering ESG issues;
- required to integrate the Group's externally communicated and internal targets and commitments on Responsible Investment in their investment activities and implement Responsible Investment initiatives that support the Group's targets and commitments to the best of their ability with the flexibility to be more ambitious.
- to implement the Group's exclusions in their processes (taking into account the different investment vehicles) to make sure the Group does not invest (directly) in any of these holdings (see appendix);

- to maintain an awareness of the potential risks to their reputation arising within their investment activities from ESG related issues;
- to report on the ESG metrics consistently.

In addition, asset managers are required:

- to engage with companies on Responsible Investment topics on behalf of Prudential plc and report on these engagements.
- to formulate a voting policy to ensure the asset managers vote on shareholder proposals on behalf of Prudential plc and report the voting records.

Appendix – Definitions for exclusions

Coal companies

Description	Portfolio's exposure to companies generating more than 30% of their revenue from coal mining and/or electricity generated from coal
Definition	<ul style="list-style-type: none"> • Following the definition of MSCI for coal revenue data • Exceptions for certified green bonds can be granted on a case-by-case basis. These bonds must contribute to a transition consistent with (or better than) the Paris Agreement. The portfolio manager should also seek a solid basis/reasonable assurance that funding provided by the green bond is not freeing up additional financial capacity for that issuer or related companies in the market that will be used to fund non-sustainable alternatives.
Target	Complete divestment by end 2021 for equities, and end 2022 for corporate bonds

Tobacco

Description	Portfolio's exposure to companies that produce tobacco
Definition	Companies labelled as 'Tobacco' by GICS level 3 (or GICS Sub-Industry)
Target	Complete divestment by end 2021

Controversial weapons

Description	Portfolio's exposure to companies that are involved in controversial weapons
Definition	Companies with verified involvement in cluster munitions, anti-personnel mines, biological weapons, chemical weapons, and nuclear weapons outside of the UN Treaty on the Non-Proliferation of Nuclear Weapons
Target	Complete divestment by end 2021